

50

ANNUAL REPORT
2014



*Ridge House, Pender Island, Canada
Architecture Office: Simcic + Uhrich Architects, realized with Vectorworks*

**In Scope.
In Time.
In Budget.**

5D in AEC

KEY FIGURES

NEMETSCHEK GROUP

in million €	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Revenues	218.5	185.9	175.1	164.0	149.7
EBITDA	56.8	46.3	40.9	39.3	37.1
as % of revenue	26.0 %	24.9 %	23.4 %	23.9 %	24.8 %
EBIT	46.5	35.7	29.9	29.1	27.5
as % of revenue	21.3 %	19.2 %	17.1 %	17.7 %	18.4 %
Net income (group shares)	31.5	24.0	19.5	20.8	18.9
per share in €	3.27	2.49	2.03	2.16	1.97
Net income (group shares) before depreciation of purchase price allocation	35.3	29.7	25.3	27.1	24.6
per share in €	3.67	3.08	2.62	2.81	2.56
Cash flow from operating activities	44.2	40.2	36.5	37.1	32.3
Free cash flow	-35.6	18.7	29.8	31.5	28.5
Net debt/Net liquidity	-3.0	48.6	44.3	28.8	11.1
Balance sheet total	291.7	178.5	159.9	162.4	165.3
Equity ratio	46.8 %	66.2 %	66.8 %	63.9 %	57.0 %
Headcount as of balance sheet date	1,561	1,356	1,229	1,173	1,076
Closing price (Xetra) in €	83.61	50.32	33.20	25.80	31.87
Dividend per share in €	1.60*	1.30	1.15	1.15	1.00

* Proposal to the Annual General Meeting on May 20, 2015

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**“Building is a
multidimensional
process. Our
solutions make
it possible.”**

PROFESSOR GEORG NEMETSCHEK

In Scope. In Time. In Budget.

Building and the art of architecture and engineering in Germany enjoy an excellent reputation worldwide. However, questions have arisen regarding a series of recent building projects. Costs have exploded and deadlines have been missed. The reasons cited include insufficient coordination or loss of information when data is exchanged, lack of traceability in the case of design changes, project management that is not end to end, and lack of cost transparency.

This is precisely where BIM 5D kicks in: In scope. In time. In budget.

This triad describes the aim of any building project: The construction of a building according to design specifications in the defined time period and on budget. The three design-related dimensions are joined by two further important dimensions: Time and costs. And this is precisely what the term 5D refers to.

5D ushers in a new era in building. And the Nemetschek Group is among the forerunners and trendsetters, and is one of the first providers world-wide to cover all five dimensions of building. Building Information Modeling (BIM) makes it possible to digitally capture and network all relevant building data. As a pioneer of the BIM approach, the Nemetschek Group has been following this philosophy for more than 30 years and pursues an open approach (Open BIM). It allows software solutions to communicate via open interfaces and enables the seamless transition of all building-relevant information throughout all the stages of creation and the operation of buildings. The networked BIM software and collaboration solutions of the Nemetschek Group simplify cooperation between all those involved in the building process, allowing the users to factor in all five dimensions.

Actual construction does not start until the virtual 5D design has been perfected. This results in great advantages in terms of efficiency as well as high levels of design reliability and transparency. Legislators and companies worldwide are driving forward this new approach for the design, construction and management of buildings. In the future there will scarcely be a construction project that has not first been designed virtually and holistically in 5D. The Nemetschek Group has thus opened up a new dimension of sustainably profitable growth.

In Scope.

In Time.

In Budget.

3D

What you see is *what* you build

Architects and engineers still had drawing boards in their offices in 1963 when Professor Nemetschek founded his engineering office for the construction industry. Design was two-dimensional. Over the course of time, things changed with the introduction of computers and software into the construction industry – the third dimension became integrated into the design process.

3D software solutions are the standard today. In addition to geometric data, they simulate physical properties such as density and elasticity. Designers can develop ideas, visualize concepts by means of photo-realistic renderings and test drafts using simulations of real conditions.

Building Information Modeling (BIM): 3D in perfection

The Nemetschek Group laid the cornerstone for BIM about 30 years ago – and with this they made possible the networking of all those involved in the building project. Since then, it has been possible to capture all the design information in digital models, correlate it and visualize it in a 3D model.

With 3D models, design professionals can also test the limits of the technically feasible with the help of analyses and simulations, implement unique ideas and create innovative designs.

3D and BIM can do even more: An end-to-end BIM process enables the efficient exchange of data and improves collaboration among all those involved in the project and the quality of the documentation. In this way, it is possible to identify errors at an early stage and remediate them before they can escalate at the construction site. The consequences would often be higher costs as well as a reduction of the aesthetics and functionality of the buildings.

In Scope.
In Time.
In Budget.

4D

What you see is *when* you build

After a model is designed in 3D, the actual building process begins with the tendering for and awarding of contracts, cost and project planning and execution of the construction work. Without detailed time planning and scheduling, every project risks veering off course at this stage. Most of those involved in building still rely on siloed applications, and using them alone to detect possible problems in the process at an early stage and to avoid delays.

4D saves time

The future lies in integrated scheduling, based on the existing 3D building model in which any changes to the building automatically trigger recalculation of the schedule. The result is a very detailed process model that captures all the individual parts of the building project, shows interdependencies, and reveals scheduling conflicts. This is the basis for holistic control. In this way, the building progress is documented, digitally captured, and represented down to the last building component in real time. A comparison of the target to the actual project status as well as an overview of which tasks have already been completed, started or have not yet been finished is possible at any time – even right on the construction site. According to a study conducted by Stanford University, this way of working would make it possible to avoid about 80 percent of retroactive changes and shorten the duration of the project by more than 20 percent. This, in addition to considerably greater design reliability and transparency.

Today, the Nemetschek Group offers BIM-based scheduling which is linked to the underlying building model. This allows for detailed process planning, indicates interdependencies and bottlenecks, and ensures that building are actually finished on schedule.

In Scope.
In Time.
In Budget.

5D

What you see is *how* you build

Keeping the building process on budget is just as critical as keeping it on time. Therefore, detailed cost calculation and comprehensive controlling have always been among the most important requirements in the construction industry. The 3D building model provides the basis for this. It supports quantity and cost calculations for all the necessary building materials such as the construction shell and extension, facade, roof, steel and concrete construction, and technical building equipment. The tendering for and awarding of contracts, invoicing, calculation, and controlling are based on this data.

BIM: Costs and the 3D model from a single cast

Today, the Open BIM software solutions of the Nemetschek Group guarantee efficient, end-to-end, model-based workflows in design and implementation. Interfaces to everyone involved in the building project ensure a seamless exchange of information and cap one of the biggest cost drivers in the AEC sector – uncoordinated workflows.

An exact cost calculation makes it possible to see interdependencies and budget overruns, increase efficiency, and recognize risks before they escalate into problems. Cost control in real time along with graphical representation of comparisons of target to actual results make it possible to immediately see what proportion of order volumes have already been billed and where planned figures may be exceeded. According to German analyses, an improvement of up to 25 percent in terms of costs and efficiency can be made when executing complex projects. US studies put that figure at 40 percent.

The Nemetschek Group makes a significant contribution toward reliable cost planning and supports transparent cost management.



In Scope. In Time. In Budget.

The future of building is five-dimensional

The increasing complexity of buildings, a shorter time frame for design and construction, the growing need for cooperation between disciplines and across borders combined with greater cost pressure: The AEC industry faces enormous challenges worldwide. A coordinated, integrated approach is what is needed in order to succeed and this is what BIM stands for, in all five of its dimensions.

In Germany, building and software companies, universities and colleges, associations and governments are advancing the issue. The EU Directive concerning the public procurement law, which goes into effect as of 2016, urges all 28 EU Member States to use BIM for publicly financed building and infrastructure projects. Today, companies in Scandinavia that are involved in such projects already have to submit their documents according to the BIM standard. The situation is similar in Australia and the USA. Across-the-board use of BIM methods holds enormous potential for the entire building industry. They can ensure the success of a building project in all five dimensions.

Today, the Nemetschek Group offers an innovative and comprehensive solution portfolio for integrated BIM 5D design – from 3D models to time and cost planning – and this is why it is one step ahead of the market. We are entering a new age in the building industry. And our software supports this process – every step of the way.

*Training Center Solar Academy, Niestetal, Germany
Architecture Office: HHS Planer + Architekten, realized with ArchiCAD*



13 brands – 5 dimensions

The independent brands are the key to Nemetschek Group's long-term success and leadership in innovation. They enjoy the advantages of belonging to a globally operating group along with the resulting synergies. At the same time, they retain the flexibility and entrepreneurial freedom of mid-sized companies, with their proximity to markets and customers.

On this basis, the Nemetschek Group offers a wide range of graphical, analytical and commercial solutions that are used in all of the stages, i.e., the entire life cycle of buildings – from the design and visualization of a building and collaboration all the way to actual construction and building management. In addition to the 3D model, the dimensions of time and costs have also become the focus of all those involved in the building project. The Nemetschek Group delivers the right solutions for every stage of the building process.

5D BY NEMETSCHKEK

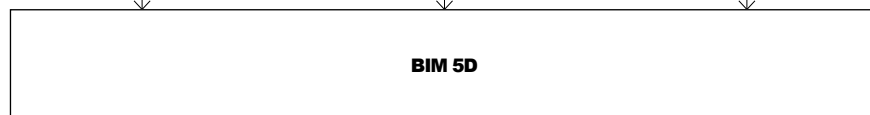
3D: Modeling



4D: Time



5D: Cost



13 BRANDS

Allplan

Auer

Bluebeam

Crem Solutions

Data Design
System

Friilo Software

Glaser

Graphisoft

Maxon

Nemetschek
Bausoftware

Nemetschek
Engineering

Scia

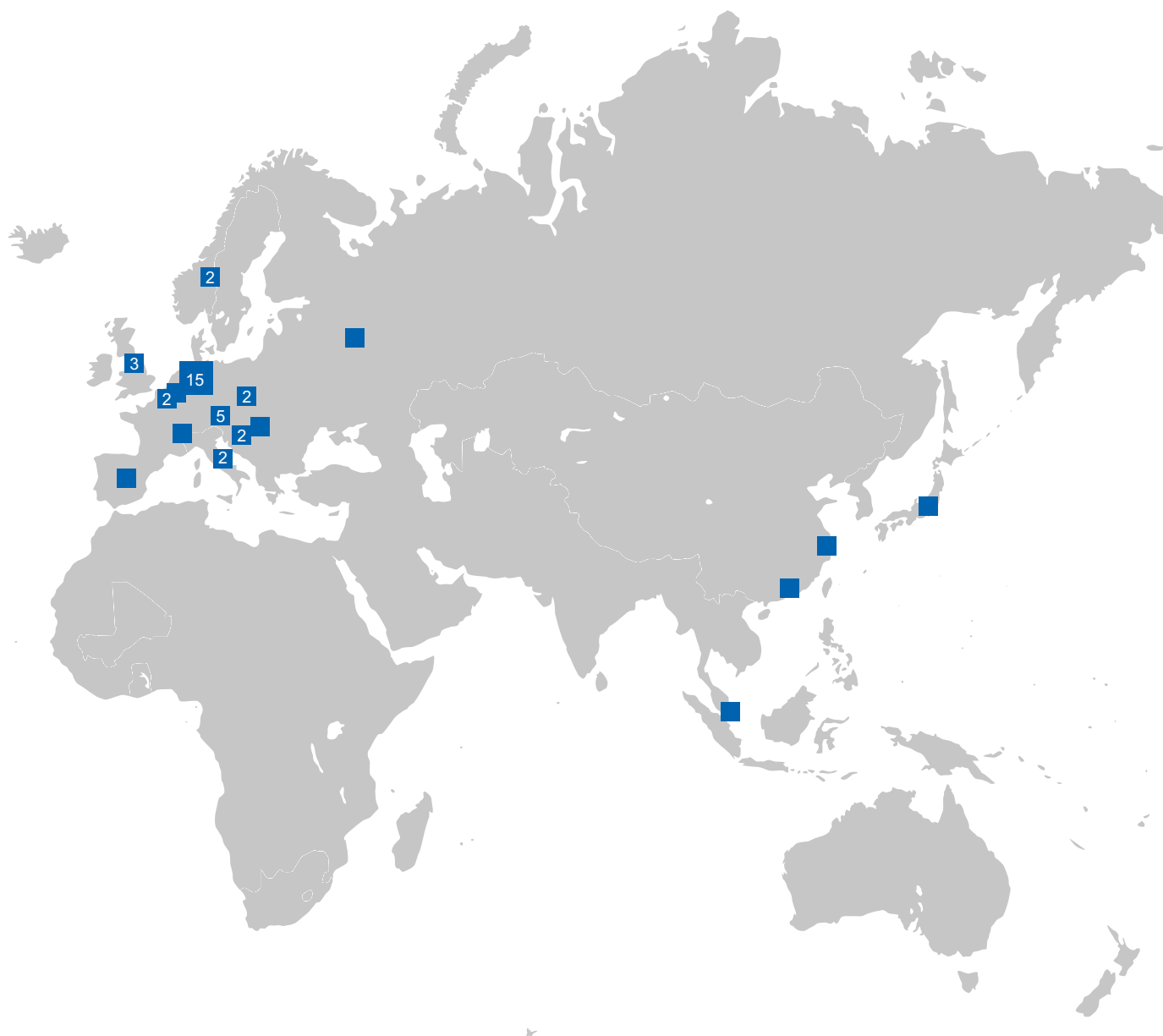
Vectorworks

NEMETSCHEK
GROUP



5 dimensions
50 locations
1.8m users
142 countries

Building occurs worldwide. Therefore, the Nemetschek Group operates subsidiaries, branch offices, representations, and cooperations in more than 40 countries and in all the important markets in the world.

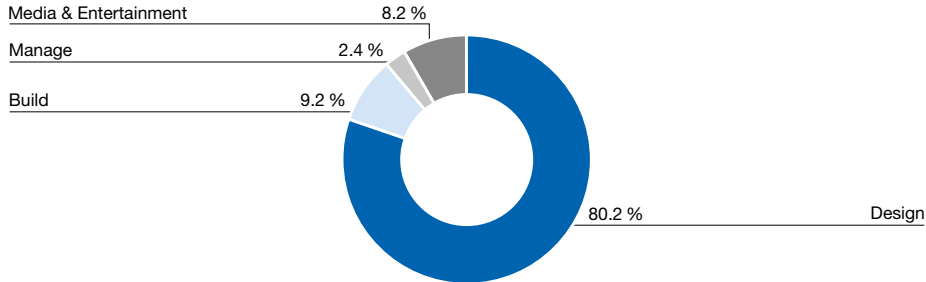


With 1.8 million registered users in 142 countries, we are among the world's most successful software providers in the AEC industry. And we want it to stay that way. As a BIM pioneer and 5D provider, we stand for an open approach as a basis for end-to-end cooperation and collaboration independent of the software provider. We want as much as possible boost quality, increase transparency, and improve efficiency for everyone involved in the building process.

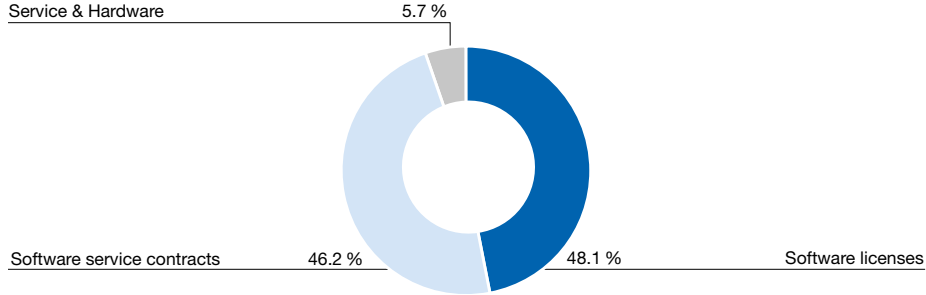
As a global software group, we will continue to extend our service offering organically and through strategic acquisitions in the future – and that worldwide.

AT A GLANCE

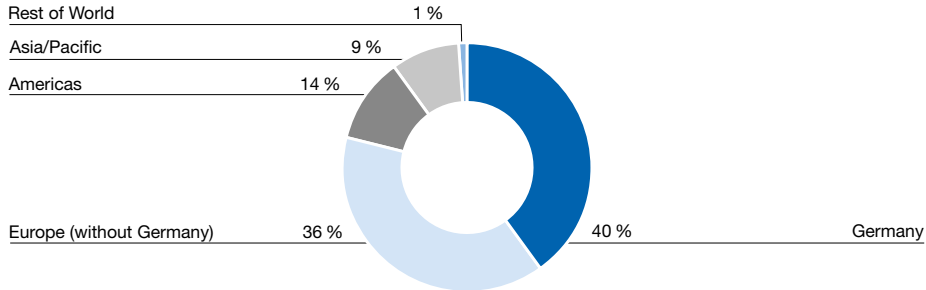
REVENUES BY SEGMENTS IN %



REVENUES BY TYPE IN %



REVENUES BY REGIONS IN %



HIGHLIGHTS 2014

January

Graphisoft reaches the finals of the famous European Business Awards



March

Nemetschek's three-man executive board is complete: Patrik Heider becomes spokesman of the executive board and CFO

April

Maxon announces partnership with Side Effects Software, a leading developer of animation software solutions

Vectorworks architecture software wins at "Architizer A+ Awards 2014"

May

Globally leading contractor Obayashi builds on BIMx from Graphisoft

High level of consensus among shareholders on annual general meeting agenda items

June

Vectorworks nominated for the "Washington Post Top Workplaces List" for 2014

July

Allplan launches exclusive anniversary bundle: the Allplan 30-year edition

Auer acquires BIM specialist hartmann technologies for building-model-based determination of quantities and costs

August

An institution among German CAD building software providers turns 30: GLASER -isb cad-

Graphisoft receives international award for BIMcloud and two "Best of Show" awards at the AIA 2014

September

Maxon Cinema 4D Release 16 available now

Vectorworks launches Vectorworks 2015

October

Architects Darling® Award 2014: Allplan wins the "favorite software" prize for the second time

Nemetschek successfully concludes acquisition of Bluebeam

November

IFC recertification for DDS-CAD with top marks

ArchiCAD is "BIM Product of the Year" in Great Britain for the fourth time running

December

Scia and Allplan start user contest for engineers

Cooperation between Nemetschek Engineering Shanghai and Sany, one of the biggest construction manufacturers worldwide

“Allplan provides the ideal starting point for BIM-based work and opens up enormous opportunities to complete projects more efficiently, sustainably increase design quality and operate buildings more effectively.”

DR. JÖRG RAHMER, ALLPLAN





*Festival Hall, Neckartailfingen, Germany
Architecture Office: ackermann + raff, realized with Allplan*

TO OUR SHAREHOLDERS

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TO OUR SHAREHOLDERS



*Patrik Heider,
Spokesman of the Executive Board and CFO*

Dear Shareholders,

The Nemetschek Group looks back on a very successful 2014 fiscal year with a strong finish in the fourth quarter. Furthermore, we exceeded our targets in terms of revenue and earnings, achieved record figures and made important moves towards a successful future. The group revenue of the Nemetschek Group increased by 17.5 percent to EUR 218.5 million. Earnings before interest, tax and depreciation, and amortization (EBITDA) increased, at a faster rate than revenue, by 22.8 percent, rising to EUR 56.8 million. The operating margin grew accordingly to 26 percent. At EUR 3.27, earnings per share were 31.1 percent higher than the previous year's.

SUSTAINABLE SUCCESSFUL DEVELOPMENT

The results achieved in operations again prove the sustainable success of the Nemetschek Group. Today, the name Nemetschek stands for outstanding entrepreneurial performance: The development from an engineering office into an international software provider with some 1,500 employees worldwide and more than 1.8 million users in 142 countries.

The ongoing expansion of our solution portfolio, our innovative strength, consistent internationalization, and the emphasis on growth – organic and via acquisitions – are key drivers of our successful development. This is complemented by high profitability and a solid balance sheet structure. These subjects were also the focus in 2014: We extended our solution portfolio and presented new product versions and many product improvements and innovations. In terms of geography, we expanded our market position and reinforced our international activities.

NEW CORPORATE DESIGN

In order to further develop our strengths in the international AEC market, we have been presenting ourselves using the new corporate design since the end of 2014. The addition of the word “Group” to our name makes clear the group structure of a strategic parent company with strong, independently acting brands, and simultaneously invokes the sense of being part of a group and synergies. One good example of such synergies are our 3D CAD brands Graphisoft, Vectorworks and Allplan, which, in joint development work with Maxon, have integrated the cinema 4D rendering engine into their solutions. This enables their CAD solutions to create photo-realistic renderings.

SUCCESSFUL ACQUISITION OF BLUEBEAM SOFTWARE, INC.

We reached another milestone last year with the acquisition of Bluebeam Software, Inc. Bluebeam is a leading provider of PDF-based workflow solutions for digital processes and collaboration in the AEC industry and, according to a study conducted by Deloitte, it is among the 500 most successful technology companies in North America in terms of growth. Bluebeam fits perfectly into our strategy of providing solutions for the AEC industry that cover the entire life cycle of buildings and promoting open standards in the building process – in a word, Open BIM. In keeping with our newly defined acquisition strategy, we have invested in the megatrend of collaboration and at the same time significantly developed our presence in the important US market.

Collaboration is just one of the trends stimulating AEC markets. Building Information Modeling (BIM), 5D, mobile solutions, and the cloud, along with the digitalization inherent to it, will also greatly change our industry. The challenges for the AEC sector are huge: The increasing complexity of buildings, shorter design and construction times, the necessity of interdisciplinary collaboration and steadily growing cost pressure. The aim of any building project is to construct a building according to the 3D design, within the specified time-frame (4D) and within the planned budget (5D) – we therefore refer to this process as BIM 5D. There are still considerable shortcomings in this area, as shown by a series of recent large-scale projects that considerably exceeded budgets and deadlines.

BIM 5D – FIVE-DIMENSIONAL BUILDING IS THE FUTURE

With BIM 5D, a new age of building has begun. And the Nemetschek Group is again among today's pioneers, offering an innovative and comprehensive solution portfolio for integrated BIM 5D design – from 3D models to time and cost planning. Building Information Modeling (BIM) digitally captures and networks all relevant building data. As a pioneer of the BIM philosophy, we have been following this approach for more than 30 years and advocate an open approach (Open BIM), which makes it possible for software solutions – regardless of the provider – to communicate via open interfaces and share all building-relevant information. Actual construction does not commence until the virtual BIM 5D design has been perfected. This leads to improved collaboration, great advantages in terms of savings and efficiency, and high levels of design reliability, quality and transparency.

Digital building is already required by law in places such as Scandinavia, Australia and the US. In Germany as well, political consensus is moving in this direction. The EU Directive concerning the public procurement law, which goes into effect in 2016, urges all 28 EU Member States to use the BIM standard for publicly financed building and infrastructure projects.

In 2014 we further strengthened our expertise in the BIM 5D market. By investing in two young and innovative companies, it will be possible to map the fourth and fifth dimensions even better. In this way, we combine our many years of experience in the BIM market and the strong positioning of our brands from the Design segment with new, innovative ideas and approaches.

The idea of networking all of the stakeholders in the life cycle of the building process may not be new, but it is more topical than ever before. No matter whether we view BIM 5D as a revolution or a dynamic further development, it goes without saying that the rapidly advancing digitalization in the AEC industry is ubiquitous, is ushering in new business models and has great challenges and opportunities in store. What we see most of all, though, are the opportunities: The Nemetschek Group is actively driving this shift and is at the forefront of shaping this future market. It is our goal to make collaborative digital projects more transparent and open for all those involved – from designing and building all the way to management.

OUTLOOK FOR 2015

We will continue to do everything we can to advance the successful course of the Nemetschek Group in the future. It is our aim this year to continue to grow profitably and sustainably and to gain market share. The conviction that our position as an innovation leader with customer-oriented solutions be further expanded is based on our excellent competitive situation and our strong brands. Our financial strength provides the necessary room to maneuver so that we achieve the planned growth – organically and through acquisitions – and implement the international advancement and expansion of our solution portfolio.

We started the current year with passion, great motivation and clear goals, and look forward to continued growth in terms of revenue and earnings in 2015. Our planned growth will be accompanied by investments, toward key goals, e.g., developing our BIM 5D expertise, targeting new customer segments in the area of Media & Entertainment and furthering internationalization with strong sales and marketing. For the 2015 fiscal year, the Nemetschek Group plans on an increase in revenue in the area of EUR 262 million to EUR 269 million (+20 percent to +23 percent). The Nemetschek Group estimates purely organic growth in the range of 6 percent to 9 percent. EBITDA is expected to be between EUR 62 and 65 million.

DIVIDEND PROPOSAL INCREASES TO EUR 1.60 PER SHARE

We are pleased at how Nemetschek shares have developed. In December our share price reached a new yearly high of EUR 85, representing an increase in value of 66.2 percent over the previous year. The planned dividend increase for the 2014 fiscal year shows that we want to appropriately include you, dear shareholders, in the success of our company, as in past years. The executive board and supervisory board will propose an increase to EUR 1.60 per share at the annual general meeting on May 20, 2015. This follows our payout of EUR 1.30 per share in the previous year.

Strategically, operatively and financially, we have a strong base for further development. On behalf of the whole executive board, I would like to thank the supervisory board and all the employees of the Nemetschek Group worldwide for their dedication and outstanding work. Together we have exceeded the targets we strived for and made the fiscal year a success. I would also like to thank you, dear shareholders, for the trust you have placed in us.

Sincerely yours,



Patrik Heider

THE EXECUTIVE BOARD



f.l.t.r. Sean Flaherty, Patrik Heider, Viktor Várkonyi

PATRIK HEIDER**SPOKESMAN OF THE EXECUTIVE BOARD AND CFO OF NEMETSCHKE AG**

“2014 was a very successful year for the Nemetschek Group. We proved our core competency as a globally leading provider of Open BIM solutions in the AEC industry.

In addition to our leading market position with our 3D solutions, we considerably developed our expertise in the area of 4D (time) and 5D (costs). We were able to successfully apply and reach our declared inorganic growth targets within the scope of our newly defined acquisition strategy: Investment in the megatrend of collaboration and in internationalization in the focus market, USA, while maintaining our healthy balance sheet structure. This consistent implementation of this strategy provides us with further room to grow through acquisitions.

Our brands will benefit impressively from the global positioning of the umbrella brand “Nemetschek Group”: The solution partner and core competency in the AEC industry. We will continue to expand and develop this unique position further.”

SEAN FLAHERTY**EXECUTIVE BOARD OF NEMETSCHKE AG AND CEO OF NEMETSCHKE VECTORWORKS, INC.**

“We took a big step forward on our internationalization goals with the acquisition of Bluebeam. The United States is now the second largest market for the Nemetschek Group. With the addition of a build segment brand, we’re complementing the presence of our existing design, manage and media & entertainment brands that have been enjoying success for years there and building awareness of the Nemetschek Group as a global AEC technology provider.

Combining Bluebeam’s PDF leadership with our existing focus on Open BIM for AEC collaboration, we’ll continue to push the marketplace towards open standards that allow the customer to choose the best technology and workflows for their needs.”

VIKTOR VÁRKONYI**EXECUTIVE BOARD OF NEMETSCHKE AG AND CEO OF GRAPHISOFT SE**

“2014 was a really exciting and yet very successful year for the Nemetschek Group. With my colleagues on the Executive Board we started the year with a new leadership structure laying out the foundations for the years to come, and it has already started to show its strength and agility in several areas. Our focus on the development of international markets enabled growth above the industry average in the Americas and Asia, and our brands were able to significantly increase our market share. Our redefined acquisition strategy and its consistent execution brought top-notch solutions and technologies into the group’s portfolio, strengthening our offering especially in the MEP and Build segments.

Our long-standing dedication to BIM workflows based on open standards, and our strong belief in Open BIM, became a global industry trend with growing demand last year – a trend that was fostered by governments, users and various industry organizations. All of this put the Nemetschek Group in a good position for the challenges of upcoming years!”

paläon Museum, Schöningen, Germany
Architecture Office: Holzer Kobler Architekturen,
realized with Vectorworks





“Every day, visionaries choose Vectorworks software because they want a solution that supports the creative process instead of replaces it, allowing great design to materialize from inspiration, exploration, and discovery.”

SEAN FLAHERTY, VECTORWORKS

SUPERVISORY BOARD'S REPORT ON THE 2014 FISCAL YEAR OF THE NEMETSCHKEK AG

The Nemetschek AG looks back on a very successful fiscal year. It was able to continue on its profitable growth course and exceed forecast targets in terms of revenue and operating result. In leading the corporate group in the 2014 fiscal year, the supervisory board followed the executive board closely, advised it regularly and monitored it carefully while diligently executing the tasks assigned to it by law and the articles of association.

The executive board instructed the supervisory board regularly, promptly and comprehensively, in both oral and written form, in its corporate planning and corporate strategy, development of revenues, earning and liquidity, planned investments, and the execution of the planning of the Group, the segments and the individual companies, which includes planning for opportunities and risks. Current quarterly development and short- and medium-term prospects as well as the long-term growth and earnings strategy were regularly discussed and, within the scope of regular meetings over the course of the year, controlled and scrutinized. The supervisory board was very involved in decisions of fundamental importance for the company and obtained holistic information on backgrounds and contexts. On the basis of the executive board's reports, the supervisory board supported the executive board's work and made decisions on actions requiring approval. Collaboration in this regard between the supervisory board and the executive board was always marked by openness and trust as well as constructive dialog. Based on the extensive information provided by the executive board, as well as independent audits, the supervisory board was able to completely fulfill its monitoring and advisory role.

MEETINGS AND TOPICS OF FOCUS

In the 2014 fiscal year, four regular supervisory board meetings were held – in the months of March (balance sheet meeting for the 2013 financial report), July, October, and December. The supervisory board was completely represented at all meetings. In addition to the meetings, the written circular procedure was used for further resolutions on current topics.

The main topics were the strategic alignment of the Nemetschek Group, further internationalization, segment expansion, and the further development of the solution portfolio. Detailed reports concerning the brand companies in the Nemetschek Group were also requested and discussed. Business performance which deviated from each of the annual targets was openly discussed in detail at the supervisory board meetings and jointly analyzed. Regulatory action was specified as required. Moreover, the committee formed its own picture of the brand companies. The supervisory board was regularly and intensively occupied with the development of the Group and individual brands, as well as with the net assets, financial position and implementation of the corporate strategy. The executive board provided clear insight and explained decisions and developments understandably and comprehensively.

The acquisition strategy and planned projects were presented by the executive board and decided on in close collaboration with the supervisory board. Prior to the acquisition of Bluebeam Software Inc., headquartered in Pasadena, California, USA, the target company was analyzed in detail and rated. Opportunities and risks were extensively debated and discussed with the committee.

The meetings and further discussions outside of the meetings focused on the following topics, which were the subject of intensive deliberation and verification:

- III Annual financial statements and consolidated financial statements for the 2013 fiscal year
- III Proposal for the appropriation of profits
- III Invitation and agenda items for the regular 2014 annual general meeting with proposed resolutions to the annual general meeting
- III Executive board and general managers' specification of targets reached in 2013 and release of payment of variable remuneration shares as well as the definition of target agreements for the 2014 fiscal year. Nomination for Long-Term Incentive Plan (LTIP) participation
- III Declaration of Conformity in accordance with the "German Corporate Governance Code"
- III Strategic alignment of the Nemetschek Group and brand companies
- III Rebranding of the Nemetschek Group
- III Internationalization and expansion opportunities and risks
- III Product developments and innovations of the respective brand companies in areas such as Open BIM, 5D, collaboration, and digitalization
- III Formation of the subgroup Allplan
- III Acquisition strategy, shareholdings and cooperations
- III Acquisition, financing and integration of Bluebeam Software, Inc.
- III Internal control and early stage risk detection systems, compliance
- III Corporate planning and investment projects for 2015

In October respectively December 2014 the supervisory board considered for the first time obtaining information on the subjects of a stock split and the transformation of Nemetschek AG into a Societas Europaea (SE). No final decision was made on these measures in the 2014 fiscal year.

COMPOSITION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

The executive board team was complete as of March 1, 2014 with the appointment of Patrik Heider. Serving as Spokesman of the Executive Board and CFOO (Chief Financial & Operations Officer), Mr. Heider will make up the 3-man executive board team together with Sean Flaherty, who is also CEO of the Vectorworks brand, and Viktor Várkonyi, who is also CEO of the Graphisoft brand. Patrik Heider contributes many years of operating and strategic experience in incorporating globally active companies into the Nemetschek Group. Mr. Heider possesses comprehensive expertise in the finance and M&A sectors and excels with a pronounced strength in terms of implementation, experience in international project management, and strategic leadership skills.

The three-man executive board team will continue to pursue the growth course of the Nemetschek Group and its further internationalization. This had already been proven in 2014 by the acquisition of Bluebeam Software, Inc. and the global alignment.

As in the previous year, the supervisory board was made up of three members. There were no changes in personnel. The formation of supervisory board committees is not necessary since the supervisory board comprises just three members.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The audit of the individual financial statements and the consolidated financial statements for 2014 as well as the corresponding management report and the group management report was made as per the resolution of the annual general meeting of May 20, 2014 by the auditing firm Ernst & Young GmbH, Munich. The supervisory board has investigated the independence of the auditors and obtained a written declaration of independence from the auditors.

The annual financial statements prepared by the executive board according to the German Commercial Code (HGB), taking into consideration the accounting principles and annual report of Nemetschek AG for the 2014 fiscal year, the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315a Paragraph 1 of the German Commercial Code (HGB), and the consolidated annual report for the 2014 fiscal year have been audited and approved without qualification by the auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the AG, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were made available to the members of the supervisory board in good time and also during the balance sheet meeting on March 26, 2015. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained his audit report and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the management report, the consolidated financial statements, and the Group's management report and is convinced of the correctness and completeness of the information. The supervisory board concurs with the result of the audit performed by the auditor and has determined, within the scope of its own investigations, that there are no reservations whatsoever to be expressed. The supervisory board approved the 2014 financial statements and consolidated financial statements of Nemetschek AG at the balance sheet meeting of March 26, 2015. The 2014 annual financial statements are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

DIVIDEND

After conducting its own investigations, the supervisory board concurred with the proposal of the executive board on the use of retained earnings. In accordance with legal rulings and the articles of incorporation, it was decided to propose the following appropriation of profits to the annual general meeting on May 20, 2015:

Of the balance sheet profit amounting to EUR 85,092,477.55, EUR 15,400,000.00 will be paid out to the shareholders. This represents a dividend per share of EUR 1.60 per share (previous year: EUR 1.30). The remaining balance sheet profit of EUR 69,692,477.55 will be carried to a new account.

CONFLICTS OF INTEREST AND CORPORATE GOVERNANCE

In the reporting year, there were no conflicts of interest on the part of the supervisory or executive board members.

The supervisory and executive boards decided on the principles of good Corporate Governance in the 2014 fiscal year. In March 2015, the supervisory board and executive board submitted an updated Declaration of Conformity as per § 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders via the website of the Nemetschek Group. The Nemetschek Group conforms to the re-recommendations of the Government Commission of the German Corporate Governance Code as per the version of the code published in June 2014 with the exception of the justified deviations specified in the Declaration of Conformity. For further details on this subject, please refer to the Corporate Governance section of the annual report or to the website at: www.nemetschek.com/en/investor-relations.

The supervisory board thanks all employees who serve the Nemetschek Group worldwide for their dedicated commitment and successful work in the 2014 fiscal year. Also at this time, the supervisory board would like to thank the executive board and the managing directors and express recognition and great appreciation for their excellent performance.

Munich, March 26, 2015



Kurt Dobitsch

Chairman of the Supervisory Board

NEMETSCHKEK ON THE CAPITAL MARKET

LOOKING BACK AT THE YEAR 2014 ON THE STOCK MARKET

Market developments in 2014 were mainly influenced by expansive monetary policy in the most important currency areas, by geopolitical events especially in Ukraine and Iraq, and by weakened growth in the eurozone. In contrast to these events, growth impulses were seen in the USA and China.

Global capital markets provided a differentiated picture in 2014. As a result of the US recovery, stock markets in the USA achieved a definite plus in the course of the year. 2014 was a year of substantial fluctuations for German share investors. The DAX, the leading index for the 30 biggest listed companies in Germany, closed the year at 9,806 points, a growth rate of 2.7% in 2014. The MDAX, which comprises mid-sized German companies, demonstrated similar development at 2.2% growth. The TecDax, which consists of the 30 biggest technology values and includes Nemetschek, rose with considerably more strength with a jump of 17.5%.

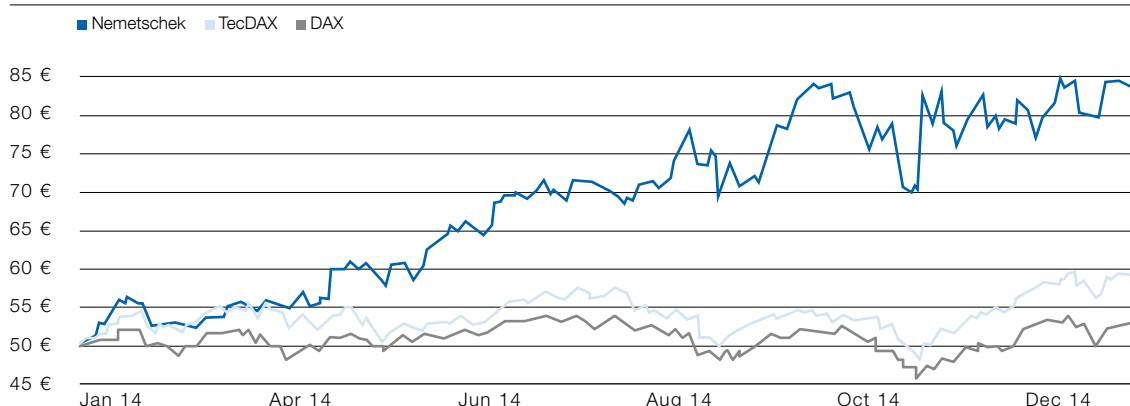
PERFORMANCE OF THE NEMETSCHKEK SHARES

Increase in prices by
66.2% in 2014

Nemetschek shares developed extremely positively in the course of the year. It started with a closing price of EUR 50.38 on January 2, 2014 and reached its peak for the year in December with a new all-time high of EUR 85.00. With a year-end closing price of EUR 83.61, the share price increased by 66.2% in one year.

The market capitalization of Nemetschek AG share rose accordingly from EUR 484.3 million to EUR 804.8 million based on the year-over-year comparison, which corresponds to an increase of EUR 320.5 million in total. During the 2014 financial year, an average of 11,036 shares were traded daily via the electronic computer trading platform XETRA (previous year: 12,001).

PRICE DEVELOPMENT OF NEMETSCHKEK SHARES IN THE YEAR 2014 COMPARED TO DAX AND TECDAX (INDEXED)



TECDAX RANKING

The Nemetschek Group has been listed on the German TecDAX technology index since September 23, 2013. In the TecDAX ranking for 2014 Nemetschek was able to improve free float market capitalization and trading volume. The December ranking of Deutsche Börse AG listed Nemetschek 22nd for free float market capitalization as of December 31, 2014. The company was 25th in the previous year. Nemetschek ranked 27th for the trading volume, after placing 31st at the end of the previous year.

SHAREHOLDER STRUCTURE

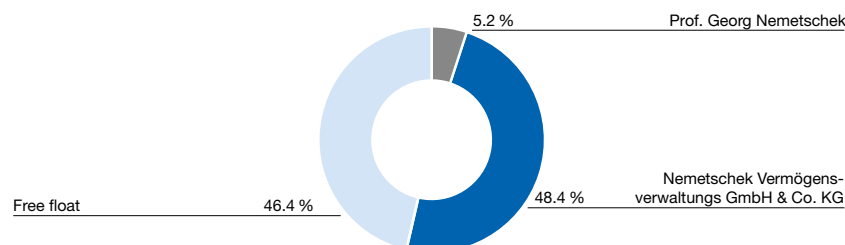
The share capital of Nemetschek Aktiengesellschaft as of December 31, 2014 amounted to EUR 9,625,000.00, as was the case in the previous year, and was divided into 9,625,000 bearer shares.

Nemetschek Vermögensverwaltungs GmbH & Co. KG remains the biggest shareholder in the company, with a share of 48.4 % (4,655,732 shares). 5.2 % (500,000 shares) is held directly by Prof. Georg Nemetschek. A pooling agreement was concluded between the KG and Prof. Georg Nemetschek for the shares held by the Nemetschek Vermögensverwaltungs GmbH & Co. KG and the shares held by Prof. Georg Nemetschek directly. The purpose of this agreement is to ensure a shareholder structure which is permanently stable.

Share pooling ensures a stable shareholder structure

In total, the free float was unchanged at 46.4 percent as of the year's end. It is spread across a broad shareholder structure comprising private and institutional investors in Germany and abroad. The biggest institutional investor with 6.6 % is the Allianz Group, which has held shares since October 2013.

SHAREHOLDER STRUCTURE*



* Direct shareholdings as of December 31, 2014

ANNUAL GENERAL MEETING

On May 20, 2014, the executive board and supervisory board of Nemetschek Group welcomed more than 100 shareholders to the annual general meeting at the Hanns Seidel Foundation in Munich. Shareholders were informed about the past financial year 2013 and about the prospects for the current financial year 2014. Resolutions from the agenda were then presented for approval. The shareholders of the company confirmed all agenda items almost unanimously. This high level of agreement underscores the great trust placed in the executive board and supervisory board.

DIVIDEND

Nemetschek AG pursues a long-term dividend policy, and would like to involve its shareholders in the success and development of the company. Following a successful 2013 financial year and in view of the company's very good liquidity position, the executive board and supervisory board were in agreement that a dividend in the amount of EUR 1.30 per share should be proposed at the annual general meeting for the 2013 financial year. The dividend proposal was approved with 99.96 percent agreement by the annual general meeting. Thus, Nemetschek increased its dividend from the previous year's EUR 1.15 per share to EUR 1.30 per share. A total of EUR 12.5 million was paid out to the shareholders.

For the 2014 financial year, the executive board and supervisory board propose a dividend in the amount of EUR 1.60 per share (previous year: EUR 1.30). The annual general meeting will vote on the dividend proposal on May 20, 2015. Subject to approval by the annual general meeting, the dividend proposal corresponds to an increase in the dividend of 23 percent.

Nemetschek proposes a higher dividend

Three-man executive board complete since March 2014

EXECUTIVE BOARD

Mr. Patrik Heider was appointed to the executive board as of March 1, 2014. Serving as spokesman of the executive board and CFOO (Chief Financial & Operations Officer), he will make up the three-man executive board team together with Sean Flaherty and Viktor Várkonyi.

COMMUNICATION WITH THE CAPITAL MARKET

As in previous years, in 2014 numerous contacts to existing and potential investors were made. The executive board and Investor Relations provided information on the company's economic development, Group strategy and future prospects within the scope of individual dialogs, road shows and investor conferences. Moreover, many investors took advantage of the offer to attend an individual meeting at the Group's headquarters in Munich in order to obtain information about Nemetschek. Ongoing communication with private investors, in addition to institutional investors, is one important component of Investor Relations' activities.

Furthermore, the company remains in close contact with analysts. As of year's end a total of six institutes covered Nemetschek. Nemetschek is in constructive, regular communication with all institutes, which has been intensified by visits by analysts to company headquarters, various conferences and jointly conducted road shows.

The Nemetschek Group website is an important information platform for communicating with shareholders and the capital market. Nemetschek has been presenting itself with a new corporate design since the end of 2014. The main elements are the new logo and new website, which reinforce the image of the Group as an internationally leading software provider for the entire life cycle of buildings and structures. The addition of the word "Group" is a clear reference to the group structure, as defined by a strategic parent company with strong, independent brands. The new website definitively shows where the competencies of the Nemetschek Group lie. All relevant information, such as quarterly statements and annual reports, ad hoc notifications and press releases, presentations, the financial calendar and estimates by analysts, is available in the Investor Relations section for capital market stakeholders.

The annual report is an important medium in financial reporting and is therefore an important means of communication with the financial market. Nemetschek is continuously at work improving publications in order to provide interested readers with comprehensive and transparent information on the ongoing development of the company. The 2013 annual report once again won prizes at renowned annual report competitions: the ARC Awards and the Vision Awards of the LACP.

KEY FIGURES ON SHARES

	2014	2013
Earnings per share in €	3.27	2.49
Dividend per share in €	1.60*	1.30
High in €	85.00	51.50
Low in €	50.38	33.20
Closing price in €	83.61	50.32
Price/earnings ratio	25.57	20.79
Market capitalization in € million	804.75	484.33
Average number of shares traded per day (Xetra)	11,036	12,001
Average number of outstanding shares	9,625,000	9,625,000

* Proposal to the annual general meeting on May 20, 2015

CORPORATE GOVERNANCE

Corporate Governance stands for corporate management which is aimed at and in alignment with sustainable value creation and control. Since Nemetschek AG's founding, the focus has been on the long-term and substantial development of the company. Transparency in corporate communication, observance of shareholder interest, forward-looking assessment of risks and opportunities as well as efficient and trustful cooperation between the executive board and the supervisory board are major aspects of good Corporate Governance. At the same time, they are important orientation standards for both committees.

In the following section, the executive board and supervisory board jointly report on Corporate Governance at Nemetschek AG as per Item 3.10 of the German Corporate Governance Code.

EXECUTIVE BOARD

The executive board, which consists of three members, leads the company under its own responsibility. In line with corporate interests, the executive board performs its leadership role and pursues the objective of sustainably increasing corporate value. Executive and supervisory boards collaborate closely for the good of the company. The supervisory board is promptly involved and provided with complete information concerning all decisions which may decisively affect the net asset situation, financial situation, or earnings situation of the company. The executive board reports to the supervisory board regularly, quickly and comprehensively in written and verbal form about all relevant topics relating to business development, company planning, strategic alignment, the opportunity and risk situation, risk management, and compliance. In the case of acquisition-related issues, the executive board provides detailed information on project progress and project status at an early stage and coordinates the acquisition process in close collaboration with the supervisory board.

SUPERVISORY BOARD

The supervisory board also has three members. It serves the executive board in an advisory capacity, monitors the board in its management of the company and verifies all significant business transactions by examining the documents in question according to the terms of the German Stock Corporation Act (AktG), the company's articles of incorporation and the rules of procedure for the executive board. The supervisory board is also provided with information on the position of the individual brands and the Group as well as on major developments by the executive board and the managing directors of the Group's companies outside of the regular supervisory board meetings. In this way, it can provide operating business with valuable recommendations based on appropriate information.

The supervisory board is elected by the shareholders at the annual general meeting. The election of the supervisory board conforms to the recommendations of the German Corporate Governance Code; all supervisory board members are elected individually. The members of the executive board are appointed by the supervisory board. The supervisory board defines a catalog of business, which requires approval as well as a business allocation plan in the rules of procedure for the executive board. The supervisory board acts on the basis of its own rules of procedure. Moreover, the supervisory board declares the annual financial statements and approves the consolidated financial statements. The chairman of the supervisory board presents the activities of the supervisory board every year in his report to the shareholders as part of the annual report. In addition, he is available for discussion as chairman at the annual general meeting.

REMUNERATION OF EXECUTIVE BOARD AND SUPERVISORY BOARD

In accordance with the recommendations of the German Corporate Governance Code, the remuneration of each member of the executive board and supervisory board has been reported for some time now.

The remuneration for members of the executive board consists of a base salary (fixed) and performance-dependent variable remuneration. The variable remuneration in turn contains a short-term and long-term component. The short-term, performance-dependent variable remuneration depends primarily on company targets achieved, which are agreed upon by both the supervisory board and the executive board at the beginning of each year. With a view to corporate management over the long term and in accordance with the provisions of the act on the appropriateness

of executive board remuneration [“Gesetz zur Angemessenheit der Vorstandsvergütungen (VorstAG)”], a long-term component was added to the executive board remuneration system at the end of 2009, the payment of which depends on the achievement of defined company targets relating to earnings and revenue. The period over which this is observed is always three financial years.

The members of the supervisory board receive performance-related and fixed remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33).

The remuneration report is part of the certified consolidated financial statements. It contains detailed descriptions of the principles of the remuneration systems for the executive board and for the supervisory board as well as individual declaration of the remuneration.

COMPLIANCE AND RISK MANAGEMENT

Compliance has always been an important component of the corporate culture at the Nemetschek Group and a cornerstone of corporate success. Alignment of the activities with all of the laws relevant to the business operations as well as with the Group’s own principles and rules is a basic prerequisite for successful economic activity over the long term. Guidelines and rules were developed for this purpose which apply as a compass for the conduct of all employees of the Nemetschek Group. They serve as a secure framework for appropriate decisions in complex issues in day-to-day business and reinforce the values of the company. The executive board ensures that legal requirements and internal company guidelines within the Nemetschek Group are adhered to. They are supported in this by the Compliance department.

This subject is becoming increasingly significant as the Nemetschek Group aligns itself internationally. In order to emphasize the importance of compliance in an efficient and sustainable way throughout the Group, Nemetschek provides an interactive e-learning tool which can be used intuitively. The learning modules are designed to foster awareness of proper conduct in the workplace. They teach employees to recognize critical situations and react to them appropriately.

The Nemetschek Group’s risk management provides risk recognition and assessment, and helps monitor risks and reduce them to an acceptable level. Please refer to the management report for detailed information on the risk management system of the Nemetschek Group.

DIRECTORS’ DEALINGS AND STOCK OPTION SCHEME

The Nemetschek Group promptly reports on the shareholdings and share transactions of the executive board and supervisory board. Dealings in securities subject to reporting as per § 15a of the German Securities Trading Act (WpHG), so-called directors’ dealings, are published in accordance with legal rulings and put on the website. No transactions subject to reporting were announced in the 2014 financial year.

The Nemetschek Group does not have a stock option scheme at the present time. Furthermore, no option rights were issued.

SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

Shareholders can assert their rights and exercise their voting rights at the annual general meeting. One vote is granted for each Nemetschek AG share. The chairman of the supervisory board chairs the meeting. The executive board presents the consolidated financial statements and annual financial statements, explains the prospects of the company and, together with the supervisory board, answers the shareholders’ questions. The invitation to the annual general meeting and the corresponding documents and information, such as the agenda, annual financial statements, articles of incorporation and explanations on proposed resolutions, are made available on the Nemetschek Group website the day the meeting is called in accordance with stock corporation laws. Among other things, the shareholders decide on the use of the balance sheet profit and vote on other issues specified by law and the articles of incorporation. Nemetschek supports its shareholders in the assertion of their voting rights by appointing voting representatives, who vote according to the instructions of the shareholders.

FINANCIAL REPORTING AND YEAR-END AUDIT

Nemetschek AG prepares its consolidated financial statements as well as the consolidated interim reports as per the International Financial Reporting Standards (IFRS). The annual financial statements of Nemetschek AG are prepared according to the German Commercial Code (HGB). The consolidated financial statements are prepared by the executive board, examined by the auditor, and approved by the supervisory board. The supervisory board works closely with the executive board and the auditor throughout the entire auditing process. The annual general meeting selected the Ernst & Young GmbH auditing firm, Munich, as auditors and group auditors for the 2014 fiscal year. On March 26, 2015, Ernst & Young took part in the deliberations of the supervisory board concerning the annual financial statements and the consolidated financial statements and reported on the results of its audit. Furthermore, the auditor was available to provide the supervisory board with additional information and answer questions concerning the year-end audit.

TRANSPARENT AND PROMPT COMMUNICATION

The purpose of corporate communication is to provide all stakeholders with prompt and comprehensive information on current business developments. All groups are treated equally. In particular, the website of the Nemetschek Group is available as a ready source of information. This is where all information relevant to the capital market is published in German and English, e.g., annual and quarterly reports, press releases, ad hoc notifications, and presentations. The financial calendar is another good source of relevant publications and event dates. In terms of reporting, Nemetschek has set itself the goal of exceeding the provisions of the German Corporate Governance Code. For example, Nemetschek makes it a priority to publish annual financial statements and the annual report in less than the required 90 days of the closing of the financial year. Interim reports are published in less than 45 days of the end of the relevant quarter.

Nemetschek continues to provide information on changes in the securities of the members of the executive board and supervisory board with regard to shares of the company as well as on changes in the shareholdings in the company if the voting thresholds defined in the German Securities Trading Act (WpHG) are reached, surpassed, or fallen below. Information on the shares held by the executive board and supervisory board is included in the notes. All other information subject to the Company Law Directive and disclosure requirements is placed in the electronic company registry for centralized access.

DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) DATED MARCH 2015

In accordance with § 161 of the German Stock Corporation Act (AktG), the executive board and supervisory board of Nemetschek AG declare that the recommendations of the “Government Commission of the German Corporate Governance Code”, version dated June 24, 2014, published in the official part of the Federal Gazette on September 30, 2014, (hereinafter “Code”), have been and are being met with the following exceptions:

- III The D & O insurance does not include excess insurance for supervisory board members (Code Item 3.8 Clause 3). Nemetschek AG does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the supervisory board.
- III For the specification of executive board remuneration, the supervisory board made no vertical comparison of remuneration at the level of Nemetschek AG, as recommended by Code Item 4. 2. 2 Clause 2. As a holding company, Nemetschek AG does not offer any appropriate standards of comparison for either upper management circles or staff as a whole. Nevertheless, the supervisory board – as in the past – used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its remuneration decisions.

The variable short-term incentive plan does stipulate upper limits, which however are not always expressed as a fixed amount but as a percentage of a fixed amount. Based on the Code and its justification, it is not possible to clearly determine whether this is still in compliance with the Code. In this respect, a deviation is declared with reference to Code Item 4.2.3 Clause 2. Ultimately, the executive board employment contracts do not stipulate upper limits in terms of amount for the total remuneration (Code Item 4. 2. 3 Clause 2). Nemetschek AG is not of the opinion that this is required in the case of the existing remuneration system. If the amount of variable incentive plans is limited, this also applies for the total remuneration to be achieved.

The executive board employment contract of Dr. Tobias Wagner, terminated as of March 31, 2014, did not contain a severance payment cap due to the interim nature of his activities (Code Item 4. 2. 3 Clause 4). The same applies for the contracts of executive board members Viktor Várkonyi and Sean Flaherty due to the comparatively low remuneration.

- III An age limit for members of the executive board and the supervisory board has not been defined explicitly and is not currently planned (Code Items 5.1.2 Clause 2 and 5.4.1 Clause 2) Such an age limit would generally restrict the company in its selection of suitable members of the executive board and the supervisory board. With regard to the composition of the executive board, supervisory board and further management circles, the individual's experience, skills and knowledge are of primary importance to the company (Code Items 4.1.5, 5.1.2 Clause 1 and 5.4.1 Clause 2). In contrast, the supervisory board and, with reference to Code Item 4.1.5, the executive board regard diversity criteria as less important, even if these are expressly welcomed – as are the associated efforts toward an appropriate representation of women.

In view of the fact that the company's supervisory board has only three members, the supervisory board did not specify any defined targets for its composition (Code Item 5.4.1 Clause 2). Consequently, such objectives are not published in the Corporate Governance Report (Code Item 5.4.1 Clause 3). The supervisory board will however come to an agreement as to suitable candidates for the next supervisory board elections in good time.

- III The Code's recommendation on the formation of qualified committees of the supervisory board is not followed (Code Item 5.3), as the supervisory board has only three members. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek AG.
- III The members of the supervisory board receive performance-related and fixed remuneration. This is based on the consolidated earnings per share (diluted earnings per share in accordance with IAS 33) and furthermore does not have special components to account for the company's long-term development (Code Item 5.4.6 Clause 2). The existing remuneration system has worked well for quite some time, without any indication that the short-term success of the company has been at the expense of the company's long-term development.

Munich, March 20, 2015



Patrik Heider

Spokesman of the Executive Board and CFOO



Kurt Dobitsch

Chairman of the Supervisory Board



*Landtag Brandenburg, Potsdam, Germany
Engineering Office: Graner + Partner, realized with NEVARIS*



“The construction industry is facing new challenges: Building projects are becoming more complex and global, and design and construction times are becoming shorter; companies have to turn to new technologies. In this context, BIM is gaining in importance. It is only possible to rise to these new challenges if, in addition to ‘classic’ 3D design, other dimensions such as building times and costs are considered. Nemetschek provides the perfect answer with NEVARIS, the new BIM 5D solution.”

HELMUT HOUDEK, AUER

GROUP MANAGEMENT REPORT

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GROUP MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2014

1 BASIC INFORMATION ON THE GROUP

1.1 BUSINESS MODEL OF THE GROUP

LEGAL STRUCTURE

5D: Time and cost
added to 3D model

The Nemetschek Group is a leading global software provider for the AEC industry (Architecture, Engineering, Construction) and, as a BIM 5D provider, offers an innovative and comprehensive solution portfolio for the integrated planning of 3D models combined with a professional time and cost planning system. From more than 50 locations worldwide and with its 13 independent brands, the Nemetschek Group serves around 1.8 million users in 142 countries. With its software solutions, the company, which was founded in 1963 by Prof. Georg Nemetschek, addresses all those involved in construction and covers the complete life cycle of buildings, from planning and visualization to the actual construction process through to utilization, management and modernization.

The Nemetschek AG, with its headquarters in Munich, undertakes, as the holding company, the central functions in the areas of corporate finance and controlling, investor relations and corporate communication, business development and strategic corporate planning, human resources, risk management as well as corporate audit and compliance.

The holding comprises the four segments of Design, Build, Manage and Media & Entertainment, to which 13 brands are allocated in total. The 13 brands appear as independently operating entities in the market. The managing directors of the operating subsidiaries act largely independently with a high degree of autonomy. As a result, the brands can react quickly to customer demands, market developments and changing conditions. Despite the independence of the brands, high management efficiency is guaranteed through continual reporting to the holding company and a constant dialogue. This holding structure offers Nemetschek a very good prerequisite for successfully structuring the future development of the company.

The complete overview of the legal corporate structure is listed in the notes to the financial statements.

BUSINESS ACTIVITIES

The 13 brands, under the umbrella of the Nemetschek Group, provide solutions for architects and design offices, structural designers, civil and specialist engineers through to software for schedule and cost planning, tenders, awarding and invoicing of contracts, and execution of building work. Additionally, there are solutions for technical and commercial property management as well as visualization software for architecture, film, animation and advertising.

The wide range of graphic, analytical and commercial solutions accompanies building projects along their complete life cycle: From the planning and visualization of a building, the tendering and contracting of the building process with time and cost planning, through to administration, controlling and management.

Digital linking of all
relevant building data
with BIM

The central topic in the planning and construction process of buildings is the so-called Building Information Modeling (BIM) and the trend to 5D. With the Building Information Modeling (BIM) all relevant building data is digitally recorded and cross-linked. A virtual, three-dimensional building model arises. Time and cost are already added as the fourth and fifth dimensions in the simulation. BIM 5D enables an optimum cooperation of all those involved in the project over the whole life cycle of a property. Thus, particularly in realising complex, large projects, cost and efficiency advantages are possible and risks can be detected before these escalate as problems. In the five-dimensional future, building is first visual and then a reality.

The Nemetschek Group was always concerned with providing the best possible solutions in order to master the challenges in the building process. As the pioneer of the BIM idea the Nemetschek Group has already followed this holistic approach for over 30 years. Nemetschek adopts an open approach (Open BIM). The open standard enables

each Open BIM software from the Nemetschek Group to communicate with every other software, even with software from competitors, via open data and communications interfaces. Thus, the seamless transition of all information relevant to the building is practically enabled throughout all levels of the origin and the operation of buildings.

The Nemetschek Group's interconnected BIM software solutions for all five dimensions simplify the cooperation between all those involved in the building process. The project work is then faster, cheaper and more efficient. Errors are reduced. Thus, the Nemetschek Group is paving the foundation for an integrated, open 5D planning and realization process in the AEC sector.

BUSINESS SEGMENTS

The Nemetschek Group structures its activities into the four segments: Design, Build, Manage and Media & Entertainment. The 13 brands under the umbrella of the Nemetschek Group are allocated to these four segments.

DESIGN

Nemetschek's software solutions are conceived traditionally for the building industry and are oriented to the specific needs and the working methods of architects, engineers of all types, structural designers, in-house technicians as well as for technical and landscape planners. With intelligent solutions, customers of the Nemetschek Group can, with attention to detail, successfully and creatively realize each exercise with maximum precision and accuracy from the earliest planning and design phase through to the works and execution planning. The portfolio comprises in particular BIM oriented solutions for Computer Aided Design (CAD) and Computer Aided Engineering (CAE), which set worldwide standards in the 2D and 3D design and visualization of buildings.

Tailor-made orientation to the requirements of the building sector

The following brand companies are allocated to the Design segment: Allplan, Graphisoft, Vectorworks, Data Design System, Scia, Frilo Software, Glaser and Nemetschek Engineering.

Allplan, headquartered in Germany is known in the AEC sector as a competent software partner for architects, civil engineers, property developers, building companies and facility managers. The core product Allplan offers flexible and efficient tools for seamless planning, visualization and realization of visionary architecture, innovative engineering projects within building construction and civil engineering as well as formwork and reinforcement planning. The software covers all application levels of a BIM-oriented CAD and CAE system: from the simple 2D designs to complex 3D models including quantity and cost determination. Since 2014 Allplan has belonged to the in-house developed bim+ cloud technology and the BIM server. This platform forms the basis for future developments through which Allplan users will benefit even more from the advantages of the BIM working method. Furthermore, with its software Allplan Allfa, Allplan offers a comprehensive CAFM software (Computer Aided Facility Management) for efficient facility management. The Allplan software family thus enables all those involved in the whole development process of buildings to optimise the quality, cost and time. Allplan has numerous locations in Europe. The software, which is available in 19 languages, is mainly sold on the European market.

The European company **Graphisoft** is one of the world's leading manufacturers of architecture software. With ArchiCAD, the first model-oriented 3D software for architects, Graphisoft changed the working methods of architects and became the forerunner of BIM. The BIM solutions enable a high degree of design freedom and guarantee a smooth and efficient work flow through all planning phases of a building project. The solutions portfolio also includes BIM-cloud and BIM server products, which introduce a paradigm shift for the joint planning in the project team. Thus, teams of any size can work together on projects of any scope in real time, independent of location. Furthermore, with BIMx Graphisoft offers an innovative and interactive presentation tool that is also suitable for the use of mobile end devices. In addition to its head office in Budapest Graphisoft now has eleven branches worldwide. The solutions, which are available in 25 languages, are sold around the globe in over 100 countries.

The American company **Vectorworks** develops and sells CAD and BIM solutions for drafting and execution planning and offers a broad spectrum of specific industry solutions for architects, interior designers, landscape planners, product designers as well as for lighting, stage design and event planners. The specific sector solutions of Vectorworks for Design, Architecture, Country and interior design have been specifically developed and tailored to these professional groups. Vectorworks is the most used CAD program on the Apple Macintosh in the world and is one of the leading programs for Windows. With Vectorworks Cloud Services users can additionally centrally save, share, call up and process data from any place – whether from the office or whilst travelling. Customers include large design offices

as well as small trade businesses. With its flexible and intuitive solutions, the company counts as one of the leading suppliers worldwide in the field of 3D design technology. Today, designers and planners in over 85 countries work with Vectorworks technology.

In addition to the Allplan construction engineering product line, Data Design Systems, Scia, Frilo Software, Glaser and Nemetschek engineering are also part of the focus on construction engineering. Solutions are offered for all areas of construction engineering for BIM, CAD, structural analysis, logistics and project management – from easy-to-learn starter products through to high-end solutions.

Data Design System (DDS), located in Norway, develops innovative CAD software solutions for the intelligent planning of technical building equipment (TBE). Leading with regard to innovation and functionality, DDS offers solutions for the technical areas of electrical engineering, sanitary engineering, heating, ventilation and climate control technology as well as for photovoltaic systems. Furthermore, DDS develops and sells special software for the architecture and construction of wooden frame prefabricated houses in the Scandinavian building style. All DDS-CAD products support the Open BIM planning method. In addition to design offices and trade businesses DDS's customers include industrial companies and facility administration companies. With branches in Germany, Austria and in the Netherlands, DDS mainly sells its solutions on the European market.

Scia, located in Belgium, is one of the leading global developers of software for industrial engineering, plant construction and civil engineering, for aluminium and steel construction as well as for the prefabricated concrete sector which supports the Open-BIM process. The solutions portfolio comprises, above all, structural design, CAD engineering and interoperability solutions. With the high performance software solutions, the company supports its customers in designing and manufacturing all types of constructions – from complex buildings to bridges and infrastructure through to challenging industrial buildings and energy plants. Scia is also represented successfully beyond Europe. The software, translated in 8 languages, is sold worldwide in over 50 countries and is adjusted to the relevant building norms.

Frilo Software is one of the leading suppliers of calculation programs for structural construction tasks and structural engineering. With over 80 statistic programs Frilo Software covers a large area of statistical calculations in practice. Intuitive operation, quick results and constant alignment to current norms are decisive for the success of customers. Frilo Software prioritises just this and offers solutions which are state of the art and are focused on the needs of the customers. With functionality oriented towards the practical requirements of the daily routine of the engineer, the software is predominantly used in the German speaking world. Furthermore, an English language version for international use is being made available.

GLASER -isb cad- is a leading producer of CAD building software for constructive engineering and the building supplies industry. Civil engineers, architects, draughtsmen and design engineers value the solutions of GLASER based on their simple, quick to learn and, above all, practice-oriented operating philosophy. Their fields of application extend to formwork and reinforcement planning as well as to steel and wood building. In addition to the DACH region Glaser also aims at markets such as Italy, Russia and the Czech Republic.

Nemetschek Engineering develops and markets software for the prefabricated concrete industry. The advantages of the prefabricated production – such as quality, improved ability to plan during the building process and cost efficiency – are leading to the increased use of prefabricated concrete parts in several areas in the world.

Nemetschek Engineering's solutions offer a highly efficient and highly-automated planning for prefabricated parts – from the serial production to complete architectural elements and special parts. In the DACH region where prefabrication plants have been highly automated for years, the Nemetschek planning solutions are leading the way. With branches in Singapore and Shanghai these solutions are, however, also sold successfully beyond Europe.

BUILD

In the Build segment the Nemetschek Group offers commercial and technical software solutions for all phases of building planning and implementation. The solutions portfolio comprises cost and performance accounting, volume determination, deadline planning as well as solutions for tender, assignment and invoicing (TAI) of construction work. Additionally, PDF-based workflow solutions for digital working processes and collaboration are offered.

The transition from the planning to the construction phase is seamless here, based on own and third party 3D/CAD files. Thus, the customers receive concrete and valid measurement and volume information for the reliable implementation, cost and time planning for quite simple or highly complex building projects. As a result, the interests of the planners are reconciled with the needs of the implementers and users. Through the Nemetschek solutions portfolio, existing 3D models can already today be supplemented by the dimensions time (4D) and costs (5D). On the realization of complex projects, costs and efficiency benefits of up to 25 percent can be achieved in this way. The companies Nemetschek Bausoftware and the Austrian company Auer belong to the business segment Build. Since its acquisition on October 31, 2014, Bluebeam Software, Inc. has been allocated to the Build segment.

Nemetschek Bausoftware offers software solutions for the building sector. With its programs Building for Windows and Building financials, construction companies of all sizes in Germany, Austria and in Switzerland are addressed with primarily commercial but also technical industry solutions. Its core products are integrated solutions, modularly established for the main and secondary construction industries. The customers from civil engineering and road construction, special, plant and turnkey construction receive optimal support in all areas – in obtaining contracts, in CRM, calculation, preparing offers, invoicing, financial accounting, cost accounting, controlling, material and equipment administration, surveying and payroll accounting. Special solutions for document management, as well as invoicing for transport, concrete and for gravel supplement the range. The company has a strong position in Germany and is the leader among the target group of larger medium-sized construction companies in Switzerland.

With its headquarters in Austria, **Auer** develops and sells commercial and technical software solutions for construction, which is now available in 15 languages. Under the development management of Auer, together with Nemetschek Bausoftware and Nemetschek Allplan, the continuous process oriented TAI and building software NEVARIS was developed. In combination with established 3D-CAD-Software, NEVARIS enables the preparation of an intelligent building model. The areas of 3D modeling, planning (TAI) and building technology solutions (calculation, invoicing, controlling) are united in just one piece of software. Thus, the cost reliable, punctual processing of building measures are guaranteed. The perfect interaction of the NEVARIS product family leads to a comprehensive BIM-5D solution of the highest quality. As a piece of software of the newest generation NEVARIS also supports use in the Cloud. The data filed in the cloud can be accessed from everywhere and at any time, even via mobile end devices. NEVARIS is offered as an on-premise and as a software-as-a-service solution.

The American **Bluebeam Software, Inc.**, has newly joined the Build segment, which was consolidated for the first time on October 31, 2014. Bluebeam develops PDF based workflow and collaboration solutions which enable sectors that are document intensive to work more effectively. According to internal calculations the use of Bluebeam solutions increases productivity by 60 %, reduces the costs for paper and allocation by up to 85 % and leads to a time saving of 40 %. Through the provision of digital and paperless working processes, the platform technology “Bluebeam Revu” substantially improves the collaboration of all those involved in the building. Today, the award-winning PDF preparation, mark-up and processing solutions are used by over 650,000 users worldwide. According to the consultancy company Deloitte's study “Deloitte's Technology Fast 500”, Bluebeam counts as one of the 500 strongest growing north American companies from the areas of technology, media, telecommunication, life science and environmentally friendly technologies. According to the industry ranking of the sector magazine Engineering News-Record, more than 74 % of the top US companies are in the construction industry. Furthermore, Bluebeam increasingly addresses a large market potential of companies from the areas of oil and gas supply, from manufacturing as well as authorities.

With this acquisition the Nemetschek Group not only extends its offer of solutions strategically but also strengthens its international market presence, above all in North America. At the same time, through Bluebeam, additional customer potential is tapped for the strong CAD brands from the Plan segment. Bluebeam will, on the other hand, benefit from the stronger presence of Nemetschek in Europe and Asia.

Bluebeam expands range of solutions from the Nemetschek Group in the Build segment

The company fits perfectly to the strategy of the Nemetschek Group, to cover solutions along the complete life cycle in the AEC industry and to the obligation of open standards in the building process. All Nemetschek Group solutions can be integrated into the workflow of Bluebeam using the simple PDF conversion.

MANAGE

Today, property administrators are dependent on commercial and technical solutions for the management of their properties in order to meet increasing requirements. The solutions help to bridge the gap between cost pressure on the one hand and increasingly demanding users and owners on the other hand. An important customer benefit arises from the fast implementation of the current changes to the law and elaborate and intelligent reporting.

The focus in the Manage segment is on the IT solutions for the administration of complex commercial properties. Additionally, Nemetschek offers software solutions for the management of housing associations and large property management as well as comprehensive solutions for the Computer Aided Facility Management (CAFM).

Crem Solutions belongs to the Manage segment – Crem stands for “Corporate Real Estate Management”. Crem Solutions is a leading German supplier of software solutions for commercial and technical property management. The core product iX house offers flexible and efficient instruments to administer property and covers the exact range of modern commercial property management. Currently Crem Solutions is used by companies from all areas of the administration of properties, from smaller administrators via widely diversified property and asset managers through to well-known capital and funding companies, as well as globally operating property companies.

MEDIA & ENTERTAINMENT

Architects, designers and, in particular the entertainment and media industry use the solutions from the Media & Entertainment segment in order to develop virtual buildings from plans, to create “tangible” items from outline drawings and to create perfect illusions. Maxon Computer belongs to the Media & Entertainment segment.

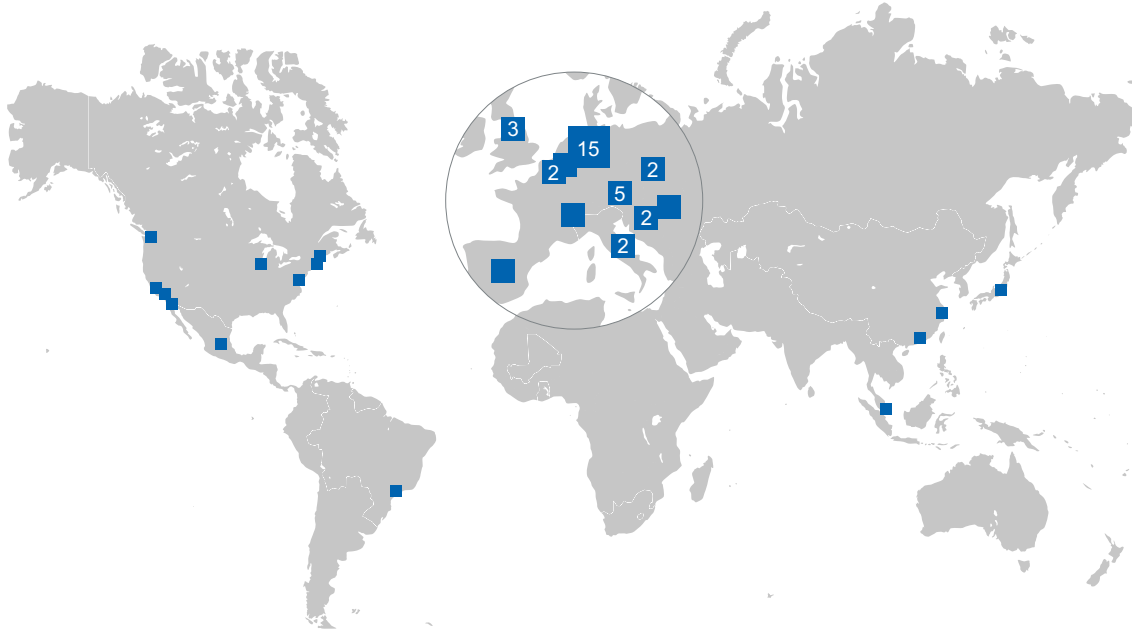
Maxon develops solutions for 3D modeling, painting, animation and rendering

Maxon's solutions for professional 3D modeling, painting, animation and rendering have won several awards. They are used in film and television productions, in advertising and creating complex computer games as well as in the visualization of architecture, medicine, product design or information graphics. The company has developed into one of the world's leading producer in the 3D graphics area. Its original field of activity was the production of technical computer journals and the development of hardware and software. Over time its field of activity has shifted to pure software production with a specialization in 3D graphic applications. Its main products are the software family around Cinema 4D, the leading animation system for the media production as well as body paint 3D, the revolutionary 3D painting program. The products are characterized by their high working speed, absolute reliability and use of pioneering technologies.

Thanks to diverse areas of application and the resulting heterogeneous customer structure, the Media & Entertainment segment is relatively independent of industries and country borders. The software solutions are distributed via 150 sales partners in more than 80 countries worldwide. The company, located in Germany, maintains branches and representations in the USA, Great Britain, France, Japan and Singapore.

MAIN LOCATIONS

The Nemetschek Group has its headquarters in Munich and is represented with its 13 brands at more than 50 locations worldwide. The Nemetschek Group solutions are sold around the globe.



SIGNIFICANT SALES MARKETS AND COMPETITIVE POSITION

The complete AEC sector has consolidated increasingly over the past few decades. Nemetschek was actively involved in this process through acquisitions. Today, there are few globally operative suppliers like the Nemetschek Group. It is faced with a multitude of smaller, locally active companies. Competition occurs in extremely heterogeneous markets, which are characterized by numerous disciplines participating in the building process, various philosophies and different regional requirements and standards.

Unlike other large competitors in the market, with its software solutions the Nemetschek Group concentrates almost exclusively on the AEC market. In all four segments that the Nemetschek group is active in it is in competition with different companies. In its target markets in the Plan segment, which accounts for about 80.2 % of sales, the Nemetschek Group is market leader in Europe and number two worldwide. In other segments there are several local and international competitors.

The strong specialized brands in the Nemetschek Group understand that their solutions should be aligned to the needs of the customers and that they need to react quickly to market changes. Each brand is constantly working on improvements which are incorporated in the annually published releases of the individual software solutions. To meet the wide range of customer needs, the Nemetschek Group thus offers a broad range of solutions that are tailored to the special working requirements and local guidelines and norms. The direct proximity to the customers and the transformation of customer requirements into the solutions are part of the Group's philosophy.

Strong brands provide solutions for customer needs

Regionally the Nemetschek Group has its roots in Europe. In the DACH region in particular Nemetschek has a strong base and enjoys sustainable growth. Meanwhile, however, around 46 % of revenues are generated outside of the DACH region. North and South America, with a focus on Brazil and Mexico, and Asia, including in particular Japan, count above all as the growth markets of the future for Nemetschek. In Japan Nemetschek currently holds a leading position with its BIM software solutions. The worldwide structure is reinforced by numerous branches. The Nemetschek Group is, among other locations, represented with its own offices in Brazil, Mexico, Japan, China and Singapore. The brand companies have their own distribution which is organized worldwide via their own sales teams. Additionally, the brands cooperate with distribution partners and retailers who exclusively sell brand solutions globally.



“As the company that pioneered the 'Virtual Building' concept in 1984 – known today as BIM – Graphisoft takes its role as an innovator very seriously. Our mission is to serve our clients better by developing solutions and services that will make BIM common practice in the design and construction of buildings.”

VIKTOR VÁRKONYI, GRAPHISOFT



*National Arboretum, Canberra, Australia
Architecture Office: Tonkin Zulaikha Greer
Architects, realized with ArchiCAD*

1.2 CORPORATE MANAGEMENT AND CONTROL

Nemetschek AG, with its registered office in Munich, acts as a strategic holding company. It holds majority shares in nationally and internationally operating brand companies which act with a high degree of autonomy in their relevant markets. The operational and strategic management of the Group is performed via the four segments of Design, Build, Manage and Media & Entertainment. The secret of the success of the 13 brands lies in the relationship of group membership and synergies on the one hand, and flexibility and independence on the other.

The corporate management of the group is based on the group strategy jointly approved by the executive and supervisory boards. This covers the strategic positioning of the Nemetschek Group and its solutions portfolio in the global sales markets, as well as its concrete, medium-term revenue and income projections. Corporate management is performed at the level of reportable segments. The group specifications and annual targets for the brand companies and their subsidiaries are derived from the strategic objectives. In the annual planning process at profit center level, these company targets are agreed with the brand companies, are substantiated by them and are assigned individual quantitative and qualitative targets for marketing, sales and development. The reconciliation of annual planning, individual targets and medium-term planning is performed in agreement with the general managers of the relevant brands and with the executive and supervisory boards.

During the year, the group targets are monitored on the basis of a group-wide management information system with detailed reporting of the key performance indicators for revenue, growth, earnings and risk. The central controlling indicators for the Nemetschek Group are revenues and growth as well as the operating result (EBITDA) per segment. Non-financial performance indicators as control measures do not exist at holding level. Non-financial performance indicators, such as customer satisfaction, for example are measured at brand level. The measurement of customer satisfaction occurs at brand level through external surveys, feedback via direct sales, selling or reselling partners or via service. The results of the customer satisfaction survey represent an important source of information for future solutions, product improvements, marketing and selling activities.

The strategic and operative corporate management is performed by the executive board. Discussions on business development and expected to actual comparisons of the individual brand companies are performed regularly with the relevant management. Furthermore, there are regular cross-company reconciliation processes in all functional areas of the holding company.

1.3 OBJECTIVES AND STRATEGY

Nemetschek follows a firm growth strategy and focuses on the AEC industry and media and entertainment markets worldwide. The brand companies are constantly working on further expanding the strategic direction chosen and the related successful development with regard to growth, profitability and market leadership.

The major growth drivers are internationalization, innovations and new strategic growth fields which result from technological trends. Furthermore, Nemetschek builds on non-organic growth through intelligent and value-adding acquisitions. The growth strategy is aimed at growing organically quicker than the market average and to accelerate this growth through acquisitions. For acquisition projects the focus is on growth along the life cycle in the AEC market, the rounding off of the product portfolio and on internationalization.

Non-organic growth
through intelligent
acquisitions

INTERNATIONALIZATION

The globally represented Nemetschek Group follows a global growth strategy. Over the past few years it has constantly extended its market position, above all in the USA and Asia and, at the same time, reinforced and expanded its position in existing sales markets. In total 60.2% of revenues are now generated outside of Germany. This enables the perception of additional regional growth opportunities and leads to a better allocation of risks. The global distribution network, consisting of in-house selling, in particular in the core markets, as well as distributors and resellers, ensures close proximity to customers in all markets. The constant expansion of a worldwide service and sales business is a central concern and an important growth driver for the next years.

INNOVATIONS – ADDRESSING TECHNOLOGICAL TRENDS

The Nemetschek Group addresses technological trends, such as Building Information Modeling (BIM), five-dimensional building, collaboration, mobile solutions and cloud computing, with future-looking solutions. These trends and the progressing digitalization will strongly change industry and customer demands and influence future growth. Transparency, costs, the increasing complexity of projects and comprehensive project management are topics that the building sector has to deal with. Software for architecture, engineering and construction as well as the administration of buildings contributes decisively to mastering these requirements.

The success of the Nemetschek Group is based on innovations. The brand companies follow this philosophy. With their solutions they set new benchmarks in the AEC and media and entertainment markets and establish standards. The Nemetschek Group is constantly working on being a reliable and sought after partner for customers and on developing tailor-made solutions for them. The feedback from customers is thus significant for the further development of solutions. High customer satisfaction forms a decisive basis for a successful and sustainable corporate development.

The Nemetschek Group is the pioneer and brand owner of Open BIM and one of the first providers overall capable of serving all five dimensions in the building process from one source. Five-dimensional building is attainable with the help of Nemetschek solutions. Nemetschek is, however, also an important trendsetter and opinion leader and, with the help of its solutions, it contributes to changing the working methods of the sector. The ultimate objective is to make the most appropriate and best possible tools available to customers for their projects in order that they can master the challenges with regard to design, costs, time and quality in the best possible way. This should also be ensured for the future. Around a quarter of the revenues generated therefore flow into research, and thus into new and further development of the solutions portfolio. Further information on innovation activity can be found in the section “Research and development”.

ACQUISITIONS

Rounding off and expansion of the solutions portfolio through new trends

With regard to its size, long-term growth perspective, continuing technological changes and strong positioning of the brands, the AEC market is attractive for the Nemetschek Group. This basic situation coupled with the solid balance sheet structure of the Nemetschek Group opens acquisition possibilities in order to generate further growth. Here the Nemetschek Group focuses on growth along the lifecycle in the AEC industry (horizontal expansion) and along end customer segments such as, for example, infrastructure or town planning (vertical expansion). Further areas of priority are the rounding off of the solutions portfolio and expansion through new trends such as cloud, collaboration or mobile solutions and the internationalization of business activities. There are basically three types of acquisition possible. Firstly, directly under the umbrella of the Nemetschek Group; the prerequisite here is that the target companies are of a certain size and generate final consumer revenues of at least EUR 10 million. Since the more brands there are under the Nemetschek Group umbrella, the more complex management is. Further parameters are strong management, technological competence, international orientation and profitability. Secondly, the brand companies can directly acquire interesting target companies to the extent that the framework conditions such as the expansion of technology, sales and a healthy financial structure are available. Thirdly, the Nemetschek Group can invest in innovative and young companies – so-called incubators – in order to position itself early within a future topic such as 5D or Cloud. In this way the Nemetschek Group pools its many years of experience in the BIM market with new innovative ideas and principles.

Nemetschek leaves the core of any given acquired companies as it is – independent and with its own identity – but accompanies it in topics such as technological synergies or distribution concepts.

The Nemetschek Group is thus highly attractive as a strategic purchaser for potential companies. In addition to the solid financial situation, the holding structure with its own brands is perceived as very positive by potential target companies. Through a sale the founders thus have the possibility of their company becoming part of a strong group, at the same time however, the requirements are created to maintain the company and to develop it independently.

With a view to the stable cash flows and the high net liquidity, the Nemetschek Group is well positioned to secure external funds, also in the future, at very attractive conditions for larger acquisitions.

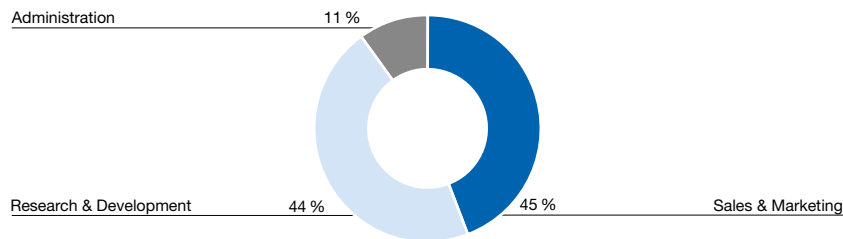
Through investments in research and development, through strategically intelligent acquisitions, through global partnerships and sector-wide commitment the Nemetschek Group will defend and further expand its place at the technological peak of the AEC sector.

1.4 EMPLOYEES

As of December 31, 2014, the Nemetschek Group employed 1,561 staff worldwide (previous year: 1,356); this does not include employees on parental leave, freelancers and those on long-term sick leave. The total number at the end of the year includes 160 employees who joined from the acquisition of Bluebeam Software, Inc. as at October 31, 2014. At 65 % the majority of employees were employed outside of Germany (previous year: 62 %). The personnel expenses climbed in the year 2014 absolutely by EUR 15.9 million to EUR 94.5 million which represents a personnel expense ratio (personnel expense to revenue) of 43.3 % (previous year: 42.3 %).

The Nemetschek Group employed an annual average of 1,387 staff worldwide (previous year: 1,264). In terms of activities the focus is on two clear areas: Research and development and sales and marketing. The average number of staff employed in the area of research and development in the year 2014 amounted to 605 (previous year: 575). On average 631 employees (previous year: 556) worked in sales, marketing and hotline and 152 employees (previous year: 133) in administration – including 18 trainees (previous year: EUR 16). Trainees primarily work in the commercial departments as well as in IT and development areas. The Nemetschek Group attaches great importance on taking on trainees after they have gained their qualification.

PERSONNEL STRUCTURE



Nemetschek employs almost only staff with a vocational or higher education qualification. Numerous employees are architects and engineers, which demonstrates the company's strong roots in the AEC industry. Women play an increasing role in technical and management positions; the proportion of women measured against the total number of employees in 2014 was at least 30 %. In selecting the appropriate candidates for management positions the company makes a point of a balanced occupation of positions, where possible, with male and female applicants.

Women play an increasing role in top management positions

All employees receive appropriate remuneration. Depending on the location and size of the company, various special benefits are also offered such as, for example, a company car or subsidies for canteen meals. In most companies there is also a performance-related remuneration, which is crucial to high employee motivation. The development of revenues and earnings of the relevant company, as well as the achievement of personal targets, are usually the criteria for measuring this. Managers and sales employees are primarily measured based on the overall success of the relevant subsidiary, whereas the variable remuneration for the other employees depends on the achievement of individual or team targets.

1.5 RESEARCH AND DEVELOPMENT

The Nemetschek Group is a leading provider of software solutions for the digitalization of building processes and a pioneer with regard to innovation. Nemetschek's objective is to gradually expand its portfolio of solutions and to constantly improve those solutions already present in the market and to implement innovations in the market.

Innovative products are the basis for the success of the Group. Approximately one quarter of the revenues generated therefore flow regularly into product and process innovations. The high importance of research and development is also highlighted by the fact that the majority of the employees work in this area. On average for the year in 2014 in research and development the Nemetschek Group employed 605 staff (previous year: 575). That is around 44 % of the total number of employees (previous year: 45 %).

The focus of the development activities is on the releases of the individual software solutions of the relevant brands published annually. Close cooperation with customers is unavoidable with a view to the continued development of solutions, in order to commit customers and to be able to meet their requirements. In addition to the release for the 30-year anniversary of Allplan – the Allplan 30 Year Edition – all other brands also brought out new releases onto the market. The three large 3D-CAD brands Graphisoft, Vectorworks and Allplan integrated the Cinema 4D Rendering Engine in their solutions as joint development work with Maxon. In this way photo-realistic renderings are possible directly from their CAD solution. The seamless data export of the CAD solutions in Cinema 4D allows planners to present their drafts with the help of high-end animation and demanding visualizations.

The adjustment of national norms is a decisive topic for the internationalization. Scia, for example, issued the local version of its structural software in 2014, including the newest version of the Brazilian design codes for steel and concrete. In the same release the norms necessary for the USA were also integrated.

With regard to topics like Open BIM, 5D, Cloud, software-as-a-service (SaaS), collaboration or mobile application possibilities, Nemetschek is working on new tailor-made solutions.

As a pioneer of Building Information Modeling, Nemetschek is counting on Open BIM as the basis for cooperations between manufacturers independent of software. Open BIM is the future of building and for Nemetschek part of the comprehensive brand Group strategy. Thus, today Nemetschek is already the leading provider of Open BIM solutions with, for example, Allplan, ArchiCAD and Vectorworks. Together with partners, and also as part of global Building-SMART initiative, Nemetschek is intensively committed to the continued development and implementation of the appropriate standards, in particular of the Industry-Foundation-Classes (IFC). IFC is a manufacturer-independent and freely-available data exchange format that has proved particularly powerful for the exchange of 3D building-oriented planning data in the construction industry – regardless of which software the other project partners use. The brand companies are constantly working on improving, testing and certifying their data connections for the seamless exchange with other open BIM solutions. Furthermore, the brand companies are working on the development of collaborative additional functions – for example in order to follow which project participant received, read and potentially changed or approved which detailed information and when.

Cloud computing,
mobility and flexible
use will grow strongly
in the future

Reputable research institutes such as Gartner und Forrester Research deal with Cloud computing solutions, the topic of mobility and flexible forms of use will experience strong growth in the future. Competitive building software providers will therefore be required to serve these customer needs. It is important here to attach the utmost attention to the topic of data security. The support of software on mobile end devices which are independent of platform is subsequently an obligation for a new software product.

In the **Design** segment the brands have long since adopted to these trends and constantly create innovations – from Apps to mobile solutions through to Cloud infrastructure. Thus, Vectorworks has further developed its cloud service and the App "Nomad". Plans can be observed at all layout levels, be commented on, routes measured and changes transferred automatically to further devices. Storage capacities were extended and processing times shortened. Furthermore, Graphisoft has continued to develop the innovative presentation tool BIMx to a new level. With the new

BIMx Docs App the customer has substantially extended possibilities for mobile project presentation. Additionally, customers have the possibility for the first time of using BIMx Docs linked to projects with a more flexible usage fee. The BIMcloud by Graphisoft, which was presented in March 2014 is a full-scope BIM collaboration platform which enables teams of any size to work together in real time.

Furthermore, Allplan and bim+ will in future join forces to promote Building Information Modeling (BIM). For this reason, Allplan purchased the bim+ Cloud technologies including the BIM-Server at the beginning of 2014. This platform forms the basis for future developments through which Allplan users will benefit even more from the advantages of the BIM working method. Allplan will continue to operate, develop and expand the open Cloud technologies.

Open cloud
technology is
developed and
expanded

In the **Build** segment under the management of Auer together with Nemetschek Bausoftware and Allplan, the integrated process-oriented TAI and building software Nevaris were developed. Nevaris is based on the most modern technology and is also useable on a mobile basis. It is offered both as a desktop solution (on-premise) as well as a software as a service solution (SaaS). Additionally, Nevaris works with the Cloud and offers a high degree of data protection. Cloud use can be performed in two ways. If the customer already uses a cloud provider (private cloud) for his company, then he can use NEVARIS in this cloud. However, the customer himself does not want to have in place the necessary cloud infrastructure and would like to use the Microsoft Azure based cloud solution provided by Nemetschek, then this will be available from the third quarter 2015 (public cloud). Furthermore, from Spring 2015 an App will be available for NEVARIS with which the text and photos for minutes of meetings will be recordable on a mobile basis. Through the use of the text recognition functions from current mobile devices the user can already, on inspecting the construction site, record recognized building damages in text and by photo and, subsequently, prepare a record of defects from this.

With the majority acquisition of the BIM specialist hartmann technologies Auer is also working on the integration of the hartmann product family "ice BIM" in the internal group TAI and building software NEVARIS. "ice BIM" here-by supplements NEVARIS perfectly with the increasingly important areas of building modeling oriented cost and quantity determination and will be developed further to a fully-fledged BIM-5D software solution.

In the **Media & Entertainment** segment Maxon together with Allplan and a leading print company have adopted the trend to 3D-print. The pure CAD data is not printable without processing and Cinema 4D from Maxon is an ideal tool to perform the necessary modifications to the models and to prepare readable file formats for 3D printers. Initially a virtual building model is made available in Allplan. Then the Allplan Model in Cinema 4D is prepared such that it can be printed, including material-specific textures as a 3D model. Stability and reliable data exchange between Allplan and Cinema 4D ensure swift working processes and first-class results. A future topic that is developed and addressed further.

In developing new products and continuing the development of trusted solutions mostly internal group resources were utilized and third-party services only used to a limited extent. The Nemetschek Group has, additionally, set itself the objective of following the investments in research and development better and of measuring and monitoring the share in further developments and innovations.

In the fiscal year 2014 the Nemetschek Group invested EUR 55.3 million across the group in research and development (previous year: EUR 47.4 million). This represents as in the previous year around 25 % of Group revenue. The previous year contains primarily for the development of Nevaris own work capitalized of EUR 1.7 million. In 2014 there were no further items of own work capitalized.

1.6 SUSTAINABLE AND RESPONSIBLE BEHAVIOR

Sustainable economy is the basic prerequisite for long-term success. Sustainability means preparing the company to be secure in the future and to create conditions for a successful future. The Nemetschek Group has established itself as a leading worldwide software company and provides its customers with innovative software solutions for the life cycle of buildings in the AEC industry and in the media industry. Simultaneously, Nemetschek adopts social and ecological responsibility. Here the focus is on three aspects: The environment, employees and society.

ENVIRONMENT

The Nemetschek Group is constantly working on linking innovation and commercial success with the highest quality expectations and careful treatment of resources and the environment. The building sector plays a significant role in the discussion on the global climate change the building sector. The submission of an energy pass on renting or selling a building is now obligatory in Europe. Any additional costs for energy efficient design and building are usually amortized within a few years. Against this background the pressure on the designers has intensified. Building owners today expect more than just a good design – they want to know what effects the planning will have on future energy consumption and place value on using environmentally friendly materials. It is not “only” the aesthetic and functional requirements of a building have to be implemented, it is even more important to harmonize these criteria with a positive ecological assessment of a building. Energy efficiency, the absence of pollutants and the recycling capability of building materials play a significant role in the planning process. That is a challenge, above all, for architects, engineers or in-house technicians.

Nemetschek supports customers in planning energy-efficient buildings

With the software solutions of the Nemetschek Group the philosophy of sustainability is maintained and efficient and environmentally friendly building encouraged, that is the careful use of scarce resources is enabled. The solution portfolio of Nemetschek supports architects and engineers in designing energy-efficient buildings and in minimizing material consumption. Almost all brands under the umbrella of the Nemetschek Group have the appropriate solutions in their solutions portfolio. ArchiCAD from Graphisoft, for example, has an integrated energy assessment with which the architects can perform a reliable and dynamic assessment of the energy requirement of the building model in order to decisively optimize the energy behaviour of their designs. Allplan also focuses on energy-efficient building and refurbishing. With the optionally available energy pass module, energy and ecology assessments of buildings can be performed from the Allplan model. Furthermore, Vectorworks offers an independent simulation and analysis tool for determining the thermal energy and thermal balance. Finally, the trend to “just-in-time” implementation of precisely manufactured prefabricated concrete units also serves the environment. As a result of this, the use of materials and transport to the building site are reduced. The Allplan Precast solution enables the comprehensive planning of the relevant processes in the prefabrication plants – through to the logistics at the building site.

The idea of environmental protection also has a high priority internally, for example almost all brand companies use telephone and video conferences in order to reduce business trips to a minimum. Furthermore, innovative training methods such as e-learning and learning videos are used instead of printed manuals and operating instructions which significantly reduce paper consumption. These include, for example, the compliance training. Also, download possibilities from the internet are successively replacing the sending of DVDs – a further component in protecting the environment.

EMPLOYEES AND WORKING ENVIRONMENT

A high degree of motivation and identification of the employees is a core element for the global success of the Nemetschek Group. The company promotes this by creating attractive working conditions and a positive working environment.

The brand companies are also keen to enable their employees to reconcile work and family. This is guaranteed among other things by flexible working time rules. The concrete structure for this varies and is also dependent on regulations specific to the country. The same applies to part-time work, even in the context of parental leave.

Of course, a comprehensive further education program with internal and external training also forms part of the best possible working conditions. The choice of training events ranges from specific technical training to foreign-language and IT courses through to management training and seminars.

As a result of the international orientation, the topic of corporate compliance is increasing in importance. The Nemetschek Group places particular significance on the integrity in their dealings with stakeholders and on good relations with one another within the Nemetschek Group. To this end Nemetschek has defined a “Code of Conduct” – a compass for the behaviour of all employees of the Nemetschek Group worldwide. The relevant principles, which are also visible on the website of Nemetschek Group under “The Company“, are made accessible to the employees as part of special internal training courses.

COMPANY

Nemetschek has its roots in the university environment and has been present there for many decades with its software solutions. The brand companies provide free software licenses and online training materials to students and professors as part of their campus programs. In addition to the core markets in Europe, this is, in the meantime, also applicable for many further markets, above all the USA. Furthermore, Nemetschek also supports university projects on a regular basis and student competitions for promoting young talent in the areas of architecture and engineering are supported.

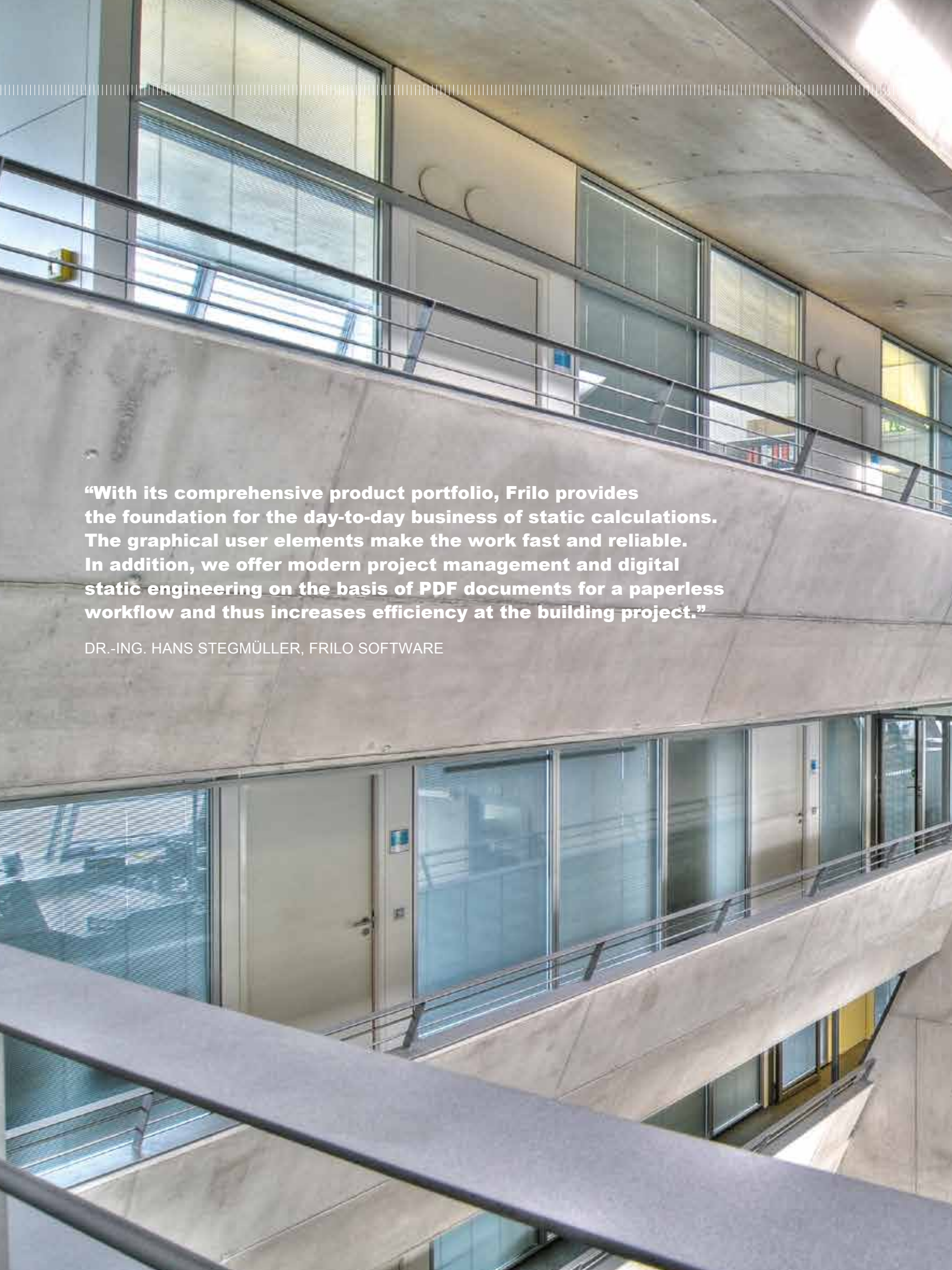
In Germany Allplan grants a student scholarship. It is aimed at graduates of vocational schools who are starting a course of study at a German university or college and who intend to obtain a “Diplom” or “Bachelor” degree in the field of architecture or civil engineering. The scholarship is for EUR 300 per month and is granted for a year. In addition there is close cooperation with universities and colleges. Nemetschek supports as a partner, for example, the Leonhard-Obermeyer-Center of the Technical University Munich, a think tank, in order to launch marketable digital processes for the construction industry. In this way the company promotes the young generation in architecture and engineering and, at the same time, secures itself a high affinity of potential future customers for its own software solutions. For the first time Nemetschek also awarded a doctorate post.

In the area of research diverse projects are supported. Here ArchiCAD training courses are offered in varying channels, either as a component of free workshops for beginners and advanced students or also as lectures which are performed in each semester at numerous technical colleges and universities with regularly held webinars or with a fixed established tutoring programme at many colleges and universities.

The US subsidiary Vectorworks launched, for example, a scholarship in 2014 for which the students of all architectural and design institutions worldwide submit their best work and can win prizes worth USD 10,000 in total. All prize winners are nominated for the Richard Diehl Award, a prize which was named after the founder and now Chairman of Vectorworks. The winner receives a prize of USD 7,000.

Creative young talent is also considered. As sponsor of the new special category computer animation at the German Multimedia Prize mb21, Maxon does a great deal for young talent. This special prize is targeted specially at children from the age of 11, teenagers and young adults. Digital animation that is convincing through its aesthetic, its unusual story or its professionalism is distinguished. Maxon equips the winner with a Cinema 4D Prime software package.

Every two years Allplan and Scia hold a user competition for engineers. The topic of this years' international user competition, which is already being held for the ninth time, is “The Art of Structural Design”. A technical jury nominated from the submission of extraordinary engineer building projects with Allplan, Frilo, Glaser or Scia Bezug, which distinguishes itself through originality, level of difficulty and special prestige. The use of Building Information Modeling (BIM) as an integrated planning method is a material aspect.

A photograph of a modern multi-story office building. The building features concrete balconies with metal railings and large glass windows. The perspective is from an elevated position, looking down at the lower floors. The lighting is bright, suggesting daytime.

“With its comprehensive product portfolio, Frilo provides the foundation for the day-to-day business of static calculations. The graphical user elements make the work fast and reliable. In addition, we offer modern project management and digital static engineering on the basis of PDF documents for a paperless workflow and thus increases efficiency at the building project.”

DR.-ING. HANS STEGMÜLLER, FRILO SOFTWARE

GDF SUEZ Power Station, Zolling, Germany
Engineering Office: **MUCKINGENIEURE**,
realized with Frilo Software



2 ECONOMIC REPORT

2.1 OVERALL CONDITIONS*

In 2014 the cyclical development of the world economy remained below expectations. The main causes were, above all, the weak economy in the eurozone and a rather restrained growth in the emerging countries. The German Council of Economic Experts forecasts in its current report a slightly increased growth in the global gross domestic product (GDP) from 2.6% for 2014 after 2.5% in the year 2013.

The Euro region has suffered a lasting economic downturn but, after a decline in GDP of -0.5% in 2013 has managed in 2014 to increase by 0.8%. The eurozone thus remains behind the other industrial countries, which is partially due to the fact that the deleveraging process of the private sector, in particular domestic households, scarcely made progress. After a good start in 2014, the economy in Germany clearly dampened from the middle of the year which was caused by the geopolitical risks and the unfavourable development in the eurozone. Overall, the GDP was able to grow by 1.2% in Germany in 2014 after only 0.1% in the previous year.

In the USA and in the United Kingdom there was an internal recovery which was predominantly supported by inland demand and had a positive effect on the employment markets. The USA was able to slightly increase its GDP from 2.2% in 2013 to 2.3% in the year 2014, the United Kingdom significantly from 1.7% in 2013 to 3.0% in 2014.

Although the Japanese economy is experiencing a slight upturn, the domestic demand is still fragile and dependent on fiscal political impulses. After a 1.5% increase in 2013 Japan's GDP only achieved slight growth in 2014 of 0.8%.

The emerging countries show subdued growth compared to the previous years. Their GDP grew by 4.6% in 2014 after achieving 5.1% in 2013. In the largest emerging market, China, growth rates declined further during the course of 2014. Overall, GDP managed to increase by 7.4% in 2014 after 7.7% in the previous year. In Brazil growth only reached 0.2% compared to 2.5% in 2013. In individual countries the economic decline was stronger than expected, which was caused by country specific factors, such as, e.g., the crisis in eastern Europe.

CONSTRUCTION SECTOR SITUATION**

The European construction industry recovered in 2014

The European construction sector managed to recover in 2014 after two weaker years. In accordance with the forecast of the industry experts from EuroConstruct the construction volume in Europe showed growth of 1.0% after suffering a decline of 2.7% in 2013. In Germany the situation was more positive overall; after a slight decline of 0.3% construction volume grew again in 2014 by 2.4%. In 2014 further larger growth impulses in Europe were generated from the United Kingdom, Austria, Norway, Hungary, Poland, Sweden, Ireland and Denmark. On the other hand there was a decline in construction volume in the southern countries such as France, Italy, Spain and Portugal.

In addition to Europe, the USA and also South America, including Brazil, are further important sales markets for the Nemetschek Group. In the United States the building investments managed to rise in the first half year of 2014 by 7.8% compared to the previous year according to the experts from Germany Trade & Invest. Similar growth was expected for the whole of 2014. Construction of private housing however, which has been the main motor of the recovery in building since 2012, lost significantly in terms of impetus. On the other hand, commercial construction was able to gain momentum, profiting from a better overall economy.

Towards the end of 2014 the Brazilian construction industry cooled off and will only grow marginally by 0.4% in 2014 according to the professional association Sinduscon-SP. The sector index of the CNI association showed sector activity continuing at levels clearly below normal in November 2014. According to Germany Trade & Invest, the property market is undergoing an alignment phase.

* Source: Annual report 2014/15; German Council of Economic Experts on its appraisal of overall economic development; <http://www.sachverstaendigenrat-wirtschaft.de/index.html>

The Nemetschek Group generates a major portion of its revenue in Asia in Japan. Here, in 2014, the construction industry was not able to continue the good results of the previous year. According to experts from Germany Trade & Invest in 2014 there was a slight decline of 0.5%. This was, however, not unexpected since, in the private housing construction sector, the increase in excise duties meant that many projects had been brought forward to the year 2013.

The performance indicators of the construction sector presented here represent only some of many indications for the development of the Nemetschek Group markets. The AEC sector, which Nemetschek addresses with its software solutions, is currently experiencing very strong changes. Technological trends such as Building Information Modeling (BIM), 5D, collaboration, cloud computing or mobile solutions for tablets and smart phones, as well as the progressing digitalization and networking of all involved in building change work flows and processes from scratch, will substantially influence the growth of the whole sector in the coming years.

With the digitalization of the added value chain in the construction sector, and the use of BIM 5D, political circles in Germany foresee a substantial area for catching up. Abroad, digital building is already partially commonplace. With the passing of the directive for the EU Public Procurement Law, by 2016 all 28 member states of the European Union will be obliged to use BIM in the realization of publicly financed construction and building infrastructure projects.

Germany is also catching up. The driving force for the introduction of BIM are software companies, colleges and universities, associations such as buildingSMART and, not least of all, political circles. Halfway through 2014, the reform commission for large project construction, established in 2013 by the Federal Ministry of Transport and Digital Infrastructure in Germany, demanded an extensive digitalization of the AEC sector as a mandatory requirement for large public projects. Large-scale projects should be planned in the minutest detail before the first excavator arrives. As a result, timetables, costs and risks can be determined earlier and more precisely. Quality and efficiency improves. Currently, for example, the "Bauen Digital GmbH" is being established and shall substantially promote BIM working methods in Germany. Now the foundations are being laid for BIM 5D to establish itself increasingly strongly globally in the coming years and to develop as the basis for optimizing the planning, execution and use of buildings in the construction process. Thus, for software solution providers the potential and opportunities are excellent.

2.2 BUSINESS PERFORMANCE AND EVENTS WITH A SIGNIFICANT EFFECT ON BUSINESS PERFORMANCE

In total, the Nemetschek Group extended its portfolio of solutions in 2014 organically and non-organically, expanded its regional markets, presented innovative solutions and continued to develop existing solutions. The following material events, among others, particularly influenced the fiscal year 2014:

SEGMENT RESULTS

In the **Design** segment the brands have introduced new releases of their software solutions to the market. These include **Graphisoft** with ArchiCAD 18, the current version of the BIM architecture software. The focus was on improvement of the whole workflow, whereby working without interruptions is enabled. New additions are, for example, the CineRender, the integrated Cinema 4D Rendering Engine by Maxon, with which realistic photo renderings can be produced directly in ArchiCAD. Further highlights are the automated, model-based change tracking, an improved PDF import and export or the support of the BIM collaboration format BCF. Additionally, Graphisoft has brought EcoDesigner STAR out on the market with which architects can optimize designs energetically. Furthermore, the necessary evidence is prepared for the energy pass. The new EcoDesigner STAR is currently available on the US American, Australian, British, Swedish and South African markets. A further highlight of 2014 was the introduction of the innovative BIMcloud which is available for the first time in Japan. The fully comprehensive BIM collaboration platform enables teams of all sizes to work together in real time, regardless of their location. With this the customer

** Sources: Euroconstruct Summary Report, November 2014
Construction Industry (Structural/Building Construction) USA, Germany Trade & Invest, September 2014
Economic Trends Brazil: Year end 2014/15; Germany Trade & Invest
Economic Trends Japan: Year end 2014/15; Germany Trade & Invest

can choose between the private or public cloud and access it from both desktop and mobile end devices. Furthermore, Graphisoft has continued to develop the innovative presentation tool BIMx. With the new BIMx Docs App the customer has substantially extended possibilities for mobile project presentation. Obayashi, for example, one of the largest building companies in the world, located in Japan, equipped a total of around 4,000 employees with BIMx Docs in 2014 in order to be able to, for instance, show customers BIM models directly at the construction site. The Takenaka Corporation, a leading global architect and engineering office from Japan, has also selected BIMx and equipped over one thousand staff with it.

Vectorworks also sets standards with the current CAD-Version Vectorworks 2015. The new version includes more than 100 updates and new features in the areas of BIM, architecture, town planning and entertainment design. Further, the rendering engine was extended in all Vectorworks solutions and the graphic module improved. Vectorworks is constantly working on increasing its local presence. The software solutions are available in numerous languages and are aligned to local requirements. Moreover, Vectorworks has further developed its cloud service and the App "Nomad". For the cloud storage capacities have been extended and access and storage times shortened. Additionally, the storage of various data file formats is no problem. Using the Vectorworks Nomad App, users have access to their data at all times and everywhere via iPhone, iPad or android end devices.

Allplan is back on a growth course. The launch of the anniversary version this year – Allplan 30 Year Edition – was successfully accepted by the market. A special anniversary package was put together with numerous new features for architects and engineers. Thus, users can realize realistic, interactive animation of the building model with the new CineRender by Maxon. Further components of the Allplan 30 Year Edition are new, high-quality objects and materials or intelligent, pre-defined building components. Tools have been integrated for engineers which can deal quicker and more efficiently with highly challenging tasks such as calculating lines of longitude along curves. With this architects and engineers are expected to be able to work fast, visually attractively, error-free and thus, overall more efficiently from the design and competition planning through to the 3D reinforcement.

By the start of the year already Allplan and bim+ had already joined forces to drive BIM forward. As part of this Allplan purchased the bim+ cloud technology including the BIM server. The central element of the cloud technology of bim+ is an open, cloud-based BIM server. It supports collaboration services such as version and revision management, analyses and clash detection. Further, in a central memory, various models for architecture, structure and building services are linked together and jointly administered.

In the area of building services **Data Design System** introduced DDS-CAD 10 to the market. With numerous new functions, the DDS planning software optimises the efficient TBS project planning (Technical Building Services) and offers a flexible, model-based 3D planning tool with intuitive use across functions. DDS has developed very favorably since its takeover in November 2013 and has been successfully integrated in the Nemetschek Group.

In the area of civil engineering **Scia** has issued a new version of Scia Engineer (V14). In the new version of the flagship solution for structural calculation and measurement three core areas have been focussed on: Open evidence, core calculation and evaluation of results as well as user-friendliness. Whilst Scia is leading in Eurocode implementation, the adaption of the local building requirements and norms is necessary in the further internationalization. Scia has developed a tool for the fast conversion of design codes. Thus, in 2014 the newest version appeared with the Brazilian codes for steel and concrete. In the same release the norms valid for the USA were also integrated.

In the prefabricated components industry Nemetschek Engineering Shanghai agreed a cooperation with Sany, one of the largest mechanical engineering producers in the world and the largest in China. The objective is to offer the Chinese market a joint solution for the prefabricated concrete component industry, which is superior in terms of quality and content from what has been offered to date. This should not only enable the supply of products and services and the smooth data flow of design through to production and creation of buildings, but also offer specialized consulting for firms entering the prefabricated concrete sector. For the Nemetschek Group this is an honour and great opportunity to continue to become established in China. As a first step the Sany demonstration plant in Changsha, China, was equipped with the software solution of Nemetschek Engineering. The next step is the establishment of a course of study for master students at the internal university of Sany in Changsha and Beijing.

The focus of the **Build** segment is the building technology software NEVARIS, the development of which was headed by **Auer** together with **Nemetschek Bausoftware** and Allplan. The NEVARIS range of services was substantially expanded and aligned even closer to customer needs in 2014. With the acquisition of the majority shareholding in the BIM specialist **hartmann technologies** and its product family “ice BIM”, Auer resolved to consistently orientate its own software development in the direction of Building Information Modeling. The integration of the “ice BIM” product family with the internal Group TAI and building software NEVARIS, has led to a continuing process of planning via TAI and calculation through to the controlling of a building which is required for the construction industry. “ice BIM” hereby supplements NEVARIS perfectly with the increasingly important areas of building modeling oriented cost and quantity determination and is, thus, a fully-fledged BIM-5D software solution.

In cooperation with a CAD software the “ice BIM” architecture enables the preparation of a data consistent and intelligent 3D building model. This building model is the focus of all processing methods and serves, among other things, the volume calculation for basic structural and finishing work. The working savings compared to the previous way of working are evidenced as being between 30 % and 60 %. In future NEVARIS will replace three traditional products from Auer and Nemetschek Bausoftware in Germany. The product streamlining from four to one – to NEVARIS – will bring many synergies with it.

As software of the newest generation NEVARIS also supports use in the cloud. The data such as service specifications, catalogues, calculation or invoicing in the cloud can be accessed from anywhere and at any time. The use of a private and public cloud is also possible. In order to grant the highest degree of security the data exchange between devices and the computer processing center is performed exclusively in codified form. NEVARIS also offers the user the possibility of using the desktop application on his PC in the site office or on location at the construction site, working optionally with Apps on mobile end devices such as iPad and iPhone. The decision on the relevant working method is met by the customer.

The newly acquired **Bluebeam Software, Inc.**, registered in the USA, joined the Build segment on October 31, 2014. The leading provider of PDF based workflow solutions for digital workflow solutions and collaboration in the AEC industry already serves over 650,000 users worldwide. According to internal calculations the use of Bluebeam solutions increases productivity by 60 %, reduces the costs for paper and allocation by up to 85 % and leads to a time saving of 40 %. Most of its customers are located in North America. The necessary steps are currently being taken to sell these solutions in Europe and Asia. To this end there have already been numerous meetings and talks with the general managers of the other brands in order to utilise marketing synergies.

In the **Manage** segment **Crem Solutions** has further developed its flagship product iX-Haus, which offers the entirety of all commercial processes of property management. In 2014 Crem Solutions was able to secure numerous reputable customers, including ADLER Real Estate AG as customers for the software solution iX-Haus. Key to deciding for iX-Haus was the need for an integrated solution for asset and property management as well as for technical property management within a system. The starting date for the implementation of iX-Haus has already passed and the administration of the first portfolio has been taken up. With DocuWare, Crem Solutions also offers an integrated document management system.

In the **Media & Entertainment** segment **Maxon** has brought with Cinema 4D Release 16, the next generation of 3D software solution for motion graphics visual effects, visualization, painting and rendering to the market. In addition to numerous workflow optimizations Cinema 4D R16 also includes highly efficient new features such as the strong performing PolyPen tool for comfortable modeling, a Motion Tracker for the effortless integration of 3D content in real film material as well as the new Reflectance-Channel with which complex materials with multi-layered reflections and highlights can be generated. Cinema 4D R16 confirmed Maxon's promise to the creative sector, with extraordinary stability and performance, exemplary integration and an efficient and intuitive interface, to optimize the production processes in motion graphics, visualization, game development and many further areas of application. Furthermore, Cineware 2.0 and Cinema 4D Lite R16 are available in the autumn release of Adobe After Effects CC (2014.1). These upgrades represent the continuation of the strategic cooperation of the companies in order to consistently improve the performance of the integration between Maxon's high-performance 3D-application Cinema 4D and the market leading application from Adobe. The renewed expansion of the Cineware-Workflows in Adobe After Effects CC raises the performance and expands the creative possibilities for the user.

Further cooperations with Vizrt, a leading provider of content production systems, as well as with Side Effects Software, a leading developer of animation software, bring Maxon access to new customer circles and a higher degree of recognition globally.

Furthermore, Maxon supplies all three large CAD brands with their render technology. Allplan and Graphisoft 2014 integrated the CineRender here for the first time; Vectorworks has already had very positive experience with this in the past.

ACQUISITIONS AND INVESTMENTS

After the Nemetschek Group already successfully acquired and, in the meantime, integrated the Norwegian Data Design System (DDS), a leading manufacturer of CAD software for the intelligent design of technical building equipment (MEP) on November 30, 2013, further acquisition and investment steps were made in the year 2014.

In July the Nemetschek Group again reinforced its market position in the promising future BIM 5D market through two investments. In this market digital 3D planning models were supplemented by the dimensions of cost (4D) and time (5D), which enable substantial cost and efficiency benefits in realizing large, complex projects. Firstly, Nemetschek invested together with Hasso Plattner Ventures and High-Tech Gründerfonds (HTGF) in the start-up Sablono GmbH. The innovative company, with its registered office in Berlin, develops and sells software solutions for digital planning, managing and monitoring building projects. With this investment Nemetschek extends its competence of the BIM 3D solutions by the important fourth BIM dimension, the model-based time planning. Since Sablono's services portfolio includes an "intelligent" BIM schedule planning. Critical information on changes are provided in real time to all project partners and documented digitally. Planned deadlines can, thus, be compared with current actual data and the actual progress of a building project assessed, understood and controlled in detail.

Furthermore, Nemetschek made a majority investment in the BIM specialist hartmann technologies GmbH, Berlin. hartmann develops and sells software solutions for the building model oriented work in the construction industry. With the construction technology solution NEVARIS, Nemetschek today already covers the process from budgeting and tendering, awarding and settlement (TAI) through to performance of construction and controlling. Through the investment the portfolio of solutions has been extended to include detailed cost and quantity determination (5D). The "ice BIM" solutions developed by hartmann can, for example, derive the important volume calculation for basic structural and finishing work directly from the 3D model. Through the integration with NEVARIS a consistent and transparent process is ensured through all building phases.

With the strong 3D CAD brands such as Graphisoft, Vectorworks and Allplan the Nemetschek Group already has a leading international market presence. Through the above investments, the market-leading 3D software solutions are extended to include the dimensions costs (4D) and time (5D) and the market presence is strengthened by the promising 5D market.

Takeover of Bluebeam as of October 31, 2014

Furthermore, the Nemetschek Group announced that it would take over 100% of Bluebeam Software, Inc. with its registered office in Pasadena, California, USA as of October 31, 2014. Bluebeam is a leading provider of PDF-based workflow-solutions for digital working processes and collaboration in the AEC industry (Architecture, Engineering, Construction).

Bluebeam was founded in the year 2002 and employs about 160 staff. In addition to its headquarters in Pasadena the company has branches in San Diego, Chicago and Manchester, USA. The sale of solutions is online, via direct distribution as well as through a network of around 180 resellers worldwide. Bluebeam is allocated to the Build segment and, in accordance with the strategic orientation of the Nemetschek Group, will also be accounted for in future by the current management as a brand company.

The growth objectives in the non-organic area were thus already successfully implemented within the newly defined acquisition strategy; investments in the mega trend collaboration and 5D, as well as in the globalization with focus on the USA maintaining a healthy balance sheet structure.

COOPERATIONS AND PARTNERSHIPS

In order to expand its market position and in order to satisfy diverse customer demands, in addition to acquisitions, the Nemetschek Group relies on cooperations and on the collaboration with partners from the sector who themselves offer leading solutions in specialist areas.

In 2014 the Nemetschek Group joined the new strategic advisory body of SMART International as a founding member together with other companies from the construction industry, in order to continue to improve the interoperability between the actors in the building sector. The objective is to create a universal collaboration format for building modeling and to, thus, enable the efficient and high-quality information exchange between the various software solutions. Nemetschek and buildingSMART follow the same objective here, to ensure that open standards such as IFC and BCF become the indisputable standard for model-based collaborations in the AEC sector.

Promotion of interoperability with strategic advisory body

Also at country level similar objectives are set in order to promote the topic of open standards and BIM.

Thus, Graphisoft with buildingSMART Korea has, for example, signed a declaration of intent to develop the national Open BIM Standards and to support ArchiCAD users only technically. Korea intends to implement BIM as the standard both for the public and private AEC markets. The cooperation is due to run for three years. Furthermore, Graphisoft has entered into a 3-year cooperation with the Singapore Institute of Architects (SIA) in order to broaden the understanding and the user possibilities of BIM among architects. As part of the cooperation, seminars, workshops and events will take place and be sponsored.

In November 2013, Graphisoft had already announced a strategic partnership with Nikken Sekkei, one of the world-wide largest architect offices located in Japan. The core of the contract is the formation of a joint BIM Competence & Research Center which will advance Building Information Modeling in Japan and South East Asia. The intention of the contract is a cooperation to last several years.

In the USA Vectorworks has entered into a partnership with Datacubist Oy, the provider of the software platform simplebim. The objective is to simplify the exchange of data from Vectorworks and simplebim users via the open interface IFC and to improve the quality. This technology partnership also helps the Open BIM workflow and, thus, to improve collaboration in the building process. Vectorworks concluded a further partnership with the cloud-based solutions provider Asite in order to automate BIM-based workflows. In this way project teams can store and share models in the cloud, and thus improve the cooperation of all project participants along the life cycle within the AEC sector. A similar cooperation exists with Synchro Software Ltd., a provider of building software. The focus is on open BIM workflows and an improved and synchronized data basis between architecture and building software via IFC interfaces. In this way the data exchange of the 3D models of Vectorworks is transferred to the BIM-4D software from Synchro in order to generate the schedule planning. The cooperation shows how a successful BIM-4D project functions, which has been successfully proven in the planning and building of two metro stations in São Paulo in Brazil.

A cooperation also arose in the prefabricated concrete component industry – between Nemetschek Engineering Shanghai and Sany, one of the world's largest construction equipment manufacturers with its registered office in China. The objective is to offer the Chinese market a joint solution for the prefabricated concrete component industry which is superior in terms of quality and content from what has been offered to date. As a first step the Sany demonstration plant in Changsha, China, was equipped with the software solution of Nemetschek Engineering. The next step is the establishment of a course of study for master students at the internal university of Sany in Changsha and Beijing. Further cooperations are in the pipeline.

In the Media & Entertainment segment Maxon laid the foundations in March 2013 for an extensive development and marketing cooperation with the Adobe software group. Two Maxon technologies are directly integrated in the newest version of Adobe's Software After Effects (2014.1): Cineware 2.0 and Cinema 4D Lite Release 16. These upgrades represent the continuation of the strategic cooperation of the companies in order to consistently improve the performance of the integration between Maxon's high-performance 3D-application Cinema 4D and the market leading application from Adobe. The renewed expansion of the Cineware-Workflows in Adobe After Effects CC raise the performance and expands the creative possibilities for the user. A further partnership of Maxon exists with Vizrt, a former provider of content production systems. This is for the interaction of Cinema 4D with Vizrt Realtime-Modeling and Animation Solutions. Via Maxon's high-performance Cineware technology a live 3D interface arises between both the programs. The integration enables a highly-effective 3D design workflow through the native import of Cinema 4D

projects into Viz Artist. Additionally, with Side Effects Software, Maxon has entered into a partnership with one of the leading developers of animation software. The first milestone of the cooperation is the development of a plug-in for the native use of the Houdini Engine of Side Effects in Cinema 4D.

Furthermore, Maxon supplies the render technology to the CAD brand companies of the Nemetschek Group.

There are further partnerships, for example, in document management. Crem Solutions from the Manage segment and Nemetschek Bausoftware from the Build segment work together here with DocuWare. The partner product DocuWare legally and securely archives company-wide digital and paper documents, from various IT systems automatically and independently of source or format in a central document pool. Integrated document management signifies a clear time saving and ensures a better information level through permanent access to all necessary data.

2.3 DEVELOPMENT OF THE MATERIAL PERFORMANCE INDICATORS

POSITIVE REVENUE DEVELOPMENT

Q4/2014: strongest quarter in the company's history

After a very strong start to the year and a rise in revenue in the first quarter 2014 by 16.7% to EUR 51.0 million, revenue growth slowed slightly in the second and third quarters. In the second quarter revenue amounted to EUR 51.3 million (+14.6% compared to the previous year) and in the third quarter to EUR 51.2 million (+11.9% compared to the previous year). The fourth quarter 2014 was the strongest in the company's history. Revenue increased by 25.7% to EUR 65.0 million. For the whole year of 2014, Group revenues climbed in total to EUR 218.5 million, an increase compared to the previous year of 17.5% (previous year: EUR 185.9 million). Thus, revenue was above the forecast corridor of EUR 211 to EUR 216 million. Adjusted for currency effects, **Group revenue** would be EUR 256 k higher and, thus, growth would amount to 17.6%. Here it should be considered that, after a negative development with regard to exchange effects in the first half year, the Nemetschek Group benefited greatly from exchange effects in the fourth quarter such that the annual balance sheet was relatively balanced. Nemetschek is particularly exposed to currency effects from the USA, Japan, Great Britain, Switzerland and Hungary.

In addition to strong organic growth there were non-organic growth effects through the acquisition of the Norwegian DDS in 2013 (initial consolidation November 30, 2013) and the US American Bluebeam Software, Inc. (initial consolidation October 31, 2014). The non-organic revenue effect from DDS (11 month effect of EUR 9.2 million) and Bluebeam (2 month effect of EUR 4.9 million) amounted to EUR 14.1 million in total. In terms of pure organic growth, revenues in Q1 grew by 10.8%, in Q2 by 8.8%, in Q3 by 7.2% and in Q4 by 12.5%. Organic growth for the whole year 2014 amounted to 9.9% compared to the previous year.

DEVELOPMENT OF THE SEGMENTS

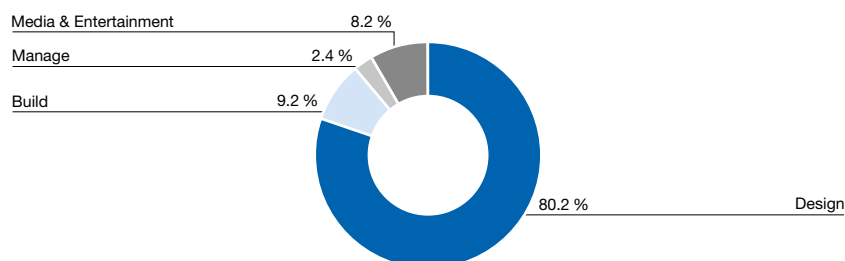
The **Design** segment was a major growth driver for the financial year 2014. This segment developed extremely positively over all quarters. In total, revenues climbed clearly by 17.1% to EUR 175.1 million (previous year: EUR 149.5 million). The organic growth (without DDS) amounted to 11.0%. The brands Vectorworks (USA) and Graphisoft (Hungary) have contributed materially to the positive development. Allplan also showed solid growth. The Design segment contributes more than 80.2% to Group revenues. EBITDA climbed disproportionately compared to revenue. With an increase of 32.5% revenue rose to EUR 43.8 million (previous year: EUR 33.1 million). The EBITDA margin increased accordingly from 22.1% to 25.0%.

The **Build** segment showed a decline in revenue in the first three quarters. This was caused mainly by projects that were not realized or were postponed. Furthermore, the longer than planned development times for commercial and technical solutions lead to shifts in revenue. In the fourth quarter, on the other hand, strong revenue growth was achieved which was due to the acquisition of Bluebeam in addition to the organic growth. In total, revenues climbed in the fiscal year by 30.4 % to EUR 20.1 million (previous year: EUR 15.4 million). There was no pure organic growth. Organic revenue was almost at the level of the previous year at EUR 15.2 million. EBITDA reached an amount of EUR 4.1 million (previous year: EUR 5.5 million), which represents an EBITDA margin of 20.5 % (previous year: 36.0 %). The decline in the EBITDA margin is due in particular to the end of the capitalization of development work. In the previous year the capitalized development costs remaining still amounted to about EUR 1.7 million, whereby in this year there was no further capitalization. Bluebeam Software, Inc. achieved an EBITDA margin of 20.2 % in the two months after its acquisition.

Revenues in the **Manage** segment rose by 5.0 % to EUR 5.3 million compared to the previous year (EUR 5.0 million). The rise in revenues is particularly due to a strong fourth quarter. EBITDA was almost at the previous year's level at EUR 1.1 million. From this an EBITDA margin resulted of 20.6 % (previous year: 22.5 %).

The fourth quarter was also the strongest for the **Media & Entertainment** segment. In total, revenues climbed by 12.4 % to EUR 18.0 million (previous year: EUR 16.0 million). In total EBITDA climbed disproportionally to revenues by 19.5 % to EUR 7.8 million (previous year: EUR 6.5 million). The EBITDA margin was thus able to rise again in comparison with the high level of the previous year (40.7 %) to 43.2 %. The Media & Entertainment segment will, in the coming years, intensify its development and selling activities and also invest in these.

REVENUES BY SEGMENTS IN %



SUMMARY OF SEGMENT INDICATORS

In EUR million	FY 2014	FY 2013	Δ in %
Design			
Revenue	175.1	149.5	+ 17.1 %
EBITDA	43.8	33.1	+ 32.5 %
EBITDA margin	25.0 %	22.1 %	
Build			
Revenues	20.1	15.4	+ 30.4 %
EBITDA	4.1	5.5	- 25.6 %
EBITDA margin	20.5 %	36.0 %	
Manage			
Revenues	5.3	5.0	+ 5.0 %
EBITDA	1.1	1.1	- 3.9 %
EBITDA margin	20.6 %	22.5 %	
Media & Entertainment			
Revenue	18.0	16.0	+ 12.4 %
EBITDA	7.8	6.5	+ 19.5 %
EBITDA margin	43.2 %	40.7 %	

REVENUE BY SOFTWARE LICENCES AND SOFTWARE SERVICE CONTRACTS

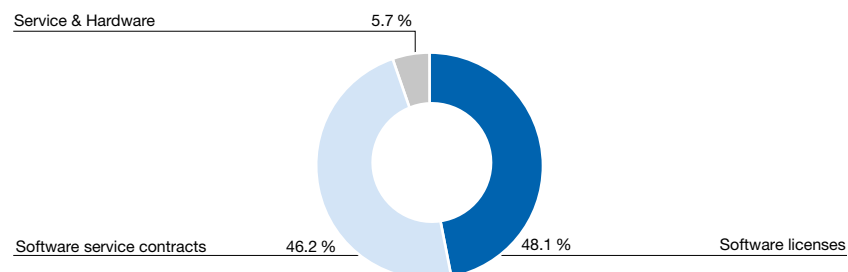
Growth impulses from software licenses and service contracts

After, in the past year in particular the revenues from software service contracts generated growth impulses the revenues for software licences also rose clearly this year. With a plus of 20.7 % we were able to increase the revenues from software licenses to EUR 105.0 million (previous year: EUR 87.0 million). Thus, licences make up 48.1 % of total revenues (previous year: 46.8 %).

The software service contracts thus continued the positive development of the previous year and also continued to grow. With an increase of 13.3 %, revenues from software services amounted to EUR 101.0 million (previous year: EUR 89.1 million). Accordingly, the proportion compared to total revenues amounted to 46.2 % (previous year: 47.9 %).

The double-digit growth in both significant areas secures sustainable corporate growth. Firstly, new customers are won through licence business and, secondly, recurring revenue is secured through service contracts.

REVENUES BY TYPE IN %



INTERNATIONALIZATION

The Nemetschek Group is currently present in more than 50 locations and sells its solutions worldwide. In the last few years Nemetschek has constantly reinforced its market position outside of the core markets in the DACH region, including, above all, in the USA and Asia. Nemetschek solutions are now being sold in almost all regions of the globe. The geographical extension of the business activities enables, on the one hand, the perception of additional regional growth opportunities and, on the other hand, leads to a better allocation of risks.

The declared goal of the Nemetschek Group is to strengthen and to further develop its international market position. In addition to Europe, the focus is on markets in North, in Central and South America as well as in the Asian region. In keeping with the strategy of positioning itself more strongly in Central and South America, following the adoption of a distribution partner in Mexico City, Graphisoft now has a branch in Brazil. Scia also approaches the building industry in North and South America via its branches in Columbia (Maryland) and in São Paulo (Brazil).

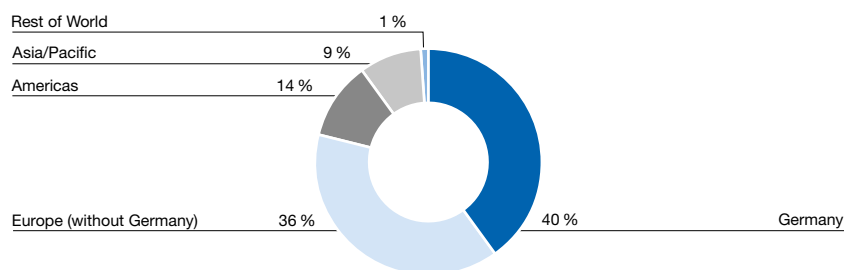
In the USA, Vectorworks, with its headquarters close to Washington D.C., is well represented with local representations in Los Angeles and Chicago. Through the acquisition of Bluebeam Software, Inc. with its registered office in Pasadena, USA, the presence of the Nemetschek Group has clearly risen.

In addition to Nemetschek Engineering with branches in Singapore and Shanghai, Graphisoft is well represented in Asia. Cooperations with large architects and building companies from Japan secure a strong position in this growing market.

Revenues rose overall both domestically and abroad in total in the financial year 2014. In Germany revenues climbed by 14.6% to EUR 87.0 million. In the foreign markets revenues rose by 19.5% to EUR 131.5 million. The USA, Central and South America and Asia in particular were growth regions. Overall, in the past financial year, Nemetschek thus generated 60.2% (previous year: 59.2%) of its revenues outside of Germany.

The objective is to strengthen and expand international market positioning

REVENUES BY REGIONS IN %



Details of non-financial performance indicators can be found under Section 1.2 Corporate management.

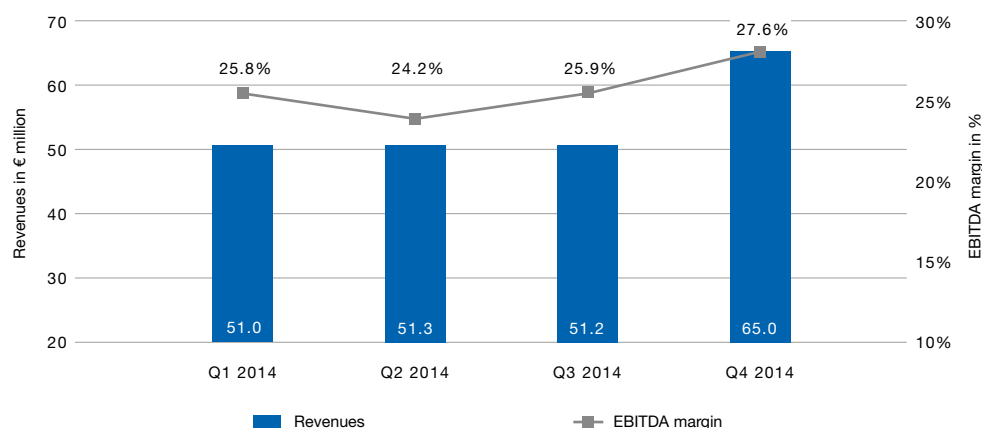
2.4 EARNINGS SITUATION

DISPROPORTIONATE GROWTH IN EARNINGS

In all four quarters the operating result rose disproportionately compared to revenues. With an increase of 22.8 %, the earnings before interest, tax and depreciation/amortization (EBITDA) rose to EUR 56.8 million (previous year: EUR 46.3 million). The EBITDA margin improved within the year from 24.9 % to 26.0 %, and, despite acquisition costs for Bluebeam, was above the forecast target corridor of 23 % to 25 %. The better than expected EBITDA margin is, above all, due to the investments not yet carried out on growth projects such as, for example, the expansion of the 5D competence or continued internationalization. Additionally a positive result from exchange translation of EUR 2.1 million had a positive effect on earnings. In the previous year the result from exchange translation burdened earnings by EUR 0.5 million. The positive effect was mainly due to the change in USD exchange rate and the related revaluations.

EBITDA margins of the companies acquired, DDS and Bluebeam, were slightly below the EBITDA of the Nemetschek Group. After adjusting for currency translation EBITDA would have been EUR 0.6 million lower.

QUARTERLY DEVELOPMENT OF REVENUE AND EBITDA MARGIN



The operating expenses before depreciation amounted to EUR 166.7 million (previous year: EUR 143.6 million), a rise of 16.1 % compared to the previous year. This includes cost of materials which amount to almost the level of the previous year at EUR 8.6 million. The rise is primarily in connection with increased personnel costs and higher other operating expenses. These increased over the whole year by 20.2 % to EUR 94.5 million (previous year: EUR 78.7 million). Other operating expenses amounted to EUR 63.5 million, an increase compared to the previous year (EUR 56.2 million) of 12.9 %. Higher costs as part of the acquisitions and the first-time consolidation of the companies purchased resulted in the increase.

Depreciation on fixed assets decreased overall from EUR 10.6 million in the year 2013 to EUR 10.3 million. Amortization on the purchase price allocation related to the acquisitions of Graphisoft, Scia and DDS of EUR 4.8 million was lower than the previous year (EUR 6.3 million).

Earnings before taxes and interest improved by 30.4%

Earnings before interest and tax (EBIT) also improved significantly in 2014. At EUR 46.5 million this was 30.4 % higher than in the previous year (EUR 35.7 million). This significant rise is due to the strong increase in revenues and the decline in the amortization on the purchase price allocation.

Whereas the net financial result in 2013 amounted to EUR 0.5 million, in 2014 it was almost neutral at EUR 0.05 million.

The Group tax rate was slightly lower than in the previous year at 28.1 % (previous year: 30.2 %). Taxes on income increased in the fiscal year 2014 from EUR 10.9 million to EUR 13.1 million. In the previous year one-off tax effective write-ups were responsible for the increase.

In total net income for the year climbed significantly by 32.4 % to EUR 33.5 million (previous year: EUR 25.3 million). Net income for the year (group shares) climbed similarly strongly by 31.1 % and reached EUR 31.5 million (previous year: EUR 24.0 million). The earnings per share amounted to EUR 3.27 (previous year: EUR 2.49), a rise of 31.1 %.

Adjusted for the purchase price allocation (PPA), the net income for the year would be EUR 35.3 million (previous year: EUR 29.6 million), and thus the earnings per share would amount to EUR 3.67 (previous year: EUR 3.08).

SUMMARY OF GROUP INDICATORS

In EUR million	FY 2014	FY 2013	Δ in %
Revenues	218.5	185.9	+ 17.5 %
of which software licenses	105.0	87.0	+ 20.7 %
of which software service contracts	101.0	89.1	+ 13.3 %
EBITDA	56.8	46.3	+ 22.8 %
EBITDA margin	26.0 %	24.9 %	
EBIT	46.5	35.7	+ 30.4 %
EBIT margin	21.3 %	19.2 %	
Net income for the year (group shares)	31.5	24.0	+ 31.1 %
Earnings per share in EUR	3.27	2.49	+ 31.1 %
Adjusted net income before amortization of purchase price allocation	35.3	29.6	+ 19.1 %
Adjusted earnings per share before amortization of purchase price allocation	3.67	3.08	+ 19.1 %

2.5 FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT

The prime objective of financial management is to secure the financial stability and flexibility, as well as the liquidity of the Nemetschek Group. This is done by ensuring an equilibrium between equity and debt capital. Through the taking up of a bank loan with a five-year term of EUR 60 million for financing the acquisition of Bluebeam Software, Inc. the capital structure changed compared to the previous year but is still very solid despite the lower equity ratio and higher non-current external capital.

Financial management secures financial stability and flexibility

LIQUIDITY ANALYSIS

As at December 31, 2014, Nemetschek held liquid funds of EUR 57.0 million, an increase compared to the previous year of 17.3% (previous year: EUR 48.6 million). This represents EUR 5.92 per share eligible for dividends (previous year: EUR 5.04). Despite the acquisition of Bluebeam, for which EUR 21.7 million was financed from internal funds and the dividend distribution amounting to EUR 12.5 million after the annual general meeting in May 2014, Nemetschek owns enough liquid reserves to perform other growth projects, both organic and non-organic.

In investing the surplus liquidity, the short-term, risk-free availability is higher than the objective of profit maximisation, in order to be able to quickly access funds held in the event of potential acquisitions.

At the balance sheet date of December 31, 2014, there were euro loan liabilities amounting to EUR 60.0 million due to the Bluebeam acquisition. The loan is charged with interest at 1.03% p.a. Net liquidity amounts to EUR -3.0 million (previous year: EUR 48.6 million).

To ensure efficient cash and liquidity management, Nemetschek AG, as the group's ultimate parent, carries out group-wide cash pooling with selected subsidiaries. Other liquid assets flow to the ultimate parent of the group through the annual profit distributions of subsidiaries.

CASH FLOW DEVELOPMENT

The cash flow for the period increased by 20.7 % to EUR 57.0 million (previous year: EUR 47.2 million). This increase results primarily from the higher annual net income before tax.

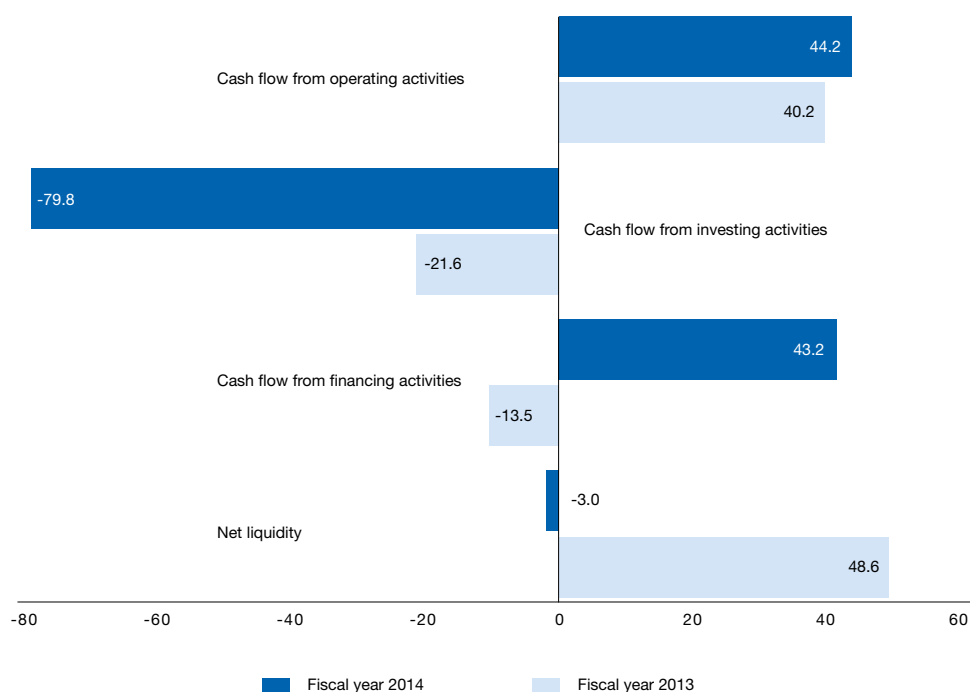
Cash flow from operations at EUR 44.2 million increased by 9.8% compared to the previous year (previous year: EUR 40.2 million). The operating cashflow was primarily characterized in the fiscal year by the climb in trade receivables due to the high revenues of the fourth quarter. Furthermore, higher paid income taxes caused a change in the operating cashflows.

The cash flow from investing activities amounted to EUR -79.8 million (previous year: EUR -21.6 million). Whereas in the previous year the purchase of DDS amounting to EUR 16.2 million less the liquid funds purchased, the material items in 2014 were the payments for the acquisition of Bluebeam Software, Inc. amounting to EUR 74.1 million less liquid funds purchased. In addition to this capital, expenditure for fixed assets amounted to EUR 3.5 million (previous year: EUR 5.4 million). These investment mainly relate to replacement investments.

The cash flow from financing activities amounted to EUR 43.2 million (previous year: EUR -13.5 million). This includes the higher dividend distribution of EUR -12.5 million (previous year: EUR -11.1 million), higher distribution to companies with minorities amounting to EUR 2.4 million, the remaining payments of interest swaps amounting to EUR 1.1 million as well as the repayment of a loan to hartmann technologies amounting to EUR 0.8 million.

The cash and cash equivalents amounted to EUR 57.0 million at the year end (previous year: EUR 48.6 million).

CASH FLOW ANALYSIS IN EUR MILLION



MANAGEMENT OF LIQUIDITY RISKS

Liquidity risks arise from the possibility that customers may not be able to settle their obligations to the Nemetschek Group under normal trading conditions. To manage this risk the company periodically assesses the credit rating of its customers.

The credit rating of Nemetschek allows sufficient liquid funds to be procured. Furthermore, lines of credit not yet taken up of EUR 8.5 million are also available. Nemetschek monitors its risk of a shortage of funds using monthly liquidity planning. This considers the maturity of both its financial assets (accounts receivable, fixed-term deposits etc.) and projected cash flows from operating activities. The objective is to maintain a balance between continuous coverage of financial funding requirements and the guarantee of maintaining flexibility.

INVESTMENT ANALYSIS

In order to secure a leading market position in the AEC market and to constantly secure and expand new fields of application, investments are made for capacity expansion, as well as for replacement and rationalisation measures. These investments are financed from cash flow from operations.

Investments secure leading market position in the AEC market

In total the Nemetschek Group invested EUR 3.5 million (previous year: EUR 5.4 million) in property, plant and equipment and intangible fixed assets. The Design segment invested in total about EUR 2.6 million (previous year: EUR 3.4 million) in fixed assets, followed by the Media & Entertainment segment with EUR 0.6 million (previous year: EUR 0.3 million). In the Build segment investments amounted to EUR 0.3 million (previous year: EUR 1.6 million) and in the Manage segment EUR 0.05 million (previous year: EUR 0.1 million).

Amortization of internally generated assets increased in 2014 to EUR 0.13 million (previous year: EUR 0.7 million).

2.6 NET ASSETS

On the assets side of the balance sheet, current assets increased by 23.6 % from EUR 79.6 million to EUR 98.4 million. The reason for the increase was, primarily, the rise in liquid funds (+ 17.3 %), the higher trade receivables (+31.9 %), tax reimbursements (rise of EUR 1.8 million) as well as current assets (+20.6 %). The climb in trade receivables results mainly from the EUR 2.2 million acquisitions, as well as a strong growth in revenue in Q4/2014. In total the acquisitions contributed EUR 11.4 million to the increase in current assets.

The non-current assets climbed significantly and almost doubled to reach EUR 193.3 million (previous year: EUR 98.9 million). Mainly due to the acquisition of Bluebeam, the total of intangible assets and goodwill increased from EUR 91.1 to EUR 180.1 million. The increase in property plant and equipment from EUR 5.3 million to EUR 10.8 million is also due to the acquisition effect. The shares in associates increased due to the at equity share in Sablon by EUR 0.9 million (previous year: EUR 0.2 million).

On the shareholders' equity and liabilities side of the balance sheet, current debt increased by 56.2 % to EUR 84.3 million (previous year: EUR 53.9 million). The debt mainly comprises trade payables as well as provisions and accrued liabilities that fall due in less than one year, and are covered by current operating cash flow. The item current loans of EUR 12.0 million comprises the repayment amount of the long-term bank loan due in the coming 12 months. The trade liabilities climbed in line with the business activities by 10.2 % to EUR 5.8 million (previous year: EUR 5.2 million). The rise in provisions to EUR 21.1 million (previous year: EUR 14.8 million), in deferred revenues to EUR 32.4 million (previous year: EUR 23.5 million), in other current financial liabilities to EUR 1.6 million (previous year: EUR 1.1 million) and in other current liabilities to EUR 6.6 million (previous year: EUR 6.0 million) are, in addition to original growth, mainly due to the first-time consolidation of Bluebeam.

The non-current liabilities also increased due to the acquisition of Bluebeam to EUR 70.8 million (previous year: EUR 6.4 million). This includes the long-term portion of the bank loan amounting to EUR 48.0 million. The deferred tax liabilities increased to EUR 15.4 million (previous year: EUR 4.1 million), mainly due to the capitalized intangible assets as part of the purchase price allocation. The other non-current financial liabilities include the subsequent purchase price obligation from the acquisition of hartmann technologies amounting to EUR 1.3 million (previous year: EUR 1.1 million). The other non-current liabilities increased to EUR 4.4 million, primarily due to the Bluebeam consolidation.

The shareholders' equity ratio at the end of the year amounted to 46.8 % (previous year: 66.2 %), the current debt ratio amounted to 28.9 % (previous year: 30.2 %), and the non-current debt ratio amounted to 24.3 % (previous year: 3.6 %).

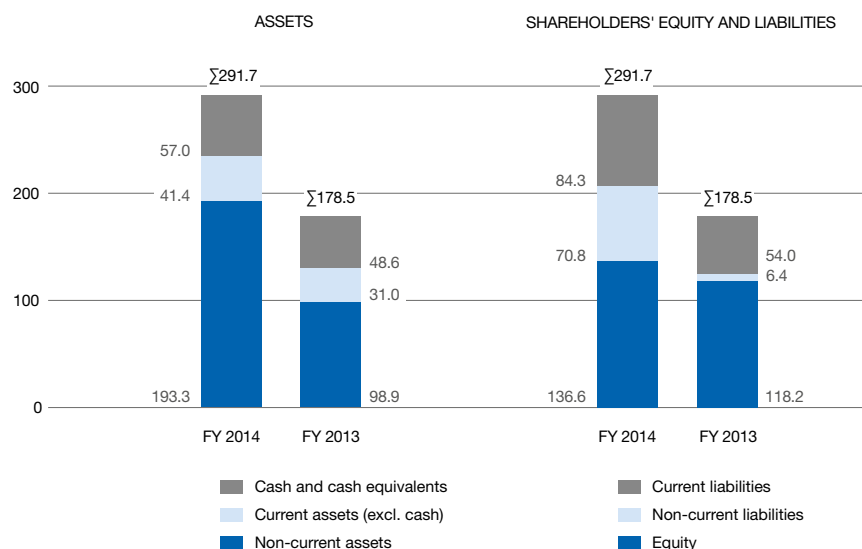
In the fiscal year 2014 the exchange differences only had an immaterial effect on the balance sheet. The changes in the EUR/HUF and EUR/USD material to the balance sheet offset each other almost completely.

On December 31, 2014, total assets amounted to EUR 291.7 million (previous year: EUR 178.5 million).

BALANCE SHEET ITEMS

In EUR million	FY 2014	FY 2013	Δ in %
Cash and cash equivalents	57.0	48.6	+ 17.3 %
Goodwill	111.3	60.1	+ 85.1 %
Equity	136.6	118.2	+ 15.6 %
Balance sheet total	291.7	178.5	+ 63.4 %
Equity ratio in %	46.8	66.2	

SUMMARY OF THE BALANCE SHEET IN EUR MILLION



2.7 COMPARISON OF ACTUAL TO FORECAST BUSINESS DEVELOPMENT

Nemetschek Group managed to exceed forecast

The Nemetschek Group published its forecast for the fiscal year 2014 for the first time in March with the publication of the consolidated financial statements 2013. According to this an increase in revenues of between 11 % and 14 % is expected, which represents revenues of EUR 207 million to EUR 212 million. Pure organic growth was estimated to be from 6 - 9 %. The additional revenue impulses are to be derived from the acquisition of Data Design System. The EBITDA margin was forecast to be between 23 % and 25 %. Through the acquisition of Bluebeam Software, Inc. and its first-time consolidation as of October 31, 2014, the Nemetschek Group did not increase its revenue forecast at the end of October. The expected range for revenue volumes increased to EUR 211 million to EUR 216 million. The prospective forecast for the EBITDA margin remained unchanged at between 23 % and 25 %.

The forecast made may be exceeded by the Nemetschek Group in the fiscal year 2014. Revenues at EUR 218.5 million were above the adjusted forecast corridor of EUR 211 million to EUR 216 million. The EBITDA margin of 26.0 % was also above the corridor of 23 % to 25 %.

OVERVIEW OF THE FORECAST TO ACTUAL FIGURES 2014

In EUR million	Forecast 03/2014	Forecast adjustment 10/2014*	Actual financial year 2014
Revenue	207 – 212	211 – 216	218.5
EBITDA margin	23 – 25 %	23 – 25 %	26.0 %

* Forecast was adjusted accordingly to the closing of the Bluebeam acquisition

2.8 OVERALL PRESENTATION

The figures presented here impressively show the economic strength of the Nemetschek Group. The Nemetschek Group successfully continued its global growth strategy in 2014 and made further progress in the important areas of globalization, innovations and incorporation of technological trends, as well as acquisition and investments in its own portfolio.

The acquisition of the US company Bluebeam both expanded the range of services with innovative PDF-based workflow solutions for digital working processes and collaboration in the AEC industry, as well as substantially extending the international orientation towards the focus market USA. Additionally, two investments in hartmann technologies and Sablono continued to strengthen the positioning of the Nemetschek Group in the growing BIM 5D market.

Cloud computing and mobility were integrated in the software solutions and Open BIM continued to be promoted. Despite this comprehensive development and innovation activity and global expansion, the Nemetschek Group was able to improve all significant indicators and even realize higher than proportional growth in results in 2014.

3 OPPORTUNITY AND RISK REPORT

OPPORTUNITY AND RISK MANAGEMENT

The corporate activity of the Nemetschek Group involves both opportunities and risks which are, above all, characterized by the diversity of the business of the Nemetschek Group. A risk management and control system is implemented for early detection, assessment and the correct management of business opportunities and risks. The risk policy is characterized by the basic principle of avoiding inappropriate risks and orientates itself to attempt to grow sustainably and profitably and to increase the company value. The risk and opportunity management is an integral part of all decisions and business processes in the group and thus supports the sustainable securing of future company success.

The aim is to analyze the risk profile of potential factors, detect changes in risk conditions and counteract negative developments in advance. An additional objective is to recognize and benefit from possible opportunities.

Responsibility for detecting risks at an early stage and dealing with them generally rests with the managing board. In performing its duties in this area, the board is assisted by the general managers of the subsidiaries, the defined risk owners, and the risk managers of the subsidiaries and of Nemetschek AG. The responsibilities of the risk manager include the summary, appraisal and reporting of risks and related counter-measures. The so-called risk owners are responsible for continuously identifying, assessing and managing risks in their respective strategic and operational areas. The internal auditor is also a key element of the risk management system and, in the course of his activities he continually monitors the functional diligence and effectiveness of the processes.

To improve comparability, risks are valued across the whole group based on uniform quantitative and qualitative criteria. As part of a risk inventory, the current risk status of the Nemetschek Group is updated and documented.

ACCOUNTING-RELATED RISK MANAGEMENT SYSTEM AND INTERNAL CONTROLLING SYSTEM

The risk management system and internal controlling system generally also cover the accounting processes as well as all risks and checks with regard to accounting. This relates to all parts of the risk management system and internal controlling system that could have a significant impact on the consolidated financial statements.

The aim of risk management with regard to the accounting processes is to identify and assess risks that could prevent the consolidated financial statements from complying with the applicable regulations. The impact of identified risks on the consolidated financial statements must be assessed and evaluated. The aim of the internal controlling system is to establish sufficient security through the set-up of controls so that the consolidated financial statement complies with the relevant regulations, despite identified risks.

Both the risk management system and the internal controlling system cover Nemetschek AG and all subsidiaries relevant for the consolidated financial statements with all processes relevant for preparation of the financial statements. The controls relevant for accounting primarily concern the risk of a significant misstatement in the consolidated financial statements.

An evaluation of the significance of misstatements is based on the probability of occurrence and the effects on revenue, EBITDA and the balance sheet total.

Significant elements of risk controlling and management in accounting are the assignment of responsibilities and controls during the preparation of the financial statements, group-wide requirements in the form of guidelines on accounting and the preparation of the financial statements, and appropriate rules for accessing the IT systems. The principle of dual control and functional separation are also important control principles in the accounting process.

An evaluation of the effectiveness of internal controls with regard to accounting is an integral part of the checks carried out in 2014 by the internal audit department. Four times a year, the supervisory board is informed about the significant identified risks in the Nemetschek Group and the efficiency of the risk management system and accounting-relevant internal controlling system.

OPPORTUNITIES AND RISKS

The Nemetschek Group is faced with strategic risks of a medium to long-term nature. These are related to changes in environmental and market factors, competitive conditions, technological progress and management processes such as, for example, development and marketing, organizational or leadership processes. On the other hand, there are also operating risks that tend to be of a more short-term nature, and that can arise from changes in the market environment, inadequate and erroneous internal processes, systems or external factors as well as human error. As a result, the efficiency of the organization and the recoverable value of assets can be impaired.

The Nemetschek Group's factors for success are based on its decades of experience in the development and marketing of software solutions in the AEC environment (Architecture, Engineering, Construction) and the media industry, its well-qualified, innovative and highly motivated employees at all levels, as well as stringent and efficient business processes. Opportunities for further development of the business base and for expansion of the portfolio are systematically identified and exploited where possible.

RISK EVALUATION

In order to undertake appropriate measures for risk management, in particular potential going concern risks, the risks identified are assessed with regard to their estimated probability of occurrence and, on occurrence, the expected scale of their effect on the earnings, net assets and financial situation, the share price and reputation of the Nemetschek Group and subsequently classified as "low", "medium" or "high".

RISK POTENTIAL PROBABILITY OF OCCURRENCE

Level	Probability of occurrence
Very low	≤ 10 %
Low	>10 % ≤ 25 %
Medium	>25 % ≤ 50 %
High	>50 % ≤ 75 %
Very high	>75 % ≤ 100 %

RISK POTENTIAL DEGREE OF DAMAGE

Level	Potential degree
Very low	EUR 0.0 ≤ 0.25 million
Low	>EUR 0.25 ≤ 0.75 million
Medium	>EUR 0.75 ≤ 2.0 million
High	>EUR 2.0 ≤ 4.5 million
Very high	>EUR 4.5 million).

MARKET RISKS

ECONOMIC RISKS (POLITICAL AND REGULATORY RISKS, SOCIAL CONFLICTS, INSTABILITIES, NATURAL CATASTROPHES

The demand by customers for software, services and solutions from the Nemetschek Group depends on their order situation and financing conditions. These could be influenced by the current situation and future expectations of the underlying conditions for the sector and the economy generally.

Nemetschek is active in various markets, the economies of which can go into a recession and crisis due to potential cuts in state spending, new financial laws on spending and debt limitations, high unemployment, as well as natural catastrophes or conflicts. There is basically the possibility that as part of a rapid change in the economic situation or state regulation in individual countries or in economic communities, conditions arise that threaten our existing business models or market opportunities in its substance. Such changes can in turn also have a negative influence on the sales, the financial and earnings situation and the existing assets of the company.

Nemetschek constantly follows the development of the important economies and their construction industries using generally available early warning indicators and an analysis of its own marketing situation. Thanks to its international sales orientation the company has the possibility of spreading risk. The markets which are, in particular, addressed intensively by the Nemetschek Group such as the EU, the USA and/or Japan, are constantly focused on by the company. Economic or political changes can affect the business activities of the Nemetschek Group. The conflict between Russia and the Ukraine has burdened the development of the world economy since 2014 and causes uncertainty. Subsidiaries of the Nemetschek Group also address this market and are, thus, currently exposed to high risks in the event that the political situation leads to a further economic downturn in Russia or to a trade embargo. The conflict in Syria, which endangers the stability of the economic region, represents a potential risk. Further effects could set off the recently reignited discussion about the withdrawal of Greece from the European Monetary Union. This could lead to great insecurity on the financial markets and to higher volatility. However, it cannot rule out that the economic conditions in central markets can have lasting negative influence on the business activities, financial position and results of operations or on means of payment. However, the continued promotion of internationalism in Asia or in emerging countries such as Brazil, offers growth potential.

International sales orientation enables risk-spreading

INDUSTRY SECTOR RISKS

The main opportunities and risks, which could lead to a significant change to the Nemetschek Group's economic situation, lie in the market and industry environments.

The AEC market is characterized by high-speed innovation speed. The significance of information technology and digitalization is growing constantly. Therefore, in the markets addressed by us there is still a great and continually increasing growth potential. The Nemetschek Group has a leading competitive position and is able to react quickly and flexibly due to its decentralized structure and to realize additional revenue potential. Conversely, a fall in demand can negatively impact the earnings situation at short notice due to a delay in aligning costs.

Revenue from Nemetschek Group solutions is distributed, however, geographically across several countries. Moreover, no individual customers account for a major share of revenues and, thus, there is no cluster risk. Consequently, the risks described above have not yet had any significant impact on Nemetschek's earnings situation. As a leading company in the AEC industry, and thanks to its size and expertise, Nemetschek has a good chance of continuing to expand its market share and to benefit from technological trends such as Building Information Modeling (BIM), 5D, collaboration, cloud computing and mobile solutions and the progressing digitalization and networking.

The success of the Nemetschek Group mainly hinges on the economic development in the construction and real estate industries. The order situation and financial strength of the construction industry and its players influence the industry's investments in software, and, in turn, the development of the group's business.

The fundamental willingness of private and institutional building clients to invest also plays an important role in future development. The general conditions of the economies in which Nemetschek is active can thus permanently impair the purchasing power of our target groups.

In addition, the negative expectation as regards further economic development could lead to a decline in investment.

The Nemetschek Group tracks such trends by regularly analyzing the significant early key indicators. Additionally, there is a particular focus on growth opportunities in the emerging countries which Nemetschek would also like to use consistently, as well as the demand for new innovative solutions.

**Broad customer base
and diverse product
portfolio spread risk**

Risks are additionally diversified at Nemetschek through involvement in markets in different countries, which are generally also characterized by different economic and competition risks. In addition, risk is spread by maintaining a broad client base and a wide product portfolio while the large portion of revenue from software service contracts work leading to recurring revenue, also serves to mitigate risk. Risk of default, namely the risk of contractual parties defaulting, is managed by means of credit approvals, limits, monitoring procedures and regular debt reminder cycles.

RISKS FROM THE COMPETITIVE ENVIRONMENT

The competitive situation also has a substantial impact on the opportunities and risk profile. The Nemetschek Group is active in an extremely intensely competitive and technologically fast-moving market. Apart from Nemetschek, there are not many large vendors active in the global AEC market. Future risks may arise in this context as a result of the pace of technological change, competitors' innovations or the appearance of new companies on the market.

Nemetschek, however, considers these risks manageable. The company invests substantially in research and development in order to further develop the solutions portfolio and to bring out innovations. About 25 % of revenue is invested annually in research and development and, thus, to secure the leading market position. The Nemetschek Group sees itself as a competence provider which is prepared to go to special lengths to accommodate the needs of its customers. With its business segments Design, Build and Manage, Nemetschek covers the whole life cycle of the buildings process. In addition to these the Media & Entertainment segment, which is mainly not dependent on a sector, has made good progress over the last few years. Thus, Nemetschek is exposed to lower risks than the other market participants.

Despite this, the risk exists that competitors could offer software solutions with less functionality but at substantially lower prices in order to win over existing customers from the Nemetschek Group. In order to meet this risk the subsidiaries are constantly working on fulfilling customer wishes, offering innovative solutions and being convincing with comprehensive service and support services.

With regard to the current market situation we assess the occurrence of the economic risks from instabilities, in particular in Russia as "high". We estimate the extent as "medium". The occurrence of risks from the competitive environment is assessed as "medium", the extent of their occurrence is assessed as "low". For all risks described here we currently see no effects on the financial, economic and earnings situation.

Risk category	Probability of occurrence	Extent
Economic risk with regard to Russia	High	Medium
Further economic risks	Very low	Very low
Sector risks	Very low	Very low
Risks from the competitive environment	Medium	Low

OPERATIVE RISKS

CORPORATE STRATEGY

Risks can also result from corporate decisions which change the opportunity and risk profiles in the short and long terms.

Furthermore, the demand of customers for products, solutions and services is generally subject to constant change. The measures introduced for the continued development of the business for further product development, for expansion of business fields or marketing measures initiated could prove to be unsuccessful. The risk also exists that the corporate decisions met and the allocation of resources for the permanent securing of the company are not adequate and jeopardize the substance of the company.

In order to control these risks there is a close cooperation between development and marketing of products and the requirements of the markets and of our target groups. The competitive situation is regularly analyzed with regard to technology, market participants and business models. Furthermore, as part of various sector forums, the brand companies are continuously in close dialogue regarding the development of the AEC and Media & Entertainment segment with cooperation partners, analysts and key customers.

SALES RISKS

The varying sales models of the group are based on the approach of technically reliable sales partners and highly qualified employees with specialist knowledge. These contribute to the optimal processing of the customer segments and to ensuring high customer satisfaction and guarantee sustainability of the earnings situation. The brand companies administer the various markets as part of differing sales and business models. As a result of the partially high complexity of the solutions, marketing them is very demanding. Knowledge of the technologies and products is subject to constant change due to fast technical progress.

High complexity of solutions makes marketing challenging

The loss of sales partners or of sales personnel could negatively influence the earnings situation of the Nemetschek Group. The brand companies meet this risk through careful selection and training, as well as management, of the sales partners and personnel through incentive and performance systems. The sales employees are also paid performance-related variable premiums and provisions in addition to their fixed remuneration.

Sales risks also exist if the subsidiaries decide to establish their own selling team or own regional sales locations in if a sales partner was previously operative there. Disputes could arise here with the current sales partners as well as customer dissatisfaction due to the change.

MARKETING RISKS

The Nemetschek Group generally generates revenues from software license sales and income from software service contracts from clients in the global AEC and Media segment. In addition to these two forms the trend is going more towards software as a service (SaaS) or rental models (so-called subscription). Already today some of the software solutions, for example NEVARIS, are offered as SaaS, however only to a limited extent. Large software houses have already converted their models from the classical desktop use to SaaS and subscription or they are in the process of doing so. This conversion is being pushed in the USA in particular. The risk is that the market moves faster in this direction than assumed by Nemetschek which could lead to negative effects on the financial situation, net assets and earnings.

PRODUCT RISKS

The market for software solutions is characterized by high speed technological progress and a resulting continual change. There is a basic risk that the innovative advantage achieved by the Nemetschek Group might be lost through innovations from competitors as well as through failure to acknowledge and adapt, at all or in time, to changing customer requirements and technological innovation. Thus, the future business success depends above all on our ability to offer innovative products which are tailored to the needs of the customers. Nemetschek counters this risk by generally offering annual release cycles for its software products. This is an opportunity to win additional market

Comprehensive product range with annual release cycles extend market share

share, thanks to the extensive product ranges tailored to local customer requirements. Nemetschek has, additionally, the possibility of reacting quickly to changing conditions through its 13 independent and autonomous brand companies. Only through a constant optimization of our product range are we able to hold our edge compared to the competitors. As a result of its close proximity to customers and its innovative solutions the Nemetschek Group has good chances of future profitable growth.

Potential risks are attached to the process of developing software products in that they might fail to sufficiently fulfill customers' needs and internal quality standards. These include, for example the provision of content or so-called product libraries in the relevant software solutions which enable customers to easily prepare models by "drag and drop". The trend here is going towards to open formats, such that along the value added chain these contents are available for import to and export from other software solutions without any problems.

The technology of third-parties is partly included in the software products of the brand companies. Where this is lost or there is a lack of quality in technology, this can lead to delays in own software supply, as well as to increased expenses for the procurement of replacement technology or for quality improvement. The brand companies account for this risk through careful selection of suppliers and an appropriate quality assurance.

PROJECT RISKS

To a limited extent Nemetschek generates revenues as part of project contracts with customers in various countries. This type of business has a different risk profile from a traditional software license business since, in order to provide the services, Nemetschek has to partially use staff with key knowledge and external personnel and is reliant on the support of the customers for project realization and on an exact documentation for provision of the service (systems specification).

It is possible that, due to inadequate service provision, compensation for damages might be claimed by the brand companies. For example, as a consequence of country-specific varying legal requirements Nemetschek may only meet contractual claims to a limited extent. To avoid such risks Nemetschek has issued guidelines on the awarding of contracts which require a legal and commercial examination of such projects.

TECHNOLOGY RISKS

The risk exists that technology used is no longer "state of the art". This can relate to both existing and also future products. The product portfolio-strategy currently followed, including Open BIM and 5D solutions, the provision of cloud solutions and use via mobile end devices should help the company to develop new markets and to secure market position.

Should the expected market demand for Open BIM and 5D solutions be weaker, or should completely different web technologies prevail, the situation could arise in which income does not cover the investments made.

Nemetschek bears this risk by constantly evaluating technology and by regularly updating market estimates, as well as focusing the product portfolio strategy on current market conditions. Overall, Nemetschek is convinced that new business opportunities will arise from the trend to Open BIM and 5D.

Risks arise if technologies such as the cloud are demanded quicker than expected and the matching solutions do not yet have the degree of market maturity expected by the customer. Nemetschek meets this risk through quick alignment and by intensifying development activities.

PROCESSES

The core processes of software development, marketing and organization in the Nemetschek Group are subject to continuous checks and improvements by management. The performance and goal orientation of these processes is put to the test and optimized during strategic and operational planning. Nevertheless, the fundamental risks still exist that, due to inadequate availability of resources or changed underlying conditions, the required and planned process results might not meet customer requirements in terms of timing and content, and therefore might lead to loss of capital.

Further risk potential exists in the restructuring of the product lines. Thus, the migration of a product which has been on the market for a long time to a new solution can bring with it the risk of losing customers even if the migration takes place within the group. In such cases the Nemetschek Group makes sure that the communication between the brands is strengthened and a comprehensive marketing shows the advantages of migration.

EMPLOYEES

Recruiting and permanently retaining highly qualified employees is a key success factor for the Nemetschek Group. If managers or other qualified employees leave the Nemetschek Group and suitable replacements are not found, this may adversely affect business development. This issue is particularly sensitive if it also means losing knowledge and specific company data. To prevent this risk, the Nemetschek Group offers attractive working conditions and continually improves knowledge management processes. The debate on the skills shortage presents a challenge to the Nemetschek Group. In order to win young employees, the Nemetschek Group works very closely together with universities, awards scholarships and grants doctorate jobs.

ACQUISITION AND INTEGRATION RISKS

Company acquisitions are an essential component of a corporate strategy aimed at long-term profitable growth. The Nemetschek Group will, therefore, also strengthen and expand its own market position in future through acquisitions. Acquisitions are carefully and systematically checked before contracts are signed. A standardized process for M&A with a particular emphasis on post merger integration and due diligence has been established.

In looking for appropriate acquisition objects Nemetschek is in competition with other companies. Additionally, with acquisitions there is also the corporate risk that the company acquired does not develop economically as expected. After the acquisition the companies are rapidly integrated in the reporting, controlling and risk management system of the Nemetschek Group.

Goodwill is subject to an annual impairment test. There was and is no requirement for impairment. However, impairment in the future cannot be fully excluded.

With regard to the current market situation we estimate the probability of occurrence of sales and product risks as "medium" and their scale as "very low". For marketing risks we classify their probability of occurrence as "very low" and their scale as "low". For technology risks we estimate the probability of occurrence and scale as "very low". For litigation risks we assess the probability of occurrence as "low" and their scale as "very low". For all risks described here we currently see no effects on the financial, economic and earnings situation.

Risk category	Probability of occurrence	Scale
Corporate strategy	Very low	Very low
Sales risks	Medium	Very low
Marketing risks	Very low	Low
Product risks	Medium	Very low
Project risks	Very low	Very low
Technology risks	Very low	Very low
Litigation risks	Low	Very low
Employees	Very low	Very low
Acquisition and integration risks	Very low	Very low

LEGAL, TAX AND COMPLIANCE RISKS

TAX RISKS

With its branches worldwide the Nemetschek Group is subject to local tax laws and regulations. Changes to these regulations could lead to a high tax expense and to cash outflows related to this. Furthermore, changes would have an impact on the deferred tax assets and liabilities set up. However, it is also possible that changes in tax regulations have a positive effect on the earnings of the company. The Nemetschek Group has no influence on changes to the tax environment.

COMPLIANCE AND GOVERNANCE RISKS

The regulatory environment of Nemetschek AG, listed in the German TecDAX, is complex and has a high concentration of regulations. Any potential infringement of the existing regulations can have a negative effect on the net assets, financial situation and results of operations, the share price and the reputation of the company.

Customers of the Nemetschek Group are, to a limited extent, also governments or publicly owned companies and the business activities in the engineering area are partially influenced by contracts with large volumes. The prevalence of corruption, or even just an accusations thereof, can impede participation in public tendering and have negative effects on further economic activity, net assets, financial situation and results of operations, the share price and reputation. In light of this Nemetschek has, together with the implementation of the Code of Conduct for all employees, instituted an anti-corruption program. Compliance and corporate responsibility have always been important components of the corporate culture at the Nemetschek Group. In order to communicate the issue efficiently, sustainably and across the Group we use a modern training tool. The learning objective of this is that our employees recognize and correctly react to potentially critical situations.

LEGAL RISKS

In the software sector developments are increasingly protected by patents. The patent activities mainly relate to the American market, however protection of software by patents is also steadily increasing in other markets. The infringement of patents can have a negative effect on the net assets, financial situation and results of operations, the share price and the reputation of the company. The Nemetschek Group performs regular monitoring of patent activities of competitors.

The Nemetschek Group doesn't only work in sales with its own sales force body but also with external service providers and several cooperation partners. Hereby, for the external sales bodies in particular, the risk is naturally that the sales agreements can be influenced by external influences with the appropriate loss potential in new business and portfolio erosion. The risk exists that sales partners do not renew their contracts with us at all, or are unwilling to do so at conditions acceptable to us, or existing sales agreements are cancelled, causing subsequent legal disputes and, thus, having a negative effect on our business activities, our financial situation and earnings position or cash flow.

With regard to the current market situation we assess the occurrence of legal risks as “medium”. The scale we assess as “low”. For all risks described here we currently see no effects on the financial, economic and earnings situation.

Risk category	Probability of occurrence	Scale
Tax risks	Very low	Very low
Compliance and governance risks	Very low	Very low
Legal risks	Medium	Low

FINANCE RISKS

Where there are high financial liabilities there is basically a liquidity risk where the earnings situation of the group worsens. Currently the Nemetschek Group has loan liabilities of EUR 60 million. However, Nemetschek has generated clearly positive cash flows which enable the possibility of continuing to invest in organic growth as well as in acquisitions. The availability of decentralized funds is ensured by Nemetschek AG using a centralized cash pooling system. The objective of the Nemetschek Group with regard to financial risk management is to mitigate the risks presented below by the methods described. Nemetschek generally pursues a conservative, risk-averse strategy.

CURRENCY RISKS

The increasing international activity of the Nemetschek Group generally harbors foreign exchange risks. In the course of ordinary operations the Nemetschek Group is particularly exposed to exchange rate fluctuations due to its business activities especially in the USA, in Japan, in Hungary and, due to the current situation, also in Switzerland. The company’s strategy is to eliminate or reduce these risks by entering into hedging transactions. The currency risks of the group occur due to the fact that the group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with Group Treasury. Exchange rate fluctuations only have a limited effect at ultimate group level because the operating subsidiaries outside of the eurozone record revenue as well as cost of materials, personnel expenses and other expenses predominantly in their local currencies.

Conclusion of hedging transactions limits currency risks

The brand companies enter into various types of forward exchange contracts, if required, to manage their foreign exchange risk resulting from cash flows from (anticipated) business activities and financing arrangements (in foreign currencies). At the balance sheet date, there are no pending forward exchange contracts in the group.

DEFAULT RISK AND RISK MANAGEMENT

Risk of default, namely the risk of contractual parties defaulting, is managed by means of credit approvals, the setting of limits, monitoring procedures and regular debt reminder cycles. Where appropriate, the company obtains additional collateral in the form of rights to securities or arranges global netting agreements.

The company does not expect that any of its business partners, deemed highly creditworthy, will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or specific customer group. From today’s perspective, the maximum credit risk can be calculated from the amounts shown in the balance sheet.

The Nemetschek Group only does business with creditworthy third parties. All customers that wish to perform material trade with the company on credit terms are subject to credit verification procedures if materiality criteria are exceeded. In addition, receivable balances are monitored on an ongoing basis with the result that the company’s exposure to default risks is not significant. If risks of default are identified, appropriate accounting precautions will be taken.

For transactions that do not occur in the country of the relevant operating unit, the group does not offer credit terms without the prior approval of the head of credit control. Within the group there is no material concentration of default risks from today's perspective. With respect to the other financial assets of the group, which comprise cash and cash equivalents, the group's maximum exposure to credit risk, arising from default of the counter-party, is equal to the carrying amount of these instruments.

INTEREST RISK

As a result of the current financing structure of the Nemetschek Group there is no material interest risk in the opinion of management.

With regard to the current market situation we assess the probability of occurrence of default risks and risk management as "high". The scale we assess as "very low". For all risks described here we currently see no effects on the financial, economic and earnings situation.

Risk category	Probability of occurrence	Scale
Foreign exchange risks	Very low	Very low
Default risk and risk management	High	Very low
Interest risk	Very low	Very low

SUMMARY ASSESSMENT OF THE GROUP'S OPPORTUNITY AND RISK SITUATION

In summary, the management of Nemetschek is convinced that none of the main risks identified above, neither individually nor as a whole, threaten the going concern principle, and that the group will continue to successfully master challenges and opportunities, also in the future. Compared to the previous year, there were no material changes in the overall risk position and the specific risks described. Management is convinced that the risks are limited and manageable. The financial basis of the company is solid. The equity ratio of 46.8% is good and the liquidity situation comfortable. We see opportunities, in particular, in a stronger market penetration of our solutions portfolio and the addressing of further vertical markets in the value added chain of the AEC industry. Nemetschek's chances of expanding market position as the leading supplier of integrated software solutions for the whole life cycle of buildings, result from stronger internationalization, as well as in the systematic exploitation of the potential within existing markets, supported by the consistent implementation of new technologies. The Nemetschek Group will use the opportunities for further development of the company without losing sight of the associated risks.

4 OTHER DISCLOSURES

REPORT ON ENTERPRISE CONTROLLING AND DECLARATION ON CORPORATE MANAGEMENT

With regard to the information on corporate management and corporate governance we refer to section 1.2 in the management report.

DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 AKTG

The declaration of conformity in accordance with §161 AktG (Stock Corporation Act) is published within the section Corporate Governance of the annual report of Nemetschek AG (as well as on the website www.nemetschek.com).

WORKING PRACTICES OF THE SUPERVISORY BOARD

For information on the working practices of the supervisory board, we refer to the supervisory board report.

EXPLANATORY REPORT OF THE EXECUTIVE BOARD ON THE DISCLOSURES UNDER § 315 (4) HGB

(1) COMPOSITION OF THE SUBSCRIBED CAPITAL

The nominal capital of Nemetschek Aktiengesellschaft as of December 31, 2014, amounts, as in the previous year, to EUR 9,625,000.00 and is divided into 9,625,000 bearer shares.

(2) RESTRICTIONS RELATING TO THE VOTING RIGHTS OR TRANSFERABILITY OF SHARES

There are no restrictions relating to the voting rights or transferability of shares.

(3) INVESTMENTS IN CAPITAL EXCEEDING 10 % OF VOTING RIGHTS

Direct and indirect investments in subscribed capital (shareholder structure) which exceed 10 % of the voting rights are presented in the notes to the financial statements or in the notes to the consolidated financial statements of Nemetschek Aktiengesellschaft.

(4) SHARES WITH SPECIAL RIGHTS GRANTING CONTROL

There are no shares with special rights granting control.

(5) TYPE OF VOTING RIGHT CONTROLS WHEN EMPLOYEES HOLD INTERESTS IN CAPITAL AND DO NOT EXERCISE THEIR CONTROL RIGHTS DIRECTLY

There are no voting right controls on employees with shareholdings.

(6) LEGAL PROVISIONS AND STATUTES ON THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGING BOARD AND AMENDMENTS TO THE STATUTES

The appointment and dismissal of managing board members is governed by §§84 and 85 of the German Stock Corporation Act in connection with §7 of the statutes of Nemetschek Aktiengesellschaft. Accordingly, executive board members are appointed by the supervisory board for a maximum of five years. Reappointment or extension of the term of office is allowed, for a term of up to five years each time.

The amendment to the statutes is subject to §179 of the Stock Corporation Act in connection with §§18 and 13 of the statutes of Nemetschek Aktiengesellschaft. These stipulate that the annual general meeting must pass a resolution to amend the statutes by a simple majority of the voting rights represented – provided that the law does not require a greater majority. According to §13 of the statutes of Nemetschek Aktiengesellschaft the supervisory board is authorized to resolve changes that only affect their wording of the statutes.

(7) AUTHORIZATION OF THE MANAGING BOARD TO ISSUE OR REDEEM SHARES

According to §71 (1) No. 8 AktG the company requires a special authorization by the annual general meeting to acquire and trade its treasury shares, to the extent not legally expressly permitted. An authorization resolution was presented to the annual general meeting on May 20, 2014 and resolved accordingly by the shareholders.

In accordance with the resolution on agenda item 6 of the annual general meeting dated May 20, 2014, the authorization is valid as follows:

“6.1 The company is empowered to purchase up to 962.000 treasury shares by May 19, 2019 once or several times, which is almost 10 % of the current nominal capital, in full or in part, complying with the following conditions. At no time may the shares acquired on the basis of this authorization, together with other shares of the company that the company has already purchased and still holds, or which are attributable to it in accordance with §§71a et seq. AktG (Stock Corporation Act), constitute more than 10 % of its share capital. The authorization may not be used for the purpose of trading treasury shares.

This authorization replaces the authorization adopted by the annual general meeting of Nemetschek Aktiengesellschaft on May 26, 2010 as agenda item 6, concerning the acquisition of treasury shares, which is hereby cancelled to the extent it is not exercised.

6.2 The shares are purchased, as opted by the executive board, via the stock exchange or by way of public offer, addressed to all the company's shareholders.

a) If the shares are purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price in the last five days of trading prior to the obligation to purchase them on the electronic exchange (Xetra – or a separately functioning comparable system instead of the Xetra system) by more than 10%.

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

6.3 The managing board is empowered to use the treasury shares purchased pursuant to this authorization for any legally permitted purpose, in particular also for the following purposes:

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

b) The shares may be redeemed with the approval of the supervisory board, without any further resolution of the annual general meeting being required for the redemption to take effect. Redemption leads to a reduction in capital. The managing board may alternatively decide that the share capital remains unchanged on redemption and is increased instead by the inclusion of the proportion of other shares within share capital in accordance with §8 (3) AktG. The managing board is authorized in this case to adjust the number of shares in the statutes.

6.4 The subscription right of the shareholders on these treasury shares is excluded to the extent that these are exercised in accordance with the above-mentioned authorization under item 6.3 lit. a) of the agenda.”

(8) SIGNIFICANT AGREEMENTS THAT ARE SUBJECT TO A CHANGE IN CONTROL AS A RESULT OF A TAKEOVER BID

The company has not entered into any significant agreements that are subject to a change in control as a result of a takeover bid.

(9) COMPENSATION AGREEMENTS OF THE COMPANY WITH THE MEMBERS OF THE MANAGING BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The company has not entered into any compensation agreements with the members of the managing board or employees in the event of a takeover bid.

REMUNERATION REPORT

SUPERVISORY BOARD

In addition to a fixed component, the remuneration paid to members of the supervisory board contains a variable profit based component. The variable compensation component is based on the consolidated earnings (diluted earnings per share). It is the view of the managing board and the supervisory board that this important ratio constitutes a reliable benchmark for increasing the intrinsic value of the shares and, thus, the company's performance.

Remuneration of the supervisory board breaks down as follows:

REMUNERATION OF THE SUPERVISORY BOARD

2014	Thousands of €	Fixed components	Variable components	2014
Kurt Dobitsch		30.0	118.5	148.5
Prof. Georg Nemetschek		22.5	118.5	141.0
Rüdiger Herzog		15.0	118.5	133.5
Total		67.5	355.5	423.0

2013	Thousands of €	Fixed components	Variable components	2013
Kurt Dobitsch		30.0	79.5	109.5
Prof. Georg Nemetschek		22.5	79.5	102.0
Rüdiger Herzog		15.0	79.5	94.5
Total		67.5	238.5	306.0

EXECUTIVE BOARD

Remuneration of the members of the executive board consists of fixed compensation and the usual additional components, such as health and care insurance as well as a company car, and a variable, performance-based compensation. The variable compensation has a current and non-current component.

The current performance-based (variable) compensation mainly depends on corporate objectives achieved (revenue and earnings per share) which are agreed between the supervisory board and executive board at the beginning of each fiscal year.

The non-current performance-based (variable) executive board compensation – also known as Long-Term-Incentive-Plan (LTIP) – depends on the achievement of fixed corporate objectives with regard to the development of revenue and operating results (EBITA). The period to be observed is always three fiscal years. Participation of the executive board in the LTIP requires an appropriate nomination by the supervisory board at the annual balance sheet meeting of the supervisory board. The three executive board members Patrik Heider, Sean Flaherty and Viktor Várkonyi were nominated in 2014 for the LTIP. In the fiscal year 2014 no non-current variable component was paid but earned.

In the following tables the remuneration, payments and benefits are individually presented for each member of the executive board of Nemetschek AG in accordance with the recommendations of clause 4.2.5 (3) of the German Corporate Governance Code:

EXECUTIVE BOARD REMUNERATION – VALUE OF THE AMOUNTS GRANTED

Thousands of €	Patrik Heider				Sean Flaherty				Viktor Várkonyi			
	Spokesman of the Executive Board since March 1, 2014				since November 1, 2013				since November 1, 2013			
	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	0	167	167	167	16	96	96	96	16	96	96	96
Fringe benefits	0	15	15	15	0	0	0	0	0	0	0	0
Total	0	182	182	182	16	96	96	96	16	96	96	96
One-year variable compensation	0	318	0	318	0	0	0	0	0	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	92	0	341	0	92	0	341	0	92	0	341
Total	0	592	182	841	16	188	96	437	16	188	96	437
Service cost	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	592	182	841	16	188	96	437	16	188	96	437

Thousands of €	Dr. Tobias Wagner				Tanja Tamara Dreilich			
	since August 29, 2013 until March 31, 2014				until August 26, 2013			
	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	82	67	67	67	143	0	0	0
Fringe benefits	2	2	2	2	0	0	0	0
Total	84	69	69	69	143	0	0	0
One-year variable compensation	0	60	0	60	2	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0
Service cost	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0

EXECUTIVE BOARD REMUNERATION – CASH FLOW VIEW

	Patrik Heider				Sean Flaherty				Viktor Várkonyi			
	Spokesman of the Executive Board since March 1, 2014				since November 1, 2013				since November 1, 2013			
Thousands of €	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	0	167	167	167	16	96	96	96	16	96	96	96
Fringe benefits	0	15	15	15	0	0	0	0	0	0	0	0
Total	0	182	182	182	16	96	96	96	16	96	96	96
One-year variable compensation	0	318	0	318	0	0	0	0	0	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	500	182	500	16	96	96	96	16	96	96	96
Service cost	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	500	182	500	16	96	96	96	16	96	96	96
					Dr. Tobias Wagner				Tanja Tamara Dreilich			
					since August 29, 2013 until March 31, 2014				until August 26, 2013			
Thousands of €	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	82	67	67	67	143	0	0	0	143	0	0	0
Fringe benefits	2	2	2	2	0	0	0	0	0	0	0	0
Total	84	69	69	69	143	0	0	0	143	0	0	0
One-year variable compensation	0	60	0	60	2	0	0	0	2	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	0	0	0	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0	145	0	0	0
Service cost	0	0	0	0	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0	145	0	0	0

In addition to the remuneration paid by Nemetschek AG, Viktor Várkonyi, who is also CEO of Graphisoft SE, received fixed remuneration of EUR 198 thousand (previous year: EUR 33 thousand) gross and performance-related current remuneration of EUR 92 thousand (previous year: EUR 14 thousand) gross from Graphisoft SE. Sean Flaherty, who is also the CEO of Vectorworks Inc., received fixed remuneration of EUR 185 thousand (previous year: EUR 25 thousand) gross and performance-related current compensation of EUR 270 thousand (previous year: EUR 28 thousand) gross from Vectorworks Inc. The above-mentioned remuneration for the previous year related to the management activities of the Mr Várkonyi and Flaherty in the period November 1 to December 31, 2013, in the relevant subsidiary.

Total remuneration of EUR 1,097 thousand were granted to the executive board of Nemetschek AG for the fiscal year 2014 (previous year: EUR 264 thousand). Total remuneration from subsidiaries for Mr. Flaherty and Mr. Várkonyi amounted to EUR 745 thousand (previous year: EUR 100 thousand).

“In the 5D world, communication between inter-disciplinary project partners remains challenging. The combined powers of BIM and PDF by using Revu enable designers, contractors and building owners to minimize the risk of costly rework, communicate issues clearly and concisely and, ultimately, finish projects faster.”

RICHARD LEE, BLUEBEAM





Banner MD Anderson Health Center, Gilbert, USA
Architecture Office: HKS, realized with Revu

5 SUBSEQUENT EVENTS REPORT

There were no significant events after the end of the fiscal year 2014. With regard to the underlying conditions described, there were no further material changes after the end of the fiscal year.

6 FORECAST REPORT 2015

ECONOMIC CONDITIONS REMAIN SOLID*

A slight acceleration of global growth can be expected for the year 2015. The German Council of Economic Experts expects an increase in the global Gross Domestic Product of 2.9%, whereby the instrumental growth drivers are the USA and Asia. Global growth is therefore, expected to be slightly above that of the previous year at 2.6%.

The eurozone will develop more cautiously with 1.0% growth (previous year: 0.8%). The bank and financial debt crisis, as well as the macroeconomic environment, continue to burden the eurozone. Italy and France are, in particular, in decline. For Germany an increase in the GDP of 1.0%, i.e. a slight decline compared to the previous year at 1.2%, is forecast for the eurozone.

The development in the USA looks far more positive. Here, the recovery of the employment market continued and private consumption climbed significantly, since the private sector is currently showing lower debt. The growth in GDP amounts to 3.1% compared to 2.3% in the previous year. Growth will also accelerate in Latin America. GDP growth in 2015 is estimated at 2.4% (previous year: 1.4%). A substantial increase is expected in Brazil where growth of 1.5% is forecast in 2015 (previous year: 0.2%).

Asia will show stable growth of 4.6% (previous year: 4.6%). With an expansion in gross domestic product of 7.0% the dynamic growth in China is due to subside slightly (previous year: 7.4%), whereby there could be dampening effects for other emerging countries. In Japan, at 0.9% economic growth is expected to be only minimally higher than in the previous year (0.8%).

It remains to be seen how the events in Greece and the crisis in the Ukraine affect overall growth.

CONSTRUCTION INDUSTRY MAINLY ON THE UPTURN**

The economic situation of the construction industry is a decisive influencing factor for the economic framework conditions for the Nemetschek Group, since most of the customers are directly or indirectly part of the construction industry. Most European countries will be able to increase their building volumes for the year 2015 in the opinion of EuroConstruct. These include Germany at 1.8%, the United Kingdom at 5.1%, the Netherlands at 3.4% and Norway at 3.9%. Italy, Spain, Portugal, Finland and the Slovakia are likely to achieve the trend reversal and then be able to grow again in 2015. However, French building volume will continue to decline. In Switzerland negative growth is also expected.

In the opinion of the experts from Germany Trade & Invest, the prospects are good for structural engineering in the United States due to the improved economic prospects. The economic upturn is gaining momentum here, however the opportunities of contracts in the public sector continue to remain limited. The building economy in Brazil is not expected to gain momentum again until the second half of 2015. Among other things, the enforced savings by the government are slowing down infrastructure projects. The property market is still undergoing an alignment phase. Positive signals are resulting from the macro-economic stability course announced. The forecast for the Japanese building economy are rather restrained for 2015, whereby the medium to long-term prospects are more positive.

* Source: Annual report 2014/15; German Council of Economic Experts on its appraisal of overall economic development; <http://www.sachverstaendigenrat-wirtschaft.de/index.html>

Overall, market experts are expecting a favorable development in the construction industry in the year 2015. For the Nemetschek Group this means that the markets relevant to it are continuing to experience positive growth impulses.

ORGANIC AND NON-ORGANIC GROWTH

Based on the predominantly positive impulses of the construction industry and the assumption that the technological growth drivers in the AEC market, such as Building Information Modeling (BIM), 5D, collaboration, cloud computing and mobile solutions as well as the ongoing digitalization and networking of all those involved in the building process, will provide for further growth, Nemetschek is again expecting successful business development for 2015. With acquisitions and investments the Nemetschek Group can also gain access to further regional markets and extend its technological competence in future. Thanks to the high cash flows and the solid balance sheet the Nemetschek Group has access to the necessary financial funds to finance the planned future growth, whether organic or through acquisitions.

INNOVATIONS AND FOCUS ON CUSTOMERS

The main drivers of future growth are innovations. Only the companies that offer innovative and customer-oriented solutions will be at the top of the AEC market. The objective of the Nemetschek Group is therefore to gradually expand its portfolio of solutions and to constantly improve those products and solutions already present in the market. For the brand companies the focus of the development activities is on the close proximity to customers in order to take advantage of market opportunities. The share of expenditure for research and development compared to revenues amounted to around 25 % in previous years. For 2015 this expenditure shall also remain at this level in order to secure the innovation ability of the company in the long term.

Only companies offering innovative products remain at the top

INTERNATIONALIZATION

The Nemetschek Group follows a global growth strategy. In addition to its core markets in the DACH region the Nemetschek Group is attempting to grow further abroad. The focus is particularly on North and Latin America (Brazil and Mexico) as well as Asia. Nemetschek will continually extend its geographical presence to gain and support customers and drive forward the expansion of its worldwide selling and marketing activities. The solutions portfolio which covers the complete life cycle in the AEC industry, as well as the long-term know-how of the Nemetschek Group, is in demand worldwide.

FINANCING, INVESTMENTS AND LIQUIDITY

With an extremely strong balance sheet the Nemetschek Group views itself as being well positioned for the planned growth in 2015. As in the previous years a high operating cash flow will strengthen liquidity and offer enough scope for planned investments in development, sales and marketing. These also include investments in property, plant and equipment and potential acquisitions and investments.

Significant cost items within the Nemetschek Group are personnel expenses and other operating expenses. In 2015 the Nemetschek Group will also recruit additional experts globally and is, thus, planning a further moderate increase in personnel expenses. Other operating expenses include primarily selling expenses and are also expected to rise slightly in 2015 as a result of the unchanged international expansion.

DIVIDEND POLICY

The Nemetschek Group follows a sustained dividend policy and allows its shareholders to share appropriately in the company's development both now and in the future. The company will also propose a dividend to the annual general meeting on May 20, 2015, for the fiscal year 2014.

** Sources: Euroconstruct Summary Report, Nov 2014
Construction Industry (Structural/Building Construction) USA, Germany Trade & Invest, September 2014
Economic Trends Brazil: Year end 2014/15; Germany Trade & Invest
Economic Trends Japan: Year end 2014/15; Germany Trade & Invest

OVERALL EVALUATION OF THE EXPECTED DEVELOPMENT

Continuation of corporate policy aimed at sustainable growth

Its excellent competitive position, strong market positioning, fundamental know-how and many years of experience along the life cycle in the AEC and media markets are a sound basis for further profitable growth of the Nemetschek Group. Under the assumption of positive growth impulses through technological trends in the AEC and media industries, as well as with a view to planned activities in the individual brand companies, the Nemetschek Group looks forward positively to the year 2015. The Nemetschek Group will also continue its corporate policy aimed at sustained growth in the future and invest in new customers, innovative solutions and further internationalization. As an innovation driver the Nemetschek Group addresses topics such as BIM and 5D with its solutions, offers tools for collaboration and provides mobile and cloud solutions. Thus, the opportunities for a continued positive business development and the expansion of its position as the leading provider of solutions along the lifecycle within the AEC sector are available. In the next few years the Nemetschek Group will grow, organically and through targeted acquisitions, more strongly than the overall market of the building sector.

With its business model the Nemetschek Group views itself as very well prepared to master the future challenges in its relevant markets. With license sales the Nemetschek Group is steadily extending its customer base. Furthermore, it secures recurring income from service contracts. Depending on customer requirements Nemetschek also supplies solutions which can be used as software as a service. This secures Nemetschek overall a stable basis for sustainable development. Based on new releases and innovations, further internationalization with a strong sales network and high customer satisfaction, Nemetschek expects an increase in revenues in all four segments.

In addition to organic growth the Nemetschek Group expects non-organic growth effects in the Build segment through the successful acquisition of Bluebeam Software, Inc. Bluebeam addresses, on the one hand, the trend towards collaboration with innovative software solutions and, on the other hand, strengthens the positioning of the Nemetschek Group in the USA.

For the **fiscal year 2015 Nemetschek** plans an increase in revenue for the whole group ranging from EUR 262 million to EUR 269 million (+20% to +23%). EBITDA of between EUR 62 and 65 million is expected. Nemetschek expects pure organic growth (without Bluebeam Software, Inc. which was acquired on October 31, 2014) in a corridor of between 6% and 9%.

On a segment basis the Nemetschek Group views itself as well positioned in the **Design** segment, based on the strong market positioning of its brands with BIM oriented solutions for the 3D planning and visualization of buildings. In the year 2015 growth in revenues is expected within the planned organic growth and this will be carried by the further development of the solutions portfolio and the continued internationalization.

The **Build** segment will promote the further development of the NEVARIS product family, the comprehensive BIM 5D solution, in order to guarantee an efficient and consistent model-based way of working in planning and execution. The focus is on the exact timing (4D) and cost reliable (5D) processing of building measures just as on their marketing. The Nemetschek Group is expecting a very strong development of the segment in the year 2015 due to the acquisition of Bluebeam. The pure organic percentage revenue growth of the Build segment is expected to be in the mid single-digit region.

In the **Manage** segment the focus in 2015 will be on selling activities and on the further extension of securing customers from property management. In the fiscal year 2015 the Nemetschek Group expects growth rates in the lower double-digit region.

In the **Media & Entertainment** segment investment will be increased in the solutions portfolio in order to expand the customer base and to grow even stronger internationally. In this segment growth rates are also expected in the lower double-digit region.

The development of many exchange rates important for the Nemetschek Group, in particular the euro to the US dollar, the Swiss franc, the Japanese yen and the Hungarian forint can influence the revenue and results forecast.

NOTE ON FORECASTS

This management report contains statements and information about transactions and processes that are in the future. These forward-looking statements are identified from formulations such as “expect”, “intend”, “plan”, “evaluate” or similar terms. Such forward-looking statements are based on our expectations today and certain assumptions. They therefore involve a number of risks and uncertainties. Numerous factors, many of which are outside the Nemetschek Group’s sphere of influence, affect the Nemetschek Group’s business activity, success, business strategy, and its results. This can lead to the actual results, success, and performance of the Nemetschek Group materially deviating from the information on results, success, or performance explicitly or implicitly mentioned in these forward-looking statements.

Munich, March 11, 2015



Patrik Heider



Sean Flaherty



Viktor Várkonyi



Office Building, Utrecht, The Netherlands
Technical Advisor: VECCINS 3D,
realized with DDS-CAD



“DDS-CAD’s ease of use and Open BIM compliance is a key enabler for project delivery on-time, on-budget and with high quality.”

BJØRN STANGELAND, DATA DESIGN SYSTEM

**CONSOLIDATED FINANCIAL
STATEMENTS**
(IFRS)

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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, 2014 and 2013

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	2014	2013	[Notes]
Revenues	218,451	185,940	[1]
Own work capitalized	9	1,673	[2]
Other operating income	4,991	2,230	[3]
Operating Income	223,451	189,843	
Cost of materials / cost of purchased services	- 8,620	- 8,678	[4]
Personnel expenses	- 94,537	- 78,666	[5]
Depreciation of property, plant and equipment and amortization of intangible assets	- 10,288	- 10,594	[6]
<i>thereof amortization of intangible assets due to purchase price allocation</i>	- 4,765	- 6,326	[6]
Other operating expenses	- 63,501	- 56,235	[7]
Operating expenses	- 176,946	- 154,173	
Operating results (EBIT)	46,505	35,670	
Interest income	152	487	[9]
Interest expenses	- 224	- 54	[9]
Share of results of associated companies	- 42	88	[8]
Other financial income	169	0	[10]
Earnings before taxes	46,560	36,191	
Income taxes	- 13,102	- 10,919	[11]
Net income for the year	33,458	25,272	
Other comprehensive income:			
Difference from currency translation	59	- 1,802	
Subtotal of items of other comprehensive income that will be reclassified to income in future periods	59	- 1,802	
Gains/losses on revaluation of defined benefit pension plans	- 318	- 66	
Tax effect	89	19	
Subtotal of items of other comprehensive income that will not be reclassified to income in future periods	- 229	- 47	
Subtotal other comprehensive income for the year	- 170	- 1,849	
Total comprehensive income for the year	33,288	23,424	
Net profit or loss for the period attributable to:			
Equity holders of the parent	31,486	24,011	
Non-controlling interests	1,972	1,261	
Net income for the year	33,458	25,272	
Total comprehensive income for the year attributable to:			
Equity holders of the parent	31,486	22,202	
Non-controlling interests	1,803	1,222	
Total comprehensive income for the year	33,288	23,424	
Earnings per share (undiluted) in euros	3.27	2.49	[12]
Earnings per share (diluted) in euros	3.27	2.49	
Average number of shares outstanding (undiluted, units)	9,625,000	9,625,000	
Average number of shares outstanding (diluted, units)	9,625,000	9,625,000	

The accompanying notes to this statement of comprehensive income form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2014 and 2013

STATEMENT OF FINANCIAL POSITION

ASSETS	Thousands of €	December 31, 2014	December 31, 2013	[Notes]
Current assets				
Cash and cash equivalents		56,968	48,553	[25]
Trade receivables, net		28,869	21,889	[14]
Inventories		725	728	[15]
Tax refunded claims for income taxes		2,509	694	[15]
Other current financial assets		10	27	[15]
Other current assets		9,301	7,713	[15]
Current assets, total		98,382	79,604	
Non-current assets				
Property, plant and equipment		10,800	5,332	[13]
Intangible assets		68,770	30,948	[13]
Goodwill		111,285	60,112	[13]
Investments in associates and non-current available-for-sale assets		892	164	
Deferred tax assets		727	1,492	[11]
Non-current financial assets		59	79	[15]
Other non-current assets		772	772	[15]
Non-current assets, total		193,305	98,899	
Total assets		291,687	178,503	

The accompanying notes to this statement of financial position form an integral part of these consolidated financial statements.

EQUITY AND LIABILITIES	Thousands of €	December 31, 2014	December 31, 2013	[Notes]
Current liabilities				
Short-term borrowings and current portion of long-term loans		12,000	0	[20]
Trade payables		5,784	5,248	[20]
Provisions and accrued liabilities		21,107	14,823	[19]
Deferred revenue		32,386	23,464	[21]
Income tax liabilities		4,712	3,327	[20]
Other current financial obligations		1,633	1,135	[22]
Other current liabilities		6,640	5,962	[20]
Current liabilities, total		84,262	53,959	
Long-term borrowings without current portion		48,000	0	[20]
Deferred tax liabilities		15,438	4,078	[11]
Pensions and related obligations		1,667	1,203	[19]
Non-current financial obligations		1,336	1,098	[23]
Other non-current liabilities		4,408	0	[23]
Non-current liabilities, total		70,849	6,379	
Equity				
Subscribed capital		9,625	9,625	[17]
Capital reserve		41,360	41,360	[18]
Retained earnings		96,621	78,367	
Other comprehensive income		- 12,625	- 12,785	
Equity (Group shares)		134,981	116,567	
Non-controlling interests		1,595	1,598	
Equity, total		136,576	118,165	
Total equity and liabilities		291,687	178,503	

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2014 and 2013

STATEMENT OF CASH FLOWS

Thousands of €	2014	2013	[Notes]
Profit (before tax)	46,560	36,191	
Depreciation and amortization of fixed assets	10,288	10,594	
Change in pension provision	146	51	
Other non-cash transactions	-381	307	
Portion of the result of non-controlling interests	42	-88	
Losses from disposal of fixed assets	371	180	
Cash flow for the period	57,026	47,235	[25]
Interest income	-152	-487	
Interest expenses	224	54	
Change in other provisions	3,135	772	
Change in trade receivables	-4,291	2	
Change in other assets	5,227	1,546	
Change in trade payables	217	207	
Change in other liabilities	-6,525	-2,593	
Interest received	127	108	
Income taxes received	1,026	1,226	
Income taxes paid	-11,836	-7,829	
Cash flow from operating activities	44,178	40,241	[25]
Capital expenditure	-3,548	-5,373	
Cash received from disposal of non-controlling interests	0	6	
Cash received from the disposal of fixed assets	185	32	
Cash paid for acquisition of a subsidiary, net of cash acquired	-75,984	-16,229	
Purchase of non-controlling interests	-468	0	
Cash flow from investing activities	-79,815	-21,564	[25]
Dividend payments	-12,513	-11,069	
Cash paid to non-controlling interests	-2,374	-911	
Cash received from bank loans	60,000	0	
Interest paid	-1,131	-1,541	
Repayment of borrowings	-830	0	
Cash flow from financing activities	43,152	-13,521	[25]
Changes in cash and cash equivalents	7,515	5,156	
Effect of exchange rate differences on cash and cash equivalents	900	-886	
Cash and cash equivalents at the beginning of the period	48,553	44,283	
Cash and cash equivalents at the end of the period	56,968	48,553	[25]

The accompanying notes to this cash flow statement form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

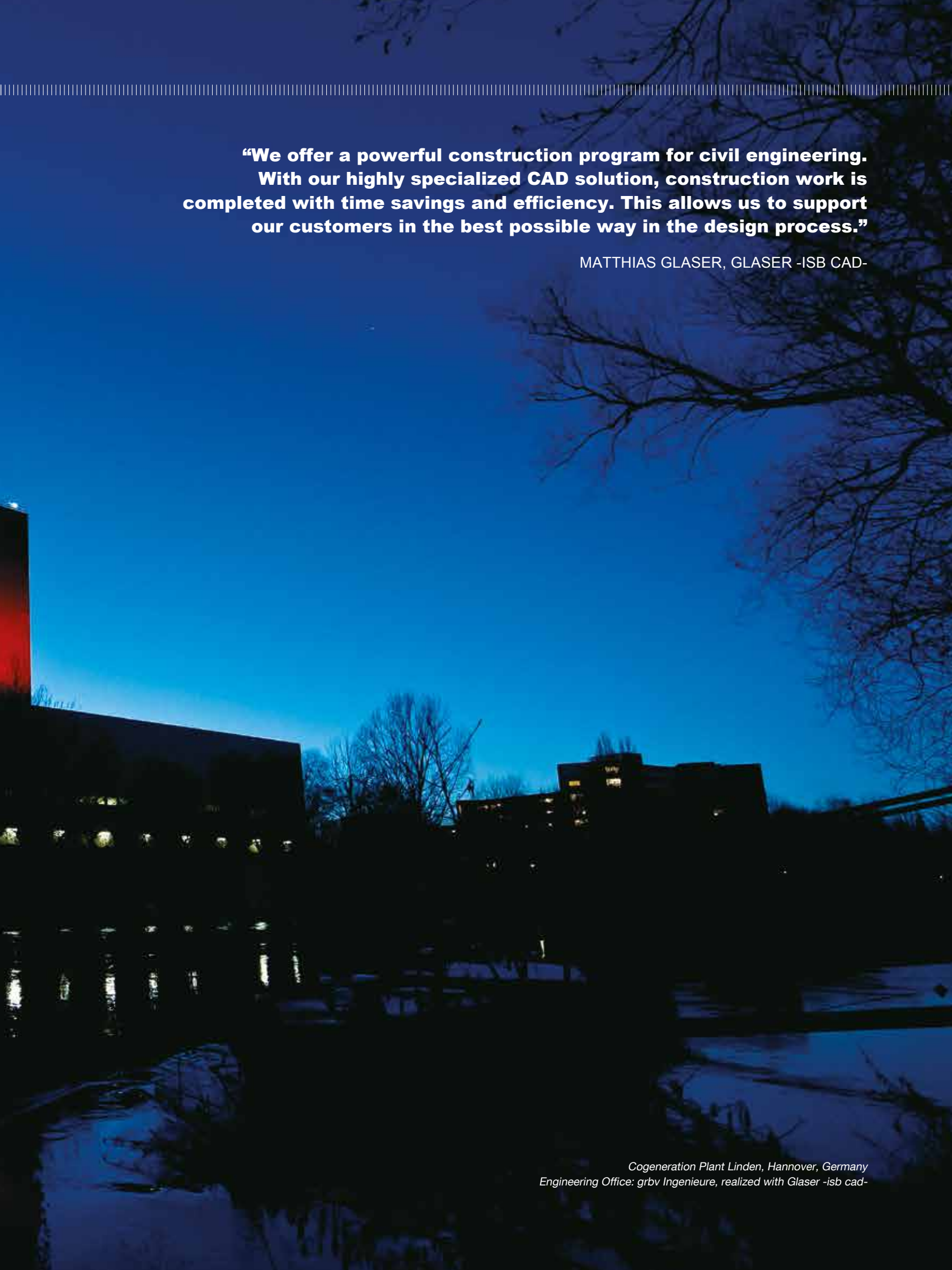
for the period from January 1 to December 31, 2014 and 2013

STATEMENT OF CHANGES IN EQUITY

Thousands of €	Equity attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	currency conversion			
As of January 1, 2013	9,625	41,360	65,430	- 11,008	105,407	1,308	106,715
Difference from currency translation				- 1,777	- 1,777	- 25	- 1,802
Remeasurement gains/losses from pensions and related obligations			- 33		- 33	- 14	- 47
Net income for the year			24,011		24,011	1,261	25,272
Total comprehensive income for the year			23,978	- 1,777	22,202	1,222	23,424
Share purchase from non-controlling interests			140		140	- 134	6
Dividend payments to non-controlling interests			- 113		- 113	- 798	- 911
Dividend payment			- 11,069		- 11,069	0	- 11,069
As of December 31, 2013	9,625	41,360	78,367	- 12,785	116,567	1,598	118,165
As of January 1, 2014	9,625	41,360	78,367	- 12,785	116,567	1,598	118,165
Difference from currency translation				160	160	- 101	59
Remeasurement gains/losses from pensions and related obligations			- 160		- 160	- 69	- 229
Net income for the year			31,486		31,486	1,972	33,458
Total comprehensive income for the year			31,326	160	31,486	1,802	33,288
Acquisition of non-controlling interests					0	10	10
Dividend payments to non-controlling interests			- 559		- 559	- 1,815	- 2,374
Dividend payment			- 12,513		- 12,513	0	- 12,513
As of December 31, 2014	9,625	41,360	96,621	- 12,625	134,981	1,595	136,576

The accompanying notes to this statement of changes in equity form an integral part of these consolidated financial statements.





“We offer a powerful construction program for civil engineering. With our highly specialized CAD solution, construction work is completed with time savings and efficiency. This allows us to support our customers in the best possible way in the design process.”

MATTHIAS GLASER, GLASER -ISB CAD-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2014

THE COMPANY

Founded in 1963 as the engineering office of Professor Georg Nemetschek, Nemetschek AG is today a leading global technology group with software solutions along the lifecycle of architecture and structures in the AEC sector (Architecture, Engineering, Construction) as well as in the Media & Entertainment industry. The 13 brands, under the umbrella of Nemetschek AG, provide end-to-end solutions for architects, structural designers, civil and specialist engineers – ranging all the way to construction software for cost and schedule planning, tenders, awarding of contracts, invoicing and execution of building work. It also offers solutions for technical facility management and commercial property management as well as visualization software for architecture, film, animation and advertising.

The wide range of graphic, analytical and commercial solutions of the Nemetschek Group plays an important role in all phases and, thus, in the whole life cycle of architecture and structure – from the planning and visualization of a building to the actual construction process through to the management of property.

The central topic in the planning and construction process of buildings is the so-called Building Information Modeling (BIM) and the trend to 5D. With the Building Information Modeling all relevant building data is digitally recorded and cross-linked. A virtual, three-dimensional building model arises. Time and cost are added as the fourth and fifth dimensions already in the simulation. BIM 5D enables an optimum co-operation of all those involved in the project over the whole life cycle of a property. Thus, particularly in realizing complex large projects, cost and efficiency advantages are possible and risks detected before these escalate as problems. In the five-dimensional future building is first visual and then real.

The Nemetschek Group was always concerned with providing the best possible solutions in order to master the challenges in the building process. As the pioneer of the BIM idea the Nemetschek Group has already followed this holistic approach for over 30 years. Nemetschek adopts an open approach (Open BIM). The open standard enables each Open BIM software from the Nemetschek Group to communicate with every other software, even with software from competitors, via open data and communications interfaces. Thus, the seamless transition of all information relevant to the building is practically enabled throughout all levels of the origin and the operation of buildings.

The interconnected BIM software solutions of the Nemetschek Group for all five dimensions simplify the cooperation between all those involved in the building process. The project work is then faster, cheaper and more efficient. Errors are reduced. Thus, the Nemetschek Group is paving the foundation for an integrated, open 5D planning and realization process in the AEC sector.

With its headquarters in Munich, Germany and more than 50 locations worldwide, the Nemetschek Group today, with its 13 brands, offers a wide range of software solutions for a heterogeneous market. The software solutions, some of which are closely interlinked, facilitate interdisciplinary collaboration among those involved in the building process and, thus, make the process itself more efficient. Globally more than 1.8 million customers from 142 countries work with software solutions from Nemetschek.

Nemetschek Aktiengesellschaft, as ultimate group company, was founded by the conversion of Nemetschek GmbH on September 10, 1997 and has been quoted on the stock exchange in Frankfurt am Main since March 10, 1999. Today Nemetschek is listed on the TecDAX. The annual report 2014 can be obtained there, or can be called up from the internet at www.nemetschek.com.

INFORMATION ON THE “GERMAN CORPORATE GOVERNANCE CODE”

The declaration of conformity was submitted on March 20, 2014. The relevant current version is available to the shareholders on the website of Nemetschek Aktiengesellschaft (www.nemetschek.com).

GENERAL INFORMATION

Nemetschek prepares and publishes the consolidated financial statements in euro. Information is shown in the consolidated financial statements in EUR k (€ k) unless otherwise specified.

The consolidated financial statements of Nemetschek Aktiengesellschaft, including prior year comparatives, have been prepared in accordance with the International Financial Reporting Standards (IFRS), as required to be applied in the European Union, and the supplementary requirements of the German Commercial Code under §315a HGB. All compulsory standards and interpretations have been observed.

The consolidated statement of financial position and consolidated statement of comprehensive income have been prepared in accordance with IAS 1 “Presentation of Financial Statements”. The statement of comprehensive income has been prepared using the nature of expense method as well as according to the definition of the one statement approach. The consolidated financial statements are prepared on the basis of historical cost, to the extent that nothing else is disclosed under the section “Accounting policies”. The statement of financial position has been classified applying the current/non-current distinction.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

Accounting policies adopted in the fiscal year 2014 are consistent with those policies adopted in the previous year.

COMPANIES CONSOLIDATED AND BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements comprise Nemetschek Aktiengesellschaft, Munich and all of the domestic and foreign subsidiaries. Subsidiaries are consolidated in full from the date of acquisition, i.e. the date on which control the group obtains control. Full consolidation ends when the parent ceases to have control.

Nemetschek has control over an investment entity to the extent it has power over the investment entity. That is Nemetschek has existing rights that give Nemetschek the ability to direct the relevant activities. These are activities that significantly affect the investee’s returns. Furthermore, Nemetschek is exposed to variable returns from its involvement with the investee or has the rights to these and has the ability to use its power over the investee to affect its returns from its involvement with the investee. Where Nemetschek holds less than the majority of the voting rights other facts and circumstances (including contractual agreements which give Nemetschek power over the investment entity) can lead to the company controlling the investment entity. With regard to the control of investment entities Nemetschek performs a revaluation where facts and circumstances indicate that there are changes in factors that evidence control. In the fiscal year 2014 control resulted for all fully consolidated investment entities from the holding of the majority of voting rights.

Non-controlling interests represent the portion of net income/loss and net assets not attributable to the group. Non-controlling interests are disclosed separately in the consolidated statement of comprehensive income and in the consolidated statement of financial position. In the consolidated statement of financial position these interests are disclosed in equity, separately from the equity attributable to owners of the parent company. Measurement of non-controlling interests is at the proportional fair value of assets and liabilities purchased (partial goodwill method). After initial measurement profits and losses are allocated in proportion to the investment without limitation, as the result of which a negative balance can arise for non-controlling interests.

The following table shows information on Maxon GmbH with material non-controlling interests before group internal eliminations:

NON-CONTROLLING INTERESTS

Name, registered office of the entity	MAXON GmbH, Friedrichsdorf	
	2014	2013
Percentage of non-controlling interests	30 %	30 %
Non-current assets	2,284	1,989
Current assets	10,092	7,675
Non-current liabilities	- 1,549	- 1,179
Current liabilities	- 4,849	- 3,157
Net Assets	5,978	5,328
Carrying amount of the non-controlling interests	1,793	1,598
Revenues	19,099	16,666
Net income	5,683	4,510
Other comprehensive income	80	- 262
Total comprehensive income	5,763	4,248
Non-controlling interests associated profit	1,705	1,353
Non-controlling interests associated other comprehensive income	24	- 79
Cash flow from operating activities	6,563	4,844
Cash flow from investing activities	- 618	- 265
Cash flow from financing activities	- 5,112	- 2,003
<i>(thereof: Dividends paid to non-controlling interests)</i>	<i>- 5,112</i>	<i>- 2,003</i>
Currency changes on cash and cash equivalents	404	- 179
Net increase in cash and cash equivalents	1,237	2,397

The financial statements of subsidiaries are prepared as of the same balance sheet date as the parent, using uniform accounting policies. All inter-company balances, income and expenses and unrealized gains and losses from inter-company transactions are eliminated in full.

As part of the capital consolidation business combinations are accounted for using the acquisition method. The cost of the business combination is allocated to the identifiable assets acquired and the identifiable liabilities and contingent liabilities assumed in accordance with their fair values at the acquisition date. Any excess of the cost of the business combination over the interest of the group in the fair value of the identifiable assets, liabilities and contingent liabilities acquired is reported as goodwill. Acquisition-related costs are disclosed as expenses when they are incurred. The entities purchased during the year are included in the consolidated financial statements from the time of acquisition; those entities sold during the year are included until the time of loss of control in the consolidated financial statements. Transactions with non-controlling interests which do not incur a loss of control are recorded to comprehensive income as equity transactions. Where a business relationship existing between Nemetschek and the entity purchased before the business combination is offset as part of the business combination and a profit/loss arises, this is accounted for through income. In the case of loss of control, any remaining shares are re-measured at fair value at this point in time impacting income.

SHARES IN ASSOCIATED ENTITIES AND AVAILABLE FOR SALE FINANCIAL ASSETS

Investments in associates are generally accounted for using the equity method. Nemetschek Aktiengesellschaft defines associates (generally investments of between 20 % and 50 % of capital) as entities subject to significant influence that are neither subsidiaries nor joint ventures. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The income statement reflects the group's share of the results of operations of the associate.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as the parent. Where necessary, adjustments are made to comply with the group's uniform accounting policies. The following table summarizes financial information for the shares of the group in non-material associates, based on the amounts reported in the consolidated financial statements:

ASSOCIATES ACCOUNTED FOR USING THE EQUITY-METHOD

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity Dec. 31, 2014	pro rata
DocuWare GmbH, Germering		22.41	1,373	308
Sablono GmbH, Berlin		20.60	205	42

NON-MATERIAL ASSOCIATES

	Thousands of €	2014	2013
Book value of shares in non-significant associated companies		892	164
Group share of:			
- Profit / loss from continuing operations		- 42	88
total comprehensive income		- 42	88

ASSETS AVAILABLE FOR SALE LONG-TERM

Name, registered office of the entity	Thousands of €	Shareholding in %	Equity Dec. 31, 2014	Net income/loss for the year 2014
Sidoun International GmbH, Freiburg i. Breisgau*		16.27	718	- 79
NEMETSCHEK EOOD, Sofia, Bulgaria		20.00	2,489	364
rivera GmbH, Karlsruhe via Nemetschek Bausoftware GmbH		20.00	39	14

* Fiscal year ends as of June 30, 2014

The assumption that significant influence is exercised on the financial assets in which voting rights of 20 % and more are held, does not hold true for either NEMETSCHEK EOOD, Sofia, Bulgaria, or rivera GmbH, Karlsruhe, since influence is neither exercised within management nor in the form of a governing body. Similarly, there are neither material business relationships, nor is influence exercised, beyond the mere capital investment. The financial assets constitute mere capital investments.

AFFILIATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE

Companies listed are fully consolidated at the balance sheet date in the consolidated financial statements of Nemetschek Aktiengesellschaft:

AFFILIATED COMPANIES

Name, registered office of the entity	Shareholding in %
Nemetschek Aktiengesellschaft, Munich	
Direct equity investments	
Design segment	
Glaser isb cad Programmsysteme GmbH, Wennigsen	70.00
Friilo Software GmbH* (formerly: Nemetschek Friilo GmbH, Stuttgart)	100.00
DACODA GmbH, Rottenburg	51.00
NEMETSCHKEK Vectorworks, Inc., Columbia, Maryland, USA	100.00
Data Design System AS, Klepp Stasjon, Norway	100.00
NEMETSCHKEK OOO, Moskau, Russia	100.00
SCIA Group International nv, Herk-de-Stad, Belgium	100.00
NEMETSCHKEK DO BRASIL SOFTWARE LTDA, São Paulo, Brazil	99.90
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	100.00
Nemetschek Allplan Systems GmbH, Munich*	100.00
Build segment	
Nemetschek Bausoftware GmbH, Achim	98.50
AUER – Die Bausoftware GmbH, Mondsee, Austria	49.90
Nemetschek US, Inc., Delaware, USA	100.00
Manage segment	
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	100.00
Nemetschek CREM Verwaltungs GmbH, Munich	100.00
Media & Entertainment segment	
MAXON Computer GmbH, Friedrichsdorf	70.00
Other	
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00

CONTINUED

Name, registered office of the entity	Shareholding in %
Indirect equity investments	
Design segment	
via Nemetschek Allplan Systems GmbH, Munich:	
Nemetschek Allplan Deutschland GmbH, Munich*	100.00
Nemetschek Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Nemetschek Allplan France S.A.R.L., Asnières, France	100.00
Nemetschek Allplan Österreich Ges.m.b.H., Wals, Austria	100.00
Nemetschek España S.A., Madrid, Spain	100.00
Nemetschek Allplan Česko s.r.o., Prag, Czech Republic	100.00
Nemetschek Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00
Nemetschek Allplan Italia S.r.l., Trient, Italy	100.00
Nemetschek bim+ GmbH, Munich	76.00
via Nemetschek Vectorworks LLC, Columbia, Maryland, USA: Nemetschek Vectorworks Training LLC, Columbia, Maryland, USA	100.00
via Nemetschek Austria Beteiligungen GmbH: Nemetschek Engineering GmbH, Wals, Austria	100.00
via Nemetschek Engineering GmbH, Wals, Austria: Nemetschek Engineering PTE. LTD, Singapore, Malaysia	100.00
via Nemetschek Engineering PTE. LTD, Singapore, Malaysia: Nemetschek Software Engineering Co., Ltd., Shanghai, China	100.00
via SCIA Group International nv, Herk-de-Stad, Belgium:	
Nemetschek Scia nv, Herk-de-Stad, Belgium	100.00
Nemetschek Scia B.V., Arnhem, Netherlands	100.00
Nemetschek Scia sarl, Roubaix, France	100.00
Nemetschek Scia s.r.o., Brno, Czech Republic	100.00
Nemetschek Scia s.r.o., Zilina, Slovakia	100.00
Online Projects bvba, Herk-de-Stad, Belgium	70.00
via Graphisoft SE European Company Limited by Shares, Budapest, Hungary:	
Graphisoft Deutschland GmbH, Munich	100.00
Graphisoft USA, Inc., Newton, Massachusetts, USA	100.00
Graphisoft Japan KK, Tokyo, Japan	100.00
Graphisoft UK Ltd., Surrey, UK	100.00
Graphisoft Hong Kong Ltd., Victoria, Hong Kong	100.00
Graphisoft Mexico S.A. de C.V., Mexico, North America	100.00
via Data Design System AS, Klepp Stasjon, Norway:	
DDS Building Innovation AS, Klepp Stasjon, Norway	100.00
Data Design System UK Ltd., Wiltshire, Great Britain	100.00
Data Design Systems GmbH, Ascheberg, Germany	100.00
Build segment	
via Nemetschek US, Inc., Delaware, USA: Bluebeam Software, Inc., Pasadena, USA	100.00
via Nemetschek Austria Beteiligungen GmbH: AUER – Die Bausoftware GmbH, Mondsee, Austria	50.10
via AUER – Die Bausoftware GmbH, Mondsee, Austria: hartmann technologies Gesellschaft mbH, Berlin, Germany	86.50
Media & Entertainment segment	
MAXON Computer, Inc., Thousand Oaks, California, USA, via MAXON Computer GmbH	63.00
MAXON Computer Ltd., Bedford, UK, via MAXON Computer GmbH	70.00

* In fiscal year 2013, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:

- Option not to prepare notes to the financial statements so that the annual financial statements comprise a balance sheet and income statement
- Option not to prepare a management report
- Option not to publish the annual financial statements

CHANGES IN CONSOLIDATED COMPANIES IN THE FISCAL YEAR 2014

The group of companies consolidated is the same as at December 31, 2013 except for the following changes:

COMPANY ACQUISITIONS

BLUEBEAM SOFTWARE, INC., PASADENA, USA

On October 31, 2014 Nemetschek Aktiengesellschaft purchased 100 % of the shares in Bluebeam Software, Inc., Pasadena, USA. On purchase of the shares payments (preliminary purchase price) were made on December 31, 2014 amounting to EUR 81,655 k. The final purchase price depends on changes in “net working capital” as well as on “net debt” at the time of acquisition compared to the threshold values agreed in the purchase contract. No material adjustments are expected from the final purchase determination.

Bluebeam is a leading provider of PDF-based workflow-solutions for digital working processes and collaboration in the AEC industry. With the platform technology “Bluebeam Revu” digital and paperless working processes are enabled and the collaboration of all those involved in building is substantially improved which, ultimately, leads to increased efficiency in the building process. Based on its major customer group and product portfolio the company has been allocated to the “Build” segment.

As part of the preliminary purchase price allocation mainly intangible assets of EUR 42,875 k have been recorded for customer relationships, technology and brand name, as well as for deferred tax liabilities amounting to EUR 17,077 k. The allocation to the individual intangible assets is shown under Note 12. Goodwill of EUR 48,497 k includes intangible assets that are not separable such as, for example, technical knowledge of the employees and expected synergy effects.

With two selling shareholders who are, at the same time, the key persons in management of Bluebeam Software, Inc., 20 % of the purchase price (EUR 3,172k) was provided as conditional consideration for their shares. As a result of the direct link of the conditional consideration to the employment relationship in the company, the conditional consideration qualified as personnel expenses and not as part of the purchase price. The amount of the conditional consideration is determined based on the revenue and EBITA margin targets for the fiscal years 2014 to 2016 and is due for payment in 2017. The amount relating to the fiscal year 2014 amounts to EUR 1,016 k and is disclosed under other non-current liabilities.

Since the time of initial consolidation on October 31, 2014 Bluebeam Software, Inc. has contributed to the consolidated financial statements of Nemetschek AG as at December 31, 2014 with revenues of EUR 4,854 k and an EBITDA of EUR 1,080 k. If the company purchased had been included in the consolidated financial statements since January 1, 2014 the effect on group revenues as at December 31, 2014 would have been EUR 25,824 k and on EBITDA EUR 5,082 k. The expenses for the conditional consideration in the fiscal year 2014 described above have not been included in EBITDA since the time of the first-time consolidation and also not in the disclosure to the pro-forma EBITDA. The following table shows the values of the assets and liabilities recorded at the time of the acquisition:

BLUEBEAM SOFTWARE, INC.

	thousand €	2014
Goodwill		48,497
Other intangible assets		43,519
Property, plant and equipment		5,303
Trade accounts receivable		1,686
Other current assets		3,577
Cash and cash equivalents		6,551
Total assets acquired		109,133
Deferred tax liabilities		12,090
Other current provisions		2,682
Trade accounts payable		262
Other current liabilities		9,351
Other con-current financial liabilities		3,093
Total liabilities assumed		27,478
Net assets acquired		81,655
Purchase price		81,655

HARTMANN TECHNOLOGIES GESELLSCHAFT MBH, BERLIN

Under the purchase contracts of July 1, 2014 and July 21, 2014 Auer – Die Bausoftware GmbH purchased 86.5 % of the shares in hartmann technologies Gesellschaft mbH, Berlin. The sales price for the shares amounted to EUR 678 k. An additional purchase price obligation was agreed in the purchase contract which is related to the future revenue growth as well as to EBIT thresholds. As part of the initial consolidation this obligation was accounted for at EUR 1,504 k. Since the time of initial consolidation on July 1, 2014 the company has contributed to the consolidated financial statements of Nemetschek AG as at December 31, 2014 with revenues of EUR 223 k and an EBITDA of EUR 369 k. If the company purchased had been included in the consolidated financial statements since January 1, 2014 the effect on group revenues as at December 31, 2014 would have been EUR 692 k and on EBITDA EUR -368 k. The preliminary purchase price allocation did not lead to a realization of silent reserves.

The company develops and sells software solutions for the building model oriented work in the construction industry. With the construction technology solution NEVARIS Nemetschek today already covers the process from budgeting and tendering, awarding and settlement (AVA) through to performance of construction and controlling. Through the investment the portfolio of services has been expanded by detailed cost and quantity determination. The ice BIM solutions developed by hartmann can, for example, derive the important volume calculation for basic structural and finishing work directly from the 3D model. Through the integration with NEVARIS a consistent and transparent process is ensured through all building phases. Based on its product portfolio and major customer group the company has been allocated to the "Build" segment. The following table shows the values of the assets and liabilities recorded at the time of the acquisition:

HARTMANN TECHNOLOGIES GESELLSCHAFT MBH

	thousand €	2014
Goodwill		2,118
Other intangible assets		1,231
Property, plant and equipment		43
Deferred tax assets		340
Trade accounts receivable		103
Other current assets		10
Total assets acquired		3,845
Deferred tax liabilities		370
Other current provisions		71
Trade accounts payable		17
Other current non-financial liabilities		1,195
Total liabilities assumed		1,653
Net assets acquired		2,192
Non-controlling interests		- 10
Purchase price		2,182

NEW FORMATIONS**NEMETSCHEK US, INC., DELAWARE, USA**

In October 2014 the newly formed Nemetschek US, Inc., Delaware, USA was taken up in the group financial statements for the first time.

NEMETSCHEK SOFTWARE ENGINEERING (SHANGHAI) CO. LTD., SHANGHAI, CHINA

In April 2014 the newly founded Nemetschek Software Engineering (Shanghai) Co. Ltd., Shanghai, China was included in the consolidated financial statements for the first time.

INVESTMENTS

In July 2014 Nemetschek Allplan Systems GmbH invested 20.6 % in Sablono GmbH, Berlin. The shares were acquired at a purchase price of EUR 770 k.

CHANGES IN CONSOLIDATED COMPANIES IN THE FISCAL YEAR 2013

COMPANY ACQUISITIONS

DATA DESIGN SYSTEM AS, KLEPP STASJON, NORWAY

On November 29, 2013 Nemetschek Aktiengesellschaft purchased 100% of the shares in Data Design System AS, Klepp Stasjon, Norway. On purchase of the shares payments (preliminary purchase price) were made on December 31, 2013 amounting to EUR 17,979 k. As part of the final purchase price determination payments outstanding amounted to EUR 201k which had the effect of increasing goodwill in the fiscal year 2014. There were no further adjustments to the preliminary purchase price allocation made in the prior year.

GRAPHISOFT MEXICO S.A. DE C. V., MEXICO, NORTH AMERICA

On April 1, 2013 Graphisoft SE European Company Limited by Shares, Budapest, Hungary purchased 100% of the shares in the Mexican sales Partner Anzix S.A. de C.V., Mexico, North America. The firm is now called Graphisoft Mexico S.A. de C.V., Mexico, North America. This share purchase involved the payment of EUR 105 k. Furthermore, additional purchase price payments were agreed depending on future revenue developments, which were recorded at EUR 116 k as a liability on initial consolidation.

NEW FORMATIONS

NEMETSCHEK ENGINEERING PTE. LTD., SINGAPORE

On September 21, 2012 the formation of Nemetschek Engineering PTE. Ltd., Singapore was completed on filing it in the commercial register. As the result of the taking up of operations in the 1st quarter 2013, the company was included for the first time in the consolidated financial statements of Nemetschek AG as at March 31, 2013.

NEMETSCHEK VECTORWORKS TRAINING LLC, COLUMBIA, MARYLAND, USA

On registration in the commercial register dated February 16, 2012 Nemetschek Vectorworks Training LLC, Columbia, USA was founded. As the result of the taking up of operations in the 1st quarter 2013, the company was included for the first time in the consolidated financial statements of Nemetschek AG as at March 31, 2013.

SALE

GRAPHISOFT SPAIN SL, MADRID, SPAIN

In the fiscal year 2013 the company was liquidated. There were no material effects in the group.

ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The costs for replacing a part of an item of property, plant and equipment are included in its carrying amount at the time the costs are incurred, provided they meet the recognition criteria. Costs of ongoing repairs and maintenance are expensed immediately.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Useful life in years
IT equipment	3
Motor vehicles	5
Factory equipment	3 – 10
Leasehold improvements	5 – 10

Property, plant and equipment are de-recognized upon disposal or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net recoverable value and the carrying amount of the asset) is recorded to profit and loss in the period the asset is derecognized. The historic cost and accumulated depreciation of the asset are eliminated from the balance sheet.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year at the latest and adjusted if necessary.

BORROWING COSTS

Borrowing costs are recognized as an expense when incurred. There is no capitalization of borrowing costs since the production of qualified assets is not financed externally.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities and the agreed conditional consideration. Subsequent changes to the fair value of a conditional consideration which represents an asset or a liability are recorded either through profit and loss or as a change in other comprehensive income after tax in accordance with IAS 39.

Where put options are agreed on purchase of minorities, the group applies the so-called "anticipated acquisition method". Any resulting measurement changes in the purchase price liability are included in goodwill and do not impact income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash generating units of the group which are expected to benefit from the synergy effects of the business combination, irrespective of whether other assets or liabilities of the company acquired are assigned to those units.

Goodwill is tested for impairment at least once a year or whenever facts or changes in circumstances indicate that the carrying value may be impaired.

Each unit or group of units to which the goodwill has been allocated represents the lowest level in the group at which goodwill can be monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. 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.

Impairment losses relating to goodwill cannot be reversed in future reporting periods.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the business operation. Goodwill disposed of under those circumstances is measured based on the relative values of the operation disposed of and the remaining part of the cash-generating unit.

INTANGIBLE ASSETS

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each fiscal year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with an indefinite useful life and intangible assets not yet ready for use are tested for impairment at least once a year either individually or at the cash-generating unit level. Such intangible assets are not amortized systematically. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. Except for goodwill, as of December 31, 2014 there were no intangible assets with an indefinite life.

Intangible assets not acquired in a business combination are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. At each balance sheet date a review is conducted to check whether the reasons for impairment still exist. The maximum amount for reversals of impairment losses is represented by acquisition costs less accumulated scheduled amortization.

Intangible assets not resulting from a purchase price allocation are amortized using the straight-line method over their normal useful lives of between three to eight years.

The intangible assets from the purchase price allocation are amortized as follows:

USEFUL LIFE OF INTANGIBLE ASSETS DUE TO PURCHASE PRICE ALLOCATION

	Useful life in years
Brand name	15
Trademarks	10
Software	3 – 12
Customer Relationship	10 – 17

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net realizable value and the carrying amount of the asset and are recorded to profit or loss when the asset is derecognized.

RESEARCH AND DEVELOPMENT EXPENSES

Research costs are expensed in the period in which they are incurred. Development expenditure on an individual project is recognized as an intangible asset when the group can demonstrate all of the following:

- III The technical feasibility of completing the intangible asset, so that it will be available for use or sale,
- III The intention to manufacture, use or sell the intangible asset.
- III The ability to manufacture, use or sell the intangible asset.
- III How the asset will generate future economic benefits.
- III The availability of resources to complete the asset.

Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied. This requires that the asset be carried at cost less any accumulated amortization. Amortization is charged upon completion of the development phase as soon as the asset can be used. It is amortized over the period in which future benefits are expected (estimated 3 – 8 years). During the development phase the assets are tested for impairment once a year.

DEVELOPMENT SUBSIDIES

Development subsidies for basic research are granted on the basis of hours worked. These are recognized as other operating income in the consolidated financial statements. 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. Special-purpose development subsidies are treated as deductions from acquisition costs.

INVENTORIES

Inventories mainly comprise merchandise, which is 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. Estimated costs of completion are accounted for where appropriate. Inventory risks relating to reduced saleability are accounted for using appropriate mark-downs.

PREPAID EXPENSES

Prepaid expenses are expenses paid before the balance sheet date that relate to a certain period after that date.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash in hand, bank balances and short-term deposits with a maturity of three months or less. Cash and cash equivalents are measured at cost. Cash not available from rental deposits are disclosed as other assets.

COMPOSITION OF CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents in the consolidated cash flow statement also include cash equivalents with original maturities of three months or less.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date the group assesses whether there are indications that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount.

To the extent that no observable market value can be used as a basis, in order to determine value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations with regard to the interest effect and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of an impairment loss is recognized in profit or loss.

The following criteria are also applied in assessing impairment of specific assets:

GOODWILL

The group determines at each balance sheet date whether there is any indication that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired.

The impairment loss is determined by calculating the recoverable amount of the cash-generating unit to which goodwill has been allocated. If the recoverable amount of the cash-generating unit is lower than its carrying amount, an impairment loss is recorded. Any impairment loss recognized on goodwill may not be reversed in a subsequent period. The group performs its impairment test of goodwill at least once a year, at the latest by December 31.

INTANGIBLE ASSETS

Intangible assets with indefinite useful lives and intangible assets not yet ready for use are tested for impairment at least once a year, at the latest by December 31. Impairment testing is performed, depending on the individual case, at asset level or at the cash generating unit level. Testing is also carried out if circumstances indicate that a value may be impaired.

ASSOCIATED COMPANIES

After application of the equity method, the group determines whether it is necessary to recognize an additional impairment loss of the group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the amount of impairment is calculated as the difference between the fair value of the investment in the associate and the cost of the investment.

FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

INITIAL RECOGNITION

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial assets at initial recognition. Nemetschek does not use the category financial instruments held to maturity.

Financial assets are recognized initially at fair value. In the case of financial investments, which are not classified at fair value through profit or loss, the directly attributable transaction costs are additionally accounted for which are attributable to the purchase of the asset.

Purchases or sales of financial assets that require the delivery of assets within a period established by regulation or convention in the marketplace (regular way purchases) are recognized at the trade date, i.e. the date that the group commits to purchasing or selling the asset.

The group's financial assets include cash and short-term deposits, trade receivables, receivables from loans granted and other receivables and derivative financial instruments.

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered into by the group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separately recognized embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value whereby gains or losses are recognized in income. The group has not designated any financial assets as at fair value through profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise have resulted from the contract.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated profit and losses when the loans and receivables are de-recognised or impaired, as well as through the amortization process. In addition to cash and cash equivalents, the group currently carries financial assets consisting almost exclusively of loans and receivables.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are recognized directly in equity. If the fair value cannot be determined reliably Nemetschek measures financial instruments available for sale at cost. This is the case for equity instruments where there is no quoted price on an active market and material parameters for determining the fair value with the help of valuation models cannot be determined with adequate certainty. If such an investment is de-recognized, the cumulative gain or loss previously recorded directly in equity is recognized in income. If such an investment is impaired the cumulative loss previously recorded in equity is recognised in profit and loss.

FAIR VALUE

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, or discounted cash flow analysis and other valuation models.

AMORTIZED COST

Loans and receivables are measured at amortised cost. This is calculated using the effective interest method net of any impairment losses taking into account any discount or premium on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AMOUNTS DUE FROM CUSTOMERS

For amounts due from customers carried at amortized cost, the group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future

recovery and all collateral has been realized or has been transferred to the group. If, in a subsequent reporting period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a receivable written-off is later deemed recoverable due to an event that occurred after it was written off, the relevant amount is recognized directly in profit or loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

ASSETS CARRIED AT AMORTIZED COST

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (with the exception of future credit defaults) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate determined upon initial recognition). The carrying amount of the asset is reduced through an allowance account. The impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The new carrying amount of the asset may not exceed the amortized cost at the time the impairment loss is reversed. The impairment loss is reversed through profit or loss.

AVAILABLE-FOR-SALE FINANCIAL INVESTMENTS

If an available-for-sale asset is impaired, an amount is transferred from equity to profit or loss representing the difference between its cost (net of any principal repayment and amortization) and current fair value (less any impairment loss on that asset previously recognized in profit or loss). Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale are accounted for through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following three conditions is met:

- III The contractual rights to receive cash flows from the financial asset have expired.
- III The group retains the right to receive cash flows from the financial asset, but assumes a contractual obligation to pay them in full without material delay to a third party under an arrangement that meets the criteria of IAS 39.19 (pass-through arrangement).
- III The group has transferred its contractual rights to receive cash flows from the financial asset and either
 - (a) has transferred substantially all the risks and rewards connected with ownership of the financial asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards connected with ownership of the financial asset, but has transferred control of the asset.

Where the group has transferred its contractual rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset which are connected with ownership of this asset, nor transferred control of the asset, the asset is recognized to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

FINANCIAL LIABILITIES

INITIAL RECOGNITION

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans, less directly attributable transaction costs.

The group's financial liabilities include trade and other payables, bank overdraft facilities, loans and borrowings, and derivative financial instruments.

SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification as follows:

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and other financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered into by the group that do not meet the hedge accounting criteria as defined by IAS 39. Gains or losses on financial liabilities held for trading are recognized in profit or loss. The group has not designated any financial liabilities as at fair value through profit or loss.

LOANS

After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are de-recognized as well as through the amortization process.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

The group uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Where the group holds a derivative as an economic hedge for a period beyond twelve months after the balance sheet date, the derivative is classified as non-current, or separated into current and non-current portions, consistent with the classification of the underlying item.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward exchange contracts is determined by referring to the current currency rates for forward exchange contracts. The fair value of interest rate swap contracts is determined by discounting expected future cash flows over the remaining term of the contract. The interest swap included the last fiscal year expired in 2014.

DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The group uses foreign currency denominated loans and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow. Fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures, generally 1 to 24 months. Such derivatives do not qualify for hedge accounting. At the balance sheet date there were no open forward exchange contracts.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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.

LIABILITIES

Trade payables and other liabilities are recognized at amortized cost.

DEFERRED REVENUE

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

PROVISIONS

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, 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 (for example under an insurance contract) the reimbursement is recognized as a separate asset provided the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

CONTINGENT LIABILITIES

Contingent liabilities are not recognized in the consolidated financial statements until their utilization is more than 50 % likely. Contingent liabilities are disclosed in the notes to the consolidated financial statements when the probability of their utilization is between 5 % and 50 %.

PENSIONS AND SIMILAR OBLIGATIONS

The company provides a company pension plan for certain employees. The provisions are measured every year by reputable independent appraisers. Provisions for pensions and similar obligations are determined using the projected unit credit method (IAS 19). 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 without an effect on results in other comprehensive income. Effects relevant to interest are disclosed accordingly in interest result. Additionally, the group introduced a part-time pre-retirement contract during 2010 under the block model, as well as long-term incentive plans which are also accounted for under IAS 19.

RESERVES

Reserves are set up in accordance with statutory requirements and the articles of association.

SHARES WITHOUT CONTROLLING INTEREST (MINORITY INTERESTS)

The share of fair values of the identifiable assets and liabilities attributable to shares without controlling interest is allocated at the time the subsidiary is acquired. The losses allocable to shares without controlling interest in a consolidated subsidiary may exceed the interest in the equity of the subsidiary related to these shares.

LEASING

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

THE GROUP AS LESSEE

Finance leases, which transfer to the group substantially all the risks and rewards incidental to ownership of the leased asset, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. A liability item of the same value is recorded as a lease liability. The lease liability is reduced and carried forward in subsequent years according to the effective interest method.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Operating leases comprise office buildings, motor vehicles and other technical equipment.

TAXES

CURRENT INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation is based on the tax rates and tax laws applicable as of the balance sheet date.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

DEFERRED TAX

Deferred tax is recognized using the liability method on all temporary differences as of the balance sheet date between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. Deferred tax liabilities are recognized for all taxable temporary differences.

The following are exceptions to this:

- (a) where the deferred income tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, it may not be recognized.
- (b) the deferred tax liability in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may not be recognized, if the entity controls the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The following are exceptions to this:

- (a) deferred tax assets relating to the deductible temporary difference arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, may not be recognized.

Deferred tax assets in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures may only be recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or at least part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date. Future changes in tax rates have been taken into account at the balance sheet date, to the extent that their material effectiveness conditions are fulfilled in the course of the legislative process.

Deferred tax relating to items recognized directly in equity is similarly recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax related to the same taxable entity and the same taxation authority.

VALUE ADDED TAX

Revenue, expenses and assets are generally recognized net of VAT.

The following are exceptions to this:

(a) where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable.

(b) trade receivables and trade payables that are stated at the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or liabilities in the balance sheet.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company from the transaction and the revenue can be reliably measured. Revenue is recognized net of VAT and discounts when delivery has taken place and transfer of risks and rewards has been completed. Revenue from the provision of services is recognized by reference to the percentage of completion when it can be measured reliably. The percentage of completion is determined based on surveys of work performed and is generally based on the hours worked in proportion to the budgeted total number of hours.

BASIC INFORMATION ON REVENUE RECOGNITION

The Nemetschek Group generally distinguishes between the recognition of revenue from the sale of goods and merchandise, from the provision of services and revenue from royalties.

Revenue from the sale of goods and merchandise must be recognized (time) when all the following conditions have been satisfied (IAS 18.14):

- III The significant risks and rewards incidental to ownership of the goods and merchandise sold have been transferred (transfer of title).
- III The entity does not retain control over the goods and merchandise sold
- III The amount of revenue can be measured reliably

III The cash flow from the economic benefit of the sale is reasonably certain (receipt of receivable)

III The costs incurred in respect of the sale can be measured reliably

Revenue from the provision of services must be recognized when (IAS 18.20):

III the amount of revenue can be measured reliably,

III it is sufficiently probable that the economic benefit associated with the transaction will flow to the entity (receipt of receivable),

III The stage of completion of the transaction at the balance sheet date can be measured reliably,

III The costs incurred for the transaction and the costs to fully complete the transaction can be measured reliably.

Customized construction contracts are concluded as contracts for work or services or fixed price contracts. In such cases, revenue and income are calculated using the percentage of completion method provided that the prerequisites set out in IAS 11.23 are met. This involves recognizing the individual revenue components in accordance with the percentage of completion, measured by reference to the percentage of contract costs incurred to date as a percentage of estimated total contract costs.

This has the following implications for the Nemetschek Group:

1 SOFTWARE AND LICENSES

1.1 Standard-Software

The aforementioned criteria for the sale of goods and merchandise are generally applied, i.e. revenue is recognized when the software is sold.

The transfer of licenses in return for fixed compensation (non-recurring licenses), which give the licensee unrestricted use, is a sales transaction from an economic perspective and can be fully recognized as income.

License fees and royalties resulting from the use of company assets (software) are recorded in accordance with the economic substance of the agreement. Revenue is recorded on a straight-line basis over the term of the license agreement unless agreed otherwise.

1.2 Sales transactions via sales representatives/agents

From an economic perspective, revenue is generally recorded when ownership and the incidental risks and rewards are transferred. However, if the seller is acting as an agent/representative, revenue is not recognized until the software/hardware has been sold to the final customer.

2 HARDWARE

The aforementioned criteria for the sale of goods and merchandise generally apply, i.e. revenue is recognized when the hardware is sold (when the goods are delivered).

3 CONSULTING

3.1 Contract for Services

The aforementioned criteria for the sale of services generally apply. Revenue is recognized using the percentage of completion method.

3.2 Service Contract

For pure service contracts, revenue is recognized in the period in which the service is rendered (consulting agreements).

4 MAINTENANCE/SOFTWARE SERVICE CONTRACTS

In general, the aforementioned criteria for the sale of services are applied, i.e. revenue from maintenance contracts or services is recognized straight-line over the period in which the service is rendered.

5 TRAINING

In general, the aforementioned criteria for the sale of services are applied, i.e. revenue is recognized when the service is rendered.

INTEREST INCOME

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

DIVIDENDS

Dividends are recognized when the group's right to receive the payment is established.

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 same accounting provisions are applicable as described for the group in the notes to the financial statements.

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 split the group into business segments and has four reportable segments worldwide: Design, Build, Manage and Media & Entertainment. The business segments Design, Build, Manage and Media & Entertainment form the basis for the segment reporting.

Transfer prices between operating segments are fixed on an arm's length basis in a manner similar to transactions with third parties.

POST BALANCE SHEET EVENTS

Events after the balance sheet that provide additional information about the group's position at the balance sheet date 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.

ACCOUNTING STANDARDS APPLIED FOR THE FIRST TIME IN THE FISCAL YEAR 2014

Compared to the consolidated financial statements for the year ending December 31, 2013 the following standards and interpretations have changed or were applied for the first time as a result of being adopted by EU law or because they became mandatory for the first time:

IFRS 10 "CONSOLIDATED FINANCIAL STATEMENTS", IFRS 11 "JOINT ARRANGEMENTS", IFRS 12 "DISCLOSURE OF INTERESTS IN OTHER ENTITIES", IAS 27 "SEPARATE FINANCIAL STATEMENTS", IAS 28 "INVESTMENTS IN ASSOCIATES AND JOINT VENTURES"

In May 2011 a package of five standards was issued by the IASB which deal with consolidation (IFRS 10), with joint arrangements (IFRS 11), with disclosures of interests in other entities (IFRS 12), with separate financial statements (IAS 27 (2011)) and investments in associates and joint ventures (IAS 28 (2011)). These are obligatory for financial years which begin on or after January 1, 2014.

The major requirements of the new standard are as follows:

- III IFRS 10 “Consolidated financial statements” replaces the requirements of the previous IAS 27 “Consolidated and Separate Financial Statements” and the interpretation SIC-12 Consolidation- Special Purpose Entities. IFRS 10 establishes a uniform control concept which can be applied to all entities including special purpose entities. Additionally, in June 2012 the revised transitional rules of IFRS 10-12 were published which should simplify the first-time application of the new standards.
- III IFRS 11 “Joint Arrangements” replaces IAS 31 Interests in Joint Ventures and the Interpretation SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. With IFRS 11 the previous option to apply proportionate consolidation for joint ventures has been removed. These entities will in future only be included in the consolidated financial statements at equity.
- III IFRS 12 “Disclosure of Interests in Other Entities” regulates uniformly the disclosure obligations for the area of consolidation accounting and consolidates the disclosures for subsidiaries which, until now, were set out in IAS 27, the disclosures for joint ventures and associated entities which were to be found until now in IAS 31 or IAS 28, as well as for structured entities.
- III IAS 27 (2011) “Separate Financial Statements” includes, after the amendment, exclusively the requirements for IFRS separate financial statements.
- III IAS 28 (2011) “Investments in associates and joint ventures” was aligned to the new standards IFRS 10, 11 and 12 and extended to include the “equity method” for joint ventures.

The Nemetschek Group will apply the five standards for the first time in the consolidated financial statements for the fiscal year beginning on January 1, 2014. The use of these did not lead to any material adjustments.

AMENDMENT OF IAS 32 – OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The amendment of IAS 32 and IFRS 7 was published in December 2011 and is to be applied for the first time in the financial year beginning on or after January 1, 2014. With the amendment existing inconsistencies should be removed through a supplement to the user guidelines. The existing basis conditions for offsetting financial instruments will, however, be maintained. With the amendment supplementary further disclosures will be defined. There were no effects on the consolidated financial statements from their first-time application.

AMENDMENT OF IAS 39 – NOVATION OF DERIVATIVES AND CONTINUATION OF HEDGE ACCOUNTING

The amendment of IAS 39 and IFRS 9 was published in June 2013 and is to be applied for the first time in the financial year beginning on or after January 1, 2014. The amendment enables, under certain conditions, the continuation of hedge accounting in cases in which derivatives designated as hedging instruments based on legal or regulatory requirements, are transferred to a central clearing place (novation). The amendment is to be applied retrospectively. There were no effects on the consolidated financial statements from their first-time application.

AMENDMENT TO IAS 36 – RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS

The amendment of IAS 36 was published in May 2013 and is to be applied for the first time in the fiscal year beginning on or after January 1, 2014. With the change, the undesirable effects on obligatory disclosures from the implementation of IFRS 13 were to be eliminated. Furthermore, the amendment requires disclosures on the recoverable amount for assets or cash-generating units for which impairment has been accounted for or reversed. The amendment is to be applied retrospectively. The first-time application had no effect on the consolidated financial statements of Nemetschek AG.

FUTURE CHANGES IN ACCOUNTING STANDARDS

PROSPECTS FOR FUTURE IFRS AMENDMENTS

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 by 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.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The new standard IFRS 15 replaces the existing rules which until now determine. In accordance with IFRS 15 entities have to determine using a five-step method, at which time (or in which period) and in which amount it should record revenue. The model sets out that revenue is accounted for at the time (or over the period) of the transfer of the control of the goods or services from the entity to the customers in an amount that reflects the consideration to which the entity expects to be entitled. Independent of the fulfillment of certain criteria revenue is recorded as follows:

III over a period such that the provision of services by the entity is reflected;

or

III at a time at which the control over the goods or services is transferred to the customer.

Entities that account in accordance with IFRS have to use the new standard for the first time for fiscal years beginning on or after January 1, 2017 (EU adoption assumed). Earlier application is permitted.

The effects of the first-time application of the standard in the Nemetschek Group are being analyzed currently and cannot be reliably estimated at the present time.

IFRS 14 REGULATORY DEFERRAL ACCOUNTS

IFRS 14 was published in January 2014 and is to be applied for the first time to fiscal years beginning on or after January 1, 2014. The standard allows the entity, on transition to IFRS, to continue to account for regulatory deferral accounts from a price regulation in accordance with their previous GAAP. The first-time application of IFRS 14 will have no effect on the consolidated financial statements of Nemetschek AG.

AMENDMENT TO IAS 19 – EMPLOYMENT BENEFITS

The amendment to IAS 19 was published in November 2013 and is to be applied for the first time in the fiscal year beginning on or after July 1, 2014. The amendment deals with the accounting for contributions from employees or third parties to the pension plan as a reduction of the service cost to the extent that this reflects the service provided in the reporting period. The amendment shall be applied retrospectively. Earlier application is permitted. The amendment did not lead to any material adjustments.

IMPROVEMENTS TO IFRS 2010 – 2012

The improvements to IFRS 2010 – 2012 are included in a common standard which was published in December 2013, the objective of which were amendments to various IFRS, the majority of which are to be applied to financial years which commence on or after July 1, 2014 subject to their outstanding adoption in EU law. The group has not yet applied the following changes:

- III IFRS 2: Clarification of the definition of exercise conditions with special definition of provisions of services conditions;
- III IFRS 3: Clarification of classification and measurement of a conditional consideration as part of business combinations. The classification of the obligation to pay a conditional consideration as a debt or as equity depends entirely on the conditions in IAS 32.11. The measurement of a conditional consideration shall be at fair value with the amendments being charged to income;

- III IFRS 8: Disclosures on the aggregation of business segments and reconciliation from the totals of the segment assets and liabilities to totals of the company's assets and liabilities;
- III IFRS 13: Explanation to the change in IFRS 9 with regard to the evaluation of short-term receivables and payables as a result of the publication of IFRS 13;
- III IAS 16: Changes in the treatment of the cumulative depreciation on applying the revaluation methods;
- III IAS 24: Clarification that entities that provide significant planning, management and supervisory services (external management in key positions) to an entity are deemed related parties to the receiving entity as defined in IAS 24 and adoption of a simplification rule for disclosures of the consideration for these management duties by the external entity and its employees.
- III IAS 38: Changes in the treatment of the cumulative depreciation on applying the revaluation methods;

The company does not expect any material effects on the consolidated financial statements from the first-time application.

IMPROVEMENTS TO IFRS 2011 – 2013

The improvements to IFRS 2011 – 2013 relate to a common standard which was published in December 2013, the content of which consisted of amendments in various IFRS, which are applicable to financial years commencing on or after July 1, 2014. The group has not yet applied the following changes:

- III IFRS 1: Clarification of which version of the Standards and Interpretations should be or may be applied by an entity as part of the first-time application of IFRS;
- III IFRS 3: Clarification of the exclusion of the formation of joint agreements from the application scope of IFRS 3;
- III IFRS 13: Clarification of the scope of application of measurement on a portfolio basis in accordance with IFRS 13.48 et al;
- III IAS 40: Clarification of the application of IFRS 3 and IAS 40 in classifying properties as investment properties or as owner of own used assets.

The adjustments have no material effects on the consolidated financial statements of Nemetschek AG.

IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

The first part of IFRS 9 Financial Instruments was published in November 2009. The standard includes new rules for the classification and measurement of financial assets. According to this, depending on their individual characteristics, debt instruments are either accounted for at amortized cost or at fair value impacting profit and loss. Equity instruments are always accounted for at fair value. Deviations in value of equity instruments may, however, be included in other income/expenses due to the option specific to the instrument which is exercisable at the time the financial instrument is taken up. In this case only certain dividend income on equity instruments is recorded to profit or loss. Financial assets which are held for trading and, which have to be measured at fair value through profit or loss, are the exception. In October 2010 the IASB concluded the second part of Phase I of the project. The standard was thus extended to include the requirements for financial liabilities and provides for the existing classification and measurement requirements for financial liabilities with the following exceptions: Effects from the change of own credit risk for financial liabilities which were classified as being measured at fair value impacting profit or loss, shall be accounted for without affecting profit or loss and derivative liabilities on non-quoted equity instruments may no longer be measured at acquisition costs. IFRS 9 shall be applied for the first time in the financial year which begins on or after January 1, 2018.

IFRS 9 FINANCIAL INSTRUMENTS: HEDGE ACCOUNTING

On publication of the requirements for hedge accounting in November 2013 the IASB continued its project work in developing the new IFRS 9 Financial Instruments. The standard, which is conceived as a supplement or amendment of the version of IFRS 9 published to date, formulates in particular new conditions regarding the designatability of instruments or rather risks, the demands regarding effectiveness, the adjustment and reversal of hedging relationships and, partially, accounting for hedges. The standard replaces the IFRIC- Interpretation 9 Reassessment of Embedded Derivatives and, furthermore, changes several existing standards, including IFRS 7, which deals with the disclosure requirements for financial instruments, and the conditions of versions of IFRS 9 already published but not yet applied in 2009 and 2010. The standard is applicable at the time of its publication. However, it presupposes the application of the whole of IFRS 9 and formulates comprehensive transitional conditions.

This project is expected to be completed in 2014. The application of the first part of Phase I will affect the classification and evaluation of group financial assets.

No material effects are expected on the net assets, financial position and results of the group from the second part of this project phase. The third phase of this project completed in November 2013 relates to hedge accounting. In order to show a comprehensive picture of potential effects, the group will not quantify the effect until it is linked with other phases, as soon as these are published. As things stand, the entity does not expect any material effects on the consolidated financial statements of Nemetschek AG.

IFRIC 21 LEVIES

The IASB issued the interpretation IFRIC 21 in May 2013. The interpretation determines that an entity which is operative in a specific market has to recognize a liability for a levy imposed by the government body responsible for this market if the operative activity causing the relevant levy occurs. If an obligation is dependent on reaching, for example, a minimum threshold, the interpretation states that the liability is not recognised until that minimum threshold is reached. The interpretation shall apply to financial years which begin on or after January 1, 2014. The first-time application of IFRIC 21 will have no effect on the consolidated financial statements of Nemetschek AG.

SIGNIFICANT DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

In the process of preparing the consolidated financial statements, management has made discretionary decisions, estimates and assumptions that have an effect on the income, expenses, assets and liabilities recognised as at the balance sheet date as well as on the disclosure of contingent liabilities. The uncertainty relating to these assumptions and estimates could lead to results that may require material adjustment to the carrying amounts of the assets and liabilities concerned in the future. The most important assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are analyzed below:

IMPAIRMENT OF NON-FINANCIAL ASSETS

The group assesses at each reporting date whether there are any indications that a non-financial asset may be impaired. Goodwill and other intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment at least once a year or whenever there is evidence that they might be impaired. The determination of the recoverable amount of an asset or cash-generating unit, in connection with which the asset generates independent cash inflows, is associated with estimates by company management. These estimates are influenced by certain factors such as, for example, expected economic development or successful integration of acquired companies. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in

use. Nemetschek determines these amounts basically using discounted cash flow measurement. The discounted cash flows are based on a three-year forecast. The forecasts account for experiences of the past and current operative results and are based on market assumptions as well as management's best estimate of future developments. Cash flows outside of the forecast period are extrapolated applying individual growth rates. Important assumptions on which the recoverable amount is based include estimated growth rates and weighted average capital cost rates. The estimates and the method on which this is based can have a substantial influence on the relevant values and, ultimately, on the amount of a potential impairment loss on the asset to be tested. The estimates of growth rates account for inflation and market growth expectations. Other non-financial assets are tested for impairment when there is evidence that their carrying amount might exceed their recoverable amount. Estimating a value in use requires management to make an estimate of the expected future cash flows from the assets or cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

DETERMINATION OF FAIR VALUES AS PART OF THE PURCHASE PRICE ALLOCATION

As part of the purchase price allocation the purchased assets and liabilities adopted are firstly identified. The fair value of the material intangible assets is determined using the relief from royalty method and the residual value method. The relief from royalty method accounts for the discounted payments of usage fees which are expected to be saved since the patents or brand names are owned by the company itself. The residual value method accounts for the expected net cash flows generated by customer relationships, with the exception of all cash flows which are connected to supporting assets. If, within one year of the time of acquisition new information on facts and circumstances becomes known, which existed at the time of acquisition and would have led to adjustments to the fair values recognised as part of the purchase price allocation, the accounting value of the business acquisition is adjusted.

DEFERRED TAX ASSETS

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available in the future so that the loss carry forwards can actually be utilized. Significant judgment is required of management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income and future tax planning strategies.

TRADE PAYABLES

The provision for doubtful trade receivables uses estimates and judgments of individual receivables which are based on the creditworthiness of the relevant customer, current economic development and analysis of the ageing structure of receivables.

PENSIONS

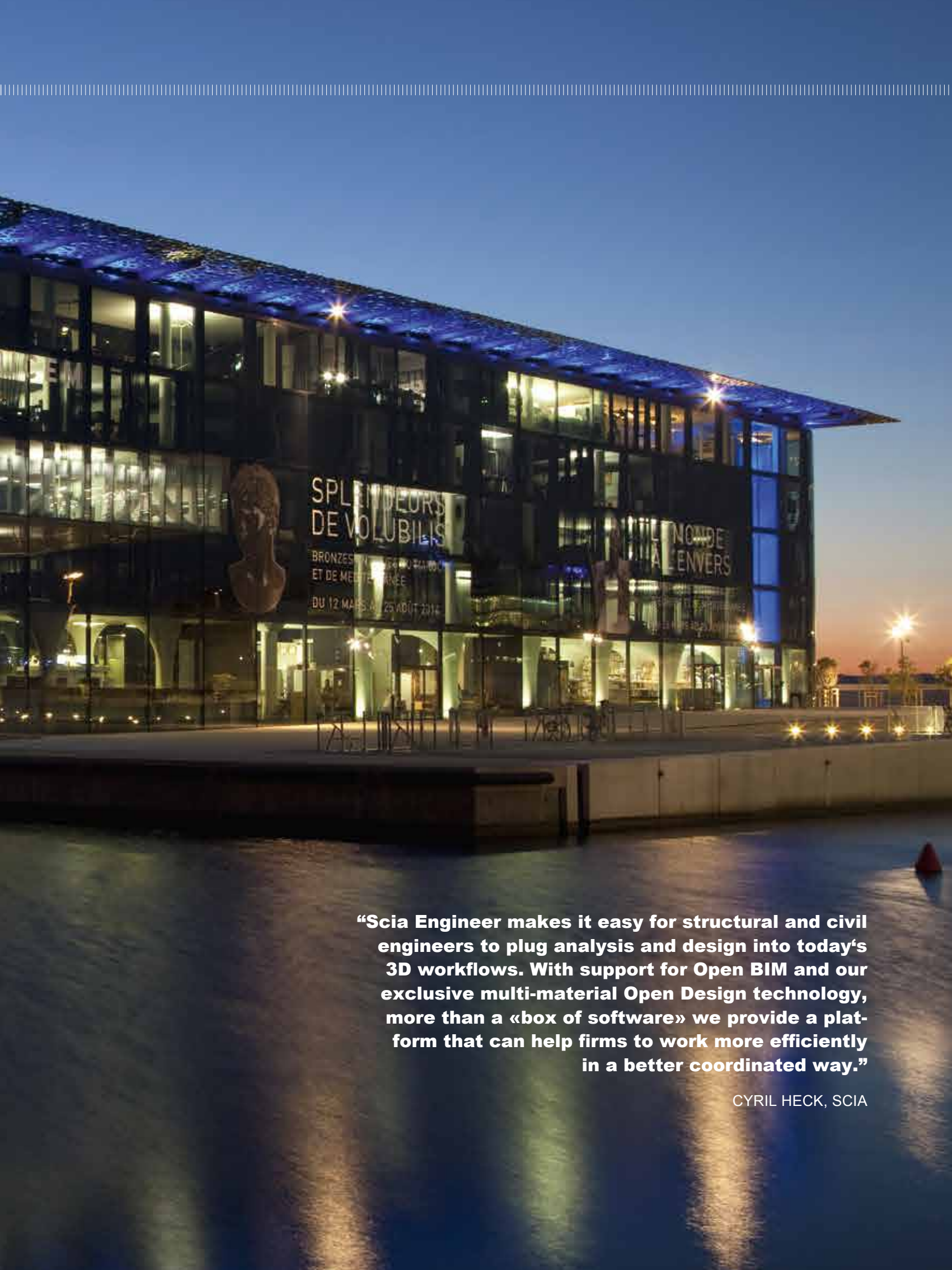
The cost of defined benefit plans is determined using actuarial valuations. The actuarial calculation is based on assumptions of discount rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions are reviewed each balance sheet date.

DEVELOPMENT COSTS

Development costs are capitalized in accordance with the accounting policy presented in the notes. In the fiscal year 2014 non of the development projects fulfilled the capitalization criteria of IAS 38 and subsequently nothing was capitalized.



*The MuCEM, Marseille, France
Engineering Office: SICA an Assystem Company,
realized with Scia Engineer*



“Scia Engineer makes it easy for structural and civil engineers to plug analysis and design into today’s 3D workflows. With support for Open BIM and our exclusive multi-material Open Design technology, more than a «box of software» we provide a platform that can help firms to work more efficiently in a better coordinated way.”

CYRIL HECK, SCIA

CURRENCY TRANSLATION

The group's consolidated financial statements are presented in EUR, which is the group's presentation currency. Each entity in the group determines its own functional currency. That is the currency of the primarily economic environment in which the company operates. Items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the balance sheet date. Foreign exchange differences are recorded to profit or loss.

Non-monetary items that are measured at historical acquisition or production cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates applicable at the date when the fair value is determined.

Currency translation differences on foreign currency borrowings represent the exception to this where these are accounted for as hedges to a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit and loss. Deferred taxes attributable to exchange differences on those borrowings are also recorded in equity. The assets and liabilities of the foreign company are translated into EUR at the balance sheet date rate (including any hidden reserves realized as part of a purchase price allocation, as well as goodwill). Income and expenses are translated at the average exchange rate. Any resulting exchange differences are recognized separately in equity.

Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period are recognized as other operating income or other operating expenses in the period in which they arise.

The following exchange rates are used for translation of currencies in countries outside the European Currency Union:

EXCHANGE RATES

Currency	Average exchange rate in 2014	Exchange rate as of December 31, 2014	Average exchange rate in 2013	Exchange rate as of December 31, 2013
EUR/USD	1.33	1.21	1.33	1.38
EUR/CHF	1.21	1.20	1.23	1.23
EUR/CZK	27.54	27.74	25.98	27.43
EUR/RUB	50.95	72.34	42.34	45.32
EUR/JPY	140.31	145.23	129.66	144.72
EUR/HUF	308.71	315.54	296.87	297.04
EUR/GBP	0.81	0.78	0.85	0.83
EUR/BRL	3.12	3.22	2.87	3.26
EUR/MXN	17.66	17.87	16.96	18.07
EUR/NOK	8.35	9.04	8.41	8.36
EUR/SGD	1.68	1.61	1.66	1.74
EUR/CNY	8.19	7.54	–	–

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REVENUES

Thousands of €	2014	2013
Software and licenses	105,034	87,047
Maintenance (software service agreements)	101,085	89,125
Services (consulting and training)	12,128	9,594
Hardware	204	174
	218,451	185,940

[1]
Revenues

Revenues for the fiscal year 2014 include EUR 237 k (previous year: EUR 31 k) relating to the application of the percentage of completion method. These revenues are matched by expenses amounting to EUR 90 k (previous year: EUR 13 k). In the fiscal year 2014 profit from projects based on application of the percentage of completion method amounts to EUR 147 k (previous year: EUR 18 k). Contract costs include the costs that are directly and indirectly attributable to the contract, as well as costs specifically chargeable to the customer under the terms of the contract. The progress of the project is determined based on the costs incurred to date compared to planned costs. The stage of completion of the project is determined by the current project controlling. Revenue recognition is based on this. A security deposit appropriate for the market is accounted for. At the closing date customer contracts with an asset balance amounted to EUR 268 k (previous year: EUR 37 k).

The breakdown of revenues by segment, as well as the regional allocation can be seen under segment reporting (Note 25).

The group capitalized its own work during the fiscal year 2014 amounting to EUR 9 k (previous year: EUR 1,673 k). This related to the implementation of an ERP system at several subsidiaries. In 2014 there was no further capitalization of internally developed software. In the prior year internally developed software amounting to EUR 1,639 k was capitalized. Amortization starts upon commercial exploitation of the development results in the year the costs were incurred using the straight-line method.

[2]
Own work capitalized

OTHER OPERATING INCOME

Thousands of €	2014	2013
Foreign exchange rate gains	3,412	1,057
Development subsidies	616	351
Offsetting other services	505	322
Income from disposal of fixed assets	185	32
Other	273	468
	4,991	2,230

[3]
Other operating
income

[4] **Cost of materials and purchased services**

COST OF MATERIALS

Thousands of €	2014	2013
Cost of purchased materials	7,543	7,552
Cost of purchased services	1,077	1,126
	8,620	8,678

Cost of merchandise mainly includes purchased software licenses.

[5] **Personnel expenses**

PERSONNEL EXPENSES

Thousands of €	2014	2013
Wages and salaries	78,146	64,101
Social security, other pension costs and welfare	16,391	14,565
	94,537	78,666

The headcount developed as follows:

HEADCOUNT

Number of employees	2014	2013
Sales/marketing/hotline	630	556
Development	605	575
Administration	152	133
Average headcount for the year	1,387	1,264
Headcount as of December 31	1,561	1,355

[6] **Amortization and depreciation**

AMORTIZATION AND DEPRECIATION

Thousands of €	2014	2013
Amortization of intangible assets	3,104	2,302
Depreciation of property, plant and equipment	2,419	1,927
Depreciation of financial assets	0	39
Depreciation/amortization of tangible, intangible and long-term available-for-sale assets	5,523	4,268
Amortization due to purchase price allocated intangible assets	4,765	6,326
Total amortization and depreciation	10,288	10,594

OTHER OPERATING EXPENSES

Thousands of €	2014	2013
Commissions	11,697	10,924
Expenses for third-party services	10,529	10,313
Marketing expenses	8,644	6,396
Rents	7,896	7,412
Legal and consulting costs	6,263	4,710
Travel expenses	4,943	3,978
EDP equipment	2,497	1,832
Vehicle costs	2,484	2,410
Communication expenses	1,471	1,402
Currency translation expenses	1,311	1,557
Retraining expenses and recruiting costs	1,255	888
Other	4,511	4,413
	63,501	56,235

[7]
Other operating
expenses

The item "other" consists of various individual items, all of which are less than EUR 1,000 k.

The income/expenses from associates amounting to EUR -42 k (previous year: EUR 88 k) includes income/expenses of associates consolidated at equity.

[8] Shares in
associates results

INTEREST INCOME / EXPENSES

Thousands of €	2014	2013
Other interest and similar income	152	487
Interest and similar expenses	-224	-54
	-72	433

[9]
Interest Income/
Expenses

Other financial income for the fiscal year includes the adjustment from the subsequent purchase price payment related to the purchase of shares in hartmann technologies Gesellschaft mbH. The changes arising from the subsequent measurement of the additional purchase price obligation compared to the first-time inclusion on July 1, 2014 are recorded in other financial result. Based on the adjustments to the budget for the fiscal year 2016, which is the year relevant for the determination of the additional purchase price payment for the company, the subsequent purchase price obligation as of the closing date was EUR 168 k lower.

[10]
Other financial income

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

[11]
Income taxes

INCOME TAXES

Thousands of €	2014	2013
Current tax expenses	-13,491	-11,540
Deferred tax income	390	621
Total income taxes	-13,101	-10,919

The tax income for the fiscal year 2014 includes tax income from prior years amounting to EUR 692 k (previous year: tax income EUR 657 k). Furthermore, in the fiscal year 2014 EUR 89 k (previous year: TEUR 19) deferred taxes from the revaluation of pension obligations were recorded in equity without impacting profit or loss. The deferred tax income of EUR 390 k (previous year: EUR 621 k) is in connection with the provision and release of temporary differences.

The income tax rates of the individual entities range from 10.0% and 39.83% (previous year: from 10.0% and 37.27%). The income tax rate of Nemetschek Aktiengesellschaft is calculated as follows:

INCOME TAX RATE

in %	2014		2013		2012	
Earnings before taxes	100.0		100.0		100.0	
Trade tax (weighted)	16.7	16.7	16.8	16.8	16.8	16.8
	83.3		83.2		83.2	
Corporate income tax	15.0	15.0	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8	0.8	0.8
	67.5	32.5	67.4	32.6	67.4	32.6

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

The tax rate for the fiscal year 2014 applied by Nemetschek Aktiengesellschaft is 32.5% (fiscal year 2013: 32.6%).

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 €	2014	2013
Assets			
Intangible assets		15	37
Property, plant and equipment		600	130
Receivables		34	121
Pensions and related obligations		372	260
Provisions		365	543
Liabilities		1,852	117
Tax loss carryforward		4,405	3,305
Other		1,130	76
Offsetting		- 8,047	- 3,098
		727	1,491
Liabilities			
Intangible assets		22,043	5,895
Property, plant and equipment		321	340
Receivables		45	45
Provisions		689	80
Liabilities		0	793
Other		386	23
Offsetting		- 8,047	- 3,098
		15,437	4,078

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2014) for the fiscal years ended December 31, 2014 and 2013 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	2014	2013
Earnings before taxes	46,560	36,191
Theoretical tax rate 32,5 % (p.y. 32.6 %)	15,121	11,809
Differences to German and foreign tax rates	- 1,483	- 424
Tax effects on:		
At equity consolidation of associates	0	- 29
Change in the recoverability of deferred tax assets and tax credits	974	- 610
Change of deferred taxes on permanent differences	- 1,045	1,506
Effect of taxes, previous years	- 692	- 657
Non-deductible expenses	1,393	297
Tax-free income	- 1,421	- 1,193
Tax rate changes and adaptation	10	- 4
Other	244	224
Effective tax expense	13,101	10,919
Effective tax rate	28.1 %	30.2 %

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

DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	2014	2013
Losses according to entities	62,312	60,289
Deferred tax assets, gross	11,182	9,038
Allowances on tax losses carried forward	- 6,777	- 5,733
Deferred tax assets on unused tax losses, net	4,405	3,305

The items contain deferred taxes on tax losses carried forward, the realization of which is guaranteed as adequately certain. The deferred tax assets on tax losses carried forward were recognized on the basis of the income and expense budgets of the Nemetschek Aktiengesellschaft (parent) and its subsidiaries for the fiscal years 2015–2017. The detailed budgets of the companies relate to a one-year period. The deferred tax assets on losses brought forward in the sub-group Graphisoft are now equivalent to, in terms of their amounts, the deferred tax liabilities recognized in connection with the purchase price allocation as of December 31, 2014.

The temporary differences in connection with the shares in subsidiaries amounting to EUR 2,161 k, for which no deferred tax liabilities have been provided, would lead to a tax charge of EUR 465 k in future.

There were no income tax consequences attached to the payment of dividends by Nemetschek Aktiengesellschaft to its shareholders in 2014.

EARNINGS PER SHARE

[12]
Earnings per share

Basic undiluted earnings per share do not take into account any options, and are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period.


At the balance sheet date, as in the previous year, there were no items requiring a dilution of the earnings per share result.

EARNINGS PER SHARE

	2014	2013
Net income attributable to the parent (in thousands of EUR)	31,486	24,011
Weighted average number of ordinary shares outstanding as of December 31	9,625,000	9,625,000
Weighted average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	9,625,000	9,625,000
Earnings per share in EUR, undiluted	3.27	2.49
Earnings per share in EUR, diluted	3.27	2.49



"Alone on the Road"
Visualization: Bastien Grivet,
realized with Cinema 4D

The image is a composite of three distinct scenes. The top portion shows a city skyline at sunset or sunrise, with a large cable-stayed bridge structure in the foreground. The middle section contains a quote in white text. The bottom section depicts a dark sports car on a road at night, with glowing blue digital light trails and patterns overlaid on the scene. A yellow parking sign is visible on the left side of the road.

“In times of tight budgets and schedules, seamless integration into the workflow is the critical challenge for the creation of digital content. Cinema 4D is literally open in every direction and consequently gives artists the freedom they need to concentrate on the core task: Creating breathtaking images.”

UWE BÄRTELS, MAXON

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[13]
Fixed assets

The statement of fixed assets is presented on the last page of these notes. The carrying values of internally generated software amount to EUR 4,946 k (previous year: EUR 4,991 k).

Pursuant to IAS 38, development costs must be capitalized unless they are incurred for basic research or are not related to projects, provided that the prerequisites of IAS 38.57 are fulfilled (see also accounting policies). The group was involved in non-project related product development in the fiscal year 2014. This included direct personnel costs plus directly allocable overheads. The development costs of projects that have not satisfied the criteria of IAS 38.57 are recorded as an expense amounting to EUR 55,309 k (previous year: EUR 45,736 k).

The development in the fair value of intangible assets determined on acquisition of Bluebeam Software, Inc., Pasadena, California as part of the purchase price allocation can be summarized as follows:

INTANGIBLE ASSETS FROM THE PURCHASE PRICE ALLOCATION OF BLUEBEAM*

Thousands of €	Fair value at time of acquisition Oct. 31, 2014	Useful life in years	Amortization 2014	Net book value as of Dec. 31, 2014
Brand name	3,040	12	31	3,102
Software	13,290	10	156	13,539
Customer relationships reseller	9,380	17	178	9,482
Customer relationships other	17,810	15	481	17,846
Intangible assets	43,520		845	43,968

The development in the fair value of intangible assets due to the purchase price allocation of the DDS Group can be summarized as follows:

INTANGIBLE ASSETS FROM THE PURCHASE PRICE ALLOCATION OF THE DDS GROUP*

Thousands of €	Fair value at time of acquisition Nov. 30, 2013	Useful life in years	Amortization 2014	Net book value as of Dec. 31, 2014	Net book value as of Dec. 31, 2013
Software	5,325	12	649	4,266	5,282
Customer relationships	1,899	15	348	1,464	1,886
Intangible assets	7,224		997	5,730	7,168

The development in the fair value of intangible assets due to the purchase price allocation of the Graphisoft Group can be summarized as follows:

INTANGIBLE ASSETS FROM THE PURCHASE PRICE ALLOCATION OF THE GRAPHISOFT GROUP*

Thousands of €	Fair value at time of acquisition Dec. 31, 2006	Useful life in years	Amortization 2014	Net book value as of Dec. 31, 2014	Net book value as of Dec. 31, 2013
Brand name	5,300	15	288	1,971	2,393
Trademarks	2,800	10	228	446	711
Software	27,100	7	0	0	0
Customer relationships	27,300	12	2,137	8,330	10,551
Intangible assets	62,500		2,653	10,747	13,656

* Based on the translation of intangible assets held in foreign currency from the purchase price allocation of Bluebeam, DDS Group and Graphisoft Group, adjustments arise on reconciliation of the previous year to the current closing date from the foreign currency translation, which are not shown in the tables. The effects from the foreign currency translation can be seen from the statement of fixed assets.

The development in the fair value of intangible assets due to the purchase price allocation of the Scia Group can be summarized as follows:

INTANGIBLE ASSETS FROM THE PURCHASE PRICE ALLOCATION OF THE SCIA GROUP

Thousands of €	Fair value at time of acquisition Feb. 28, 2006	Useful life in years	Annual amortization	Net book value as of Dec. 31, 2014	Net book value as of Dec. 31, 2013
Software	1,000	3	0	0	0
Customer relationships	2,700	10	270	315	585
Intangible assets	3,700		270	315	585

GOODWILL

Goodwill developed as follows:

GOODWILL DEVELOPMENT

Thousands of €	2014	2013
Amount carried forward as of January 1	60,112	49,083
Additions	52,744	11,568
Currency differences	- 1,571	- 539
Balance as of December 31	111,285	60,112

Additions include EUR 450 k (previous year: EUR 287 k) of adjustments from the fair value measurement of the Dacoda put option.

In accordance with IFRS 3 the impairment only approach is applied. There was no impairment of goodwill in the fiscal year.

The goodwill acquired from business combinations was allocated to the cash-generating unit for impairment testing. The cash-generating unit is the group entity in each case.

Carrying amounts of the goodwill were allocated to the respective cash-generating units as follows:

GOODWILL ALLOCATION

Thousands of €	2014	2013
Bluebeam Software Inc., Pasadena, USA	50,027	-
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	20,339	21,604
Data Design System AS, Klepp Stasjon, Norway	10,542	11,268
AUER – Die Bausoftware GmbH, Mondsee, Austria	6,486	6,486
Nemetschek Bausoftware GmbH, Achim	5,541	5,541
NEMETSCHKEK Vectorworks Inc., Columbia, Maryland, USA	4,752	4,184
MAXON Computer GmbH, Friedrichsdorf	3,007	3,007
SCIA Group NV, Herk-de-Stad, Belgium	2,785	2,785
hartmann technologies Gesellschaft mbH, Berlin	2,118	-
Nemetschek CREM Solutions GmbH & Co. KG, Ratingen	2,028	2,028
Frilo Software GmbH, Stuttgart (formerly: Nemetschek Frilo GmbH, Stuttgart)	1,293	1,293
DACODA GmbH, Rottenburg	1,457	1,007
Glaser isb cad Programmsysteme GmbH, Wennigsen	697	697
Other	212	212
Total goodwill	111,285	60,112

The carrying amounts of the goodwill allocable to Bluebeam Software, Inc., Pasadena; USA, Graphisoft SE European Company Limited by Shares, Budapest, Hungary; Data Design System AS, Klepp Stasjon, Norway; AUER – Die Bausoftware GmbH, Mondsee, Austria; Nemetschek Bausoftware GmbH, Achim and NEMETSCHKEK Vectorworks, Inc., Columbia, Maryland, USA, are material compared to the total carrying amount of goodwill. The recoverable amount of the cash-generating unit of the respective group entity is based on a calculation of its value in use, derived from the cash flow projections, based on the financial planning for a period of three years, approved by management. The discount rate underlying the cash flow forecasts ranges from between 10.30% to 13.80% before tax (prior year: ranges from between 10.70% to 16.03%). After the detailed planning phase of three years, sustainable cash flows are stated as a perpetuity.

VALUE IN USE OF SIGNIFICANT GOODWILL

Thousands of €	2014	2013
NEMETSCHKEK Vectorworks, Inc., Columbia, Maryland, USA	146,900	78,500
Graphisoft SE European Company Limited by Shares, Budapest, Hungary	125,200	76,000
Bluebeam Software, Inc., Pasadena, USA	80,600	-
AUER – Die Bausoftware, Mondsee, Austria	21,100	24,800
Data Design System AS, Klepp Stasjon, Norway	18,400	18,700
Nemetschek Bausoftware GmbH, Achim	11,400	9,300

FUNDAMENTAL ASSUMPTIONS FOR SIGNIFICANT CASH-GENERATING UNITS

The fundamental assumptions for the significant cash-generating units are explained below. These assumptions form the basis upon which management has prepared its cash flow projections to test the goodwill for impairment.

PLANNED REVENUE / GROSS PROFIT MARGIN

For the purpose of this valuation, management bases its projections on those customary for the industry. The developments in the previous fiscal year are taken into account. The markets are expected to develop in a similar manner to the previous year. In the fiscal year 2014, a growth rate of up to 1.5 % is assumed.

DISCOUNT RATES

The discount rates reflect the estimates of management concerning the specific risks attributable to each cash-generating unit. These are the benchmark used by management to assess the operating performance and evaluate future investment projects.

ASSUMPTIONS PERTAINING TO MARKET SHARE

These assumptions are important to the extent that they serve management – as with the definition of assumptions for growth rates – in assessing how the position of the cash-generating unit might change compared to its competitors during the budget period. Management expects the market share held by the group to increase during the budget period.

INCREASE IN PERSONNEL EXPENSES

Employee remuneration includes cost developments typical for the sector.

CAPITAL EXPENDITURE

Capital expenditure is planned in the form of replacement investments at the amount of annual depreciation and amortization.

SENSITIVITY OF ASSUMPTIONS MADE

Management believes that at present none of the reasonably possible changes to the key assumptions, made to determine value in use of the cash-generating units, could increase the carrying amount of cash-generating units materially beyond their recoverable amount.

TRADE RECEIVABLES

Thousands of €	2014	2013
Trade receivables (before bad debt allowances)	31,926	25,515
Specific bad debt allowance	-3,057	-3,626
Trade receivables	28,869	21,889

[14]
Trade receivables

Provision was made for the bad debt risk by setting up appropriate specific bad debt allowances. Trade receivables are non-interest bearing and are generally due within 30 to 90 day terms customary for the industry. Pursuant to the group guidelines, receivables that are past due by more than 360 days are provided for in full. The carrying amount of trade receivables corresponds to their fair values.

Bad debt allowances developed as follows:

DEVELOPMENT OF BAD DEBT ALLOWANCE

Thousands of €	January 1	Utilization	Release	Charges	December 31
Bad debt allowances 2014	-3,626	915	683	-1,029	-3,057
Bad debt allowances 2013	-3,339	632	369	-1,288	-3,626

The aging structure of trade accounts receivable is as follows:

AGING STRUCTURE OF TRADE RECEIVABLES

Thousands of €	Not past due	Past due (by <30 days)	Past due (by 30–60 days)	Past due (by 60–90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by >360 days)	December 31
Gross Trade receivables 2014	17,929	6,160	2,205	676	1,690	663	2,602	31,926
Reduced specific allowance for bad debts	-17	-62	-78	-18	-182	-97	-2,602	-3,057
Net Trade receivables 2014	17,912	6,098	2,127	658	1,508	566	0	28,869

Thousands of €	Not past due	Past due (by <30 days)	Past due (by 30–60 days)	Past due (by 60–90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by >360 days)	December 31
Gross Trade receivables 2013	12,709	6,174	1,404	609	1,080	613	2,926	25,515
Reduced specific allowance for bad debts	-8	-89	-29	-15	-234	-325	-2,926	-3,626
Net Trade receivables 2013	12,701	6,085	1,375	594	846	288	0	21,889

[15]

Inventories, tax refund claims, other assets, other financial assets

ASSETS

Thousands of €	2014	2013
Inventories	725	728
Tax refunded claims	2,509	694
Other current financial assets	10	27
Other current assets	9,301	7,713
Non-current financial assets	59	79
Other non-current assets	773	772
	13,377	10,013

Inventories mainly consist of hardware of EUR 712 k (previous year: EUR 661 k) as well as foreign licenses of EUR 0 k (previous year: EUR 56 k) and finished goods and work in process of EUR 12 k (previous year: EUR 12 k). As in the prior year no allowances were recorded as an expense.

Tax refund claims for income taxes will lead to cash inflows in the next six months. Current financial assets mainly consist of prepaid expenses of EUR 6,114 k (prior year: EUR 4,985 k), which will be reclassified to expenses in the next twelve months.

Other non-current assets mainly include rental security deposits.

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation reserve and the retained earnings/accumulated losses of the group, and minority interests are presented in the statement of changes in group equity.

[16]
Equity

Nemetschek Aktiengesellschaft's share capital as of the balance sheet date still amounts to EUR 9,625,000.00 (unchanged compared to the previous year) and is divided into 9,625,000 bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid up.

[17]
Suscribed capital

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

[18]
Capital reserve/
foreign currency
translation / dividends

The **equity capital** item foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign company subsidiaries.

DIVIDENDS

In the fiscal year 2014 a dividend of EUR 12,512,500.00 was paid out to the shareholders. This represents EUR 1.30 per share.

As a company with international operations working in various business fields, the Nemetschek Group is exposed to a whole range of legal risks. This is especially true of risks for warranties and other legal disputes. The outcome of currently pending or rather of future litigation cannot be predicted with certainty and thus expenses may be incurred from decisions that are not fully covered by insurance and that may have significant effects on the business and its results. Management is of the opinion that litigation currently pending is not likely to result in decisions that will significantly and negatively influence the financial position and performance of the group.

[19]
Provisions,
accrued liabilities,
pensions and
related obligations

PROVISIONS AND ACCRUED LIABILITIES

Provisions and accrued liabilities contain the following items and are mainly due within one year:

PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	2014	2013
Personnel provisions	11,861	7,969
Outstanding invoices	4,545	3,222
Vacation accrued by employees	2,705	1,959
Legal and consulting fees	531	466
Guarantees and liability risks	137	141
Other accrued liabilities	1,328	1,066
	21,107	14,823

Provisions for personnel mainly comprise employee remuneration and commissions. In the fiscal year 2014, EUR 4,528 k (previous year: EUR 4,417 k) of these were utilized, EUR 1,006 k (previous year: EUR 506 k) was released and EUR 9,121 k (previous year: EUR 5,347 k) was added. The increase in provisions for personnel is primarily due to higher provisions for commissions which are as a result of the positive business development in the fiscal year 2014. Outstanding invoices mainly relate to subsequent commission calculations for distribution partners due to achievement of targets. The guarantee and liability provisions were set up based on an individual assessment per company. In the fiscal year 2014, EUR 0 k (previous year: EUR 1 k) of these were utilized, EUR 82 k (previous year: EUR 74 k) released and EUR 77 k (previous year: EUR 37 k) added. Other provisions and accrued liabilities contain other individual items under EUR 100 k.

OTHER OBLIGATIONS IN ACCORDANCE WITH IAS 19

Other obligations in accordance with IAS 19 include a part-time early retirement agreement. The provisions resulting from this amount to EUR 132 k.

PROVISIONS FOR PENSIONS

DOMESTIC

The obligation resulting from pension plans to a subsidiary's general managers is determined using the projected unit credit method. On first-time application of IAS 19 (2011) from January 1, 2013, actuarial gains and losses are recorded without impacting profit/loss. In the year ended December 31, 2014, there were no curtailments to the plan. The plans were continued beyond this period. 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 3,834.69 (DEM 7,500.00) per month. All claims are vested. The term of the pension obligation is 24 years. Plan assets from these benefit plans have been invested in life insurance policies. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

FOREIGN COUNTRIES

As part of the acquisition of the DDS Group, defined obligation pension plans were taken over for its Norwegian subsidiaries. The defined benefit plans include a total of 29 active beneficiaries and one pensioner. The amount of the individual pension benefit is measured based on the wage or salary level as well as on the length of service. Actuarial gains and losses have been recorded neutrally since the time of acquisition.

The duration of the pension obligations varies from 3 to 20 years. The weighted average running time of the defined benefit obligation (DBO) of the defined benefit plans of DDS amounts to 6 years.

The table below shows the development of the pension obligations and of plan assets.

PROVISIONS FOR PENSIONS

Thousands of €	January 1	Changes	December 31
Defined Benefit Obligation 2014	2,481	570	3,051
Pension plan asset 2014	1,457	75	1,532
Status of coverage (= Pension provisions) 2014	1,024	495	1,519
Defined Benefit Obligation 2013	1,143	1,338	2,481
Pension plan asset 2013	415	1,042	1,457
Status of coverage (= Pension provisions) 2013	728	296	1,024

Thousands of €	2014	2013
Change in defined benefit obligations (DBO):		
DBO at beginning of fiscal year	2,481	1,143
Service cost	115	52
Interest cost	89	45
Actuarial (gains)/losses	498	46
Acquisitions/(divestitures)	0	1,196
Settlements	-42	-1
Effect from currency translation	-90	0
DBO at end of fiscal year	3,051	2,482
Change in plan assets:		
Fair value of plan assets at beginning of fiscal year	1,457	415
Expected return on plan assets	46	18
Actuarial gains/(losses)	-11	-12
Acquisitions(divestitures)	0	1,012
Employer contributions	159	25
Benefit payments	-42	-1
Effect from currency translation	-77	0
Fair value of plan assets at end of fiscal year	1,532	1,457

SENSITIVITY

		Thousands of €	2014	2013
Changes in actuarial assumptions				
Present value of pension obligation for the reporting date			3,051	2,482
Discount rate	increase by 0.5 percent points		2,780	2,269
	decrease by 0.5 percent points		3,357	2,722
Pension cost	increase by 0.5 percent points		3,270	-
	decrease by 0.5 percent points		2,943	-
Salary	increase by 0.5 percent points		3,084	-
	decrease by 0.5 percent points		3,018	-

The "mortality tables 2005 G" from Dr. Klaus Heubeck were applied to the domestic pension commitments in the same way as last year. The local actuarial measurement parameters were applied abroad. The principal actuarial assumptions used to determine pension obligations were as follows as of December 31:

DISCOUNT RATE

in %	2014		2013	
	Domestic	Foreign Countries	Domestic	Foreign Countries
Discount rate	2.45	2.30	3.37	4.10
Future pension increases	1.00	0	1.00	0.20
Compensation increase	0	2.75	0	3.75

The group expects pension expenses for the fiscal year 2015 of EUR 185 k, as well as capital income of EUR 31 k. The contributions to plan assets amount to EUR 167 k.

In the next ten fiscal years the following payments are expected from the pension plans:

FUTURE PENSION PAYMENTS

thousand of €	Domestic	Foreign Countries	TOTAL
(for fiscal year)			
2015	1	26	27
2016	2	43	45
2017	4	51	55
2018	6	52	58
2019	8	63	71
2020-2024	92	315	406
Total	113	549	662

[20]
Liabilities

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

LIABILITIES

Thousands of €	Total amount	Less than 1 year	1 to 5 years	More than 5 years
2014				
Loans	60,000	12,000	48,000	0
Trade payables	5,748	5,748	0	0
Income tax liabilities	4,712	4,712	0	0
Other liabilities	6,640	6,640	0	0
<i>thereof taxes</i>	3,453	3,453	0	0
<i>thereof relating to social security</i>	1,043	1,043	0	0
December 31, 2014	77,100	29,100	48,000	0
2013				
Trade payables	5,248	5,248	0	0
Income tax liabilities	3,327	3,327	0	0
Other liabilities	5,962	5,962	0	0
<i>thereof taxes</i>	2,946	2,946	0	0
<i>thereof relating to social security</i>	997	997	0	0
December 31, 2013	14,537	14,537	0	0

Trade payables are subject to the customary retention of title relating to the supply of movable fixed assets and inventories. Liabilities from trade payables are non-interest bearing and are normally settled on 60-day terms. Carrying amounts correspond to fair value.

Other liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax and VAT, as well as to pay social security contributions to the social security authorities. Other liabilities are non-interest bearing and have an average term of 60 days. Carrying amounts correspond to fair value.

LOANS TO FINANCE THE BLUEBEAM ACQUISITION

As part of the Bluebeam acquisition, Nemetschek AG concluded a loan agreement with Commerzbank Aktiengesellschaft for EUR 60 million, the main conditions of which are shown in the following table:

LOAN TO FINANCE THE BLUEBEAM ACQUISITION

Thousands of EUR	Total loan amount	term of loan until	Repayment	effective interest rate	due < 1 year	due > 1 year
	60,000	DEC. 31, 2019	Quarter-year rates of mEUR 3 starting from March 31, 2015	1.03 %	12,000	48,000

The interest relating to the bank loan is due quarterly. The interest payments will amount to EUR 579 k in the fiscal year 2015. Interest payments of EUR 1,065 k are due for the years 2016 to 2019.

DEFERRED REVENUE

Deferred revenue amounts to EUR 32,386 k (previous year: EUR 23,464 k). The total amount will lead to revenue predominantly in the first half of 2015.

[21]
Deferred revenue

OTHER CURRENT FINANCIAL OBLIGATIONS

The other current financial obligations mainly include the purchase price obligation from the put-option to Dacoda GmbH amounting to EUR 1,543 k. Nemetschek AG plans to exercise the put-option in the first quarter of 2015 and thus takeover the minority shares in Dacoda GmbH (49 %).

[22]
Other current financial
obligations

NON-CURRENT FINANCIAL LIABILITIES

The non-current financial liabilities primarily comprise non-current accrued rent amounting to EUR 3,111 k, as well as non-current financial obligations from a purchase price obligation from the acquisition of hartmann technologies Gesellschaft mbH amounting to EUR 1,336 k. Furthermore, these also include pension obligations and part-time early retirement obligations.

[23]
Non-current financial
liabilities

FINANCIAL COMMITMENTS

Thousands of €	Total	Less than 1 year	1 to 5 years	More than 5 years
Rental agreements	25,075	7,551	15,301	2,223
Leases	3,401	1,190	2,060	151
Total financial commitments as of December 31, 2014	28,476	8,741	17,361	2,374
Rental agreements	12,501	5,835	6,352	314
Leases	2,461	1,197	1,258	6
Total financial commitments as of December 31, 2013	14,962	7,032	7,610	320

[24]
Financial commit-
ments / contingent
liabilities

The rental agreements consist almost exclusively of rental agreements for office space with limited terms. The leases are subject to the customary escalation clauses and renewal options. The lease obligations mainly consist of leases for vehicles, office and telecommunications equipment.

Furthermore, there are guarantee obligations amounting to EUR 1,165 k in total. Rental guarantees were predominantly issued.

CONTINGENT LIABILITIES

At the balance sheet date there were no contingent liabilities.

[25]
Notes to the cash
flow statement

The **statement of cash flows** is split into cash flows from operating, investing and financing activities. Whereas the cash flow from operating activities is derived using the indirect method, the cash flows from investing and financing activities are based on direct cash inflows and outflows.

Cash flow from **operating activities** amounts to EUR 44,178 k (previous year: EUR 40,241 k).

The cash flow from **investing activities** amounts to EUR -79,815 k (previous: EUR 21,564 k). In the current fiscal year this mainly consists of payments for the purchase of the subsidiary Bluebeam Software, Inc.

The cash flow from **financing activities** amounting to EUR 43,152 k (previous year: EUR -13,521 k) mainly results from the take-up of a bank loan for financing the Bluebeam acquisition (EUR 60,000 k). The payment of the dividend to the shareholders of Nemetschek AG amounting to EUR -12,513 k (previous year: EUR -11,069) is one of the most significant cash outflows and payments of profit shares to minority interests of EUR -2,374 k (previous year: EUR -911 k). Further cash outflows were recorded from interest payments amounting to EUR 1,131 k (previous year: EUR 1,541 k).

The **group's cash and cash equivalents** comprises current cash and cash equivalents and are analyzed as follows:

CASH AND CASH EQUIVALENTS

Thousands of €	2014	2013
Bank balances	54,108	45,241
Fixed term deposits (contract period up to 3 months)	2,860	3,312
Cash and cash equivalents	56,968	48,553

Bank balances earn interest at the floating rates for on-call deposits. Fixed-term deposits are made for terms of between one day and three months depending on the immediate cash requirements of the group and these could be subject to slight fluctuations in value. Fixed term deposits bear interest at the respectively applicable rates. Carrying amounts generally correspond with fair value.

FINANCIAL INSTRUMENTS

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

[26]
Financial instruments/
financial risk manage-
ment objectives and
policies

FINANCIAL INSTRUMENTS

2014	Thousands of €	Measurement in accordance with IAS 39				Fair value Dec. 31, 2014
		Carrying value per balance sheet Dec. 31, 2014	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables (excluding finance leases)		28,869	28,869			28,869
<i>Loans and receivables</i>			28,869			28,869
Other financial assets		207	207			207
<i>Loans and receivables</i>			207			207
Cash and cash equivalents		56,968	56,968			56,968
Total financial assets		86,044				
thereof in accordance with measurement categories of IAS 39:						
<i>Loans and receivables</i>			86,044			86,044
Financial liabilities (excluding finance leases)						
<i>Financial liabilities measured at amortized cost</i>						
Trade payables		5,784	5,784			5,784
Other financial liabilities		62,969	61,633	1,336		62,969
<i>Financial liabilities measured at amortized cost</i>		61,633	61,633			
<i>Conditional purchase price obligation</i>		1,336		1,336		1,336
Total financial liabilities		68,753				
thereof in accordance with valuation categories of IAS 39:						
<i>Financial liabilities measured at amortized cost</i>		67,417	67,417			67,417
<i>Conditional purchase price obligation</i>		1,336		1,336		1,336

FINANCIAL INSTRUMENTS

2013	Thousands of €	Carrying value per balance sheet Dec. 31, 2013	Measurement in accordance with IAS 39			Fair value Dec. 31, 2013
			Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	
Trade receivables (excluding finance leases)		21,889	21,889			21,889
<i>Loans and receivables</i>			21,889			21,889
Other financial assets		106	106			106
<i>Loans and receivables</i>			106			106
Cash and cash equivalents		48,553	48,553			48,553
Total financial assets		70,548				
thereof in accordance with measurement categories of IAS 39:						
<i>Loans and receivables</i>			70,548			70,548
Financial liabilities (excluding finance leases)						
<i>Financial liabilities measured at amortized cost</i>						
Trade payables		5,248	5,248			5,248
Other financial liabilities		2,318	1,183	1,135		2,318
<i>Financial liabilities measured at amortized cost</i>		1,183	1,183			
<i>Derivatives without balance sheet hedging relationship (financial liabilities held for trading)</i>		1,135		1,135		1,135
Total financial liabilities		7,566				
thereof in accordance with valuation categories of IAS 39:						
<i>Financial liabilities measured at amortized cost</i>		5,248	5,248			5,248
<i>Derivatives without balance sheet hedging relationship (financial liabilities held for trading)</i>		1,135		1,135		1,135

For the trade receivables, other current receivables as well as cash and cash equivalents carrying values are equal to fair values.

For trade payables the carrying value is equal to fair value. The fair value of the interest swap is calculated using recognised financial mathematical models based on market data available at the date of valuation.

Financial liabilities (there are no financial assets), measured at fair value can be classified in the following three-tier measurement hierarchy:

MEASUREMENT HIERARCHY

2014	Thousands of €	Year-end Dec. 31, 2014	Level 1	Level 2	Level 3
Financial liabilities at fair value					
Fair value impacting profit/loss					
Contingent consideration obligation		1,336			1,336
Derivatives with balance sheet hedging relationship (hedge accounting)					
Fair value not impacting profit/loss					
Derivatives with balance sheet hedging relationship (hedge accounting)					
Total		1,336			1,336

The measurement hierarchy reflects the significance of the factors included in the determination of fair values. At Level 1 financial instruments are recorded, the fair value of which is calculated based on quoted market prices on active markets. Fair values at Level 2 are determined based on observable market data. At Level 3 financial instruments are recorded, the fair value of which is calculated using non-observable market data. In the reporting year 2014 subsequent purchase price payments of EUR 1,336 k from the acquisition of hartmann technologies Gesellschaft mbH were measured at fair value. This was determined based on the company's revenue and margin targets as set out in the purchase contract (EUR 2,780 k for 25 % EBITA margin) for the relevant fiscal year 2016. The measurement model accounts for the present value of the payment, discounted at a risk-adjusted discount rate (2.0 %).

The expected payment is determined accounting for potential scenarios for the forecast revenues and the forecast EBITA margin and the probability of each of these scenarios.

MEASUREMENT HIERARCHY

2013	Thousands of €	Year-end Dec. 31, 2013	Level 1	Level 2	Level 3
Financial liabilities at fair value					
Fair value impacting profit/loss					
Derivatives without balance sheet hedging relationship (financial liabilities held for trading)		1,135		1,135	
Derivatives with balance sheet hedging relationship (hedge accounting)					
Fair value not impacting profit/loss					
Derivatives with balance sheet hedging relationship (hedge accounting)					
Total		1,135		1,135	

DERIVATIVE FINANCIAL INSTRUMENTS

Depending on their maturity, the derivatives used as hedging instruments with positive (or negative) fair values are either classified as other current assets (or other current financial liabilities) or as other non-current financial assets (or other non-current financial liabilities). Derivative financial instruments not used as hedging instruments are classified as financial assets held for trading and measured at fair value; changes in fair value are included in the result for the period.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation. Depending on the situation, fair values are obtained from quoted market prices, discounted cash flow analyses or option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

There are no significant differences in the group between the fair value and the carrying amount of financial instruments. The carrying amount of cash and cash equivalents, other current financial assets and current financial liabilities approximates to fair value due to the relatively short-term maturity of these financial instruments. The fair value of non-current liabilities to banks and other non-current liabilities is determined by the discounting of expected cash flows. The fair value approximated the carrying value of the aforementioned obligations due to the use of market interest rates.

Where no quoted market prices are available, the fair value of publicly traded financial instruments is estimated based on market prices for the same or similar investments. For all other instruments for which there are no market prices, a reasonable estimate of fair value has been calculated based on the expected cash flow or the underlying net asset base for each investment. All carrying amounts approximate the fair value of the corresponding items.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

The main financial liabilities used by the group – except for derivative financial instruments – include bank loans and overdraft facilities, trade payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its business activities.

CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS AND CASH DEPOSITS AT BANKS

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. The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The company's management reviews and agrees policies for managing each of these risks which are summarized below. The group generally pursues a conservative, risk-averse strategy.

FOREIGN EXCHANGE RISK AND RISK MANAGEMENT

In the course of ordinary operations, the Nemetschek Group is exposed to exchange rate fluctuations in particular. The group's policy is to eliminate or contain these risks by entering into hedging transactions. The currency risks of the group occur due to the fact that the group operates and has production sites and sales establishments in different countries worldwide. All hedging measures are centrally agreed and coordinated with Group Treasury.

Due to its international business operations, the Nemetschek Group is exposed to exchange rate fluctuations on the international money and capital markets. Group-wide foreign currency policy is governed by instructions which are guided by the minimum requirements for bank trading issued by the German Federal Financial Supervisory Agency (BaFin). Only first-class national banks whose credit rating is checked regularly by rating agencies may act as partners for hedging transactions.

As required, the group companies enter into various types of foreign exchange contracts to manage its foreign exchange risk resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies.

The exchange rate fluctuation only has a limited effect at top group level because the operating subsidiaries outside the Euro area record revenue as well as cost of materials, personnel expenses and other expenses in their local currency.

SENSITIVITY ANALYSIS OF SELECTED FOREIGN CURRENCIES

The table below shows the sensitivity of group revenue and group EBIT to a reasonably possible fluctuation in the US Dollar and the Hungarian Forint exchange rates. All other variables remain constant.

SENSITIVITY OF USD / EUR

Thousands of €	Change of exchange rate USD	Sensitivity effect on Revenues	Sensitivity effect on EBIT
Fiscal year 2014			
(average USD/EUR exchange rate = 1.33)	+ 5 %	- 2,416	- 837
	- 5 %	2,671	925
Fiscal year 2013			
(average USD/EUR exchange rate = 1.33)	+ 5 %	- 1,796	- 632
	- 5 %	1,985	699

SENSITIVITY OF HUF / EUR

Thousands of €	Change of exchange rate HUF	Sensitivity effect on Revenues	Sensitivity effect on EBIT
Fiscal year 2014			
(average HUF/EUR exchange rate = 308.706)	+ 5 %	- 927	- 77
	- 5 %	1,025	85
Fiscal year 2013			
(average HUF/EUR exchange rate = 296.87)	+ 5 %	- 842	32
	- 5 %	930	- 36

Foreign currency financial assets mainly exist in a subsidiary in Hungary. The following table shows the foreign currency receivables in existence at December 31, 2014, and changes in the year-end closing rate:

TRADE RECEIVABLES

2014	Thousands of EUR	Change of exchange rate	Sensitivity effect on EBIT
HUF/EUR		+ 5 %	- 410
Total in kEUR: 8,610		- 5 %	453
HUF/USD		+ 5 %	- 64
Total in kEUR: 1,353		- 5 %	71
HUF/JPY		+ 5 %	- 45
Total in kEUR: 941		- 5 %	50
<hr/>			
2013	Thousands of EUR	Change of exchange rates	Sensitivity effect on EBIT
HUF/EUR		+ 5 %	- 157
Total in kEUR: 3,281		- 5 %	172

LIQUIDITY RISKS AND MANAGEMENT

The group needs sufficient liquidity to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle their obligations to the Nemetschek Group under normal trading conditions. The credit rating of the group allows sufficient cash to be procured. At the closing date of December 31, 2014, the group held liquid funds amounting to EUR 59,968 k (previous year: EUR 48,553 k). This amount comprises credit bank balances amounting to EUR 54,108 k (previous year: EUR 45,241 k) as well as fixed term deposits with a term of up to 3 months of EUR 2,860 k (previous year: EUR 3,312 k). In addition, the group had unused credit lines totaling EUR 8,500 k as of December 31, 2014.

To manage this risk the company periodically assesses the credit rating of its customers. The group monitors its risk of a shortage of funds using monthly liquidity planning.

This considers the maturity of both its financial assets (accounts receivable, fixed-term deposits etc.) and projected cash flows from operating activities. The group's objective is to maintain a balance between providing continuity of funding and ensuring flexibility.

DEFAULT RISK AND RISK MANAGEMENT

Default risks, i.e. the risk of contractual parties not meeting their payment obligations, are managed by means of credit approvals, the setting of upper limits and monitoring procedures. Where appropriate, the company obtains additional collateral in the form of rights to securities.

The company does not expect that any of its business partners, deemed highly creditworthy, will fail to meet their obligations. The Nemetschek Group has no significant concentration of credit risks with any single customer or specific customer group. The maximum credit risk can be calculated from the amounts shown in the balance sheet. The terms of payment fall within the 30 to 90 days customary for the industry.

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 had been made in the objectives, policies or processes as of December 31, 2014 and as of December 31, 2013. The group meets externally imposed minimum capital requirements.

The group monitors its capital based on the indicators of gearing and equity ratios.

GEARING RATIO

The gearing ratio represents the relationship between net debt and EBITDA. Net debt is essentially defined as current and non-current loans plus interest bearing liabilities (less pension provisions) less any cash and cash equivalents. Group net debt as of December 31, 2014, amounted to EUR 5.4 million. The gearing ratio thus amounted to 0.10. Thus, external and internal key indicators have been met.

EQUITY RATIO

The equity ratio is the ratio of equity to total equity and liabilities. Accordingly, the Nemetschek Group's equity ratio amounts to 46.8 % (previous year: 66.2 %). Thus, external and internal key indicators have been met.

CREDIT RISK AND RISK MANAGEMENT

The group only trades with recognized, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the group does not offer credit terms without prior approval. There is no significant concentration of default risks within the group.

With respect to the other financial assets of the group, which comprise cash and cash equivalents, the group's maximum credit risk arising from default of the counter-party is equal to the carrying amount of these instruments.

INTEREST RISK AND RISK MANAGEMENT

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

[27]
Segment reporting

The company divides its activities into the segments of Design, Build, Manage and Media & Entertainment. The Design segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, statistics engineering and tender software. The Build segment involves the creation and marketing of commercial software for construction companies. The Manage segment covers facility management, which involves extensive administration and management of property development projects. Furthermore, the group's Media & Entertainment business segment is involved in the field of multimedia software, visualization and animation.

The following tables present segment revenue and results and certain assets and liability information according to the group's business segments.

STATEMENT OF COMPREHENSIVE INCOME DISCLOSURES

SEGMENT REPORTING

2014	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
Revenue, external		218,451	0	175,104	20,090	5,298	17,959
Intersegment revenue		0	- 1,570	1	422	7	1,140
Total revenue		218,451	- 1,570	175,105	20,512	5,305	19,099
EBITDA		56,793		43,809	4,128	1,089	7,767
Amortization / depreciation		- 10,288		- 7,837	- 2,154	- 52	- 244
Segment operating result (EBIT)		46,505		35,972	1,974	1,037	7,523
Interest income		152					
Interest expenses		- 224					
Income from associates		- 42					
Other financial income / expenses		169					
Income tax		- 13,102					
Profit for the period		33,458					
2013	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
Revenue, external		185,940	0	149,518	15,403	5,044	15,975
Intersegment revenue		0	- 702	3	1	7	691
Total revenue		185,940	- 702	149,521	15,404	5,051	16,666
EBITDA		46,264		33,086	5,546	1,133	6,499
Amortization / depreciation		- 10,594		- 9,624	- 702	- 39	- 229
Segment operating result (EBIT)		35,670		23,462	4,844	1,094	6,270
Interest income		487					
Interest expenses		- 54					
Income from associates		88					
Income tax		- 10,919					
Profit for the period		25,272					

The item of depreciation/amortization of the Design segment includes amortization of the purchase price allocation amounting to EUR 3,920 k (previous year: EUR 6,326 k), of the Build segment amounting to EUR 845 k (previous year: EUR 0 k).

The secondary segment reporting format for financial reporting relating to the balance sheet that is used for the group's internal organizational and management purposes does not show a geographical breakdown between Germany and other countries. It is therefore not presented in greater detail.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenues, segment expenses and the segment results include transfers between business segments. These transfers are eliminated in consolidation.

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEGRAPHICAL REGION

Thousands of €	Revenues 2014	Fixed assets 2014	Additions to fixed assets 2014	Revenues 2013	Fixed assets 2013	Additions to fixed assets 2013
Germany	86,957	23,201	2,113	75,875	17,441	2,016
Abroad	131,494	167,654	2,086	110,065	78,951	3,605
Total	218,451	190,855	4,199	185,940	96,392	5,621

The group's geographical secondary segment assets are based on the location of the group's assets. Correspondingly, the German segment held total assets of EUR 58,420 k (previous year: EUR 47,327 k) can be allocated to the German segment and total assets of EUR 233,267 k (previous year: EUR 131,176 k).

Sales to external customers disclosed in the geographical segments are allocated to the various territories on the basis of the customer's location.

BALANCE SHEET DISCLOSURE

2014	Thousands of €	Total	Design	Build	Manage	Media & Entertainment
Trade receivables		28,869	22,039	4,458	600	1,772
Inventories		725	660	6	0	59
Other assets		6,955	6,114	706	32	103
Fixed assets		190,855	66,151	118,823	2,110	3,770
<i>thereof additions to fixed assets</i>		4,199	3,189	342	49	618
<i>thereof additions due to business combinations</i>		100,534	0	100,534	0	0
Segment assets		227,404	94,964	123,993	2,742	5,704
Cash and cash equivalents		56,968				
Investments in associates and long-term available-for-sale assets		892				
Non-allocated assets*		6,423				
Total assets		291,687				
Liabilities		19,802	11,964	6,986	217	635
Provisions and accrued liabilities		21,107	15,900	3,898	299	1,010
Pensions and related obligations		1,666	456	0	0	1,210
Deferred revenue		32,386	26,200	3,373	52	2,761
Segment liabilities		74,961	54,520	14,257	568	5,616
Non-allocated liabilities**		80,149				
Total liabilities		155,110				

* Not allocated: Income tax assets (EUR 2,509 k), Other current assets (EUR 3,187 k) and Deferred tax assets (EUR 727 k)

** Not allocated: Loans (EUR 60,000 k), Deferred tax liabilities (EUR 15,437 k), Income tax provisions (4,357 k) and Income tax liabilities (EUR 355 k)

2013	Thousands of €	Total	Design	Build	Manage	Media & Entertainment
Trade receivables		21,889	18,873	1,784	591	641
Inventories		728	582	67	0	79
Other assets		5,865	5,615	131	12	107
Fixed assets		96,392	73,750	16,975	2,113	3,554
<i>thereof additions to fixed assets</i>		5,621	3,655	1,643	57	266
<i>thereof additions to business combinations</i>		19,314	19,314	0	0	0
Segment assets		124,874	98,820	18,957	2,716	4,381
Cash and cash equivalents		48,553				
Investments in associates and long-term available-for-sale assets		164				
Non-allocated assets*		4,912				
Total assets		178,503				
Liabilities		13,443	12,032	777	260	374
Provisions and accrued liabilities		14,824	12,707	841	440	836
Pensions and related obligations		1,203	363	0	0	840
Deferred revenue		23,463	21,414	132	62	1,855
Segment liabilities		52,933	46,516	1,750	762	3,905
Non-allocated liabilities**		7,405				
Total liabilities		60,338				

* Not allocated: Income tax assets (EUR 694 k), Other assets (EUR 2,726 k) and Deferred tax assets (EUR 1,492 k)

** Not allocated: Deferred tax liabilities (EUR 4,078 k), tax liabilities (2,960 k) and income tax liabilities (EUR 367 k)

There were no significant events subsequent to the balance sheet date.

The group enters into transactions with its associates and related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can at least be significantly influenced by the company or over whom the company can at least exercise significant influence. In addition to the management and supervisory boards, these also include family members and partners of the relevant people.

Transactions of the group companies include the following:

- (1) Rental of space as well as repairs from Concentra GmbH & Co. KG, Munich, amounting to a total of EUR 1,619 k (previous year: EUR 1,561 k).
- (2) Use of services from Singhammer IT Consulting GmbH & Co. KG, Munich, amounting to a total of EUR 296 k (previous year: EUR 163 k).
- (3) Use of services from DocuWare GmbH, Germering amounting to a total of EUR 397 k (previous year: EUR 302 k).

Trade accounts payable due to Concentra GmbH & Co. KG, Munich amount to EUR 34 k at the balance sheet date. In addition to these, the balance sheet does not contain any material open items relating to significant transactions with associates and related parties.

[28]
Subsequent Events
[29]
Related parties
disclosures

DISCLOSURES ON TRANSACTIONS PURSUANT TO § 15A WPHG
[WERTPAPIERHANDELSGESETZ: GERMAN SECURITIES TRADING ACT]

The management and supervisory boards informed us that there were no purchases or sales of shares in the company pursuant to § 15a WpHG (so-called directors' dealings) by themselves or by related parties in the fiscal year.

DISCLOSURE REQUIREMENTS UNDER §21(1) WPHG

The direct and indirect voting rights of the following persons/institutions in Nemetschek Aktiengesellschaft as of December 31, 2014, were as follows:

Professor Georg Nemetschek, Munich: 53.57 % (previous year: 53.57 %)
Nemetschek Vermögensverwaltungs GmbH & Co. KG, Grünwald: 53.57 %
Nemetschek Verwaltungs GmbH, Grünwald: 53.57 %
Universal-Investment-Gesellschaft mbH, Frankfurt am Main: 2.95 % (previous year: 3.00 %)
Allianz SE, Munich: 6.60 % (previous year: 5.08 %).

The disclosures are based on the information reported to Nemetschek Aktiengesellschaft under §§21 ff. WpHG. The actual number of shareholder voting rights can deviate from the number disclosed due to interim, non-reportable or unreported trading.

SUPERVISORY BOARD

The members of the supervisory board of Nemetschek Aktiengesellschaft receive annual remuneration which contains both fixed and variable components. Remuneration of the supervisory board breaks down as follows:

SUPERVISORY BOARD REMUNERATION

2014	Thousands of €	Fixed components	Variable components	2014
Kurt Dobitsch		30.0	118.5	148.5
Prof. Georg Nemetschek		22.5	118.5	141.0
Rüdiger Herzog		15.0	118.5	133.5
Total		67.5	355.5	423.0

2013	Thousands of €	Fixed components	Variable components	2013
Kurt Dobitsch		30.0	79.5	109.5
Prof. Georg Nemetschek		22.5	79.5	102.0
Rüdiger Herzog		15.0	79.5	94.5
Total		67.5	238.5	306.0

EXECUTIVE BOARD

Remuneration of the members of the executive board consists of fixed compensation and the usual additional components, such as health and care insurance as well as a company car, and a variable, performance-based compensation. The variable compensation has a current and non-current component.

The current performance-based (variable) compensation mainly depends on corporate objectives achieved (revenue and earnings per share) which are agreed between the supervisory board and executive board at the beginning of each fiscal year.

EXECUTIVE BOARD REMUNERATION – CASH FLOW VIEW

Thousands of €	Patrik Heider				Sean Flaherty				Viktor Varkonyi			
	Spokesman of the Executive Board since March 1, 2014				since November 1, 2013				since November 1, 2013			
	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	0	167	167	167	16	96	96	96	16	96	96	96
Fringe benefits	0	15	15	15	0	0	0	0	0	0	0	0
Total	0	182	182	182	16	96	96	96	16	96	96	96
One-year variable compensation	0	318	0	318	0	0	0	0	0	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	500	182	500	16	96	96	96	16	96	96	96
Service cost	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	500	182	500	16	96	96	96	16	96	96	96

Thousands of €	Dr. Tobias Wagner				Tanja Tamara Dreilich			
	from August 29, 2013 until March 31, 2014				until August 26, 2013			
	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum	2013 Initial Value	2014 Initial Value	2014 Minimum	2014 Maximum
Fixed compensation	82	67	67	67	143	0	0	0
Fringe benefits	2	2	2	2	0	0	0	0
Total	84	69	69	69	143	0	0	0
One-year variable compensation	0	60	0	60	2	0	0	0
Multi-year variable compensation LTIP 2014 – 2016	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0
Service cost	0	0	0	0	0	0	0	0
Total	84	129	69	129	145	0	0	0

In addition to the remuneration paid by Nemetschek AG, Viktor Várkonyi, who is also CEO of Graphisoft SE, received fixed remuneration of EUR 198 k (previous year: EUR 33 k) gross and performance-related current remuneration of EUR 92 k (previous year: EUR 14 k) gross. Sean Flaherty received a fixed amount from Nemetschek Vectorworks, Inc. of EUR 185 k (previous year: EUR 25 k) gross and performance-related current remuneration of EUR 270 k (previous year: EUR 28 k). The above-mentioned prior year remuneration relates to the management activities of Mr. Várkonyi and Mr. Flaherty in the period November 1 to December 31, 2013, in the relevant subsidiaries.

Total remuneration granted to the executive board by Nemetschek AG for the fiscal year 2014 amounted to EUR 1,097 k (previous year: EUR 264 k). Total remuneration from subsidiaries for Mr. Várkonyi and Mr. Flaherty amounted to EUR 745 k (previous year: EUR 100 k).

The following fees for the auditors of the consolidated financial statements were recorded as expenses in the fiscal year 2014:

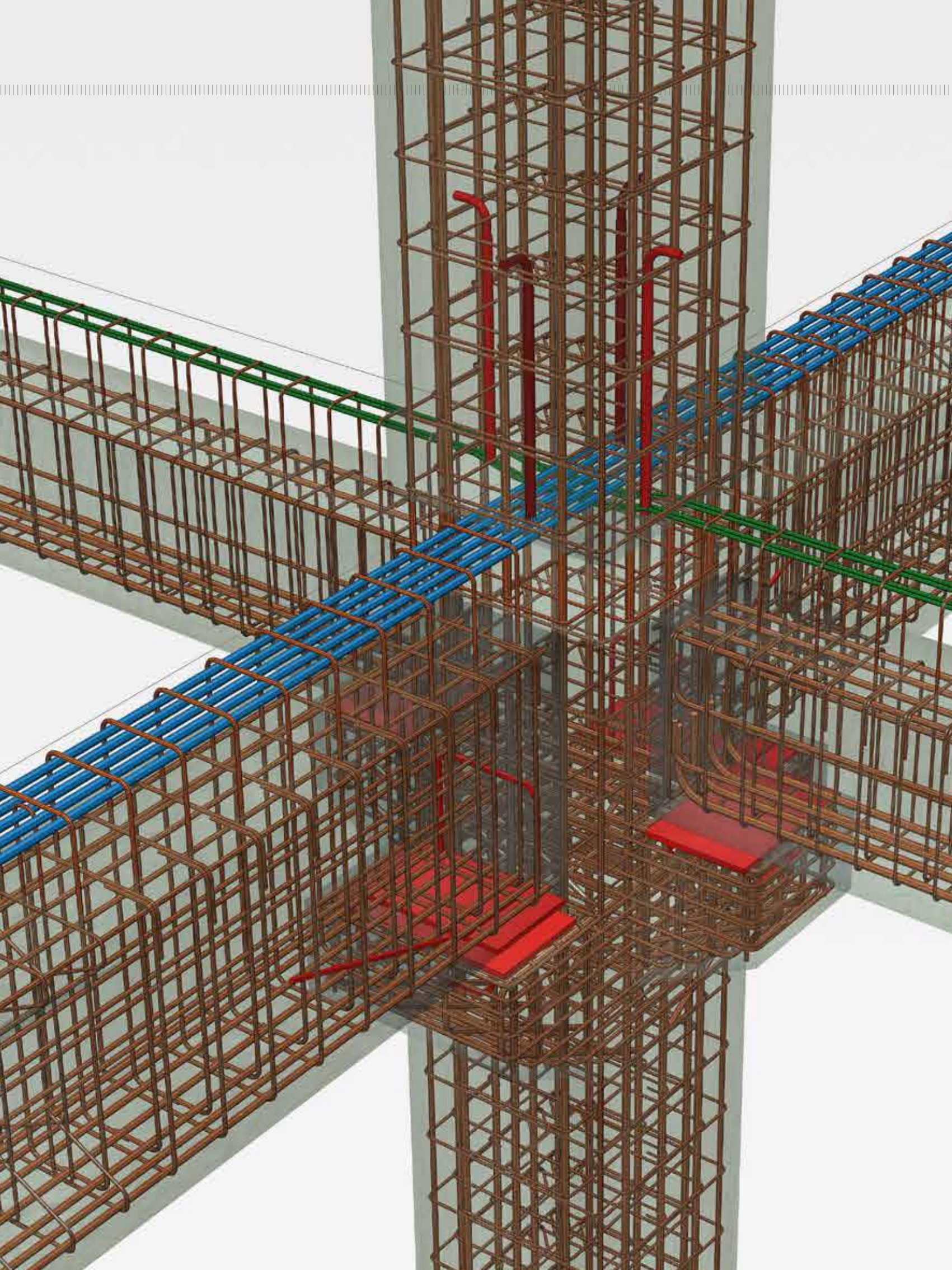
[30]
Auditors' fees

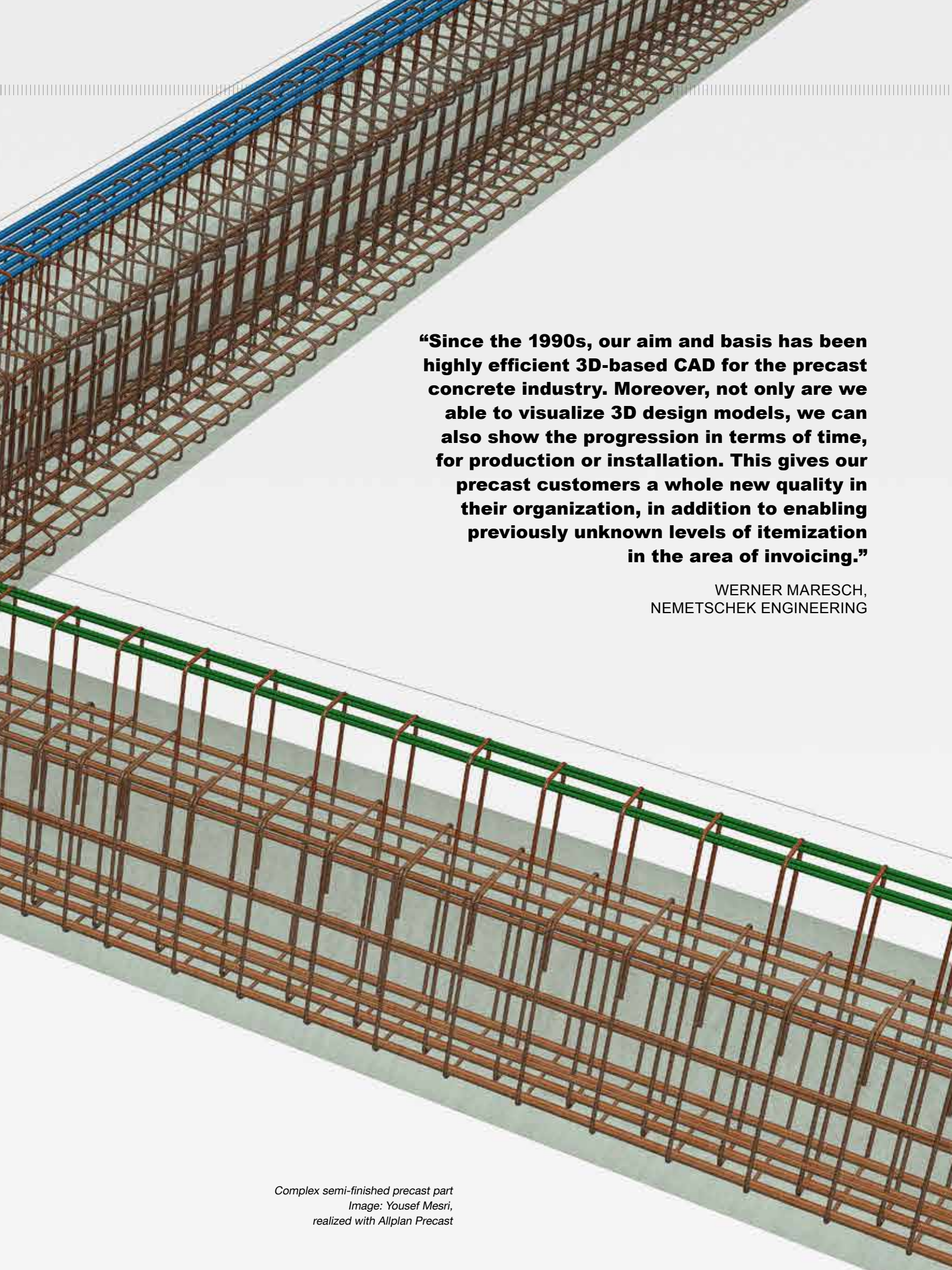
AUDITORS' FEES

Thousands of €	2014	2013
Financial statements audit services	252	170
Other assurance services	0	0
Tax advisory services	226	48
Other services	11	0
Total	488	218

The managing board approved the financial statements on March 11, 2015, to be passed on to the supervisory board.

[31]
Date of approval



A 3D CAD model of a precast concrete structure, showing a complex rebar grid. The rebar is rendered in a reddish-brown color, and the concrete is shown in a light grey. The structure is a rectangular slab with a sloped top surface. The rebar is arranged in a grid pattern, with some bars bent at right angles to form a mesh. The top surface of the slab is sloped downwards from left to right. The rebar is shown in a perspective view, looking down at the structure. The background is white.

“Since the 1990s, our aim and basis has been highly efficient 3D-based CAD for the precast concrete industry. Moreover, not only are we able to visualize 3D design models, we can also show the progression in terms of time, for production or installation. This gives our precast customers a whole new quality in their organization, in addition to enabling previously unknown levels of itemization in the area of invoicing.”

WERNER MARESCH,
NEMETSCHKE ENGINEERING

[32]
Disclosures of the
members of the
supervisory board and
executive board of
the company

SUPERVISORY BOARD

Mr. Kurt Dobitsch (independent businessman)
Chairman

Member of the following supervisory boards:

III United Internet AG, Montabaur (Chairman)

Companies related to the same group:

- United Internet Ventures AG, Montabaur (Chairman)
- United Internet Mail & Media SE, Montabaur, since December 4, 2014
- United Internet Service SE, Montabaur, since December 4, 2014
- 1 & 1 Internet AG, Montabaur
- 1 & 1 Telecommunication AG, Montabaur
- 1 & 1 Telecommunication AG Holding SE, Montabaur, since February 21, 2014
- GMX & WEB.DE Mail & Media SE, Montabaur, since February 20, 2014

III Nemetschek AG, Munich (Chairman)

Companies related to the same group:

- Graphisoft SE, Budapest, Hungary
- Vectorworks Inc., Columbia, USA, since June 11, 2014

III Bechtle AG, Gaildorf

III Singhammer IT Consulting AG, Munich

Prof. Georg Nemetschek (Engineering degree, independent businessman)
Deputy Chairman

Mr. Rüdiger Herzog (lawyer)

Member of the following supervisory boards:

III DF Deutsche Finance Holding AG (Chairman)

III Kaufhaus Ahrens AG (Chairman)

EXECUTIVE BOARD

Mr. Patrik Heider

(Business Degree FH)

Spokesman of the Executive Board and CFOO

(from March 1, 2014)

Mr. Sean Flaherty

Executive Board (from November 1, 2013)

CEO Nemetschek Vectorworks, Inc.

Member of the following supervisory boards:

III Vectorworks, Inc., USA

Mr. Viktor Várkonyi

Executive Board (from November 1, 2013)

CEO Graphisoft SE

Member of the following supervisory boards:

III Graphisoft SE, Hungary

III Data Design System AS, Norway
(from February 17, 2014)

Dr. Tobias Wagner

(Dr. Phil., business degree)

Executive Board (until March 31, 2014)

Member of the following supervisory boards:

III AIS Energy Advisors AG, Munich
(Chairman)

III mapolis AG, Munich

III DF Deutsche Finance Holding AG, Munich
(from January 1, 2014)

Munich, March 11, 2015

Nemetschek Aktiengesellschaft

Patrik Heider

Sean Flaherty

Viktor Várkonyi

STATEMENT OF FIXED ASSETS OF THE GROUP

as of December 31, 2014 and as of December 31, 2013

2014	Thousands of €	Development of historic costs				As of Dec. 31, 2014
		As of Jan. 1, 2014	Currency translation	Additions from business combinations	Additions	
I. Intangible assets						
Software, industrial and similar rights	80,297	555	41,057	1,016	1,065	121,860
Internally generated software	6,396	0	1,392	0	299	7,489
Goodwill	60,112	- 1,572	52,093	652	0	111,285
	146,805	- 1,017	94,542	1,668	1,364	240,633
II. Property, plant and equipment						
Other equipment, furniture and fixtures	18,348	873	5,991	2,531	994	26,749
	18,348	873	5,991	2,531	994	26,749
Total fixed assets of the group	165,153	- 144	100,533	4,199	2,358	267,382

2013	Thousands of €	Development of historic costs				As of Dec. 31, 2013
		As of Jan. 1, 2013	Currency translation	Additions from business combinations	Additions	
I. Intangible assets						
Software, industrial and similar rights	73,609	- 1,792	7,489	1,550	560	80,297
Internally generated software	4,922	0	0	1,474	0	6,396
Goodwill	49,083	- 539	11,282	286	0	60,112
	127,614	- 2,331	18,771	3,310	560	146,804
II. Property, plant and equipment						
Other equipment, furniture and fixtures	16,664	- 344	543	2,311	826	18,348
	16,664	- 344	543	2,311	826	18,348
Total fixed assets of the group	144,278	- 2,675	19,314	5,621	1,386	165,152

Development of accumulated depreciation/amortization						Carrying amount		
As of Jan. 1, 2014	Translation differences	consolidation activity	Additions	Equity method	Disposal	As of Dec. 31, 2014	As of Dec. 31, 2014	As of Dec. 31, 2013
54,339	-2,184	13	6,602	0	735	58,035	63,824	25,957
1,405	0	170	1,267	0	299	2,543	4,946	4,991
0	0	0	0	0	0	0	111,285	60,112
55,744	-2,184	183	7,869	0	1,034	60,578	180,055	91,060
13,016	325	956	2,419	0	767	15,949	10,800	5,332
13,016	325	956	2,419	0	767	15,949	10,800	5,332
68,760	-1,859	1,139	10,288	0	1,801	76,527	190,855	96,392

Development of accumulated depreciation/amortization						Carrying amount		
As of Jan. 1, 2013	Translation differences	Additions from business combinations	Additions	Equity method	Disposal	As of Dec. 31, 2013	As of Dec. 31, 2013	As of Dec. 31, 2012
48,021	-1,097	15	7,913	0	512	54,339	25,957	25,589
690	0	0	715	0	0	1,405	4,991	4,232
0	0	0	0	0	0	0	60,112	49,083
48,711	-1,097	15	8,628	0	512	55,744	91,060	78,903
11,650	-238	339	1,927	0	662	13,016	5,332	5,014
11,650	-238	339	1,927	0	662	13,016	5,332	5,014
60,361	-1,335	354	10,555	0	1,174	68,760	96,392	83,917

DECLARATION OF THE LEGAL REPRESENTATIVES

"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 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 of the anticipated development of the group."

Munich, March 11, 2015


Patrik Heider


Sean Flaherty


Viktor Várkonyi

AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

“We have audited the consolidated financial statements prepared by Nemetschek AG, Munich, comprising the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2014, to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch“: “German Commercial Code“] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as the evaluation of the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.”

Munich, March 11, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bostedt
Wirtschaftsprüfer
[German Public Auditor]

Heiduczek
Wirtschaftsprüferin
[German Public Auditor]

“With our new BIM 5D solution NEVARIS, we cover the integral design and creation of buildings as well as the entire processing of the commercial side of projects. With NEVARIS, building costs and the building time play a major role from the first design step all the way to construction site controlling. NEVARIS completely integrates Building Information Modeling into the building ERP.”

MICHAEL HOMSCHEID AND WOLFGANG GÖTZ,
NEMETSCHek BAUSOFTWARE



*Hafen-City, Hamburg, Germany
Construction Firm: Gollwitzer,
realized with Bau financials*



FINANCIAL STATEMENT

(HGB)

194	Balance Sheet
196	Profit and Loss Account

FINANCIAL STATEMENT

OF NEMETSCHEK AG (HGB)

BALANCE SHEET

as of December 31, 2014, and as of December 31, 2013 (Statutory Accounts – German GAAP)

ASSETS	in €	Dec. 31, 2014	Dec. 31, 2013
A. FIXED ASSETS			
I. Intangible Assets			
Purchased franchises, industrial rights and similar rights and assets and licenses in such rights and assets		7,881.75	274,732.78
II. Property, plant and equipment			
1. Leasehold improvements		5,470.84	10,941.64
2. Fixtures, fittings and equipment		27,937.00	46,586.06
		33,407.84	57,527.70
III. Financial assets			
1. Shares in affiliated companies		207,178,347.16	157,526,231.57
2. Loans due from affiliated companies		36,643,786.81	1,950,000.00
3. Investments		2,025,303.93	2,025,303.93
		245,847,437.90	161,501,535.50
TOTAL FIXED ASSETS		245,888,727.49	161,833,795.98
B. CURRENT ASSETS			
I. Accounts receivable and other assets			
1. Accounts receivable from trading		3,286.78	3,232.04
2. Accounts due from affiliated companies		1,198,530.13	648,688.23
3. Other assets		940,859.33	171,736.47
		2,142,676.24	823,656.74
II. Cash and cash equivalents		3,217,720.91	8,439,152.35
TOTAL CURRENT ASSETS		5,360,397.15	9,262,809.09
C. DEFERRED AND PREPAID EXPENSES		106,561.62	59,852.00
D. DEFERRED TAX ASSET		142,131.56	0.00
		251,497,817.82	171,156,457.07

EQUITY & LIABILITIES	in €	Dec. 31, 2014	Dec. 31, 2013
A. EQUITY			
I. Subscribed capital		9,625,000.00	9,625,000.00
II. Capital reserve		49,404,856.90	49,404,856.90
III. Revenue reserve		28,585,721.39	28,585,721.39
IV. Retained earnings		85,092,477.55	63,059,122.95
TOTAL EQUITY		172,708,055.84	150,674,701.24
B. PROVISIONS AND ACCRUED LIABILITIES			
1. Accrued tax liabilities		2,586,516.66	1,531,748.32
2. Other provisions and accrued liabilities		1,961,660.94	2,299,216.75
TOTAL PROVISIONS AND ACCRUED LIABILITIES		4,548,177.60	3,830,965.07
C. LIABILITIES			
1. Liabilities due to banks		60,000,000.00	0.00
2. Trade accounts payable		228,567.20	166,543.06
3. Accounts due to affiliated companies		12,093,583.70	15,694,082.79
4. Other liabilities – thereof taxes: EUR 924,928.16 (previous year: EUR 774,561.93)		937,908.89	790,164.91
TOTAL LIABILITIES		73,260,059.79	16,650,790.76
D. DEFERRED TAX LIABTLITY		981,524.59	0.00
		251,497,817.82	171,156,457.07

PROFIT AND LOSS ACCOUNT

for the period from January 1 to December 31, 2014 and 2013 (Statutory Accounts – German GAAP)

in €	Jan. 1 - Dec. 31, 2014	Jan. 1 - Dec. 31, 2013
1. Revenues	1,168,783.46	2,069,439.55
2. Other operating income	2,689,072.48	8,034,138.44
Operating Income	3,857,855.94	10,103,577.99
3. Personnel expenses		
a) Wages and salaries	-2,235,712.37	-1,510,245.90
b) Social security, pension and other benefit costs – thereof for pension: EUR 2,907.41 (previous year: EUR 3,991.20)	-214,967.42	-218,336.80
4. Depreciation and amortization of intangible assets, property, plants and equipment	-225,204.79	-115,325.00
5. Other operating expenses	-4,754,540.31	-4,640,465.00
Operating expenses	-7,430,424.89	-6,484,372.70
Operating results	-3,572,568.95	3,619,205.29
6. Income from investments – thereof from affiliated companies: EUR 26,300,919.84 (previous year: EUR 14,440,882.70)	26,300,919.84	14,440,882.70
7. Income from profit and loss transfer agreements	14,548,574.28	11,724,092.01
8. Income from marketable securities and loans	0.00	38,890.00
9. Other interest and similar income	399,284.74	413,177.31
10. Depreciation on financial assets	0.00	-45,130.00
11. Interest and similar expenses – thereof from affiliated companies: EUR 35,691.49 (previous year: EUR 36,511.52)	-157,393.09	-41,943.74
12. Profit from ordinary operations	37,518,816.82	30,149,173.57
13. Taxes on income	-2,972,962.22	-2,875,460.32
14. Net income	34,545,854.60	27,273,713.25
15. Profit carried forward from previous year	50,546,622.95	35,785,409.70
16. Allocation to other Revenue Reserves according to Section 58 (IIa) AktG	0.00	0.00
17. Retained earnings	85,092,477.55	63,059,122.95

“When we say that our actions always center on the customer, we mean it. From the very first contact, we focus on offering our customers the greatest possible benefit. Furthermore, we always ensure short project times, taking complete cost control into account. These are the goals by which we are measured.”

DR.-ING. CHRISTIAN WESTPHAL,
CREM SOLUTIONS

*City mansions PARKSIDE, Frankfurt am Main, Germany
Client: Heinrich Bossert Immobilien KG,
managed with iX-Haus*



FINANCIAL CALENDAR 2015

<p>March 31, 2015</p> <p>Publication Annual Report 2014</p>	<p>April 30, 2015</p> <p>Publication Quarterly Statement 1st Quarter 2015</p>	<p>May 20, 2015</p> <p>Annual General Meeting, Munich</p>
<p>July 31, 2015</p> <p>Publication Quarterly Statement 2nd Quarter 2015</p>	<p>October 30, 2015</p> <p>Publication Quarterly Statement 3rd Quarter 2015</p>	<p>November 23 – 25, 2015</p> <p>German Equity Forum Frankfurt am Main</p>

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City mansions PARKSIDE, Frankfurt am Main, Germany, Client: Heinrich Bossert Immobilien KG, Image: Deniz Odabas

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