NEMETSCHEK
GROUP

ANNUAL REPORT 2022

SHAPE THE WORLD

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Consolidated financial statements

(IFRS)

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, 2022 and 2021

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2022	2021	[Notes]
Revenues	**801,813**	**681,471**	[1]
Other income	12,566	9,829	[2]
Operating income	**814,379**	**691,300**	
Cost of goods and services	−31,785	−25,343	[3]
Personnel expenses	−337,219	−292,019	[4]
Depreciation of property, plant and equipment and amortization of intangible assets	−58,842	−49,974	[5]
thereof amortization of intangible assets due to purchase price allocation	−31,807	−25,437	
Other expenses	−188,396	−151,974	[6]
Operating expenses	**−616,242**	**−519,309**	
Operating result (EBIT)	**198,137**	**171,991**	
Interest income	490	147	[7]
Interest expenses	−2,624	−2,740	[7]
Other financial income/expenses	3,446	892	[8]
Net finance income/ costs	**1,312**	**−1,700**	
Share of net profit of associates	82	334	[9], [18]
Earnings before taxes (EBT)	**199,530**	**170,625**	
Income taxes	−34,426	−33,702	[10]
Net income for the year	**165,104**	**136,923**	
Other comprehensive income:			
Difference from currency translation	10,396	23,259	
Items of other comprehensive income that are reclassified subsequently to profit or loss	**10,396**	**23,259**	
Gains/losses from the revaluation of defined benefit pension plans	1,098	174	[22]
Tax effect	−315	−52	[10]
Items of other comprehensive income that will not be reclassified to profit or loss	**783**	**122**	
Subtotal other comprehensive income	**11,179**	**23,381**	
Total comprehensive income for the year	**176,283**	**160,304**	
Net profit or loss for the period attributable to:			
Equity holders of the parent	161,899	134,618	
Non-controlling interests	3,206	2,305	
Net income for the year	**165,104**	**136,923**	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	171,530	156,594	
Non-controlling interests	4,753	3,710	
Total comprehensive income for the year	**176,283**	**160,304**	
Earnings per share (undiluted) in euros	1.40	1.17	[11]
Earnings per share (diluted) in euros	1.40	1.17	[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, 2022 and December 31, 2021

STATEMENT OF FINANCIAL POSITION

Assets	Thousands of €	**December 31, 2022**	December 31, 2021	[Notes]
Current assets				
Cash and cash equivalents		196,821	157,095	[12]
Trade receivables		84,520	70,108	[13], [23]
Inventories		890	949	[14]
Income tax receivables		11,289	4,766	[10]
Other financial assets		2,492	1,220	[14], [23]
Other non-financial assets		31,120	28,990	[14]
Current assets, total		**327,132**	**263,128**	
Non-current assets				
Property, plant and equipment		26,568	20,736	[15]
Intangible assets		171,703	158,884	[16]
Goodwill		557,047	541,998	[16]*
Right-of-use assets		69,795	59,233	[17]
Investments in associates		4,010	4,063	[18]
Deferred tax assets		21,465	8,208	[10]
Other financial assets		18,377	13,816	[14], [23]
Other non-financial assets		2,031	2,158	[14]
Non-current assets, total		**870,996**	**809,095**	
Total assets		**1,198,128**	**1,072,224**	

Equity and liabilities Thousands of €	**December 31, 2022**	December 31, 2021	[Notes]
Current liabilities			
Short-term borrowings and current portion of long-term loans	65,072	93,766	[19], [23]
Trade payables	15,712	11,260	[19], [23]
Provisions and accrued liabilities	70,251	71,744	[20]
Deferred revenue	206,939	157,975	[1]
Income tax liabilities	10,660	11,496	[10]
Other financial liabilities	1,494	7,355	[19], [23]
Lease liabilities	14,854	14,060	[19], [23]
Other non-financial liabilities	18,858	16,870	[21]
Current liabilities, total	**403,841**	**384,526**	
Non-current liabilities			
Long-term borrowings without current portion	6,873	34,935	[19], [23]
Deferred tax liabilities	19,802	20,590	[10]
Pensions and related obligations	2,455	3,601	[22]
Provisions	1,582	4,530	[20]
Deferred revenue	2,631	2,966	[1]
Income tax liabilities	6,035	4,787	[10]
Other financial liabilities	390	1,241	[19], [23]
Lease liabilities	62,443	51,977	[19], [23]
Other non-financial liabilities	2,853	3,379	[21]
Non-current liabilities, total	**105,065**	**128,005**	
Equity			**[24], [25]**
Subscribed capital	115,500	115,500	
Capital reserve	12,485	12,485	
Retained earnings	533,871	415,410	
Other comprehensive income	−8,586	−17,533	
Equity (group shares)	**653,270**	**525,862**	
Non-controlling interests	35,953	33,830	*
Equity, total	**689,223**	**559,693**	
Total equity and liabilities	**1,198,128**	**1,072,224**	

Consolidated cash flow statement

for the period from January 1 to December 31, 2022 and 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2022	2021	[Notes]
Profit (before tax)	199,530	170,625	
Depreciation and amortization of fixed assets	58,842	49,974	
Net finance costs	−1,312	1,700	
Share of net profit of associates	−82	−334	
EBITDA	**256,979**	**221,965**	**[27]**
Other non-cash transactions	1,508	109	
Cash flow for the period	**258,487**	**222,074**	**[27]**
Change in trade working capital	26,681	18,576	
Change in other working capital	−12,356	10,608	
Dividends received from associates	134	97	
Interests received	486	92	
Income taxes received	2,942	3,309	
Income taxes paid	−62,590	−40,395	
Cash flow from operating activities	**213,784**	**214,361**	**[27]**
Capital expenditure	−19,028	−9,925	
Changes in liabilities from acquisitions	−7,668	−1,683	
Cash received from disposal of fixed assets	74	245	
Cash paid for acquisition of subsidiaries, net of cash acquired	−20,990	−127,070	
Cash paid for acquisition of equity instruments of other entities	−4,793	−6,732	
Cash paid for acquisition of interests in associates	0	−2,452	
Cash flow from investing activities	**−52,405**	**−147,617**	**[27]**
Dividend payments	−45,045	−34,650	
Dividend payments to non-controlling interests	−2,631	−1,283	
Cash received from loans	40,800	75,579	
Repayment of borrowings	−98,679	−77,500	
Principal elements of lease payments	−16,015	−15,110	
Interests paid	−2,412	−2,390	
Cash flow from financing activities	**−123,982**	**−55,354**	**[27]**
Changes in cash and cash equivalents	**37,397**	**11,390**	
Effect of exchange rate differences on cash and cash equivalents	**2,329**	**6,385**	
Cash and cash equivalents at the beginning of the period	**157,095**	**139,320**	
Cash and cash equivalents at the end of the period	**196,821**	**157,095**	**[12]**

Consolidated statement of changes in equity

for the period from January 1, 2021 to December 31, 2022

EQUITY

	Equity attributable to the parent company's shareholders						
Thousands of €	Subscribed capital	Capital reserve	Retained earnings	Translation reserve	**Total**	Non-controlling interests	**Total equity**
As of January 1, 2021*	**115,500**	**12,485**	**315,341**	**−39,408**	**403,918**	**31,404**	**435,322**
Other comprehensive income	-	-	101	21,875	21,976	1,405	23,381
Net income for the year	-	-	134,618	-	134,618	2,305	136,923
Total comprehensive income for the year	**0**	**0**	**134,719**	**21,875**	**156,594**	**3,710**	**160,304**
Dividend payments to non-controlling interests	-	-	-	-	0	−1,283	−1,283
Dividend payment	-	-	−34,650	-	−34,650	-	−34,650
As of December 31, 2021*	**115,500**	**12,485**	**415,410**	**−17,533**	**525,862**	**33,830**	**559,693**
As of January 1, 2022	**115,500**	**12,485**	**415,410**	**−17,533**	**525,862**	**33,830**	**559,693**
Other comprehensive income	-	-	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
December 31, 2022	**115,500**	**12,485**	**533,871**	**−8,586**	**653,270**	**35,953**	**689,223**

For more information, reference is made to the notes Business Combinations, [24] Equity and [25] Share-based payments.

* see note [16]

Notes to the consolidated financial statements

Notes to the consolidated financial statements for the fiscal year 2022

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, 2022 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, 2022, 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 and published in the German Electronic Federal Gazette („elektronischer Bundesanzeiger").

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 2022

The Group has initially adopted the following amendments that became effective as of January 1, 2022:

- IFRS 3: Reference to the Conceptual Framework
- IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
- IAS 16: PP&E – Proceeds before Intended Use
- AIP 2018–2020

Neither amendment has a material effect on the Group's financial statements.

Accounting standards that are not yet effective

The following IFRS were issued at 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
IFRS 17	Including Amendments to IFRS 17	Jan. 1, 2023	No effects expected
IAS 1	Classification of Liabilities as Current or Non-current including Deferral of Effective Date	Jan. 1, 2023	No material effects expected
IAS 1	Disclosure of Accounting Policies	Jan. 1, 2023	No material effects expected
IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	No material effects expected
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	No material effects expected
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023	No 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	
With definite useful life	*Amortized costs*
With indefinite useful life	*Impairment-only approach*
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: 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.

Judgements and estimates

In preparing these consolidated financial statements, management has made judgements 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, 2022 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 judgements 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 (that is as prices) or indirectly (that is derived from prices), and
- Level 3: Inputs for asset or liability that are not based on observable market data (that is unobservable inputs).

On December 31, 2022 and 2021, 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: - 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.	Discounts for lack of marketability	An increase in the marketability discount would result in a decrease in the fair value.
Unlisted equity 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. Subsequently, these are measured at amortized cost.

Inventories

Inventories are mainly comprised of hardware, third party licenses, as well as marketing materials, which are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Other financial assets

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

Impairment of financial assets

Impairment losses for debt instruments measured at amortized cost or at fair value through other comprehensive income are recognized in accordance with IFRS 9 *Financial Instruments*. The standard requires that not only historical data but also future expectations and projections are taken into consideration when accounting for impairment losses (expected credit loss model).

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

Accrued items and other non-financial assets are carried at amortized cost. The Group recognizes contract assets under the balance sheet position “Other non-financial 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.

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 tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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 2023 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 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 asset, 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 2022, as well as in the previous year, none of the development projects fulfilled the capitalization criteria. Development costs in the amount of EUR 182,568k (previous year: EUR 148,880k) and amortization of software acquired in business combinations in the amount of EUR 23,296k (previous year: EUR 17,574k) 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 2023 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 2022 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 with accounting for risk premiums (with a floor applied by 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 12.0% and 19.5% (previous year: 9.8% and 10.9%) 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

Financial liabilities primarily include trade payables, borrowings and other 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 measured at amortized cost

After initial recognition, financial liabilities are carried at amortized cost using the effective interest method. 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. Gains or losses on financial liabilities that are measured at fair value through profit or loss are included in profit or loss. Financial liabilities are derecognized when the contractual obligation is discharged, canceled or has expired.

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 and accrued expenses 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 judgement 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.

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 models 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 include assumptions regarding standalone selling prices and judgements 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. 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.

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 agreement 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 form 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

Acquisitions in 2022

DC-Software Doster & Christmann GmbH, Munich, Germany

With effect as of April 1, 2022, FRILO Software GmbH acquired 100% of the shares of DC-Software Doster & Christmann GmbH. The company is developing special software solutions for foundation engineering since 1989. With the acquisition, Nemetschek expects to strengthen FRILO's position as a leading provider of structural design programs within the Design segment. The consideration transferred consists of EUR 5,000k in cash. The net cash flow on acquisition amounted to EUR 4,554k.

As part of the purchase agreement, a contingent consideration of up to EUR 2,000k, depending on the achievement of revenue targets, has been negotiated. As at acquisition date, the fair value of the contingent consideration was estimated to be EUR 1,277k, which also corresponds to the fair value as at December 31, 2022. On a preliminary basis, goodwill in the amount of EUR 6,260k was recognized.

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

With purchase agreement dated December 20, 2022, Graphisoft SE acquired 100% of shares of the software distributor Abvent (part of AV-Tech Group) for France and French-speaking Switzerland. Abvent has been a strong partner for these important markets. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 30,231k in cash, which results in a net cash flow on acquisition of EUR 16,436k.

Based on preliminary purchase price allocation, customer relationships amounting to EUR 28,484k were recognized. Further, current assets in the amount of EUR 15.961k, non-current assets in the amount of EUR 1,099k and current liabilities in the amount of EUR 10,726k were recognized on a preliminary basis. Because the acquisition took place close to the balance sheet date, the amount has been measured on a preliminary basis.

The fair value of trade receivables in the amount of EUR 1,164k is also the gross amount of trade receivables. Based on the information gained in the due diligence, no significant payment defaults are expected.

If Abvent had been in the Group for the entire 2022 financial year, it would have contributed revenues and EBIT in the lower single-digit million Euro range.

Acquisitions in 2021

Maxon Computer, Inc., Newbury Park, United States

With purchase agreement dated November 23, 2021, Maxon Computer, Inc., acquired assets of Pixologic within the scope of an asset deal, meeting the criteria for a business combination. The acquisition substantially completes Maxon's product line with 3D sculpting and painting expertise. It also firmly positions the company as an industry leader in providing superior creative tools for digital artists in the 3D animation market. The Group obtained control as at December 29, 2021.

The purchase price amounted to EUR 121,649k. The net assets recognized in the December 31, 2021 financial statements were based on a preliminary assessment. In 2022, the valuation was completed, and the acquisition date fair value of intangible assets was EUR 40,032k, an increase of EUR 9,197k over the preliminary value, and that of deferred revenue was EUR 1,045k. On the basis of the purchase price allocation, technology amounting to EUR 23,950k, customer relationships amounting to EUR 8,939k and brand name amounting to EUR 7,142k were recognized. As a result, there was a corresponding reduction in goodwill of EUR 8,152k to EUR 82,662k.

The identified goodwill mainly represents future technology in the Media segment. The goodwill recognized is expected to be deductible for tax purposes. If the acquired assets had been in the Group for the entire 2021 financial year, they would have contributed revenues in the lower double-digit million Euro range.

Maxon Computer Japan KK, Tokyo, Japan

Under the purchase agreement of November 19, 2020, Maxon Computer GmbH acquired 100% of the shares of Maxon Computer KK comprising the business segment of the Japanese distributor TMS Corp. The acquisition complements the group's existing segment Media. The Group obtained control as at January 19, 2021. The purchase price amounted to EUR 919k in cash as well as a contingent consideration liability in the amount of EUR 385k. On the basis of the purchase price allocation, customer relationships amounting to EUR 1,305k were recognized. The resulting goodwill amounted to EUR 1k.

Maxon Computer GmbH, Friedrichsdorf, Germany

Under the purchase agreement of February 24, 2021, Maxon Computer GmbH acquired the technology of a developer within the scope of an asset deal, meeting the criteria for a business combination. The acquisition complements the group's existing segment Media. The purchase price amounted to EUR 1,300k in cash as well as a contingent consideration liability in the amount of EUR 205k. On the basis of the purchase price allocation, technology amounting to EUR 119k was recognized. The resulting goodwill amounted to EUR 1,387k.

Vectorworks Australia Pty Ltd, Rosebery, Australia

Under the purchase agreement of July 14, 2021, Vectorworks, Inc. acquired 100% of the shares in Vectorworks Australia Pty Ltd, which includes the business segment of the Australian distributor OzCad Pty Ltd. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 3,288k in cash. On the basis of the purchase price allocation, customer relationships amounting to EUR 2,099k were recognized. The resulting goodwill amounted to EUR 1,876k.

Notes to the consolidated statement of comprehensive income

[1] Revenue

Revenue recognized in the period related to the following:

REVENUES

Thousands of €	2022	2021
Software and licenses	235,003	234,837
Recurring revenues (software service contracts and rental models)	532,583	416,716
Consulting & Hardware	34,227	29,918
	801,813	**681,471**

Recurring revenue includes revenue from software rental models in the amount of EUR 204,157k (previous year: EUR 131,961k).

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

REVENUES BY REGION

Thousands of €	2022	2021
Germany	167,800	161,334
Europe without Germany	245,076	218,262
Americas	309,210	233,948
Asia/Pacific	76,730	65,801
Rest of World	2,997	2,126
	801,813	**681,471**

The contract balances at December 31 are as follows:

CONTRACT BALANCES

Thousands of €	December 31, 2022	December 31, 2021
Contract assets	1,569	1,235
Deferred revenue	209,570	160,941
thereof short-term	206,939	157,975
thereof long-term	2,631	2,966

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 160,941k (previous year: EUR 131,876k) reported at the beginning of the period in deferred revenue, EUR 157,975k (previous year: EUR 129,469k) was recognized as revenue in 2022.

No revenue from performance obligations fulfilled in previous years were recognized in the fiscal years 2022 and 2021. 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 €	2022	2021
Income from foreign currency transactions	9,145	4,521
Subsidies	1,092	1,884
Damage	369	1,007
Income from trade fairs	354	264
Income from sale of property, plant and equipment	74	245
Other	1,533	1,908
	12,566	**9,829**

[3] COST OF GOODS AND SERVICES

Thousands of €	2022	2021
Cost of purchased software licenses and hardware	27,706	21,551
Cost of purchased services	4,078	3,792
	31,785	**25,343**

[4] PERSONNEL EXPENSES

Thousands of €	2022	2021
Wages and salaries	285,833	246,294
Social security, other pension costs and welfare	51,386	45,725
	337,219	**292,019**

Personnel expenses include social security in the amount of EUR 41,065k (previous year: EUR 37,815k) as well as expenses on pension schemes in the amount of EUR 3,600k (previous year: EUR 3,117k).

[5] AMORTIZATION AND DEPRECIATION

Thousands of €	2022	2021
Amortization of intangible assets other than those acquired in a business combination	2,665	2,188
Depreciation of property, plant and equipment	8,049	7,420
Depreciation of right-of-use assets	16,321	14,929
Depreciation / amortization of tangible and intangible assets	**27,035**	**24,537**
Amortization of intangible assets due to purchase price allocation	31,807	25,437
Total amortization and depreciation	**58,842**	**49,974**

[6] OTHER EXPENSES

Thousands of €	2022	2021
Expenses for third-party services	37,601	31,352
Commissions	33,391	30,398
Marketing expenses	31,190	24,648
EDP equipment	22,260	17,672
Legal and consulting expenses	15,910	13,912
Travel expenses and hospitality	9,400	3,047
Expenses from foreign currency transactions	9,239	4,669
Training and recruiting expenses	6,038	5,552
Ancillary rent costs	5,616	4,644
Communication expenses	2,814	2,576
Vehicle expenses	2,760	2,099
Other	12,180	11,404
	188,396	**151,974**

The item "Other" consists of various immaterial items.

[7] INTEREST INCOME / EXPENSES

Thousands of €	2022	2021
Other interest and similar income	490	147
Interest and similar expenses	–2,624	–2,740
	–2,134	**–2,593**

[8] Other financial income and expenses

Other financial expenses / income amount to EUR 3,446k in the reporting year (previous year: EUR 892k) and relate to the 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 82k (previous year: EUR 334k) relate to Nemetschek OOD in the amount of EUR 482k (previous year: EUR 382k), to Sablono GmbH in the amount of EUR –250k (previous year: EUR –48k) and to Imerso AS in the amount of EUR –150k (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 €	2022	2021
Current tax expenses	–53,990	–41,493
Deferred tax income	19,564	7,791
thereof from addition / release of temporary differences	*10,221*	*6,634*
	–34,426	**–33,702**

The tax expenses for the fiscal year 2022 include tax income from previous years amounting to EUR 1,234k (previous year: tax income EUR 1,648k). Furthermore, in the fiscal year 2022, EUR –315k (previous year: EUR –52k) 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 34.1%).

The tax rate for the fiscal year 2022 applied by Nemetschek SE is 32.2% (fiscal year 2021: 32.3%). It is calculated as follows:

INCOME TAX RATE

in %	2022		2021	
Earnings before taxes	100.0		100.0	
Trade tax (weighted)	16.4	16.4	16.5	16.5
	83.6		**83.5**	
Corporate income tax	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8
	67.8	**32.2**	**67.7**	**32.3**

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

	Consolidated balance sheet	
Thousands of €	**2022**	2021
Deferred tax assets resulting from		
Intangible assets	16,092	5,400
Property, plant and equipment	570	464
Financial Assets	557	251
Receivables	499	649
Deferred revenue	2,736	2,266
Pensions and related obligations	292	637
Provisions	3,542	3,320
Liabilities	1,333	582
Tax loss carryforward	7,026	4,281
Tax credit	6,205	1,623
Other	396	665
Lease liabilities	20,374	15,901
Offsetting	**–38,156**	**–27,829**
	21,465	**8,208**
Deferred tax liabilities resulting form		
Intangible assets	33,674	29,970
Property, plant and equipment	961	320
Receivables	67	585
Deferred revenue	1,080	712
Provisions	47	19
Liabilities	445	467
Other	2,910	1,879
Right-of-use assets	18,774	14,469
Offsetting	**–38,156**	**–27,829**
	19,802	**20,590**

The increase of deferred tax assets on loss carryforwards is mainly due to the write-up recognized in fiscal year 2022 as a result of a positive impairment test and higher utilization of net operating losses in following years. Furthermore, changes in US tax legislation led to high deferred tax assets.

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2022) for the fiscal years ending December 31, 2022 and 2021 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	**2022**	2021
Earnings before taxes	**199,530**	**170,625**
Expected tax 32.2% (previous year: 32.3%)	64,309	55,197
Differences to German and foreign tax rates	–20,995	–16,314
Tax effects on:		
Change in the recoverability of deferred tax assets and tax credits	–2,224	1,754
Change of deferred taxes on permanent differences	533	382
Current and deferred taxes previous years	1,234	–1,649
Non-deductible expenses	1,991	2,256
Tax-free income and Tax Credits	–11,307	–8,454
Tax rate changes and adaptation	232	–200
Other	645	731
Effective tax expense	34,426	33,702
Effective tax rate	**17.3%**	**19.8%**

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

DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	2022	2021
Deferred tax assets, gross	15,463	15,526
Allowances on tax losses carried forward	–8,438	–11,241
Deferred tax assets on unused tax losses, net	**7,026**	**4,286**

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 2022 or prior years some subsidiaries were loss making and accumulated net operating losses of EUR 6,325k (prior year: EUR 2,273k). These net operating losses were deemed to be recoverable as the subsidiaries will generate future tax profits. For the most significant entities the loss situation ended as legal restructurings were implemented during 2022.

LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE

Thousands of €	2022	2021
Unused tax loss carried forward		
Never expire	35,714	48,593
Expire by End of 2026	809	3,047
Expire from 2027	6,338	16,814
Sum of unused tax loss carried forward	**42,861**	**68,454**

TAX CREDITS WITH LIMITED LIFE OF USAGE

Thousands of €	2022	2021
Unused tax credits		
Never expire	13,928	12,862
Expire	-	-
Sum of unused tax credits	**13,928**	**12,862**

The temporary differences associated with investments in the Group's subsidiaries for which no deferred tax liabilities were recognized, amount to EUR 4,045k (previous year: EUR 353k).

There are no income tax consequences attached to the payment of dividends by Nemetschek SE to its shareholders neither in 2022 nor 2021.

[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

	2022	2021
Net income attributable to the parent (in thousands of EUR)	161,899	134,618
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**	**1.17**
Earnings per share in EUR, diluted	**1.40**	**1.17**

The 400,000 Stock Appreciation Rights granted on June 30, 2022 as well as the Long Term Incentive Plans starting 2022 are not included in the calculation of diluted earnings per share. They 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, 2022**	December 31, 2021
Bank balances	195,225	154,986
Fixed term deposits (contract period up to 3 months)	1,596	2,109
	196,821	**157,095**

[13] TRADE RECEIVABLES

Thousands of €	**December 31, 2022**	December 31, 2021
Trade receivables (before allowances)	87,702	75,453
Lifetime expected credit loss allowance	−3,182	−5,345
	84,520	**70,108**

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 2022	−5,345	1,974	189	−3,182
Lifetime expected credit loss allowance 2021	−5,736	55	336	−5,345

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

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%	

AGEING STRUCTURE OF TRADE RECEIVABLES

2021 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, 2021**
Gross Trade receivables	51,274	17,414	2,102	1,603	3,059	75,453
Expected credit loss allowance	−1,594	−733	−275	−497	−2,246	−5,345
Net Trade receivables	49,680	16,681	1,828	1,107	813	70,108
Expected credit loss rate (weighted average)	3.11%	4.21%	13.06%	30.98%	73.41%	

[14] **ASSETS**

Thousands of €	December 31, 2022	December 31, 2021
Inventories	890	949
Other financial assets	20,869	15,036
Other non-financial assets	33,151	31,148
	54,910	**47,132**

Inventories consist of third party licenses amounting to EUR 192k (previous year: EUR 86k) as well as hardware amounting to EUR 212k (previous year: EUR 493k). As in the previous year, no write-downs or reversals of write-downs were recognized. On December 31, 2022 and 2021, the inventories were not pledged.

Other financial assets mainly include the shares in Reconstruct Inc., Foundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Foundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH amounting to EUR 12,295k. The remaining other financial assets (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 26,921k (previous year: EUR 21,894k) as well as contract assets according to IFRS 15 in the amount of EUR 1,569k (previous year: EUR 1,235k).

[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 €	2022	2021
Cost		
As of January 1	61,190	56,791
Additions	14,062	6,509
Additions from business combinations	195	4
Disposals	−2,589	−3,556
Reclassifications	10	−504
Foreign currency translation difference	516	1,947
As of December 31	73,384	61,190
Depreciation and impairment		
As of January 1	40,454	35,163
Additions	8,049	7,420
Disposals	−2,050	−3,329
Reclassifications	−1	−1
Foreign currency translation difference	365	1,201
As of December 31	46,816	40,454
Carrying amount December 31	**26,568**	**20,735**

The carrying amount of 26.6m EUR (previous year: 20.7m EUR) includes furniture, fixtures and other equipment in the amount of 24.3m EUR (previous year: 18.8m EUR).

No material impairment and no material write-ups were recognized on property, plant and equipment in 2022 and 2021. On December 31, 2022 and 2021, 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

	2022					2021				
In EUR million	**Goodwill**	**Software and similar rights**	**Customer Relation-ship**	**Brand name**	**Non-com-pete agree-ments**	Goodwill	Software and similar rights	Customer Relationship	Brand name	Non-compete agreements
Cost										
As of January 1	541,998	193,754	125,579	23,188	2,146	434,736	160,652	109,128	19,669	2,146
Additions	–	4,638	–	–	–	–	3,416	–	–	–
Additions from business combinations	6,260	–	28,484	–	–	94,078	23,958	8,566	1,833	–
Disposal	–	–327	–	–	–	–	–1,077	–	–	–
Reclasses	–8,750	112	4,054	5,699	–	–4,838	2,145	3,598	962	–
Foreign currency translation difference	17,539	3,857	3,390	649	–	18,021	4,660	4,287	722	–
As of December 31	557,047	202,034	161,506	29,535	2,146	541,998	193,754	125,579	23,188	2,146
Amortization and impairment										
As of January 1	–	107,113	64,776	11,747	2,146	–	85,237	56,942	9,873	1,368
Additions	–	25,961	6,531	1,981	–	–	19,761	5,472	1,614	777
Disposal	–	–15	–	–	–	–	–546	–	–	–
Reclasses	–	–	–	–	–	–	–	–	–	–
Foreign currency translation difference	–	1,319	1,720	241	–	–	2,660	2,362	260	–
As of December 31	0	134,377	73,026	13,969	2,146	0	107,113	64,776	11,747	2,146
Carrying amount December 31	**557,047**	**67,657**	**88,480**	**15,566**	**0**	**541,998**	**86,641**	**60,803**	**11,440**	**0**

On December 31, 2022 and 2021, the intangibles were not pledged.

As a result of an accounting method change for the acquisition of the Red Giant assets, the goodwill allocated to non-controlling interests amounting to EUR 18.8m is now capitalized with a corresponding increase of the equity allocated to non-controlling interests. The previous year has been accordingly adjusted by EUR 18.0m. The change in 2022 is attributable to the non-controlling interests.

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, 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**			

GOODWILL

Thousands of €	Carrying Amount per balance sheet Dec. 31, 2021	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	98,436	8.39%	10.43%	1.50%
Build	110,030	8.39%	10.86%	1.50%
Media	227,045	7.38%	9.84%	2.00%
Manage	106,486	8.59%	10.73%	2.00%
Total group	**541,998**			

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, 2022, show no need for impairment in 2022.

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 even a 20% reduction of EBITDA in the terminal value would not lead to an impairment loss. An increase in the discount rate of about 1,1% or a decrease of the terminal value growth rate down to 0,1% would remove the headroom amounting to EUR 32.7 million.

Compared to the situation in 2021 the capital markets for Nemetschek have turned adverse as for the most publicly traded equity instruments. The energy crisis in Europe and significantly increased inflation in the economic environments brought turmoil to the equity and debt markets. This led to a high volatility in the equity markets resulting in partly increased betas. The reaction of reserve banks to the high inflation led to significantly increased interest rates. The WACC therefore increased by a meaningful amount compared to 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, 2022	December 31, 2021
Right-of-use assets – Property	65,436	54,546
Right-of-use assets – Office Equipment	103	109
Right-of-use assets – Vehicles	4,256	4,579
	69,795	**59,233**

Property leases mainly include office space. Additions to the right-of-use assets during 2022 were EUR 27,414k (previous year: EUR 11,419k). 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 1,596k (previous year: EUR 6,919k). 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 2022	13,777	2,470	74
Depreciation 2021	12,475	2,360	94

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

AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Thousands of €	2022	2021
Interest on lease liabilities	1,372	1,306
Expenses relating to short-term leases	651	574
Expenses relating to leases of low-value assets	129	183
Variable lease payments not included in the measurement of lease liabilities	0	2

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2022	2021
Total cash outflow for leases	17,387	16,416

[18] Investments in associates

Details of each of the Groups 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**
	2022	2022	2022	2021	2021	2021
Nemetschek OOD, Bulgaria	20.00	9,883	1,977	20.00	8,141	1,628
Sablono GmbH, Berlin	22.14	1,048	232	22.14	2,180	483
Imerso AS, Norway	16.82	2,423	408	18.03	2,501	451

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 is offering a next-generation platform to automate construction quality monitoring through a combination of advanced artificial intelligence (AI), reality capture, and BIM technologies.

In 2021, the Nemetschek Group participated in the series A financing round of Sablono GmbH with EUR 500k and the conversion of loans into equity in the amount of EUR 240k. The recognition of the unrecognized share of loss of prior years together with the reversal of loan impairment losses led to a profit or loss impact in the amount of EUR 83k in the prior financial year. After the series A financing round the Group has a shareholding amounting to 22.1%.

The Nemetschek Group participated in a financing round for Imerso AS with EUR 1,952k in 2021, which after the completion of the second closing in January 2022 corresponds to a stake of 16,8%. Although the Group has less than 20% of the voting rights, 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 the Group's associates are not material, 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, 2022**	December 31, 2021
Group's share of net income from continuing operations	82	334
Group's share of net income from discontinued operations	–	–
Group's share of net income for the year	**82**	**334**
Group's share of other comprehensive income	–	–
Group's share of total comprehensive income	**82**	**334**
Aggregate carrying amount of the Group's interests in these associates	4,010	4,063

[19] Financial liabilities

FINANCIAL LIABILITIES

Thousands of €	**December 31, 2022**	December 31, 2021
Borrowings	71,945	128,700
Trade payables	15,712	11,260
Other financial liabilities	1,884	8,596
Lease liabilities	77,297	66,036
	166,839	**214,593**

Borrowings include acquisition loans in the amount of EUR 34,300k (previous year: EUR 127,571k).

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 comprise subsequent purchase price obligations in connection with business combinations. As of December 31, 2022 these mainly consist of EUR 1,277k resulting from the acquisition of DC-Software Doster & Christmann GmbH. The contingent consideration recognized in 2021 for Redshift Rendering Technologies, Inc. (EUR 6,254k), and Dexma Sensors S.L. (EUR 997k) were paid in 2022.

[20] Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items:

PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	**December 31, 2022**	December 31, 2021
Provisions		
Personnel	41,193	45,940
Warranty and liability risks	165	383
Other	442	407
Accruals		
Outstanding invoices	12,987	13,683
Personnel	12,804	9,237
Legal and consulting fees	2,128	2,003
Other	2,113	4,621
	71,833	**76,274**

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 of fulfilling 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 variable compensation components and outstanding vacation.

The development of provisions is as follows:

PROVISIONS

Thousands of €	As of January 1	Usage	Release	Additions	Reclassification	Currency translation	**As of December 31**	thereof long-term
Personnel	45,940	−37,788	−1,910	33,853	–	1,098	41,193	1,140
Warranty and liability risks	383	−201	−96	79	–	–	165	-
Other	407	–	–	10	–	25	442	442

[21] Other non-financial liabilities

Other current liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax, value added tax (VAT) as well as social security contributions to the social security authorities.

[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, 2022 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 (Angestelltengesetz) and article 2120 of the Italian Civil Code (Trattamento di Fine Rapporto or TFR) respectively.

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 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**
Defined benefit obligation 2021	3,660	387	4,047
Less plan asset 2021	578	–131	447
Status of coverage (= pension provisions) 2021	**3,083**	**518**	**3,601**

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:

DISCOUNT RATE

	German Plans	**Non-German Plans**	German Plans	Non-German Plans
in %	**2022**	**2022**	2021	2021
Discount rate	3.60	3.3–3.75	1.25	0.35–1.0
Future pension increases	1.00	0.00	1.00	0.00
Salary increase	0.00	1.0–3.5	0.00	1.0–3.0

The actuarial assumptions as at 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 Economic and Finance, are used as a basis.

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 €	2022		2021	
	German Plans	**Non-German Plans**	German Plans	Non-German Plans
DBO at beginning of fiscal year	**2,588**	**1,459**	**2,771**	**889**
Adjustment / reclass DBO at beginning of fiscal year	–	–	–	497
Current service cost	–	102	–	112
Interest expense	32	13	24	9
Actuarial changes arising from changes in demographic assumptions	–	–11	–	17
Actuarial changes arising from changes in financial assumptions	–850	–295	–205	–11
Experience adjustments	–	56	–1	27
Settlements	–	–173	–	–80
DBO at end of fiscal year	**1,771**	**1,151**	**2,588**	**1,459**
Fair value of plan assets at beginning of fiscal year	**446**	**0**	**578**	**0**
Interest income	5	–	4	–
Actuarial gains / (losses)	–1	–	1	–
Employer contributions	18	–	23	–
Benefit payments	–	–	–159	–
Fair value of plan assets at end of fiscal year	**468**	**0**	**446**	**0**

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 €	2022		2021	
		German Plans	**Non-German Plans**	German Plans	Non-German Plans
Present value of pension obligation for the reporting date		1,771	1,151	2,588	1,459
Discount rate	increase by 0.5 percent points	1,641	1,098	2,359	1,382
	decrease by 0.5 percent points	1,916	1,209	2,848	1,542
Pension cost	increase by 0.5 percent points	1,882	–	2,779	–
	decrease by 0.5 percent points	1,670	–	2,415	–
Salary increase	increase by 0.5 percent points	–	1,197	–	1,523
	decrease by 0.5 percent points	–	1,109	–	1,399

The average duration of the benefit obligation at December 31, 2022 is 16.1 years (2021: 19.1 years) for German plans and 11.7 years (2021: 10.6 years) for non-German plans. The expected payments in the 2023 fiscal year amount to EUR 50k (previous year: EUR 18k) and relate to employer contributions paid into the plan assets.

[23] Financial instruments

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

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2022
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**

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2021	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2021
Trade receivables	70,108	70,108	–	–	70,108
Other financial assets	15,036	7,972	7,063	–	15,036
Cash and cash equivalents	157,095	157,095	–	–	157,095
Total financial assets	**242,239**	**–**	**–**	**–**	**242,239**
Borrowings	128,700	128,700	–	–	128,700
Trade payables	11,260	11,260	–	–	11,260
Other financial liabilities	8,596	813	7,783	–	8,596
Total financial liabilities	**148,557**	**–**	**–**	**–**	**148,557**

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 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, 2021	**0**	**10,007**
Changes in scope of consolidation, currency adjustments	–	1,054
Changes with cash effect	–	–1,683
Changes recognized in profit or loss	–	–1,595
Additions from acquisitions	7,063	–
Balance at December 31, 2021 / 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, currency adjustments	5,232	–
Balance at December 31, 2022	**12,295**	**1,493**

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Thousands of €	**2022**	2021
Financial assets measured at amortized cost	6,376	–510
Financial assets measured at fair value through profit or loss	437	–
Financial liabilities measured at fair value through profit or loss	–104	1,131
Financial liabilities measured at amortized cost	–2,624	–2,740
	4,086	**–2,119**

Net gains and losses from financial instruments comprise the results from valuations, the recognition and reversal of loss allowances, 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 490k (previous year: EUR 147k). Financial liabilities measured at amortized cost include interest expenses in the amount of EUR –2,624k (previous year: EUR –2,740k).

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 2022, 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 2022 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 196,821k (previous year: EUR 157,095k).

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, 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**				
December 31, 2021					
Borrowings	128,700	129,332	94,244	35,088	–
Trade payables	11,260	11,260	11,260	–	–
Other financial liabilities	8,596	8,606	7,355	1,250	–
Lease liabilities	66,036	69,987	15,168	38,126	16,694
Total	**214,593**				

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 reply 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 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

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**

TRADE RECEIVABLES

2021 — Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
Trade receivables		
HUF / EUR	+ 5%	−284
Total in kEUR: 5,965	**– 5%**	**314**
HUF / USD	+ 5%	−25
Total in kEUR: 516	**– 5%**	**27**

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, 2022 or as of December 31, 2021. 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 / debt as of December 31, 2022 amounted to EUR 124.9 million (previous year: EUR 28.4 million).

Equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 57.5% (previous year: 52.2%).

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, 2022 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 **translation reserve** 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 70,925k (previous year: EUR 70,349k), the current assets to EUR 27,045k (previous year: EUR 22,746k), the non-current liabilities to EUR 9,523k (previous year: EUR 9,703k) and the current liabilities to EUR 168,370k (previous year: EUR 169,676k). Sales correspond to those of the Media segment.

Dividends

In the fiscal year 2022, a dividend of EUR 45,045,000.00 (previous year: EUR 34,650,000.00) was distributed to the shareholders. This represents EUR 0.39 (previous year: EUR 0.30 per share. The Executive Board proposes to the Supervisory Board that a dividend be paid in the fiscal year 2023 amounting to EUR 51,975,000.00 This corresponds to EUR 0.45 per share.

[25] Share-based payments

Stock Appreciation Rights

An Executive Board member of Nemetschek SE participates 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 vesting date, otherwise they expire without compensation (the "exercise period").

On June 30, 2022, 200,000 Performance SARs and 200,000 New Hire SARs were granted. The proceeds from the SARs are limited in total to EUR 6.5 million. 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 898k for the Performance SARs and EUR 636k for the New Hire SARs. In the fiscal year 2022, this resulted in expenses of about EUR 403k.

The input parameters used in the assessment of the fair value at grant date were as follows:

INPUT PARAMETERS FOR FAIR VALUE AT GRANT ASSESSMENT OF SARS[1]

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.

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 LTIPS starting in 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 regular members of the Executive Board, the dynamic pool share is distributed based on their division's share of the total revenues in the last year of the LTIP period. For other Executive Board members, the dynamic share depends on the EPS (earnings per share) development or the Group revenue development. Payment is limited to EUR 2,000k, gross, for regular members, and EUR 3,000k, gross, for the Executive Board Chairperson. The fair value at grant is EUR 2,478k.

The total expenses recognized in the 2022 financial year amount to EUR 1.219k. In equity, EUR 519k were recognized. The difference relates to guaranteed amounts paid in 2022.

[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 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.

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.

In general, reconciliation includes corporate items for which headquarters are responsible.

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

SEGMENT REPORTING

2022 Thousands of €	Design	Build	Media	Manage	Reconciliation	**Total**
Revenue, total	**391,635**	**268,270**	**104,744**	**46,712**	**–9,549**	**801,813**
thereof revenue external	388,519	264,657	102,192	46,445	–	801,813
thereof intersegment revenue	1,368	3,613	2,552	147	–7,679	0
EBITDA	**126,867**	**103,233**	**45,919**	**3,830**	**–22,870**	**256,979**
Depreciation/Amortization						–58,842
Financial result						1,312
Share of net profit of associates						82
EBT						**199,530**

SEGMENT REPORTING

2021 Thousands of €	Design*	Build*	Media	Manage	Reconciliation	**Total**
Revenue, total	**357,350**	**216,231**	**70,511**	**43,733**	**–6,354**	**681,471**
thereof revenue external	355,439	214,145	68,617	43,271	–	681,472
thereof intersegment revenue	29	2,087	1,894	420	–4,429	0
EBITDA	**120,498**	**89,340**	**25,522**	**4,057**	**–17,452**	**221,965**
Depreciation/Amortization						–49,974
Financial result						–1,700
Share of net profit of associates						334
EBT						**170,625**

* As a result of the strategic restructuring of brands between the Design and Build segments, the prior year's figures were adjusted for comparability purposes

All other segments represent EUR 237k (previous year: EUR 0) of revenue and EUR -22,186k (previous year: EUR -17,378k) of EBITDA.

Information related to geographic areas

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEOGRAPHICAL REGION

Thousands of €	**Revenues 2022**	**Non-current assets 2022**	Revenues 2021	Non-current assets 2021
Germany	167,800	67,494	161,334	48,624
Americas	309,210	470,702	233,948	457,142
Abroad (w/o Americas)	324,803	292,958	286,189	281,306
Total	**801,813**	**831,154**	**681,471**	**787,072**

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 213,784k (previous year: EUR 214,361k).

The cash flow from investing activities amounts to EUR –52,405k (previous year: EUR –147,617k). In the current fiscal year, this mainly 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 the start-ups Foundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Foundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH

» investments in intangible assets and office equipment

The previous fiscal year primarily includes payments for the acquisition of Vectorworks Australia Pty Ltd., the asset deal of Maxon Computer, Inc., investments in the start-up Reconstruct Inc. and the associate Imerso AS 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

Thousands of €	**2022**		2021	
	Borrowings	**Lease liabilities**	Borrowings	Lease liabilities
As of January 1	**128,701**	**66,037**	**130,271**	**67,623**
Cash Changes	–57,880	–17,387	–1,921	–16,416
Non-cash changes	–	–	–	–
New leases	–	23,613	–	12,684
Currency translation	1,203	2,861	–	2,141
Other changes	–80	2,173	351	5
As of December 31	**71,945**	**77,297**	**128,701**	**66,037**

[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 and Imerso AS, 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 1,499k (previous year: EUR 1,505k).

» Reception services performed by Group companies amounting to a total of EUR 27k (previous year: EUR 26k).

» As of December 31, 2022 trade payables amounted to EUR 0k (previous year: EUR 25k) as well as trade receivables amounted to EUR 5k (previous year: EUR 0k).

(2) **Nemetschek OOD, Bulgaria**

» Use of services to a total of EUR 6,480k (previous year: EUR 5,133k).

» Perform of services by Group companies amounting to a total of EUR 6k (previous year: EUR 10k).

» As of December 31, 2022 trade payables amounted to EUR 669k (previous year: EUR 221k).

(3) **Imerso AS, Norway**

» Recharge of services from Group companies to Imerso AS, Norway amounting to a total of EUR 5k (previous year: EUR 0k).

» As of December 31, 2022 trade receivables amounted to EUR 2k (previous year: EUR 0k).

Compensation of members of the Executive Board

Total remuneration attributable to the Executive Board amounted to EUR 9,455k (previous year: EUR 5,914k). Thereof EUR 5,685k (previous year: EUR 4,468k) relate to short-term employee benefits, EUR 460k (previous year: EUR 1,446k) relate to other long-term benefits, EUR 1,715k (previous year: 0) relate to termination benefits and EUR 1,595k (previous year: 0) 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. LTIPs starting before 2022 are accounted for in accordance with IAS 19, whereas LTIPs starting 2022 are accounted for in accordance with IFRS 2. For LTIPs starting before 2022 as well as STIPs, outstanding balances in the amount of EUR 2,858k (previous year: EUR 3,008k) are recognized as at December 31, 2022. Further, an Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights. See [25]. Customary market benefits in kind complete the remuneration of the Executive Board members.

As a result of the termination of the employment of one Executive Board member by mutual agreement at the end of December 31, 2022, the executive will receive a severance payment. Accordingly, the Group has recognized an expense of EUR 1,525k (previous year: 0). The outstanding balances of the termination benefits as at December 31, 2022, amounts to EUR 1,394k (previous year: 0).

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

	2022			2021	
Thousands of €	Fix	Attendance fee	Total	Total*	Change 2022 vs. 2021
Kurt Dobitsch	227	32	259	250	3%
Prof. Georg Nemetschek (until May 12, 2022)	82	–	82	225	–63%
Rüdiger Herzog (until May 12, 2022)	73	–	73	200	–63%
Bill Krouch	160	20	180	200	–10%
Patricia Geibel-Conrad (since May 12, 2022)	113	28	141	–	–
Dr. Gernot Strube (since May 12, 2022)	103	28	131	–	–
Christine Schöneweis (since May 25, 2022)	93	12	105	–	–
Prof. Dr. Andres Söffing (since May 25, 2022)	93	12	105	–	–
	945	**132**	**1,077**	**875**	**23%**

* Remuneration consists of fixed components only.

Other related party transactions

In the fiscal year 2022 dividends amounting to EUR 23,241k (previous year: EUR 17,878k) 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 German Commercial Code (HGB)

The total remuneration of the active members of the Executive Board granted in 2022 amounts to EUR 10,943k (previous year: EUR 5,394k). The total remuneration of the members of the Supervisory Board granted in 2022 amounts to EUR 1,077k (previous year: EUR 875k).

Former members of the Executive Board were awarded total remuneration of EUR 1,715k (previous year: 0).

[29] Other information

Headcount

The average headcount breaks down as follows:

HEADCOUNT

Number of employees	2022	2021
Sales / Marketing / Hotline	1,572	1,458
Development	1,316	1,232
Administration	404	453
Average headcount for the year	**3,292**	**3,143**
Headcount as of December 31	**3,448**	**3,180**

Auditor's fees

The following fees of the auditor of the consolidated financial statements were expensed in the fiscal year 2022:

AUDITOR'S FEES

in EUR million	2022	2021
Financial statements audit services	0.68	0.48
Other audit services	0.01	0.04
Other services	0.07	0.00
	0.75	**0.52**

The other audit services include costs for the confirmation of agreed upon debt covenants within contracts with lenders and other services 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 9, 2023. The relevant current version is available to the shareholders on the website of Nemetschek SE.

(https://ir.nemetschek.com/download/companies/nemetschek/CorporateGovernance/2023_Declaration_of_Conformity_CGK_EN.pdf)

[31] Events after the balance sheet date

Subsequent events

With effect from January 1, 2023, the supervisory board of Nemetschek SE has unanimously appointed Louise Öfverström as CFO, subject to the Executive Board remuneration system of Nemetschek. The new Executive Board structure consists of Louise Öfverström (CFO) and the three existing members Yves Padrines (CEO), Viktor Várkonyi (CDO Design Division) and Jon Elliott (CDO Build Division).

Date of preparation

The Executive Board prepared and approved the consolidated financial statements on March 17, 2023, 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	
Abvent SA, Paris, France (consolidated since December 20, 2022)	100.00
Abvent SA, Estavayer-le-Lac, Switzerland (consolidated since December 20, 2022)	100.00
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., Trient, Italy	100.00
Allplan Österreich GmbH, Wals-Siezenheim, 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
Data Design System UK Ltd., Wiltshire, Great Britain	100.00
DC-Software Doster & Christmann GmbH, Munich, Germany (consolidated since April 1, 2022)	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 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 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., Arnhem, Netherlands	100.00
Scia nv, Hasselt, Belgium	100.00
Scia SK s.r.o., Zilina, Slovakia	100.00
Scia GmbH, Dortmund, Germany	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
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 Holding, Inc., Wilmington, Delaware, United States	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
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
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
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.H., 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

* In the fiscal year 2022, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:
- Option not to prepare notes to the financial statements (Allplan Deutschland GmbH, Bluebeam GmbH, FRILO Software GmbH, Graphisoft Building Systems GmbH , Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Bluebeam 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 and NEVARIS Bausoftware GmbH).

** In the fiscal year 2022 the following mergers have been made:
- Allplan Inc. was merged with Design Data Corporation;
- Dacoda was merged with NEVARIS Bausoftware GmbH;
- Plandatis B.V. was merged with Spacewell Netherlands B.V.

*** In the fiscal year 2022 the following company name changes have been made:
- Axxerion Group B.V. was renamed into Spacewell Netherlands Holding B.V.;
- Axxerion B.V. was renamed into Spacewell Netherlands B.V.;
- Data Design System GmbH was renamed into Graphisoft Building Systems GmbH;
- Data Design System AS was renamed into Graphisoft Scandinavia AS;
- MCS Solutions Private Ltd. was renamed into Nemetschek India Private Limited.

[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, Montabaur, Germany

Patricia Geibel-Conrad, Auditor/Tax Consultant in own practice
Deputy Chairwoman
Year of birth 1962, Nationality: German
First appointed 2022, Term expires 2027

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

Bill Krouch, Consultant
Year of birth 1959, Nationality: US American
First appointed 2018, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany
- INVESTCORP (not listed), New York, USA

Christine Schöneweis, Senior Vice President and COO Intelligent Enterprise Solutions, SAP SE
Year of birth 1976, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany

Prof. Dr. Andreas Söffing, Tax Consultant and Partner Flick, Gocke, Schaumburg
Year of birth 1962, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany
- United Internet AG (publicly listed), Montabaur, Germany

Membership of comparable domestic and foreign supervisory bodies of commercial enterprises:
- Advisory board of Deutsche Oppenheim Family Office AG, Cologne, Germany, Deputy Chairman

Dr. Gernot Strube, Businessman
Year of birth 1965, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany

Prof. Georg Nemetschek, Businessman
Deputy Chairman until May 12, 2022
Honorary Chairman as of May 12, 2022
Year of birth 1934, Nationality: German
First appointed 2001

Rüdiger Herzog, Lawyer
Year of birth 1950, Nationality: German
First appointed 2003, resigned May 12, 2022

Member of the following Supervisory Boards:
- DF Deutsche Finance Holding AG, (not listed), Munich, Germany, Chairman
- DF Deutsche Finance Investment GmbH, Munich, Germany, Chairman
- DBC Finance GmbH, Munich, Germany, Chairman

Committees of the Supervisory Board

Audit Committee (as of January 1, 2022)

Patricia Geibel-Conrad, Chairwoman (as of May 12, 2022)
Kurt Dobitsch
Dr. Gernot Strube (as of May 12, 2022)
Rüdiger Herzog (Chairman, until May 12, 2022)
Prof. Georg Nemetschek (until May 12, 2022)

Executive Board

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

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

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

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

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

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

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

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

Further external mandate:
- Rheinmetall AG, Germany

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

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

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

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

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

Munich, March 17, 2023

Nemetschek SE

Yves Padrines | Louise Öfverström | Viktor Várkonyi | Jon Elliott

Further information

Declaration Confirmation of the members of the authorized body

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

Munich, March 17, 2023

Yves Padrines

Louise Öfverström

Viktor Várkonyi

Jon Elliott

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

Independent auditor's report

To Nemetschek SE, München

Report on the audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Nemetschek SE, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nemetschek SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the „Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation, with the exception of a tax advisory engagement in connection with the fulfilment of payroll tax obligations of a German subsidiary due to nine employees seconded to Germany from abroad.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- **I. Recoverability of goodwill**
- **II. Recognition and accrual/deferral of revenue from software service agreements and software rental models**
- **III. Accounting treatment of Asset Deal regarding Pixologic Inc.**

Our presentation of these key audit matters has been structured in each case as follows:

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

Hereinafter we present the key audit matters:

I. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 557.0 million (46.5 % of total assets or 80.8 % of equity) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in sections "Summary of significant accounting policies: Goodwill, Goodwill and intangible assets not yet ready for use" and "Notes to the consolidated financial statements: [16] Intangible assets and goodwill" of the notes to the consolidated financial statements.

II. Recognition and accrual/deferral of revenue from software service agreements and software rental models

1. In the consolidated financial statements of Nemetschek SE revenue totaling EUR 801.8 million from various service offerings is reported for financial year 2022. This includes, among other things, income from software service agreements and revenue from software rental models ("subscriptions"). In accordance with IFRS 15, revenue recognition depends on the fulfillment of the individual performance obligations. On the basis of the underlying customer agreements, the performance obligations must be first determined and the transaction price must be allocated to the identified performance obligations. For each performance obligation, it must then be determined when the customer obtains control of the promised performance. In doing so, a distinction must be made as to whether the performance obligation is fulfilled on a point-in-time basis or an over-time basis. Against this background, the correct recognition and accrual or deferral of revenue is considered to be complex and is based in some respects on estimates, assumptions and judgments by the executive directors, therefore this matter was of particular significance in the context of our audit.

2. As part of our audit, we first obtained an overview of the material contract types and an understanding of the accounting policies applied in respect of revenue recognition and accrual/deferral by inspecting customer agreements. On that basis, we evaluated, among other things, the appropriateness and effectiveness of the internal control system established within the group with regard to the identification of the performance obligations as well as the accurate recognition of revenue. In this context, we also examined the consistency of the methods used to recognize revenue. Based on this, we audited the revenue among other things by selecting individual transactions with customers on a sample basis and inspecting the underlying documents (such as purchase orders, delivery documentation, invoices and payment records), and assessing them with respect to identification of the performance obligations, allocation of the transaction price, and revenue recognition. Our audit procedures also included inspecting material contracts and obtaining balance confir-

mations for trade receivables and other documentation supporting the respective fulfillment of performance obligations identified in the underlying customer agreements. As part of this process, we assessed whether revenue had been recognized in full, among other things, through analytical audit procedures. In this context we also evaluated the appropriateness of individual assumptions made by the executive directors regarding the identification and fulfillment of performance obligations as well as the allocation of the transaction price based on the various performance offerings. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors regarding the revenue recognition and accrual/deferral are substantiated and sufficiently documented.

3. The Company's disclosures relating to revenue are contained in the sections entitled "Summary of significant accounting policies: Revenues" and "Notes to the consolidated statement of comprehensive income: [1] Revenue" of the notes to the consolidated financial statements.

III. Accounting treatment of Asset Deal regarding Pixologic Inc.

1. The subsidiary Maxon Computer Inc. located in Los Angeles, USA, acquired assets and liabilities of Pixologic Inc., located in Los Angeles, USA, as part of an asset deal in financial year 2021. The purchase price allocation for the purposes of the 2021 consolidated financial statements was conducted on a preliminary basis in accordance with IFRS 3. The total purchase price amounted to EUR 121.6 million. The assets acquired and liabilities acquired are generally recognized at fair value as of the respective acquisition date, based on a number of measurement assumptions made by the executive directors. The preliminary purchase price allocation resulted in total acquired goodwill of EUR 90.8 million for the purposes of the consolidated financial statements as at 31 December 2021. In finalizing the purchase price allocation in the financial year 2022, the fair values of the assets identified increased, resulting in a reduction ofthe goodwill from the company transaction by EUR 8.2 million to EUR 82.7 million. Due to the estimation uncertainties involved in measuring the assets and liabilities as part of the purchase price allocation and the material impact in terms of amount on the assets, liabilities, financial position and financial performance of the Group, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the accounting treatment of the business combination with the support of our internal valuation specialists. For this purpose, we first inspected and examined the contractual agreements underlying the business combination. Thereby, among other things, we reconciled the purchase price paid by Maxon Computer Inc. as consideration for the assets and liabilities received with the supporting documentation presented to us for the payments made. We also examined the final purchase price allocation. in doing so, we also evaluaed, among other things, the appropriateness of the models underlying the valuations as well as the valuation parameters and assumptions applied. The determination of the fair values, for example of customer relationships, which were determined by a valuation specialist engaged by Nemetschek SE, were reconciled by us with the numerical data with the financial accounts and the parameters used, in particular the churn rate and EBITDA margin. We also used checklists to evaluate the completeness and accuracy of the disclosures in the notes to the financial statements required by IFRS 3. Overall, we were able to satisfy ourselves that the accounting treatment was appropiate and that the estimates and assumptions made by the executive directors are comprehensible and adequately substantiated.

3. The Company's disclosures relating to business combinations are contained in the section entitled "Business combinations" of the notes to the consolidated financial statements.

Other Information

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

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

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

» is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

» Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

» Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

» Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

» Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

» Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Nemetschek_KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

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

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

» Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

» Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

» Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

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

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

Reference to an other matter– use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Katharina Deni.

München, March 17, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Nonfinancial Group Statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To Nemetschek SE, Munich

We have performed a limited assurance engagement on the non-financial group statement of Nemetschek SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Non-financial Group Statement") included in section "Nonfinancial Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "2.3 EU Taxonomy" of the Non-financial Group Statement. This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "2.3 EU Taxonomy" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Nonfinancial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.3 EU Taxonomy" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

» Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
» Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
» Identification of likely risks of material misstatement in the Non-financial Group Statement
» Analytical procedures on selected disclosures in the Non-financial Group Statement
» Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report
» Evaluation of the presentation of the Non-financial Group Statement
» Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
» Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.3 EU Taxonomy" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 17 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Hendrik Fink
Wirtschaftsprüfer
German public auditor

(sgd.) ppa. Felix Wandel
Wirtschaftsprüfer
German public auditor

Extract from the Financial Statements
(HGB)

Financial Statements
of Nemetschek SE (German Commercial Code)

Balance Sheet

as of December 31, 2022 and as of December 31, 2021

ASSETS	Thousands of €	December 31, 2022	December 31, 2021
A. Fixed Assets			
I. Intangible assets			
1. Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets		66	89
2. Prepayments made on intangible assets		250	0
		316	**89**
II. Property, plant and equipment			
1. Fixtures, fittings and equipment		253	292
		253	**292**
III. Financial assets			
1. Shares in affiliated companies		531,543	568,267
2. Loans due from affiliated companies		34,250	39,056
3. Investments		1,962	1,962
4. Other financial assets		2,195	50
		569,950	**609,335**
TOTAL FIXED ASSETS		**570,519**	**609,716**
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Trade receivables		8	0
2. Accounts due from affiliated companies – thereof Accounts receivable from trading EUR 120k (previous year: EUR 1,635k)		183,343	160,790
3. Other assets		7,288	1,623
		190,638	**162,413**
II. Cash and cash equivalents		**3,569**	**1,615**
TOTAL CURRENT ASSETS		**194,207**	**164,028**
C. DEFERRED AND PREPAID EXPENSES		**4,280**	**2,964**
D. DEFERRED TAX ASSETS		**1,114**	**1,434**
		770,119	**778,142**

EQUITY AND LIABILITIES	Thousands of €	December 31, 2022	December 31, 2021
A. EQUITY			
I. Subscribed capital		**115,500**	**115,500**
II. Capital reserve		**20,530**	**20,530**
III. Retained earnings		**28,586**	**28,586**
IV. Unappropriated profit		**297,401**	**312,660**
TOTAL EQUITY		**462,016**	**477,276**
B. PROVISIONS AND ACCRUED LIABILITIES			
1. Accrued tax liabilities		59	382
2. Other provisions and accrued liabilities		9,850	8,217
TOTAL PROVISIONS AND ACCRUED LIABILITIES		**9,909**	**8,599**
C. LIABILITIES			
1. Liabilities due to banks		71,300	118,200
2. Trade accounts payable		1,855	1,703
3. Accounts due to affiliated companies		220,850	167,598
4. Other liabilities – thereof taxes: EUR 1,100k (previous year: EUR 1,608k) – thereof social security EUR 0k (previous year: EUR 5k)		1,246	1,662
TOTAL LIABILITIES		**295,250**	**289,163**
D. Deferred revenue		2,818	0
E. Deferred tax liability		**126**	**1,028**
		770,119	**776,065**

Profit and loss account of Nemetschek SE

for the period January 1 to December 31, 2022 and 2021 (German Commercial Code)

	Thousands of €	December 31, 2022	December 31, 2021
1.	Revenues	8,735	7,560
2.	Other operating income – thereof for inccome from currency revaluation EUR 7,016k (previous year: EUR 273k)	13,205	6,015
3.	Personnel expenses		
a)	Wages and salaries	–14,068	–11,274
b)	Social security, pension and other benefit costs – thereof for pension: EUR 135k (previous year: EUR 127k)	–1,123	–954
4.	Depreciation and amortization of intangible assets, property, plants and equipment	–187	–499
5.	Other operating expense – thereof for expensefrom currency revaluation EUR 6,499k (previous year: EUR 1,568k)	–23,550	–16,132
6.	Income from investments – thereof from affiliated companies: EUR 52,890k (previous year: EUR 67,281k)	53,025	67,379
7.	Income from profit and loss transfer agreements	32,379	34,749
	Income from loans due to affiliated companies – thereof from affiliates companies: EUR 1,549k (previous year: EUR 1,734k)	1,549	1,734
9.	Other interest and similar income – thereof from affiliates companies: EUR 6,111k (previous year: EUR 293k)	6,111	333
10.	Expenses from profit and loss transfer agreements – thereof from affiliates companies: EUR 457k (previous year: EUR 0k)	–457	0
11.	Depreciation of financial assets	–34,787	0
12.	Interest and similar expenses – thereof from affiliated companies: EUR 4,824k (previous year: EUR 98k)	–5,962	–1,087
13.	Taxes on income – thereof expenses from changes in deferred taxes recognized in the balance sheet: EUR 582k (previous year: EUR 1,427k)	–5,084	–6,782
14.	**Earnings after tax**	**29,787**	**67,466**
15.	Other Taxes	–1	–1
16.	**Net Income**	**29,786**	**67,465**
17.	Profit carried forward from previous year	267,615	231,620
18.	**Unappropriated profit**	**297,401**	**299,085**

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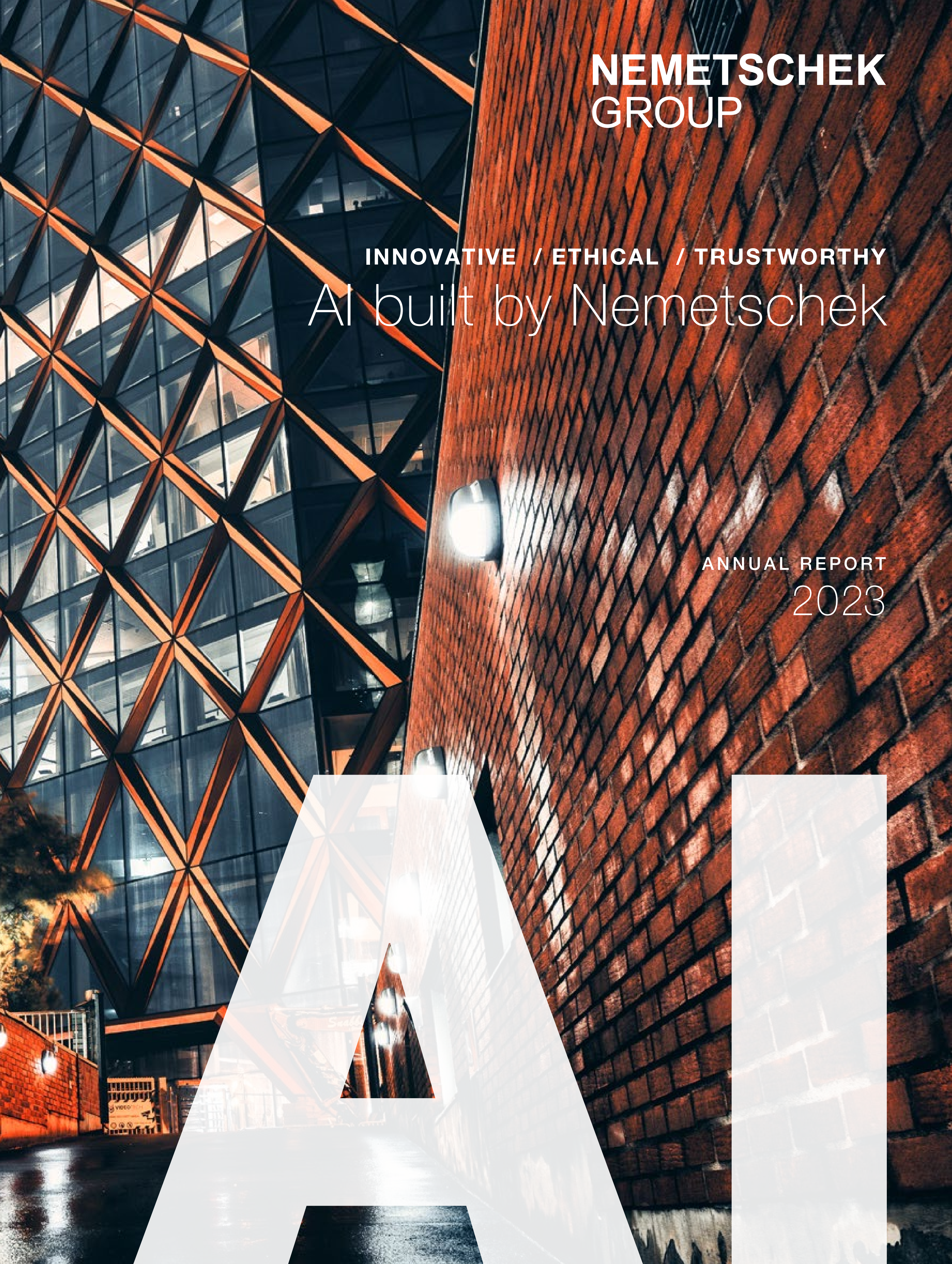
NOTE: The printed Annual Report is accompanied by a non-certified editorial report about the NEMETSCHEK Group, which can also be downloaded as a separate PDF.

NEMETSCHEK
GROUP

NEMETSCHEK SE
Konrad-Zuse-Platz 1
81829 Munich
Tel.: +49 89 540459-0
Fax: +49 89 540459-414
investorrelations@nemetschek.com
www.nemetschek.com



NEMETSCHEK
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INNOVATIVE / ETHICAL / TRUSTWORTHY

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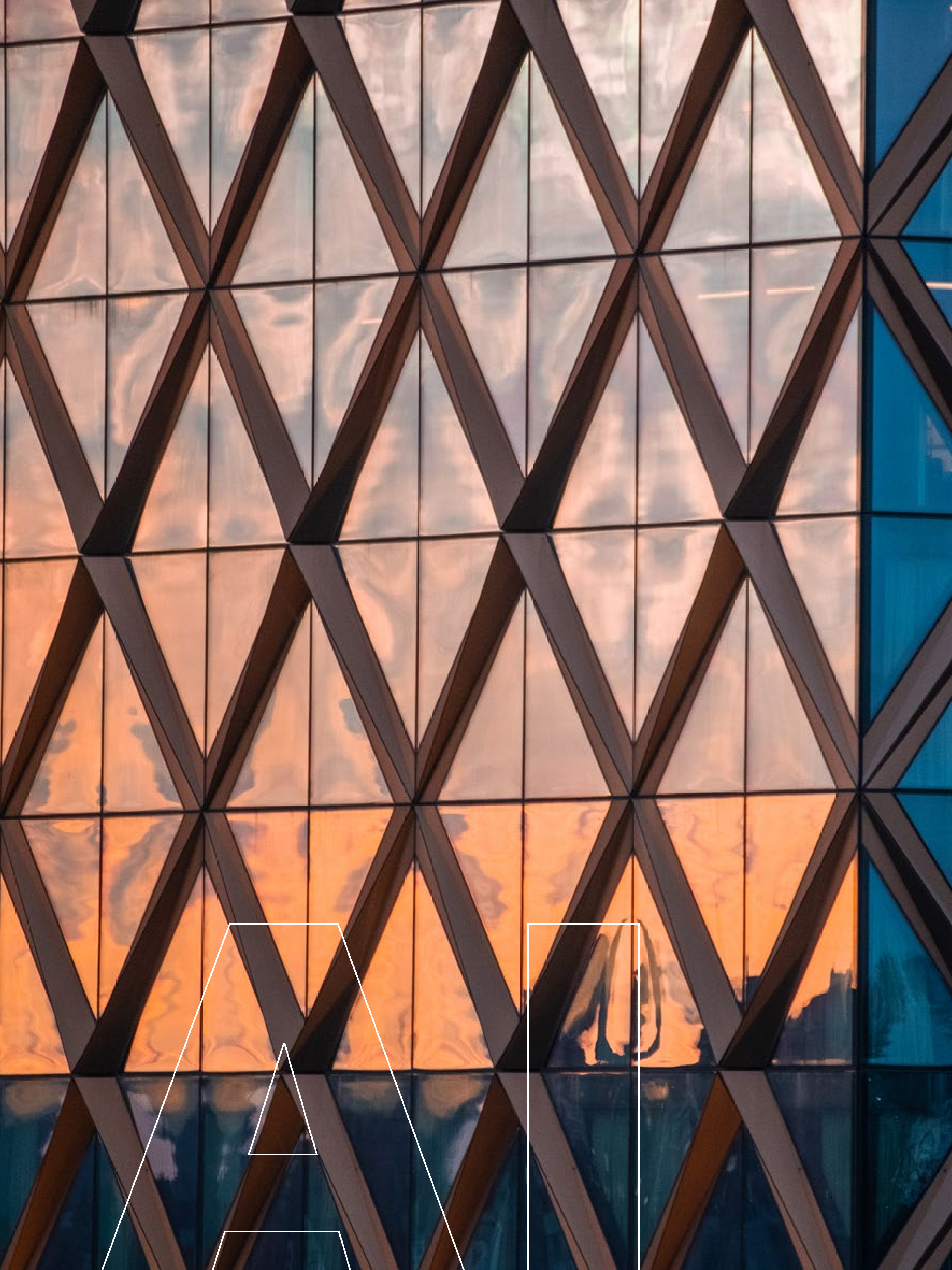
ANNUAL REPORT
2023

AI



Consolidated financial statements

(IFRS)

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]
thereof amortization of intangible assets due to purchase price allocation	*−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

	Equity attributable to the parent company's shareholders						
Thousands of €	Subscribed capital	Capital reserve	Retained earnings	Other comprehen-sive income	**Total**	Non-controlling interests	**Total equity**
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

116 Notes to the consolidated financial statements

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	
With definite useful life	*Amortized costs*
With indefinite useful life	*Impairment-only approach*
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: - 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.	- 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: - 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 es 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 puchase 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 Imerso 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
thereof from addition / release of temporary differences	*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

	Consolidated balance sheet	
Thousands of €	**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 staring 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 Execuive 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 remaining 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

	2023				2022			
In EUR million	**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	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 translation	**As of December 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 (Angestelltengesetz), 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

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2023	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2023
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

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2022
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 SARS[1]

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 SARS[1]

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

Thousands of €	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, Imerso 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) **Imerso AS, Norway**

- Use of services to a total of EUR 1k (previous year: EUR 0k).
- Recharge of services from Group companies to Imerso 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 Fix	2023 Attendance fee	2023 Total	2022 Total	Change 2023 vs. 2022
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 amouting 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)

[31] Events after the balance sheet date

Subsequent events

No significant events occured 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 FRILO 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 contractural 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

Further information

Declaration Confirmation of the members of the authorized body

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

Munich, March 15, 2024

Yves Padrines

Louise Öfverström

Translation – the German text is authoritative

Independent Auditor's Report

To Nemetschek SE, München

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Nemetschek SE, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Nemetschek SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

» the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and

» the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

I. Recoverability of goodwill

II. Recognition and accrual/deferral of revenue from software service agreements and software rental models

III. Accounting for various business combinations

Our presentation of these key audit matters has been structured in each case as follows:

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

Hereinafter we present the key audit matters:

I. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 552.0 million (43.3 % of total assets or 70.6 % of equity) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in sections "Summary of significant accounting policies: Goodwill, Goodwill and intangible assets not yet ready for use" and "Notes to the consolidated financial statements: [16] Intangible assets and goodwill" of the notes to the consolidated financial statements.

II. Recognition and accrual/deferral of revenue from software service agreements and software rental models

1. In the consolidated financial statements of Nemetschek SE revenue totaling EUR 851.6 million from various service offerings is reported for financial year 2023. This includes, among other things, income from software service agreements and revenue from software rental models ("subscriptions"). In accordance with IFRS 15, revenue recognition depends on the fulfillment of the individual performance obligations. On the basis of the underlying customer agreements, the performance obligations must be first determined and the transaction price must be allocated to the identified performance obligations. For each performance obligation, it must then be determined when the customer obtains control of the promised performance. In doing so, a distinction must be made as to whether the performance obligation is fulfilled on a point-in-time basis or an over-time basis. Against this background, the correct recognition and accrual or deferral of revenue is considered to be complex and is based in some respects on estimates, assumptions and judgments by the executive directors, therefore this matter was of particular significance in the context of our audit.

2. As part of our audit, we first obtained an overview of the material contract types and an understanding of the accounting policies applied in respect of revenue recognition and accrual/deferral by inspecting customer agreements. On that basis, we evaluated, among other things, the appropriateness and effectiveness of the internal control system established within the group with regard to the identification of the performance obligations as well as the accurate recognition of revenue. In this context, we also examined the consistency of the methods used to recognize revenue. Based on this, we audited the revenue among other things by selecting individual transactions with customers on a sample basis and inspecting the underlying documents (such as purchase orders, delivery documentation, invoices and payment records), and assessing them with respect to identification of the performance obligations, allocation of the transaction price, and revenue recognition. Our audit procedures also included inspecting material contracts and obtaining balance confir-

mations for trade receivables and other documentation supporting the respective fulfillment of performance obligations identified in the underlying customer agreements. As part of this process, we assessed whether revenue had been recognized in full, among other things, through analytical audit procedures. In this context we also evaluated the appropriateness of individual assumptions made by the executive directors regarding the identification and fulfillment of performance obligations as well as the allocation of the transaction price based on the various performance offerings. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors regarding the revenue recognition and accrual/deferral are substantiated and sufficiently documented.

3. The Company's disclosures relating to revenue are contained in the notes to the consolidated financial statements under "Summary of significant accounting policies: Revenues" as well as under "Notes to the consolidated statement of comprehensive income: [1] Revenue".

III. Accounting for various Business combinations

1. The subsidiary Graphisoft SE located in Budapest, Hungary, acquired in financial year 2022 as part of a share deal Graphisoft France SAS (formerly Abvent SA), located in Paris, France, and Graphisoft Switzerland SA (formerly Abvent SA), located in Estavayer-le-Lac in Switzerland. The total purchase price amounted to EUR 30.5 million in total. The preliminary purchase price allocation did not result in acquired goodwill at the date of acquisition. In finalizing the purchase price allocation in the financial year 2023, the fair values of the assets identified decreased, resulting in an increase in goodwill from these business combinations to EUR 8.9 million.

   The subsidiary FRILO Software GmbH located in Stuttgart, Germany, acquired in financial year 2022 as part of a share deal DC-Software Doster & Christmann GmbH, based in Munich. The fair value of the consideration amounted to EUR 6.3 million in total. The preliminary purchase price allocation resulted in acquired goodwill of EUR 6.3 million at the date of acquisition. In finalizing the purchase price allocation in the financial year 2023, the fair values of the assets identified increased, resulting in a decrease of goodwill from this business combination by EUR 1.4 million to EUR 4.8 million.

   The assets and liabilities acquired as part of the businsess combinations are generally recognized at fair value on the date of acquisition, based on a number of measurement assumptions made by the executive directors. Due to the estimation uncertainties involved in measuring the assets and liabilities as part of the purchase price allocations and the material impact in terms of amount on the assets, liabilities, financial position and financial performance of the Group, these matters were of particular significance in the context of our audit.

2. As part of our audit, we assessed the accounting treatment of the various business combinations with the support of our internal valuation specialists. For this purpose, we first inspected and examined the respective underlying contractual agreements . Further we also examined final purchase price allocation for each business combination. In doing so, we also evalued, among other things, the appropriateness of the models underlying the valuations as well as the valuation parameters and assumptions applied. The determination of the respective fair values, for example of customer relationships, which were determined for the purchase price allocation in the case of the share deal for Graphisoft France SAS (formerly Abvent SA) by an external valuation specialist engaged by Nemetschek SE and which were determined for the purchase price allocation in case of the share deal for DC-Software Doster & Christmann GmbH by Nemetschek SE itselfwas examined by us by reconciling the numerical data with the financial accounts of Nemetschek SE as well as the parameters used, in particular the churn rate and EBITDA margin. Furthermore we used checklists to evaluate the completeness and accuracy of the disclosures in the notes to the financial statements required by IFRS 3.

   Overall, we were able to satisfy ourselves that the accounting treatment of the various business combinations was appropiate and that the estimates and assumptions made by the executive directors are comprehensible and adequately substantiated.

3. The Company's disclosures relating to business combinations are contained in the section entitled "Business combinations" of the notes to the consolidated financial statements.

Other Information

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

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in sub-section "Corporate Governance Declaration" in section "8 Other Disclosures" of the group management report
- the non-financial group statement to comply with §§ 315b to 315c HGB included in section "2 Non-Financial Statement" of the group management report
- the subsection "General risk management and internal control system" in section "5 Main Characteristics of the Internal Control and Risk and Opportunity Management System" of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

» is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

» Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

» Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Nemetschek_KA+KLB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with

§317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with §317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with §328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with §328 Abs. 1 Satz 4 Nr. 2 HGB.

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

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

» Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

» Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

» Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 23 May 2023. We were engaged by the supervisory board on 29 November 2023. We have been the group auditor of the Nemetschek SE, München, without interruption since the financial year 2022.

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

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with §317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Katharina Deni.

München, March 15, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Independent Practitioner's Report on a Limited Assurance Engagement n Non-financial Reporting[1]

To Nemetschek SE, Munich

We have performed a limited assurance engagement on the non-financial group statement of Nemetschek SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Statement" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "2.4 EU Taxonomy" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "2.4 EU Taxonomy" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Audit Firm's Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.4 EU Taxonomy" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

» Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and combined management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "2.4 EU Taxonomy" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the afore-mentioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 15 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Katharina Deni	(sgd.) Hendrik Fink
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Extract from the Financial Statements

(HGB)

Financial Statements
of Nemetschek SE (German Commercial Code)

Balance Sheet

as of December 31, 2023

ASSETS Thousands of €	December 31, 2023	December 31, 2022
A. FIXED ASSETS		
I. Intangible assets		
1. Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets	647	66
2. Prepayments made on intangible assets	0	250
	647	**316**
II. Property, plant and equipment		
1. Fixtures, fittings and equipment	233	253
	233	**253**
III. Financial assets		
1. Shares in affiliated companies	576,868	531,543
2. Loans due from affiliated companies	1,800	34,250
3. Investments	1,962	1,962
4. Other financial assets	6,458	2,195
	587,089	**569,950**
TOTAL FIXED ASSETS	**587,970**	**570,519**
B. CURRENT ASSETS		
I. Accounts receivable and other assets		
1. Trade receivables	0	8
2. Accounts due from affiliated companies – thereof accounts receivable from trading: EUR 1,391k (previous year: EUR 120k)	167,628	183,343
3. Other assets	14,980	7,288
	182,608	**190,638**
II. Cash and cash equivalents	**6,693**	**3,569**
TOTAL CURRENT ASSETS	**189,301**	**194,207**
C. DEFERRED AND PREPAID EXPENSES	**5,205**	**4,280**
D. DEFERRED TAX ASSETS	**1,553**	**1,114**
	784,029	**770,119**

EQUITY AND LIABILITIES Thousands of €	December 31, 2023	December 31, 2022
A. EQUITY		
I. Subscribed capital	**115,500**	**115,500**
II. Capital reserve	**20,530**	**20,530**
III. Retained earnings	**23,378**	**28,586**
IV. Unappropriated profit	**368,959**	**297,401**
TOTAL EQUITY	**528,367**	**462,016**
B. PROVISIONS AND ACCRUED LIABILITIES		
1. Accrued tax liabilities	2,417	59
2. Other provisions and accrued liabilities	12,431	9,850
TOTAL PROVISIONS AND ACCRUED LIABILITIES	**14,848**	**9,909**
C. LIABILITIES		
1. Liabilities due to banks	6,600	71,300
2. Trade accounts payable	2,086	1,855
3. Accounts due to affiliated companies	225,745	220,850
4. Accounts due to associated companies	103	0
5. Other liabilities – thereof taxes: EUR 2,064k (previous year: EUR 1,100k) – thereof social security: EUR 0k (previous year: EUR 0k)	2,200	1,246
TOTAL LIABILITIES	**236,733**	**295,250**
D. Deferred revenue	3,949	2,818
E. Deferred tax liability	**133**	**126**
	784,029	**770,119**

Profit and loss account of Nemetschek SE

for the period January 1 to December 31, 2023 (German Commercial Code)

Thousands of €	2023	2022
1. Revenues	9,493	8,735
2. Other operating income – thereof for income from currency revaluation: EUR 4,109k (previous year: EUR 7,016k)	15,498	13,205
3. Personnel expenses		
a) Wages and salaries	–12,510	–14,068
b) Social security, pension and other benefit costs – thereof for pension: EUR 119k (previous year: EUR 135k)	–1,190	–1,123
4. Depreciation and amortization of intangible assets, property, plants and equipment	–215	–187
5. Other operating expense – thereof for expense from currency revaluation: EUR 4,196k (previous year: EUR 6,499k)	–30,425	–23,550
6. Income from investments – thereof from affiliated companies: EUR 123,982k (previous year: EUR 52,890k)	124,150	53,025
7. Income from profit and loss transfer agreements – thereof from affiliated companies: EUR 27,703k (previous year: EUR 32,379k)	27,703	32,379
Income from loans due to affiliated companies – thereof from affiliates companies: EUR 988k (previous year: EUR 1,549k)	988	1,549
9. Other interest and similar income – thereof from affiliates companies: EUR 11,165k (previous year: EUR 6,111k)	11,203	6,111
10. Expenses from loss absorption – thereof from affiliates companies: EUR 2,096k (previous year: EUR 457k)	–2,096	–457
11. Depreciation of financial assets	0	–34,787
12. Interest and similar expenses – thereof from affiliated companies: EUR 12,147k (previous year: EUR 4,824k)	–13,732	–5,962
13. Taxes on income – thereof expenses from changes in deferred taxes recognized in the balance sheet: EUR 432k (previous year: EUR 582k)	–5,334	–5,084
14. Earnings after tax	**123,535**	**29,787**
15. Other taxes	–2	–1
16. Net Income	**123,533**	**29,786**
17. Profit carried forward from previous year	245,426	267,615
18. Unappropriated profit	**368,959**	**297,401**

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Linus Seemann

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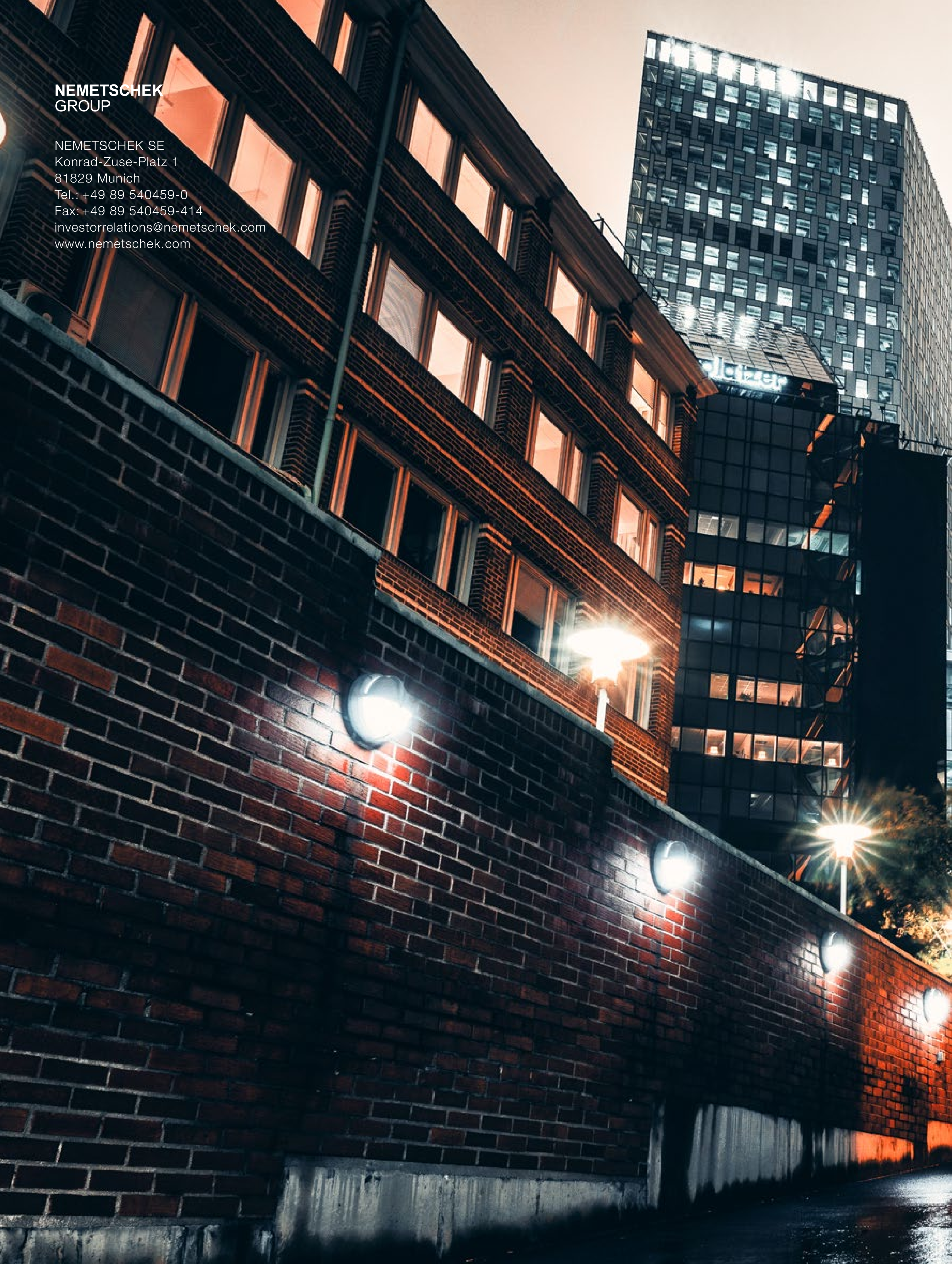
NOTE: The printed Annual Report is accompanied by a non-certified editorial report about the NEMETSCHEK Group, which can also be downloaded as a separate PDF.



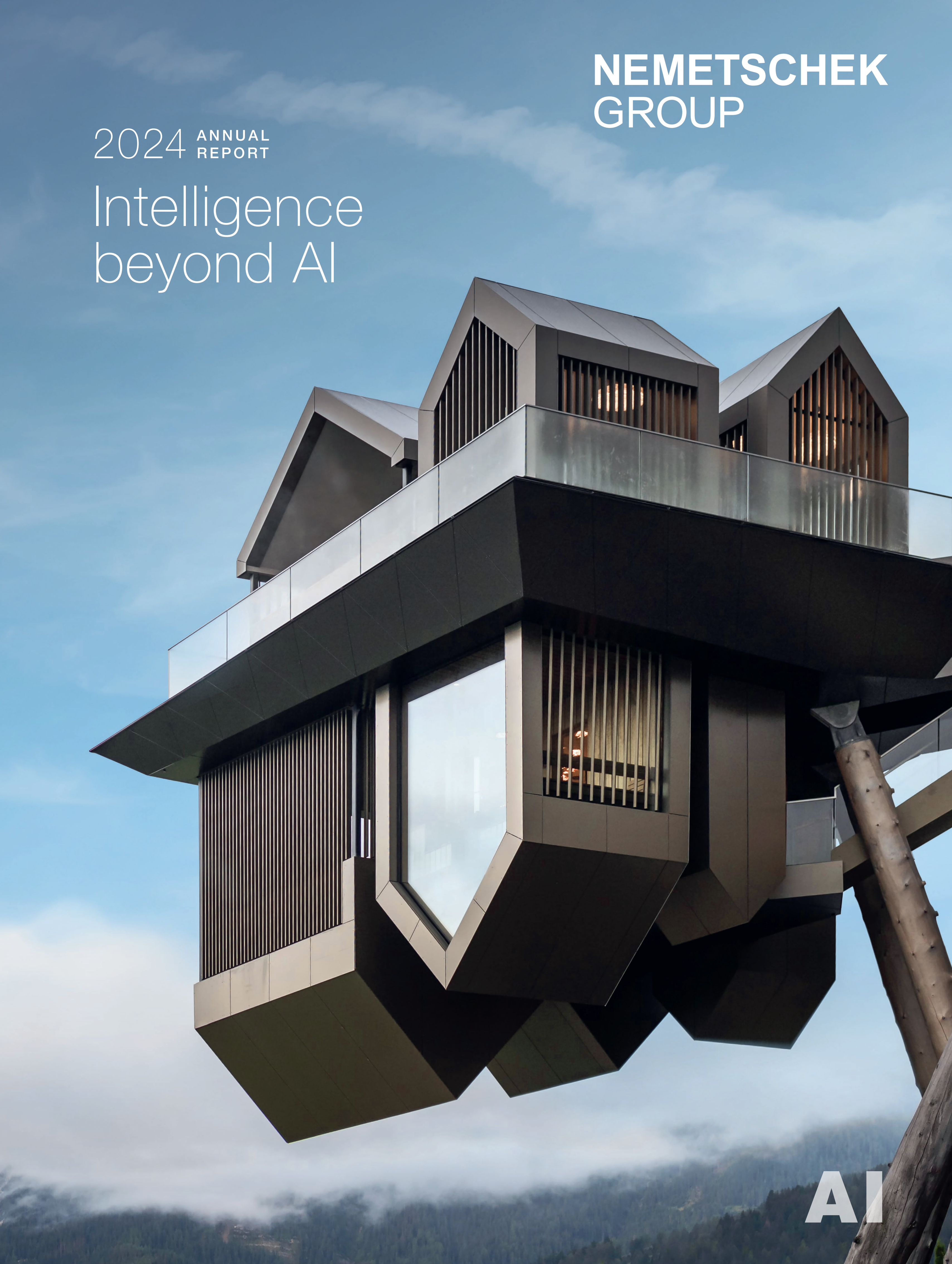
NEMETSCHEK
GROUP

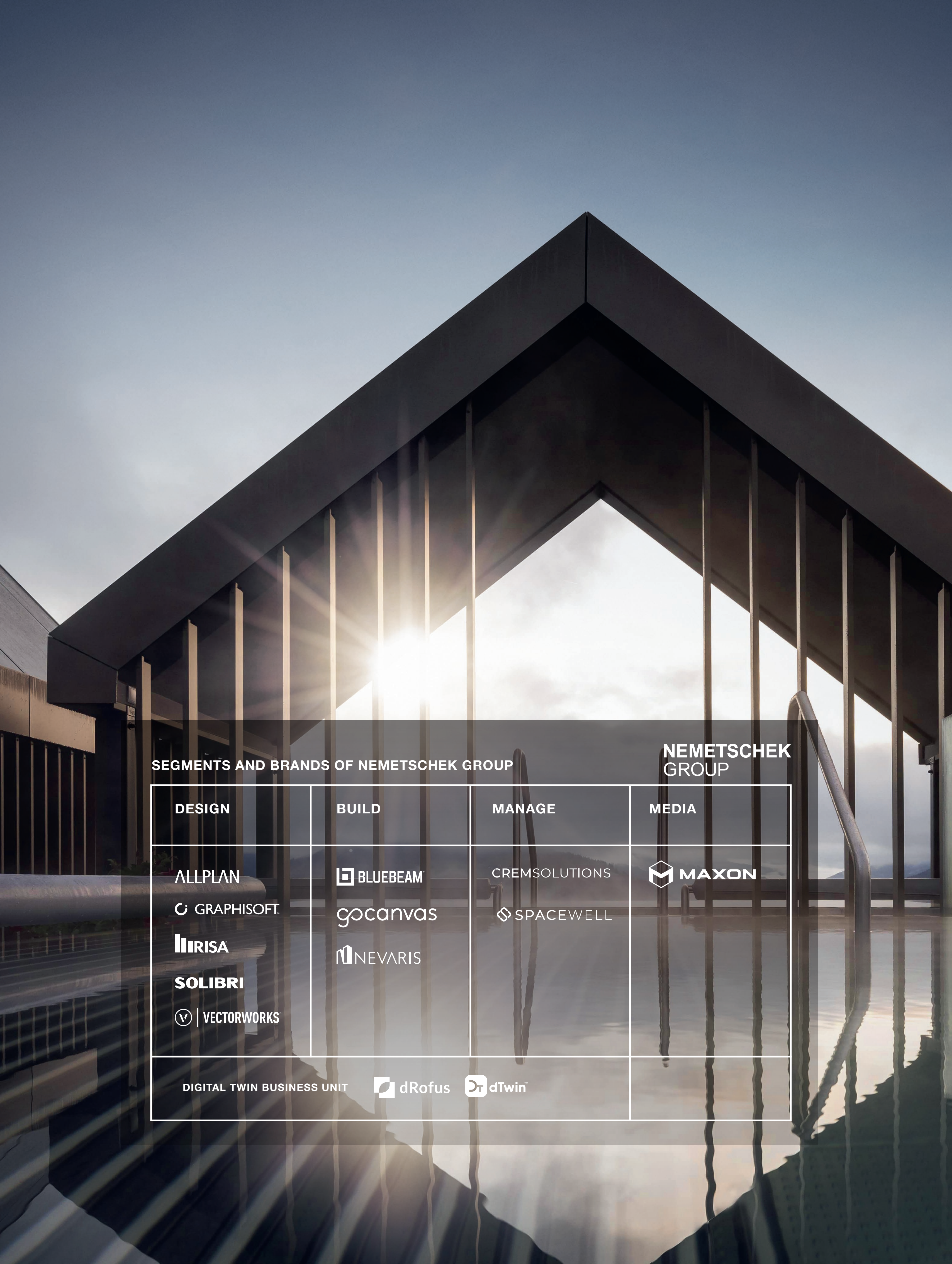
NEMETSCHEK SE
Konrad-Zuse-Platz 1
81829 Munich
Tel.: +49 89 540459-0
Fax: +49 89 540459-414
investorrelations@nemetschek.com
www.nemetschek.com

NEMETSCHEK GROUP

2024 ANNUAL REPORT

Intelligence beyond AI





NEMETSCHEK
GROUP

SEGMENTS AND BRANDS OF NEMETSCHEK GROUP

DESIGN	BUILD	MANAGE	MEDIA
ALLPLAN GRAPHISOFT RISA SOLIBRI VECTORWORKS	BLUEBEAM gocanvas NEVARIS	CREMSOLUTIONS SPACEWELL	MAXON
DIGITAL TWIN BUSINESS UNIT: dRofus, dTwin			

Consolidated financial statements

(IFRS)

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, 2024 and 2023

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	**2024**	2023	[Notes]
Revenues	**995,565**	**851,563**	[1]
Other income	11,753	8,915	[2]
Operating income	**1,007,318**	**860,478**	
Cost of goods and services	–40,489	–33,864	[3]
Personnel expenses	–406,051	–360,872	[4]
Depreciation of property, plant and equipment and amortization of intangible assets	–66,787	–58,216	[5]
thereof amortization of intangible assets due to purchase price allocation	*–36,693*	*–29,403*	
Other expenses	–259,767	–208,028	[6]
thereof expenses from loss allowances on trade receivables	*–4,618*	*–766*	[13]
Operating expenses	**–773,094**	**–660,980**	
Operating result (EBIT)	**234,224**	**199,498**	
Interest income	4,702	3,421	[7]
Interest expenses	–16,742	–3,277	[7]
Other financial expenses	–11,448	–6,396	[8]
Other financial income	18,123	11,057	[8]
Net finance income / costs	**–5,365**	**4,805**	
Share of net profit of associates	–643	239	[9], [18]
Earnings before taxes (EBT)	**228,216**	**204,542**	
Income taxes	–49,440	–40,562	[10]
Net income for the year	**178,776**	**163,980**	
Other comprehensive income:			
Difference from currency translation	39,269	–14,543	
Items of other comprehensive income that are reclassified subsequently to profit or loss	**39,269**	**–14,543**	
Gains/losses from the revaluation of defined benefit pension plans	–292	–548	[22]
Tax effect	94	95	[10]
Items of other comprehensive income that will not be reclassified to profit or loss	**–198**	**–453**	
Subtotal other comprehensive income	**39,071**	**–14,997**	
Total comprehensive income for the year	**217,847**	**148,983**	
Net profit or loss for the period attributable to:			
Equity holders of the parent	175,422	161,256	
Non-controlling interests	3,354	2,724	
Net income for the year	**178,776**	**163,980**	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	212,822	147,177	
Non-controlling interests	5,025	1,807	
Total comprehensive income for the year	**217,847**	**148,983**	
Earnings per share (undiluted) in euros	1.52	1.40	[11]
Earnings per share (diluted) in euros	1.52	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, 2024 and December 31, 2023

STATEMENT OF FINANCIAL POSITION

Assets Thousands of €	**December 31, 2024**	December 31, 2023	[Notes]
Current assets			
Cash and cash equivalents	205,733	268,041	[12]
Trade receivables	147,414	99,640	[13], [23]
Inventories	1,019	978	[14]
Income tax receivables	21,006	18,998	[10]
Other financial assets	4,785	1,359	[14], [23]
Other non-financial assets	33,697	29,197	[14]
Current assets, total	**413,654**	**418,213**	
Non-current assets			
Property, plant and equipment	22,075	23,735	[15]
Intangible assets	383,395	135,106	[16]
Goodwill	1,135,241	552,037	[16]
Right-of-use assets	60,700	60,922	[17]
Investments in associates	16,271	17,121	[18]
Deferred tax assets	36,923	33,850	[10]
Other financial assets	46,725	29,583	[14], [23]
Other non-financial assets	21,327	3,765	[14]
Non-current assets, total	**1,722,656**	**856,119**	
Total assets	**2,136,310**	**1,274,332**	

Equity and liabilities Thousands of €	**December 31, 2024**	December 31, 2023	[Notes]
Current liabilities			
Short-term borrowings and current portion of long-term loans	42	6,802	[19], [23]
Trade payables	20,820	15,325	[19], [23]
Provisions	41,144	34,835	[20]
Accrued liabilities	53,186	30,832	[20]
Deferred revenue	354,596	265,097	[1]
Income tax liabilities	16,570	11,993	[10]
Other financial liabilities	3,013	55	[19], [23]
Lease liabilities	16,678	16,691	[19], [23]
Other non-financial liabilities	29,572	18,986	[21]
Current liabilities, total	**535,621**	**400,616**	
Non-current liabilities			
Long-term borrowings without current portion	500,311	71	[19], [23]
Deferred tax liabilities	52,998	16,746	[10]
Pensions and related obligations	4,051	3,580	[22]
Provisions	3,020	1,128	[20]
Deferred revenue	31,201	6,150	[1]
Income tax liabilities	10,075	9,161	[10]
Other financial liabilities	36	8	[19], [23]
Lease liabilities	52,836	52,774	[19], [23]
Other non-financial liabilities	1,783	2,200	[21]
Non-current liabilities, total	**656,312**	**91,819**	
Equity			**[24], [25]**
Subscribed capital	115,500	115,500	
Capital reserve	12,485	12,485	
Retained earnings	763,288	640,800	
Other comprehensive income	15,190	−22,210	
Equity (group shares)	**906,463**	**746,575**	
Non-controlling interests	37,914	35,323	
Equity, total	**944,377**	**781,898**	
Total equity and liabilities	**2,136,310**	**1,274,332**	

Consolidated cash flow statement

for the period from January 1 to December 31, 2024 and 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	**2024**	2023	[Notes]
Profit (before tax)	228,216	204,542	
Depreciation of property, plant and equipment and amortization of intangible assets	66,787	58,216	
Net finance costs	5,365	–4,805	
Share of net profit of associates	643	–239	
EBITDA	**301,010**	**257,713**	**[27]**
Other non-cash transactions	7,292	1,181	
Cash flow for the period	**308,303**	**258,894**	**[27]**
Change in trade working capital	47,778	49,431	
Change in other working capital	12,712	–1,384	
Dividends received from associates	207	168	
Interests received	4,596	3,335	
Income taxes received	4,314	2,385	
Income taxes paid	–71,106	–59,950	
Cash flow from operating activities	**306,804**	**252,879**	**[27]**
Capital expenditure	–13,726	–12,677	
Changes in liabilities from acquisitions	0	–1,510	
Cash received from disposal of fixed assets	436	424	
Cash paid for acquisition of subsidiaries, net of cash acquired	–680,802	0	
Cash paid for acquisition of equity instruments of other entities	–13,017	–15,328	
Cash paid for acquisition of interests in associates	0	–8,755	
Cash flow from investing activities	**–707,110**	**–37,846**	**[27]**
Dividend payments	–55,440	–51,975	
Dividend payments to non-controlling interests	–2,434	–2,437	
Cash received from loans	931,000	18,510	
Repayment of borrowings	–507,059	–83,582	
Principal elements of lease payments	–18,034	–16,535	
Interests paid	–11,938	–3,352	
Financing costs paid	–4,301	0	
Cash flow from financing activities	**331,794**	**–139,371**	**[27]**
Changes in cash and cash equivalents	**–68,511**	**75,663**	
Effect of exchange rate differences on cash and cash equivalents	**6,203**	**–4,443**	
Cash and cash equivalents at the beginning of the period	**268,041**	**196,821**	
Cash and cash equivalents at the end of the period	**205,733**	**268,041**	**[12]**

Consolidated statement of changes in equity

for the period from January 1, 2023 to December 31, 2024

EQUITY

	Equity attributable to the parent company's shareholders						
Thousands of €	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income	**Total**	Non-controlling interests	**Total equity**
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**
As of January 1, 2024	**115,500**	**12,485**	**640,800**	**−22,210**	**746,575**	**35,323**	**781,898**
Other comprehensive income for the year	-	-	0	37,400	37,400	1,672	39,071
Net income for the year	-	-	175,422	-	175,422	3,354	178,776
Total comprehensive income for the year	**0**	**0**	**175,422**	**37,400**	**212,822**	**5,025**	**217,847**
Dividend payments to non-controlling interests	-	-	-	-	0	−2,434	−2,434
Share-based payments	-	-	2,506	-	2,506	-	2,506
Dividend payment	-	-	−55,440	-	−55,440	-	−55,440
As of December 31, 2024	**115,500**	**12,485**	**763,288**	**15,190**	**906,463**	**37,914**	**944,377**

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

Notes to the consolidated financial statements

Notes to the consolidated financial statements for the fiscal year 2024

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, 2024 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, 2024, 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.

Accounting standards applied for the first time in 2024

The following new standards or amendments, that are effective from January 1, 2024, do not have a material effect on the Group’s financial statements.

» IAS 1: Classifiction of Liabilities as Current or Non-current

» IFRS 16: Lease Liability in a Sale and Leaseback

» IAS 1: Non-current Liabilties with Covenants

» IAS 7/IFRS 7: Supplier Finance Agreements]

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 21	Lack of Exchangeability	Jan. 1, 2025	No material effects expected
IFRS 9/IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	Jan. 1, 2026	No material effects expected
AIP Volume 11	IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Jan. 1, 2026	No material effects expected
IFRS 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027	Impact is being analyzed
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027	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	
With definite useful life	*Amortized costs*
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 costs	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 such as market studies to support the assumptions. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties on December 31, 2024 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 residual value method and the adjusted market assessment approach includes assumptions regarding standalone selling prices and judgments about technology lifetime cycles.
- Note [14]: Recognition of incremental costs to obtain a customer contract: assumptions regarding the useful life of capitalized cost to obtain a contract.

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, 2024 and 2023, 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. 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: » 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.	» 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: » 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.

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.

Inventories

Inventories are mainly comprised of hardware and third party licenses.

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

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 2025 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	7 – 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 2024, as well as in the previous year, none of the development projects fulfilled the capitalization criteria.

Development costs in the amount of EUR 213,892k (previous year: EUR 201,632k) and amortization of technology acquired in business combinations in the amount of EUR 20,850k (previous year: EUR 19,393k) 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 2025 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 2024 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 12.9% and 17.2% (previous year: 13.1% and 18.6%) before tax.

Leases

Leases in which the Group is a lessee
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.

Leases in which the Group is a lessor

Subleases

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classifiction of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset whether each lease is a finance lease or an operating lease.

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 predominantly relates to the consideration received in advance from customers for which revenue is recognized over time. As soon as the contractual services are rendered, these are recorded as revenue.

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 (SAR). 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 pro-vided and what functionalities and/or modules of the correspon-ding 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

Vectorworks Japan Co. Ltd. (previously: A&A Co., Ltd.), Tokio, Japan

With purchase agreement dated March 15, 2024, Nemetschek Group acquired 100% of the shares of Vectorworks Japan Co. Ltd. (previously: A&A Co., Ltd.), the Japanese distributor of Vectorworks software located in Tokyo. The Group obtained control as at May 1, 2024. The acquisition complements the Group's existing segment Design. With the acquisition Vectorworks aims to offer its products and services to a broader range of designers in multiple industries and specialties. The purchase price amounted to EUR 23,598k in cash, which results in a net cash flow on acquisition of EUR 19,508k. Other costs associated with the acquisition amounting to EUR 310k, which are not directly allocatable to the acquisition, are included under other expenses in the income statement and in the cash flow from operating activities in the cash flow statement. The following table summarizes the recognized preliminary amounts of assets acquired and liabilities assumed at the date of acquisition:

VECTORWORKS JAPAN CO. LTD

Thousands of €	2024
Cash and cash equivalents	4,090
Trade receivables	4,698
Other current assets	2,709
Property, plant and equipment	7
Intangible assets	17,996
Deferred tax assets	176
Total assets acquired	**29,676**
Accounts payable	2,062
Provisions	273
Accrued liabilities	411
Deferred revenue	3,856
Other current liabilities	952
Deferred tax liabilities	6,482
Other non-current liabilities	111
Total liabilities assumed	**14,147**
Net assets acquired	**15,529**
Purchase price	**23,598**
Goodwill	**8,069**

The identified goodwill represents synergies in the Design segment. None of the goodwill recognized is expected to be deductible for tax purposes.

The fair value of the trade receivables is also the gross amount of trade receivables. It is expected that the full contractual amounts can be collected.

Since the acquisition date, Vectorworks Japan Co. Ltd., contributed EUR 16,238k to revenues and EUR 11,640k to EBITDA. If the business combination had taken place at the beginning of the year, revenues would have amounted to EUR 19,204k and EBITDA to EUR 13,237k.

GoCanvas Holdings, Inc., Reston, Virginia, USA

With purchase agreement dated June 5, 2024, Nemetschek Group acquired 100% of the shares of GoCanvas Holdings, Inc. The Group obtained control as at July 1, 2024. The acquisition complements the Group's existing segment Build. GoCanvas is a software provider for collaboration between professionals on the construction site. With GoCanvas traditionally paper-based processes can be digitized, inspections simplified, security improved, and compliance to requirements ensured. The complementary technologies, customer bases, and regional sales splits of GoCanvas and the Nemetschek Group will capture significant growth opportunities and lead to technology synergies through enhanced market and customer access along the entire AEC/O lifecycle. In addition, the acquisition strengthens Nemetschek Group's positioning in the US, Canada and Australia even further while Nemetschek will provide GoCanvas a unique footprint to expand in Europe and Asia-Pacific. The purchase price amounted to EUR 665,301k in cash, which results in a net cash flow on acquisition of EUR 657,807k. As part of the transaction, bank liabilities amounting to EUR 67,412k were settled, which are included under cash flows from financing activities in the cash flow statement. In addition, liabilities amounting to EUR 5,835k were settled, which are included under cash flows from operating activities in the cash flow statement. Other costs associated with the acquisition amounting to EUR 3,821k, which are not directly allocated to the acquisition, are included under other expenses in the income statement and in the cash flow from operating activities in the cash flow statement. The following table summarizes the recognized preliminary amounts of assets acquired and liabilities assumed at the date of acquisition:

GOCANVAS HOLDINGS, INC.

Thousands of €	2024
Cash and cash equivalents	7,494
Trade receivables	6,620
Other current assets	1,029
Property, plant and equipment	643
Intangible assets	253,003
Right-of-use assets	847
Other non-current assets	1,102
Deferred tax assets	20,121
Total assets acquired	**290,859**
Short-term borrowings	67,412
Accounts payable	1,194
Provisions	2,427
Accrued liabilities	5,977
Deferred revenue	13,372
Other current liabilities	2,116
Deferred tax liabilities	66,369
Other non-current liabilities	1,388
Total liabilities assumed	**160,255**
Net assets acquired	**130,604**
Purchase price	**665,301**
Goodwill	**534,697**

The identified goodwill represents synergies in the Build segment. None of the goodwill recognized is expected to be deductible for tax purposes.

The fair value of the trade receivables is also the gross amount of trade receivables. It is expected that the full contractual amounts can be collected.

Since the acquisition date, GoCanvas Holdings, Inc., contributed EUR 27,488k to revenues and EUR 5,463k to EBITDA. If the business combination had taken place at the beginning of the year, revenues would have amounted to EUR 60,664k and EBITDA to EUR 2,717k.

Xinaps B.V., Delft, Netherlands

Under the purchase agreement from October 10th, 2024, the Nemetschek Group on that day acquired control over 100% of the shares in Xinaps B.V., a provider of cloud-based audit tools. The acquisition complements the Group’s existing segment Design. The purchase price amounted to EUR 3,965 in cash.

Based on preliminary purchase price allocation, primarily intangible assets amounting to EUR 6,094k were recognized. Further, cash and cash equivalents in the amount of EUR 448k, liabilities in the amount of EUR 4,441k and deferred tax liabilities in the amount of EUR 1,572k were recognized on a preliminary basis. The resulting goodwill amounted to EUR 3,583k and is primarily due to expected synergies.

Notes to the consolidated statement of comprehensive income

[1] Revenue

Revenue recognized in the period related to the following:

REVENUES

Thousands of €	2024	2023
Software and licenses	100,662	161,116
Recurring revenues (software service contracts and rental models)	861,190	652,677
Consulting & Hardware	33,713	37,770
	995,565	**851,563**

Recurring revenue includes revenue from software rental models in the amount of EUR 567,849k (previous year: EUR 301,809k).

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

REVENUES BY REGION

Thousands of €	2024	2023
Germany	182,966	177,980
Europe without Germany	309,029	269,476
Americas	402,242	324,917
Asia/Pacific	96,828	75,717
Rest of World	4,500	3,473
	995,565	**851,563**

The contract balances at December 31 are as follows:

CONTRACT BALANCES

Thousands of €	December 31, 2024	December 31, 2023
Contract assets	442	1,091
Deferred revenue	385,797	271,247
thereof short-term	*354,596*	*265,097*
thereof long-term	*31,201*	*6,150*

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

Of the amount totaling EUR 271,247k (previous year: EUR 209,570k) reported at the beginning of the period in deferred revenue, EUR 265,097k (previous year: EUR 206,939k) were recognized as revenue in 2024.

No revenue from performance obligations fulfilled in previous years was recognized in the fiscal years 2024 and 2023. 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 €	2024	2023
Income from foreign currency transactions	8,856	5,615
Subsidies	787	1,148
Income from sale of property, plant and equipment	436	424
Income from trade fairs	205	193
Damage	66	157
Other	1,404	1,378
	11,753	**8,915**

[3] COST OF GOODS AND SERVICES

Thousands of €	2024	2023
Cost of purchased software licenses and hardware	36,166	29,730
Cost of purchased services	4,323	4,134
	40,489	**33,864**

[4] PERSONNEL EXPENSES

Thousands of €	2024	2023
Wages and salaries	342,778	304,052
Social security, other pension costs and welfare	63,273	56,821
	406,051	**360,872**

Personnel expenses include social security in the amount of EUR 51,600k (previous year: EUR 45,666k) as well as expenses on pension schemes in the amount of EUR 3,743k (previous year: EUR 3,924k).

[5] AMORTIZATION AND DEPRECIATION

Thousands of €	2024	2023
Amortization of intangible assets other than those acquired in a business combination	4,502	3,322
Depreciation of property, plant and equipment	8,756	8,762
Depreciation of right-of-use assets	16,836	16,728
Depreciation / amortization of tangible and intangible assets	**30,093**	**28,812**
Amortization of intangible assets due to purchase price allocation	36,693	29,403
Total amortization and depreciation	**66,787**	**58,216**

[6] OTHER EXPENSES

Thousands of €	2024	2023
Consulting and services	52,837	39,304
Commissions	50,839	41,671
EDP equipment	37,963	28,701
Marketing expenses	37,324	30,614
External staff	17,343	18,369
Travel expenses and hospitality	12,968	9,284
Expenses from foreign currency transactions	8,741	9,069
Merchant fees	8,119	5,762
Bad debt expenses	8,071	2,137
Ancillary rent costs	6,474	6,092
Training and recruiting expenses	4,321	4,382
Vehicle expenses	2,918	3,099
Other	11,847	9,543
	259,767	**208,028**

[7] INTEREST INCOME / EXPENSES

Thousands of €	2024	2023
Other interest and similar income	4,702	3,421
Interest and similar expenses	–16,742	–3,277
	–12,040	**144**

The increase in interest and similar expenses is mainly due to the significantly higher level of debt. Reference is made to the explanations on the loans under [19] Financial liabilities.

[8] Other financial income and expenses

Other financial income amount to EUR 18,123k in the reporting year (previous year: EUR 11,057k) and relate mainly to the financial income from the EUR/USD-forward in connection with the exchange rate risks from the purchase price obligation resulting from the GoCanvas acquisition, foreign currency effects of intercompany loans, but also to revaluation effects of unlisted equity instruments.

Other financial expenses amount to EUR 11,448k in the reporting year (previous year: EUR 6,396k) and relate mainly to 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 –643k (previous year: EUR 239k) relate to Nemetschek OOD in the amount of EUR 676k (previous year: EUR 585k), to Sablono GmbH in the amount of EUR –75k (previous year: EUR –157k), to Imerso AS in the amount of EUR –152k (previous year: EUR –96k) and to Tech Company Inc. in the amount of EUR –1,092k (previous year EUR –93k). For more information, see [18].

[10] Taxes

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

INCOME TAXES

Thousands of €	2024	2023
Current tax expenses	–71,051	–56,047
Deferred tax income	21,611	15,485
thereof from addition / release of temporary differences	*20,795*	*15,136*
	–49,440	**–40,562**

The tax expenses for the fiscal year 2024 include tax expense from previous years amounting to EUR 2,255k (previous year: tax income EUR 1,043k). Furthermore, in the fiscal year 2024 EUR 94k (previous year: EUR 95k) 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 34.6% (previous year: from 11.1% to 34.0%).

The tax rate for the fiscal year 2024 applied by Nemetschek SE is 32.4% (fiscal year 2023: 32.3%). It is calculated as follows:

INCOME TAX RATE

in %	2024		2023	
Earnings before taxes	100.0		100.0	
Trade tax (weighted)	16.6	16.6	16.5	16.5
	83.4		**83.5**	
Corporate income tax	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8
	67.6	**32.4**	**67.7**	**32.3**

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

	Consolidated balance sheet	
Thousands of €	2024	2023
Deferred tax assets resulting from		
Intangible assets	49,837	29,748
Property, plant and equipment	298	255
Financial assets	3,714	1,892
Receivables	1,786	352
Deferred revenue	7,879	4,420
Pensions and related obligations	497	317
Provisions	6,532	2,227
Liabilities	1,473	704
Tax loss carryforward	16,920	7,735
Tax credit	7,793	5,845
Other	1,799	883
Lease liabilities	17,316	17,498
Offsetting	**–78,922**	**–38,026**
	36,922	**33,850**
Deferred tax liabilities resulting form		
Intangible assets	106,171	34,163
Property, plant and equipment	828	911
Receivables	0	0
Deferred revenue	5,020	2,019
Provisions	215	98
Liabilities	1,862	151
Other	3,047	1,522
Right-of-use assets	14,777	15,908
Offsetting	**–78,922**	**–38,026**
	52,998	**16,746**

The increase of deferred tax assets is mainly due to the new additions from the GoCanvas acquisition and 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 2024) for the fiscal years ending December 31, 2024 and 2023 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	**2024**	2023
Earnings before taxes	**228,216**	**204,542**
Expected tax 32.4% (previous year: 32.3%)	73,363	66,149
Differences to German and foreign tax rates	−19,809	−20,611
Tax effects on:		
Change in the recoverability of deferred tax assets and tax credits	2,961	−1,626
Change of deferred taxes on permanent differences	2,363	929
Current and deferred taxes previous years	2,965	2,535
Non-deductible expenses	5,153	4,629
Tax-free income and tax credits	−18,438	−12,140
Tax rate changes and adaptation	−668	65
Other	1,550	632
Effective tax expense	49,440	40,562
Effective tax rate	**21.7%**	**19.8%**

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 form of Germany's Minimum Tax Act („MinSTiG") in the Federal Law Gazette on December 27, 2023, which is applicable for financial years starting after December 30, 2023. Qualified Domestic Minimum Top-up Tax regulations (QDMTT) of other jurisdictions apply at the time of their initial application.

According to calculation based on the financial information for the fiscal year 2024, 24 out of 25 jurisdictions within the Nemetschek Group meet the CbCR safe harbour test. 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.

Hungary as tax jurisdiction did not met transitional CbCR Safe Harbor tests and thus, is subject to the local QDMTT rules implemented with effect from January 1, 2024. The top-up taxes are determined, in deviation to the OECD main rule, on the basis of the local Hungarian GAAP. The required minimum taxation in Hungary of 15% can be achieved either by implementation of local QDMTT rules or by waiving the local tax reliefs in the calculation of local taxes. In the consolidated financial statements for financial year 2024, the tax calculation in Hungary was carried out by waiving the local tax reliefs and resulted in an increase of current local taxes of around EUR 2 million.

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

DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	**2024**	2023
Deferred tax assets, gross	24,221	16,480
Allowances on tax losses carried forward	−7,301	−8,745
Deferred tax assets on unused tax losses, net	**16,920**	**7,735**

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 2024, 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 2,116k (previous year: EUR 3,983k). These deferred tax assets were deemed to be recoverable as future tax profits are expected due to restructuring and group tax relief.

LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE

Thousands of €	**2024**	2023
Unused tax loss carried forward		
Never expire	41,575	45,225
Expire by end of 2028	1,545	568
Expire from 2029	3,172	2,324
Sum of unused tax loss carried forward	**46,292**	**48,117**

TAX CREDITS WITH LIMITED LIFE OF USAGE

Thousands of €	2024	2023
Unused tax credits		
Never expire	15,522	14,971
Expire	0	0
Sum of unused tax credits	**15,522**	**14,971**

The temporary differences associated with investments in the Group's subsidiaries for which no deferred tax liabilities were recognized amount to EUR 3,906k (previous year: EUR 4,484k).

There are no income tax consequences attached to the payment of dividends by Nemetschek SE to its shareholders neither in 2024 nor in 2023.

[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

	2024	2023
Net income attributable to the parent (in thousands of EUR)	175,422	161,256
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	**1.52**	**1.40**
Earnings per share in EUR, diluted	**1.52**	**1.40**

The Stock Appreciation Rights granted in 2022 to 2024 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, 2024**	December 31, 2023
Bank balances	205,389	263,956
Fixed term deposits (contract period up to 3 months)	344	4,085
	205,733	**268,041**

[13] TRADE RECEIVABLES

Thousands of €	**December 31, 2024**	December 31, 2023
Trade receivables (before allowances)	155,979	103,587
Lifetime expected credit loss allowance	−8,565	−3,947
	147,414	**99,640**

Trade receivables are non-interest bearing and are generally due within 30- to 90-day terms customary for the industry. As in the previous year, no trade receivables were derecognized in financial year 2024. 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 2024	−3,947	−5,121	504	−8,565
Lifetime expected credit loss allowance 2023	−3,182	−1,050	285	−3,947

The increase of loss allowances mainly results from one-off effects.

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

AGING STRUCTURE OF TRADE RECEIVABLES

2024 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, 2024**
Gross trade receivables	106,351	37,368	3,635	4,484	4,142	155,979
Expected credit loss allowance	−1,636	−3,190	−312	−966	−2,461	−8,565
Net trade receivables	104,714	34,178	3,322	3,518	1,682	147,414
Expected credit loss rate (weighted average)	1.54%	8.54%	8.60%	21.55%	59.40%	

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%	

[14] ASSETS

Thousands of €	December 31, 2024	December 31, 2023
Inventories	1,019	978
Other financial assets	51,509	30,943
Other non-financial assets	55,024	32,961
	107,553	**64,882**

Inventories consist of third party licenses amounting to EUR 154k (previous year: EUR 161k) as well as hardware amounting to EUR 692k (previous year: EUR 580k). As in the previous year, no write-downs or reversals of write-downs were recognized. On December 31, 2024 and 2023, the inventories were not pledged.

Other financial assets mainly include investments in start-ups amounting to EUR 41,437k (previous year: EUR 25,983k). The remaining other financial assets in the amount of EUR 10,072k (previous year: EUR 4,960k) 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 31,668k (previous year: EUR 24,206k), cost to obtain a contract in the amount of EUR 17,907k (previous year: EUR 2,158k), lease receivables in the amount of EUR 1,139k (previous year: EUR 1,039k) as well as contract assets according to IFRS 15 in the amount of EUR 442k (previous year: EUR 1,091k). The other non-financial assets (including costs to obtain a contract) do not show any indication of a need for impairment.

[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 €	2024		2023	
	Furniture, fixtures and other equipment	**Vehicles**	Furniture, fixtures and other equipment	Vehicles
Cost				
As of January 1	73,435	3,743	69,861	3,524
Additions	5,925	662	5,856	483
Additions from business combinations	740	–	–	–
Disposal	−3,312	−670	−1,764	−564
Reclassification	−296	315	142	138
Foreign currency translation difference	1,074	−264	−658	162
As of December 31	77,565	3,786	73,435	3,743
Depreciation and impairment				
As of January 1	52,017	1,426	45,517	1,299
Additions	8,254	492	8,304	457
Disposal	−3,159	−400	−1,353	−388
Reclassification	–	–	–	–
Foreign currency translation difference	741	−96	−451	58
As of December 31	57,854	1,422	52,017	1,426
Carrying amount December 31	**19,711**	**2,364**	**21,418**	**2,317**

No material impairment and no material write-ups were recognized on property, plant and equipment in 2024 and 2023. On December 31, 2024 and 2023, 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

	2024				2023			
In EUR million	**Goodwill**	**Software and similar rights**	**Customer relationship**	**Brand name**	Goodwill	Software and similar rights	Customer relationship	Brand name
Cost								
As of January 1	552,037	204,496	151,842	28,787	557,047	202,034	161,506	29,535
Additions	–	6,727	–	–	–	5,988	–	–
Additions from business combinations	546,440	101,317	157,800	17,990	–	–	–	–
Disposal	–	−1,200	–	–	–	−202	–	–
Reclassification	−500	7	300	–	7,522	26	−7,341	–
Foreign currency translation difference	37,264	4,944	5,872	1,243	−12,531	−3,349	−2,324	−747
As of December 31	1,135,241	316,290	315,814	48,021	552,037	204,496	151,842	28,787
Amortization and impairment								
As of January 1	0	154,813	79,651	15,555	0	134,377	73,026	13,969
Additions	–	25,352	13,039	2,804	–	22,716	8,085	1,925
Disposal	–	−1,200	–	–	–	−2	–	–
Reclassification	–	–	–	–	–	–	–	–
Foreign currency translation difference	–	3,670	2,526	520	–	−2,277	−1,459	−339
As of December 31	0	182,635	95,217	18,878	0	154,813	79,651	15,555
Carrying amount December 31	**1,135,241**	**133,656**	**220,597**	**29,143**	**552,037**	**49,683**	**72,190**	**13,232**

On December 31, 2024 and 2023, 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, 2024	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	149,236	11.12%	14.44%	1.50%
Build	641,630	11.10%	14.76%	1.50%
Media	237,888	12.04%	17.20%	2.00%
Manage	106,486	10.33%	12.90%	2.00%
Total group	**1,135,241**			

GOODWILL

Thousands of €	Carrying amount per balance sheet Dec. 31, 2023	Discount rate after tax	Discount rate before tax	Terminal value g rowth 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**			

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, 2024, shows no need for impairment in 2024.

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 1.3%, a decrease of the terminal value growth rate of about 2.5% or a decrease of the terminal value cash flow of about 23.1% would remove the headroom amounting to EUR 23.2 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 2023. 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

Leases in which the Group is a lessee

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

RIGHT-OF-USE ASSETS

Thousands of €	December 31, 2024	December 31, 2023
Right-of-use assets - Property	55,884	56,211
Right-of-use assets - Office equipment	54	68
Right-of-use assets - Vehicles	4,762	4,643
	60,700	**60,922**

Property leases mainly include office space. Additions to the right-of-use assets during 2024 were EUR 17,117k (previous year: EUR 11,392k). 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 475k (previous year: EUR 1,051k). 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 2024	14,239	2,568	29
Depreciation 2023	14,234	2,428	66

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 €	2024	2023
Interest on lease liabilities	1,907	1,906
Expenses relating to short-term leases	979	857
Expenses relating to leases of low-value assets	106	148
Variable lease payments not included in the measurement of lease liabilities	0	0

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2024	2023
Total cash outflow for leases	18,034	18,441

Leases in which the Group is a lessor

Subleases

Two of the group's subsidiaries sublet office space that was previously reported as a right-of-use asset. The subleases were classified as finance leases, from which lease receivables of EUR 1,139k (previous year: EUR 1,039k) were recorded. Of this, EUR 648k (previous year: EUR 258k) have a term of one to two years and the remainder is due within one year.

[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
	2024	2024	2024	2023	2023	2023
Tech Company, Inc., United States	22.33	11,030	2,463	22.33	15,918	3,554
Nemetschek OOD, Bulgaria	20.00	14,312	2,862	20.00	11,967	2,393
Sablono GmbH, Berlin	22.14	−421	−93	22.14	338	75
Imerso AS, Norway	16.82	644	108	16.82	1,578	265

In the previous year the Group's equity interest in Tech Company increased from 11.32% to 22.33% percent and Tech Company Inc. became an associate. 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, 2024	December 31, 2023
Current assets	11,057	15,529
Non-current assets	268	474
Current liabilities	248	85
Non-current liabilities	0	0
Net assets (100%)	11,030	15,918
Group's share of net assets (22.33%)	2,463	3,554
Goodwill	9,393	9,081
Acquisition related adjustments	0	312
Carrying amount of associate	11,856	12,947
Revenue	10	6
Profit from continuing operations (100%)	−4,888	−2,489
Other comprehensive income (100%)	0	0
Total comprehensive income (100%)	−4,888	−2,489
Group's share of pro rata total comprehensive income (22.33%)	−1,092	−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, 2024**	December 31, 2023
Group's share of net income from continuing operations	449	332
Group's share of net income from discontinued operations	0	0
Group's share of net income for the year	**449**	**332**
Group's share of other comprehensive income	0	0
Group's share of total comprehensive income	**449**	**332**
Aggregate carrying amount of the Group's interests in these associates	4,416	4,174

Unrecognized share of losses of an associate

Thousands of €	December 31, 2024	December 31, 2023
The unrecognized share of loss of an associate for the year	−93	0
Cumulative share of loss of an associate	−93	0

[19] Financial liabilities

FINANCIAL LIABILITIES

Thousands of €	**December 31, 2024**	December 31, 2023
Borrowings	500,353	6,873
Trade payables	20,820	15,325
Other financial liabilities	3,049	63
Lease liabilities	69,514	69,465
	593,736	**91,727**

Borrowings include acquisition loans in the amount of EUR 500,311k (previous year: EUR 6,600k). Thereof EUR 200,995k relate to the utilization of the revolving credit facility (RCF), concluded in April 2024, and EUR 299,316k to the newly issued promissory notes. On December 4, 2024, Nemetschek SE issued a promissory note with total notional amount of EUR 300 million with maturity ranges of three years (EUR 200 million at a variable interest rate and EUR 50 million at a fixed interest rate) and five years (EUR 50 million at a variable interest rate). The proceeds from the promissory note were used to repay the remaining draw-down amount of EUR 170 million from the acquisition-related bridge financing entered in June 2024, as well as to prepay part of the draw down from the revolving credit facility amounting to EUR 150 million ahead of schedule. The floating rate tranches are at EURIBOR money market rates, floored at 0%, plus a spread.

Other financial liabilities mainly include interests accrued from the RCF and the promissory notes.

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 30-day terms, whereby longer payment terms can be individually agreed upon.

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, 2024**	December 31, 2023
Provisions		
Personnel	43,615	35,424
Warranty and liability risks	73	102
Other	475	437
	44,163	**35,963**
Accruals		
Partners (distributor/reseller/agent)	17,266	2,048
Outstanding invoices	16,248	13,516
Personnel	13,169	12,261
Legal and consulting fees	2,326	1,948
Other	4,176	1,058
	53,186	**30,831**

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 translation	**As of December 31**	thereof long-term
Personnel	35,424	−28,448	−1,402	37,043	–	998	43,615	2,545
Warranty and liability risks	102	−25	−47	43	–	–	73	–
Other	437	–	–	10	–	28	475	475

[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 (Angestelltengesetz), 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 2024	16,528	518	17,046
Less plan asset 2024	–12,950	–46	–12,996
Status of coverage (= pension provisions) 2024	**3,580**	**472**	**4,051**
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**

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 %	**2024**	**2024**	2023	2023
Discount rate	3.20	0.9–3.4	3.60	1.4–4.25
Future pension increases	2.00	0.00	1.00	0.00
Salary increase	0.00	1.0–3.5	0.00	1.0–3.75

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:

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY FOR GERMAN PLANS

Thousands of €	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2024	2023	**2024**	2023	**2024**	2023
As of January 1	**1,836**	**1,771**	**–382**	**–468**	**1,453**	**1,303**
Included in profit or loss						
Current service cost	0	0	0	0	0	0
Past service cost	0	0	0	0	0	0
Interest expense (Interest Income)	66	64	–14	–15	52	49
Total	**66**	**64**	**–14**	**–15**	**52**	**49**
Included in OCI						
Adjustment / reclass at beginning of fiscal year	0	0	0	0	0	0
Acturial loss (gain) arising from:						
- demographic assumptions	0	0	0	0	0	0
- financial assumptions	270	0	0	0	270	0
- experience adjustments	3	1	0	0	3	1
Return on plan assets excluding interest income	0	0	5	9	5	9
Effect of movements in exchange rates and other movements	0	0	0	0	0	0
Total	**273**	**1**	**5**	**9**	**278**	**10**
Other						
Employer contributions	0	0	–16	–16	–16	–16
Employee contributions	0	0	0	0	0	0
Benefit payments	0	0	0	108	0	108
Total	0	0	–16	92	–16	92
As of December 31	**2,174**	**1,836**	**–408**	**–382**	**1,766**	**1,453**

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY FOR NON-GERMAN PLANS

Thousands of €	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2024	2023	**2024**	2023	**2024**	2023
As of January 1	**14,693**	**1,151**	**–12,567**	**0**	**2,127**	**1,151**
Included in profit or loss						
Current service cost	428	437	14	14	441	452
Past service cost	0	–165	0	0	0	–165
Interest expense (Interest Income)	230	284	–172	–237	58	47
total	**658**	**556**	**–158**	**–222**	**500**	**333**
Included in OCI						
Adjustment / reclass at beginning of fiscal year	0	11,829	0	–11,375	0	454
Acturial loss (gain) arising from:	0	0	0	0	0	0
- demographic assumptions	8	3	0	0	8	3
- financial assumptions	915	1,223	0	0	915	1,223
- experience adjustments	–238	149	0	0	–238	149
Return on plan assets excluding interest income	0	0	–672	–836	–672	–836
Effect of movements in exchange rates and other movements	–215	76	200	–56	–14	20
total	**470**	**13,279**	**–472**	**–12,267**	**–2**	**1,012**
Other						
Employer contributions	0	0	–306	–333	–306	–333
Employee contributions	177	180	–177	–180	0	0
Benefit payments	–1,125	–473	1,092	435	–33	–38
total	–948	–293	609	–77	–339	–371
As of December 31	**14,872**	**14,693**	**–12,587**	**–12,567**	**2,285**	**2,127**

Plan assets in Switzerland comprise of cash and cash equivalents in the amount of EUR 333k (previous year: EUR 156k), debt instruments in the amount of EUR 4,083k (previous year: EUR 4,310k), equity instruments in the amount of EUR 4,785k (previous year: EUR 4,639k), real estate in the amount of EUR 3,056k (previous year: EUR 3,206k) as well as alternatives in the amount of EUR 354k (previous year: 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 €	2024		2023	
		German Plans	**Non-German Plans**	German Plans	Non-German Plans
Present value of pension obligation for the reporting date		2,174	14,872	1,836	14,693
Discount rate	increase by 0.5 percent points	2,025	13,994	1,709	13,821
	decrease by 0.5 percent points	2,341	15,849	1,977	15,663
Pension cost	increase by 0.5 percent points	2,227	–	1,950	–
	decrease by 0.5 percent points	2,127	–	1,731	–
Salary increase	increase by 0.5 percent points	–	14,972	–	14,803
	decrease by 0.5 percent points	–	14,778	–	14,589

The average duration of the benefit obligation at December 31, 2024 is 15.0 years (2023: 15.1 years) for German plans and 11.1 years (2023: 11.5 years) for non-German plans. The expected payments in the 2025 fiscal year amount to EUR 642k (previous year: EUR 669k).

[23] Financial instruments

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

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2024	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2024
Trade receivables	147,414	147,414	-	-	147,414
Other financial assets	51,509	10,072	41,437	-	51,509
Cash and cash equivalents	205,733	205,733	-	-	205,733
Total financial assets	**404,656**	**-**	**-**	**-**	**404,656**
Borrowings	500,353	500,353	-	-	500,353
Trade payables	20,820	20,820	-	-	20,820
Other financial liabilities	3,049	3,049	-	-	3,049
Total financial liabilities	**524,222**	**-**	**-**	**-**	**524,222**

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2023	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2023
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**

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 fair value of the promissory notes, included under the borrowings, amounts to EUR 307,648k as of December 31, 2024. The fair value of the syndicated revolving credit facility corresponds to its carrying amount of EUR 200,995k.

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, 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	14,714	-
Change of status	−4,285	-
Balance at December 31, 2023 / January 1, 2024	**25,983**	**0**
Changes in scope of consolidation, currency adjustments	-	-
Changes with cash effect	-	-
Changes recognized in profit or loss	1,004	-
Additions from acquisitions	13,071	-
Currency adjustments	1,379	-
Balance at December 31, 2024	**41,437**	**0**

Regarding change in status in the previous year and the non-retrospective application of IAS 28, reference is made to note [18]. A sensitivity analysis of the unobservable input factors as part of the valuation method for unlisted equity securities recognized at fair value through profit or loss is not possible.

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Thousands of €	**2024**	2023
Financial assets measured at amortized cost	−1,596	367
Financial assets measured at fair value through profit or loss	10,663	2,987
Financial liabilities measured at fair value through profit or loss	0	223
Financial liabilities measured at amortized cost	−16,742	−3,277
	−7,674	**301**

Net gains and losses from financial instruments comprise the results from valuations, the recognition and reversal of loss allowances, results from the translation of foreign currencies, as well as interests. Financial assets measured at fair value through profit or loss mainly include other financial income from the EUR/USD forward transaction in connection with the acquisition of GoCanvas. Financial assets measured at amortized costs include interest income in the amount of EUR 4,702k (previous year: EUR 3,421k). Financial liabilities measured at amortized cost include interest expenses in the amount of EUR −16,742k (previous year: EUR −3,277k), which mainly result from the acquisition loans.

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. Financing and financial risk management is organized centrally and controlled by global governance.

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 2024, 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 2024 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. Internal limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner.

As at the balance sheet date, the Group holds cash and cash equivalents amounting to EUR 205,733k (previous year: EUR 268,041k).

To ensure efficient cash and liquidity management, Nemetschek SE carries out cash pooling with selected subsidiaries. Nemetschek SE, the ultimate Group holding company, also receives further cash and cash equivalents from the annual dividends paid by the subsidiaries or in the form of loans granted by Group companies. If necessary, hedging transactions are concluded in dedicated individual cases.

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, 2024					
Borrowings	500,353	500,353	42	500,311	–
Trade payables	20,820	20,820	20,820	–	–
Other financial liabilities	3,049	3,021	3,013	8	–
Lease liabilities	69,514	76,034	18,787	49,476	7,771
Total	**593,736**				
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**				

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.

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

2024 Thousands of €	Change of exchange rate	Sensitivity effect on EBIT
Trade receivables		
HUF / EUR	+ 5%	–1,163
Total in kEUR: 24,424	**–5%**	**1,285**
HUF / USD	+ 5%	–418
Total in kEUR: 8,769	**–5%**	**462**

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**

Interest risk and interest risk management

Interest rate risks exist due to the variable interest rate loans. A reasonably possible increase (decrease) of 100 basis points in interest rates could increase (decrease) interest expenses by EUR 4.5 million.

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, 2024 or as of December 31, 2023. 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 debt as of December 31, 2024 amounted to EUR –294.6 million (previous year: net liquidity EUR 261.2 million). The variance is primarily caused by the financing of the GoCanvas acquisition.

Equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 44.2% (previous year: 61.4%). The variance is mainly attributable to the acquisition of GoCanvas.

Thus, external and internal key indicators have been met.

[24] Equity

The development of subscribed capital, the capital reserve, the other comprehensive income 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, 2024, 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** mainly 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 44,372k (previous year: EUR 52,657k), the current assets to EUR 31,709k (previous year: EUR 28,599k), the non-current liabilities to EUR 9,656k (previous year: EUR 9,181k) and the current liabilities to EUR 154,027k (previous year: EUR 147,095k). Sales correspond to those of the Media segment. The net income of the period attributable to the non-controlling interests and the dividend payment to non-controlling interests relate mainly to minority interests of Maxon Computer GmbH.

In the previous year, 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 against retained earnings in connection with the alignment of the accounting guideline of some subsidiaries to the IFRS 15 group accounting guideline.

Dividends

In the fiscal year 2024 a dividend of EUR 55,440,000.00 (previous year: EUR 51,975,000.00) was distributed to the shareholders. This represents EUR 0.48 (previous year: EUR 0.45 per share. The Executive Board proposes to the Supervisory Board that a dividend be paid in the fiscal year 2025 amounting to EUR 63,525,000.00. This corresponds to EUR 0.55 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 12 respectively 15 months after the grant date, another 25% 24 respectively 25 months after the grant date, another 25% 36 respectively 39 months after the grant date and the remaining 25% 48 respectively 51 months 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").

During financial year 2024, 136,000 New Hire SARs were granted to key employee of Nemetschek Group (previous year 50,000 Performance SARs). In the previous year, 220,000 Performance SARs and 40,000 New Hire SARs were granted to Executive Board members of Nemetschek SE. 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 for the New Hire SARs is EUR 2,570k (previous year: EUR 406k). The fair value at grant for the Performance SARs in the previous year was EUR 1,244k.

In total, the grants in fiscal years 2022 to 2024 resulted in expenses of about EUR 2,081k for fiscal year 2024 (previous year: EUR 1,681k).

For grants in fiscal year 2024, 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 SARS[1)]

New Hire SARs 2024	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	April 1, 2024/ April 22, 2024/ May 13, 2024	April 1, 2024/ April 22, 2024/ May 13, 2024	April 1, 2024/ April 22, 2024/ May 13, 2024	April 1, 2024/ April 22, 2024/ May 13, 2024
Number of granted SARs	34,000	34,000	34,000	34,000
Weighted average Share price at grant date (in €)	86.5	86.5	86.5	86.5
Weighted average Issue price (in €)	74.04	74.04	74.04	74.04
Weighted average Risk-free interest rate based on government bonds (in %)	2.54%	2.47%	2.41%	2.39%
Dividend yield (in %)	0.64%	0.69%	0.72%	0.75%
Annualized weighted average volatility (in %)	41.64%	40.38%	41.27%	41.45%
Remaining vesting period as of December 31, 2024 (in months)	6/ 5/ 5	18/ 17/ 17	30/ 29/ 29	42/ 41/ 41
Weighted average fair value per SAR (in €)	18.88	18.48	17.67	17.45

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 does also match the respective vesting and exercise period. For the dividend yield analysts' projections for vesting and exercise period were reflected.

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 SARS[1)]

Performance SARs 2023	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	March 24, 2023	March 24, 2023	March 24, 2023	March 24, 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
Grant date	March 24, 2023	March 24, 2023	March 24, 2023	March 24, 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 do 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 are limited per year 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.

The number of SARs were as follows:

RECONCILIATION OF OUTSTANDING SARS

	2024	2023
	Number of options	Number of options
Outstanding at January 1	630,000	400,000
Forfeited during the year	–	80,000
Exercised during the year	–	–
Granted during the year	136,000	310,000
Outstanding at December 31	**766,000**	**630,000**
Exercisable at December 31	**257,500**	**100,000**

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 1.724k (previous year: EUR 1,786k).

The total expenses recognized in the 2024 financial year amount to EUR 1,048k (previous year: EUR 668k). In equity, EUR 575k (previous year: EUR 368k) were recognized. The difference between expense recognized and equity relates to guaranteed amounts paid in 2024 as in the previous year.

[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 business-unit Digital Twin is assigned to the segment Manage.

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.

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

2024 Thousands of €	Design*	Build	Manage*	Media	Reconciliation	**Total**
Revenue, total	**488,769**	**340,681**	**49,868**	**120,087**	**–3,841**	**995,565**
thereof revenue external	*487,606*	*340,681*	*49,868*	*117,404*	*5*	*995,565*
*thereof intersegment revenue***	*1,163*	*0*	*0*	*2,683*	*–3,846*	*0*
Personnel expenses**	–198,548	–138,130	–26,123	–43,250	0	–406,051
Other expenses**	–137,384	–76,985	–11,281	–34,118	0	–259,769
EBITDA	**144,798**	**108,252**	**5,098**	**42,863**	**0**	**301,010**
Depreciation/Amortization						–66,787
Net finance costs						–5,365
Share of net profit of associates						–643
EBT						**228,216**

* As of January 1, 2024 the Digital Twin business unit, including the dRofus brand, was reclassified from Manage segment to the Design segment and subsequently consolidated there. The previous year´s figures have been adjusted accordingly.

** In the 2024 financial year, internal management and reporting was adjusted so that revenue is presented according to product groups and no longer according to the legal entity structure. The previous year's figures were not adjusted. The remaining intersegment revenues relate to intragroup technology access fees, whereas starting 2024 product revenues are directly allocated to the segment they originally belong to.

SEGMENT REPORTING

2023 Thousands of €	Design*	Build	Manage*	Media	Reconciliation	**Total**
Revenue, total	**431,990**	**265,425**	**50,397**	**111,413**	**–7,663**	**851,563**
thereof revenue external	*430,757*	*261,691*	*50,345*	*108,770*	*0*	*851,563*
thereof intersegment revenue	*1,233*	*3,734*	*52*	*2,643*	*–7,663*	*0*
Personnel expenses	–182,307	–108,611	–28,744	–41,211	0	–360,874
Other expenses	–117,615	–49,918	–12,841	–27,653	0	–208,026
EBITDA	**119,757**	**93,054**	**1,833**	**43,070**	**0**	**257,713**
Depreciation/Amortization						–58,216
Net finance costs						4,805
Share of net profit of associates						239
EBT						**204,541**

* As of January 1, 2024 the Digital Twin business unit, including the dRofus brand, was reclassified from Manage segment to the Design segment and subsequently consolidated there. The previous year´s figures have been adjusted accordingly.

Information related to geographic areas

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEOGRAPHICAL REGION

Thousands of €	Revenues 2024	Non-current assets 2024	Revenues 2023	Non-current assets 2023
Germany	182,966	88,185	177,980	84,225
Americas	402,242	1,127,814	324,917	430,993
Abroad (w/o Americas)	410,357	423,010	348,666	277,468
Total	**995,565**	**1,639,009**	**851,563**	**792,686**

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. The additions to the non-current assets result primarily from acquisitions. Reference is made to information provided under note [16].

[27] Notes to the cash flow statement

Cash flow from operating activities amounts to EUR 306,804k (previous year: EUR 252,881k).

The cash flow from investing activities amounts to EUR –707,110k (previous year: EUR –37,846k). In the current fiscal year, this mainly includes:

- investments in intangible assets and office equipment
- investments in start-ups
- Payments for the acquisition of A&A Co., Ltd. GoCanvas Holdings, Inc. and Xinaps B.V.

The previous fiscal year primarily includes payments for 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

Thousands of €	2024		2023	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
As of January 1	**6,873**	**69,465**	**71,945**	**77,297**
Cash Changes	494,169	–19,941	–65,072	–18,441
Non-cash changes				
New leases	0	4,789	0	7,434
Currency translation	0	1,847	0	–1,262
Changes arising from obtaining control of subsidiaries	0	735	0	0
Other changes	–689	12,619	0	4,438
As of December 31	**500,353**	**69,514**	**6,873**	**69,465**

Cash changes include repayments of debt acquired from the GoCanvas acquisition in the amount of EUR 67,589k, as well as movements in connection with the fincancing of the GoCanvas acquisition.

[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, Imerso 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 1,703k (previous year: EUR 1,475k).
- Reception services performed by Group companies amounting to a total of EUR 37k (previous year: EUR 34k).
- As of December 31, 2023 trade payables amounted to EUR 4k (previous year: EUR 9k) as well as trade receivables amounted to EUR 4k (previous year: EUR 0k).

(2) **Nemetschek OOD, Bulgaria**

- Use of services to a total of EUR 10,716k (previous year: EUR 9,104k).
- Performance of services by Group companies amounting to a total of EUR 5k (previous year: EUR 23k).
- As of December 31, 2024 trade payables amounted to EUR 901k (previous year: EUR 825k).

(3) **Imerso AS, Norway**

- Use of services to a total of EUR 0k (previous year: EUR 0k).
- Recharge of services from Group companies to Imerso AS, Norway amounting to a total of EUR 0k (previous year: EUR 5k).
- As of December 31, 2024 trade receivables amounted to EUR 0k (previous year: EUR 0k).

(4) **Tech Company, Inc., United States**

- Performance of services by Group companies amounting to a total of EUR 0k (previous year: EUR 1k).
- As of December 31, 2024 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 5,112k (previous year: EUR 5,390k). Thereof EUR 2,897k (previous year: EUR 3,983k) relate to short-term employee benefits, EUR 473k (previous year: EUR –929k) relate to other long-term benefits and EUR 1,742k (previous year: 1,239k) 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 1,592k (previous year: EUR 1,171k) are recognized as at December 31, 2024. Further, Executive Board members of Nemetschek SE participate in share-based payments in the form of Stock Appreciation Rights ("SAR"). Relating to the valuation of the SAR issued to the Executive Board in the years 2022 and 2023, a parameter in the determination of the fair value is to be interpreted differently from the state of knowledge in the previous years. This results in an increase of the expense recorded in the years 2022 to 2024 totaling EUR 2,327k, which will be recorded in the current account in the 2025 financial year due to materiality considerations. Reference is made to [25] for LTIPs and SARs. For LTIPs, outstanding balances in the amount of EUR 0k are recognized as at December 31, 2024 (previous year: EUR 840k). Customary market benefits in kind complete the remuneration of the Executive Board members.

Termination benefits in the previous year of EUR 1,096k included severance payments and compensated absences for the two executive board members that terminated their agreements in 2023. Outstanding balances of the termination benefits as at December 31, 2024 amount to EUR 0k (previous year: 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

	2024			2023	
Thousands of €	Fix	Attendance fee	Total	Total*	Change 2024 vs. 2023
Kurt Dobitsch	215	32	247	247	0%
Dr. Gernot Strube	155	32	187	187	0%
Iris Helke (since July 1. 2023)	170	32	202	109	85%
Patricia Geibel-Conrad (until June 30, 2023)	–	–	–	93	–100%
Bill Krouch	140	16	156	156	0%
Christine Schöneweis	140	16	156	156	0%
Prof. Dr. Andreas Söffing	140	20	160	156	3%
	960	**148**	**1,108**	**1,104**	**0%**

A member of the Supervisory Board furthermore provided services amouting to EUR 290k (previous year: EUR 126k).

Other related party transactions
In the fiscal year 2024 dividends amounting to EUR 28,245k (previous year: EUR 26,547k) 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 2024 amounts to EUR 7,062k (previous year: EUR 7,166k), which includes SARs with a fair value of EUR 2,759k.

The total remuneration of the members of the Supervisory Board granted in 2024 amounts to EUR 1.108k (previous year: EUR 1,104k).

Former members of the Executive Board were awarded total remuneration of EUR 35k (previous year: EUR 1,096k).

[29] Other information

Headcount

The average headcount breaks down as follows:

HEADCOUNT

Number of employees	2024	2023
Sales / Marketing / Customer Support	1,870	1,656
Development	1,389	1,329
Administration	412	430
Average headcount for the year	**3,671**	**3,415**
Headcount as of December 31	**3,894**	**3,429**

Auditor's fees

The following fees of the auditor of the consolidated financial statements were expensed in the fiscal year 2024:

AUDITOR'S FEES

in EUR million	2024	2023
Financial statements audit services	0.85	0.75
Other audit services	0.14	0.02
	0.99	**0.78**

The fees for audit services relate to the audit the consolidated financial statements and the annual financial statements of Nemetschek SE, including the ESEF documents, and the formal audit of the remuneration report as well as the the audit of the dependency report and the audit of the annual financial statements of Maxon Computer GmbH, Bad Homburg. The other audit services relate to the audit of the non-financial statement for financial year 2024.

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

The Declaration of Conformity was submitted on March 5, 2025. The relevant current version is available to the shareholders on the website of Nemetschek SE.

(ir.nemetschek.com/declaration-of-conformity)

[31] Events after the balance sheet date

Subsequent events

Effective as of January 1, 2025, the Supervisory Board of Nemetschek SE has unanimously appointed Usman Shuja, CDO of the Build & Construct Division and CEO of Bluebeam, as Executive Board member. The new Executive Board structure consists of Usman Shuja and the two existing members Yves Padrines (CEO) and Louise Öfverström (CFO).

On February 5, 2025, the Executive Board resolved, with the approval of the Supervisory Board, to launch a share buyback program with a maximum volume of 92,600 shares at a maximum pecuniary amount of EUR 11.1 million to be implemented between February 2025 and December 2025 to serve stock appreciation rights of members of the Executive Board and employees in senior leadership positions of the Nemetschek Group. The share buyback program is based on the authorization from May 23, 2024.

After the end of the 2024 financial year, the Executive Board Members Yves Padrines and Louise Ofverström have exercised a total of 145,000 SARs. After deduction of wage and other taxes, a total of 37,121 shares will be transferred to the Executive Board Members.

Date of preparation

The Executive Board prepared and approved the consolidated financial statements on March 14, 2025, 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 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
Design Data Corporation, Lincoln, Nebraska, United States	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
Graphisoft Asia Ltd., Hong Kong, China	100.00
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	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 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 APAC Pte.Ltd., Singapore***	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 Nederland B.V., Utrecht, Netherlands	100.00
Scia NV, Hasselt, Belgium**	100.00
Scia SK s.r.o., Zilina, Slovakia	100.00
Solibri Benelux B.V., Hoofddorp, Netherlands	100.00
Solibri DACH GmbH, Hamburg, Germany	100.00
Solibri Oy, Helsinki, Finland	100.00
Solibri UK Ltd., Leeds, Great Britain	100.00
Vectorworks Australia Pty Ltd, Rosebery, New South Wales, Australia	100.00
Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00
Vectorworks, Inc., Columbia, Maryland, United States	100.00
Vectorworks Japan Co. Ltd, Tokyo, Japan	100.00

Name, registered office of the entity	Shareholding in %
Vectorworks UK, Ltd., Newbury, Great Britain	100.00
Xinaps B.V., Delft, Netherlands	100.00
Build segment	
123erfasst.de GmbH, Lohne, Germany	100.00
Bluebeam AB, Kista, Sweden	100.00
Bluebeam Australia Pty Ltd, Sydney, Australia	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
Canvas Solutions Inc., Reston, Virginia, United States	100.00
Canvas Solutions Australia Pty Ltd., Sydney, Australia	100.00
Device Magic Inc., Reston, Virginia, United States	100.00
Device Magic Pty Ltd., Bryanston, South Africa	100.00
GoCanvas Blocker Inc., Reston, Virginia, United States	100.00
GoCanvas Holdings Inc., Reston, Virginia, United States	100.00
NEVARIS Bausoftware GmbH, Bremen, Germany*	100.00
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00
SiteDocs Safety ULC, Abbotsford, British Columbia, Canada	100.00
Manage segment	
Crem Solutions GmbH & Co. KG, Ratingen, Germany*	100.00
Crem Solutions Verwaltungs GmbH, Munich, Germany	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 B.V., Arnhem, Netherlands**	100.00
Spacewell Spain S.L., Barcelona, Spain	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
Tech Company 3 Holding GmbH & Co. KG, Germany****	100.00

* In the fiscal year 2024, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:
• Option not to prepare notes to the financial statements (Bluebeam GmbH, Allplan Deutschland GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
• Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Bluebeam GmbH, Crem Solutions GmbH & Co. KG, 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 and NEVARIS Bausoftware GmbH).

** In the fiscal year 2024 the following mergers were made:
• DC Software Doster & Christmann GmbH was merged with FRILO Software GmbH,
• FRILO Software GmbH was merged with Allplan GmbH,
• FASEAS NV was merged with Spacewell International NV,
• Spacewell Netherlands Holding B.V. was merged with Spacewell Netherlands B.V.,
• Scia Group International NV was merged with Scia nv,
• Solibri LLC was merged with Bluebeam, Inc.,
• MCS Americas Single Member LLC was merged with Bluebeam, Inc.,
• Graphisoft Building Systems GmbH was merged with Graphisoft Deutschland GmbH;

*** In the fiscal year 2024 the following company name changes were made:
• Allplan Software Singapore Pte. Ltd was renamed into Nemetschek APAC Pte.Ltd,
• A&A Co., Ltd. was renamed into Vectorworks Japan Co. Ltd,
• Dexma Sensors S.L. was renamed into Spacewell Spain S.L.

**** 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
Founder and Managing Director of VynciTech GmbH
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 2024, Term expires 2029

Member of the following Supervisory Boards:
» Nemetschek SE (publicly listed), Munich, Germany, Chairperson of the Audit Committee
» MEWA Textil-Service SE (not publicly listed), Wiesbaden, Germany (as of April 1, 2024)
» KfW IPEX-Bank (not publicly listed), Frankfurt am Main, Germany (as of October 1, 2024)

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 (until June 1, 2024)
» MEWA Textil-Service SE (not publicly listed), Wiesbaden, Germany, Chairman (as of April 1, 2024)

Membership of comparable domestic and foreign supervisory bodies of commercial enterprises:
» Advisory board of Deutsche Oppenheim Family Office AG, Cologne, Germany, Deputy Chairman (until December 31,2024)
» Advisory board of Capella Family Office GmbH, Hamburg

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
Kurt Dobitsch
Dr. Gernot Strube

Executive Board

Yves Padrines
(Master of Business Administration, MBA)
Chief Executive Officer
Born in 1976, Nationality: French

Member of Supervisory Boards of affiliated companies:
» Graphisoft SE, Hungary

Member of Advisory Boards of affiliated companies:
» Maxon Computer GmbH, Germany

Louise Öfverström
(Master of Science in Business Administration)
Chief Financial Officer
Born in 1975, Nationality: Swedish

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

Member of Supervisory Boards of affiliated companies:
» Bluebeam Inc., USA
» Graphisoft SE, Hungary
» Nemetschek Inc., USA

Further external mandate:
» Rheinmetall AG (publicly listed), Germany

Usman Shuja
(Master of Public Administration, MPA and Business Administration, MBA)
Chief Division Officer Build & Construct
Born in 1978, Nationality: US American

Further group-internal mandates:
» CEO Bluebeam, Inc., USA
» CEO Bluebeam Ltd., UK
» CEO Nemetschek Inc., USA

Member of Supervisory Boards of affiliated companies:
» Nemetschek Inc., USA
» Bluebeam Australia Pty. Ltd., Australia
» Bluebeam AB, Sweden
» Go Canvas Holdings, USA
» Canvas Solutions, Inc., USA
» GoCanvas Blocker, USA
» Device Magic, Inc., USA
» Canvas Solutions Australia Pty, Ltd, Australia
» Device Magic Pty Ltd, South Africa
» SiteDocs Safety ULC, Canada

Munich, March 14, 2025

Nemetschek SE

Yves Padrines Louise Öfverström Usman Shuja

Further information

Declaration Confirmation of the members of the authorized body

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

Munich, March 14, 2025

Yves Padrines

Louise Öfverström

Usman Shuja

Translation – the German text is authoritative

INDEPENDENT AUDITOR'S REPORT

To Nemetschek SE, München

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Nemetschek SE, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements , including material accounting policy information. In addition, we have audited the group management report of Nemetschek SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

» • the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

» • the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

I. Recoverability of goodwill

II. Recognition and accrual/deferral of revenue from software service agreements and software rental models

III. Accounting treatment of the business combination "GoCanvas"

Our presentation of these key audit matters has been structured in each case as follows:

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

Hereinafter we present the key audit matters:

I. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 1.135,2 million (53.1 % of total assets or 120.2 % of equity) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

   The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

   Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in sections "Summary of significant accounting policies: Impairment of non-financial assets, Goodwill and intangible assets not yet ready for use" and "Notes to the consolidated financial statements: [16] Intangible assets and goodwill" of the notes to the consolidated financial statements.

II. Recognition and accrual/deferral of revenue from software service agreements and software rental models

1. In the consolidated financial statements of Nemetschek SE revenue totaling EUR 995.6 million from various service offerings is reported for financial year 2024. This includes, among other things, income from software service agreements and revenue from software rental models ("subscriptions"). In accordance with IFRS 15, revenue recognition depends on the fulfillment of the individual performance obligations. On the basis of the underlying customer agreements, the performance obligations must be first determined and the transaction price must be allocated to the identified performance obligations. For each performance obligation, it must then be determined when the customer obtains control of the promised performance. In doing so, a distinction must be made as to whether the performance obligation is fulfilled on a point-in-time basis or an over-time basis. Against this background, the correct recognition and accrual or deferral of revenue is considered to be complex and is based in some respects on estimates, assumptions and judgments by the executive directors, therefore this matter was of particular significance in the context of our audit.

2. As part of our audit, we first obtained an overview of the material contract types and an understanding of the accounting policies applied in respect of revenue recognition and accrual/deferral by inspecting customer agreements. On that basis, we evaluated, among other things, the appropriateness and effectiveness of the internal control system established within the group with regard to the identification of the performance obligations as well as the accurate recognition of revenue. In this context, we also examined the consistency of the methods used to recognize revenue. Based on this, we audited the revenue among other things by selecting individual transactions with customers on a sample basis and inspecting the underlying documents (such as purchase orders, delivery documentation, invoices and payment records), and assessing them with respect to identification of the performance obligations, allocation of the transaction price, and revenue recognition. Our audit procedures also included inspecting material contracts and obtaining balance confirmations for

trade receivables and other documentation supporting the respective fulfillment of performance obligations identified in the underlying customer agreements. As part of this process, we assessed whether revenue had been recognized in full, among other things, through analytical audit procedures. In this context we also evaluated the appropriateness of individual assumptions made by the executive directors regarding the identification and fulfillment of performance obligations as well as the allocation of the transaction price based on the various performance offerings.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors regarding the revenue recognition and accrual/deferral are substantiated and sufficiently documented.

3. The Company's disclosures relating to revenue are contained in the notes to the consolidated financial statements under "Summary of significant accounting policies: Revenues" as well as under "Notes to the consolidated statement of comprehensive income: [1] Revenue".

III. Accounting treatment of the business combination "GoCanvas"

1. In financial year 2024, the subsidiary Bluebeam, Inc., located in Pasadena, USA, acquired GoCanvas Holdings, Inc., located in Reston, USA, as part of a share deal. The preliminary fair value of the consideration totaled EUR 665.3 million. For the consolidated financial statements as at 31 December 2024, the preliminary purchase price allocation resulted in acquired goodwill of EUR 534.7 million and identified net assets measured at fair value of EUR 130.6 million as at the acquisition date. The acquired assets and liabilities as part of the business combination are generally recognized at their fair values on the acquisition date, taking into consideration the various measurement assumptions made by the executive directors. Due to the estimation uncertainties involved in measuring the assets and liabilities as part of the preliminary purchase price allocation and the material impact in terms of amount on the assets, liabilities, financial position and financial performance of the Group, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the accounting treatment of the business combination with the support of our internal valuation specialists. For this purpose, we first inspected and examined the underlying contractual agreement. In doing so, we examined, among other things, the determination of the fair-value of the consideration and reconciled the purchase price paid with the supporting payment documentation provided to us. We also examined the preliminary purchase price allocation. This also involved evaluating the appropriateness of, among other things, the models underlying the valuations as well as the valuation parameters and assumptions applied. The determination of the respective fair values of the identified assets and liabilities, for example of customer relationships, which were determined for the preliminary purchase price allocation by an external valuation specialist engaged by Nemetschek SE, was examined by us by reconciling the numerical data with the financial accounts of Nemetschek SE as well as the parameters used, in particular the churn rate and EBITDA margin. Furthermore we used checklists to evaluate the completeness and accuracy of the disclosures in the notes to the financial statements required by IFRS 3.

We were able to satisfy ourselves that the accounting treatment of the business combination "GoCanvas" was appropiate and that the estimates and assumptions made by the executive directors are comprehensible and adequately substantiated overall.

3. The Company's disclosures relating to this business combination are contained in the section entitled "Business combinations of the notes to the consolidated financial statements.

Other Information

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

» the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in subsection "Corporate Governance Declaration" in section "8 Other Disclosures" of the group management report

» the non-financial group statement" to comply with §§ 315b to 315c HGB included in section "2 Non-Financial Group Statement" of the group management report

» the subsection "General risk management and internal control system" in section "5 Main Characteristics of the Internal Control and Risk and Opportunity Management System" of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

» is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

» otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

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

» Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

» Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal control and these arrangements and measures (systems), respectively.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic fileNemetschek_KA+KLB_ESEF-2024-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

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

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

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

» Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

» Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

» Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

» Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

» Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 23 May 2024. We were engaged by the supervisory board on 24 October 2024. We have been the group auditor of the Nemetschek SE, München, without interruption since the financial year 2022.

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

REFERENCE TO AN OTHER MATTER– USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Sebastian Stroner.

Munich, 14 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Katharina Deni	sgd. Sebastian Stroner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Translation – the German text is authoritative

ASSURANCE REPORT OF THE INDEPENDENT GERMAN PUBLIC AUDITOR ON A LIMITED ASSURANCE ENGAGEMENT IN RELATION TO THE GROUP NON-FINANCIAL STATEMENT INCLUDED IN THE GROUP MANAGEMENT REPORT

To Nemetschek SE, Munich

Assurance Conclusion

We have conducted a limited assurance engagement on the group non-financial statement of Nemetschek SE, Munich, (hereinafter the „Company“) included in section “Non-financial group statement” of the group management report, which is combined with the Company’s management report, to comply with §§ [Articles] 315b to 315c HGB [Handelsgesetzbuch: German Commercial Code] including the disclosures contained in this group non-financial statement to fulfil the requirements of Article 8 of Regulation (EU) 2020/852 (hereinafter the „Non-Financial Group Reporting”) for the financial year from 1 January to 31 December 2024.

Not subject to our assurance engagement were the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Non-Financial Group Reporting for the financial year from 1 January to 31 December 2024 is not prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and the requirements of Article 8 of Regulation (EU) 2020/852 as well as with the supplementary criteria presented by the executive directors of the Company.

We do not express an assurance conclusion on the external sources of documentation or expert opinions mentioned in the Non-Financial Group Reporting, which are marked as unassured.

Basis for the Assurance Conclusion

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the “German Public Auditor’s Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting” section.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has complied with the quality management system requirements of the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibility of the Executive Directors and the Supervisory Board for the Non-Financial Group Reporting

The executive directors are responsible for the preparation of the Non-Financial Group Reporting in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company. They are also responsible for the design, implementation and maintenance of such internal controls that they have considered necessary to enable the preparation of a Non-Financial Group Reporting in accordance with these regulations that is free from material misstatement, whether due to fraud (i.e., manipulation of the Non-Financial Group Reporting) or error.

This responsibility of the executive directors includes selecting and applying appropriate reporting policies for preparing the Non-Financial Group Reporting, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Non-Financial Group Reporting.

Inherent Limitations in the Preparation of the Non-Financial Group Reporting

The relevant German statutory legal and European regulations contain wording and terms that are still subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legal conformity of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Non-Financial Group Reporting.

German Public Auditor's Responsibilities for the Assurance Engagement on the Non-Financial Group Reporting

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Non-Financial Group Reporting has not been prepared, in all material respects, in accordance with the relevant German legal and European regulations as well as with the supplementary criteria presented by the executive directors of the Company, and to issue an assurance report that includes our assurance conclusion on the Non-Financial Group Reporting.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

» obtain an understanding of the process to prepare the Non-Financial Group Reporting.

» identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.

» consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In conducting our limited assurance engagement, we have, amongst other things:

» evaluated the suitability of the criteria as a whole presented by the executive directors in the Non-Financial Group Reporting.

» inquired of the executive directors and relevant employees involved in the preparation of the Non-Financial Group Reporting about the preparation process, and about the internal controls relating to this process.

» evaluated the reporting policies used by the executive directors to prepare the Non-Financial Group Reporting.

» evaluated the reasonableness of the estimates and the related disclosures provided by the executive directors.

» performed analytical procedures and made inquiries in relation to selected information in the Non-Financial Group Reporting.

» considered the presentation of the information in the Non-Financial Group Reporting.

» considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-Financial Group Reporting.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is solely towards the Company. We do not accept any responsibility, duty of care or liability towards third parties.

Munich, 14 March 2025

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd.) Katharina Deni	sgd. Sebastian Stroner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Extract from the Financial Statements
(HGB)

Financial Statements
of Nemetschek SE (German Commercial Code)

Balance Sheet

as of December 31, 2024

ASSETS Thousands of €	December 31, 2024	December 31, 2023
A. Fixed Assets		
I. Intangible assets		
1. Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets	533	647
2. Prepayments made on intangible assets	211	0
	745	**647**
II. Property, plant and equipment		
1. Fixtures, fittings and equipment	301	233
	301	**233**
III. Financial assets		
1. Shares in affiliated companies	1,249,204	576,868
2. Loans due from affiliated companies	0	1,800
3. Investments	1,962	1,962
4. Other financial assets	11,855	6,458
	1,263,020	**587,089**
TOTAL FIXED ASSETS	**1,264,066**	**587,970**
B. CURRENT ASSETS		
I. Accounts receivable and other assets		
1. Trade receivables	0	0
2. Accounts due from affiliated companies – thereof Accounts receivable from trading: EUR 4,006k (previous year: EUR 1,391k)	178,606	167,628
3. Other assets	19,012	14,980
	197,618	**182,608**
II. Cash and cash equivalents	**13,201**	**6,693**
TOTAL CURRENT ASSETS	**210,820**	**189,301**
C. DEFERRED AND PREPAID EXPENSES	**5,604**	**5,205**
D. DEFERRED TAX ASSETS	**6,188**	**1,553**
	1,486,678	**784,029**

EQUITY AND LIABILITIES	Thousands of €	December 31, 2024	December 31, 2023
A. EQUITY			
I. Subscribed capital		**115,500**	**115,500**
II. Capital reserve		**20,530**	**20,530**
III. Retained earnings		**20,919**	**23,378**
IV. Unappropriated profit		**488,668**	**368,959**
TOTAL EQUITY		**645,617**	**528,367**
B. PROVISIONS AND ACCRUED LIABILITIES			
1. Accrued tax liabilities		1,297	2,417
2. Other provisions and accrued liabilities		18,434	12,431
TOTAL PROVISIONS AND ACCRUED LIABILITIES		**19,731**	**14,848**
C. LIABILITIES			
1. Liabilities due to banks		503,986	6,600
2. Trade accounts payable		4,675	2,086
3. Accounts due to affiliated companies		304,169	225,745
4. Accounts due to associated companies		97	103
5. Other liabilities – thereof taxes: EUR 4,246k (previous year: EUR 2,064k) – thereof social security: EUR 4k (previous year: EUR 0k)		4,272	2,200
TOTAL LIABILITIES		**817,199**	**236,733**
D. Deferred revenue		3,986	3,949
E. Deferred tax liability		**145**	**133**
		1,486,678	**784,029**

Profit and loss account of Nemetschek SE

for the period January 1 to December 31, 2024 (German Commercial Code)

Thousands of €	2024	2023
1. Revenues	12,771	9,493
2. Other operating income – thereof for inccome from currency revaluation: EUR 7,113k (previous year: EUR 4,109k)	32,820	15,498
3. Personnel expenses		
a) Wages and salaries	–18,107	–12,510
b) Social security, pension and other benefit costs: – thereof for pension: EUR 66k (previous year: EUR 119k)	–1,361	–1,190
4. Depreciation and amortization of intangible assets, property, plants and equipment	–241	–215
5. Other operating expense – thereof for expensefrom currency revaluation: EUR 6,905k (previous year: EUR 4,196k)	–50,334	–30,425
6. Income from investments – thereof from affiliated companies: EUR 192,879k (previous year: EUR 123,982k)	193,086	124,150
7. Income from profit and loss transfer agreements: – thereof from affiliated companies: EUR 26,616k (previous year: EUR 27,703k)	26,616	27,703
Income from loans due to affiliated companies – thereof from affiliates companies: EUR 125k (previous year: EUR 988k)	124	988
9. Other interest and similar income – thereof from affiliates companies: EUR 11,322k (previous year: EUR 11,165k)	11,852	11,203
10. Expenses from loss absorption – thereof from affiliates companies: EUR 1,500k (previous year: EUR 2,096k)	–1,500	–2,096
11. Depreciation of financial assets	–828	0
12. Interest and similar expenses – thereof from affiliated companies: EUR 14,396k (previous year: EUR 12,147k)	–31,887	–13,732
13. Taxes on income – thereof income from changes in deferred taxes recognized in the balance sheet: EUR 4.623k (previous year: EUR 432k)	2,139	–5,334
14. Earnings after tax	**175,150**	**123,535**
15. Other Taxes	–1	–2
16. Net Income	**175,149**	**123,533**
17. Profit carried forward from previous year	313,519	245,426
18. Unappropriated profit	**488,668**	**368,959**

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NEMETSCHEK
GROUP

NEMETSCHEK SE
Konrad-Zuse-Platz 1
81829 Munich
Tel.: +49 89 540459-0
Fax: +49 89 540459-414
investorrelations@nemetschek.com
www.nemetschek.com