NEMETSCHEK
GROUP

INNOVATIVE / ETHICAL / TRUSTWORTHY

AI built by Nemetschek

ANNUAL REPORT
2023

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**INNOVATIVE
ETHICAL
TRUSTWORTHY**

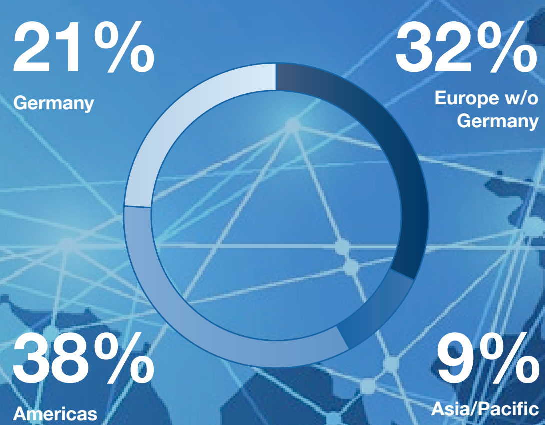
AI built by Nemetschek

Our aim is to adopt and incorporate ethical, trustworthy and sustainable Artificial Intelligence (AI,) focusing on our customer needs within the AEC/O and Media & Entertainment industries. We are guiding them towards user value, simplicity and learning. This mindful, responsible and progressive approach is a reflection of our history, principles, and ethics, inherited from our founder, Professor Georg Nemetschek, and pursued since 1963.

CONTENTS


Globally more than
7 million users
Revenues in 142 countries
81 locations worldwide
>3,400 employees worldwide
60 years of Innovation
~9 bn euros market cap in 2023

Revenues 2023
by region



Strong and customer-oriented brands and solutions worldwide.

ALLPLAN
GRAPHISOFT
VECTORWORKS
dRofus
dTwin
FRILO
SCIA
SOLIBRI
CREMSOLUTIONS
NEVARIS
RISA
SPACEWELL
BLUEBEAM
MAXON

NEMETSCHEK
GROUP

To our Shareholders

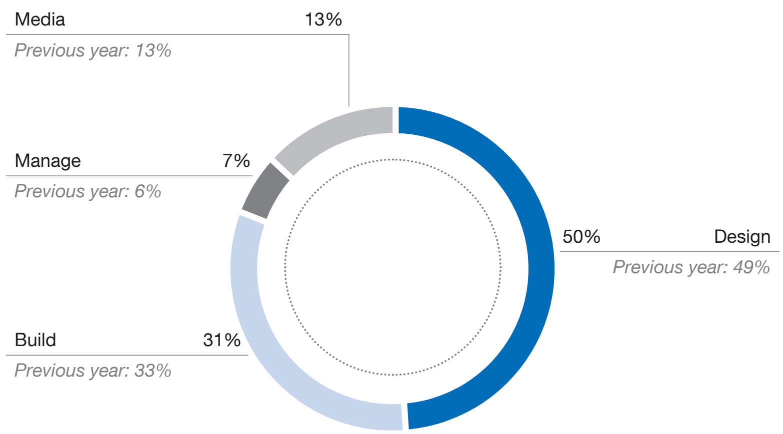
Key Figures

NEMETSCHEK GROUP

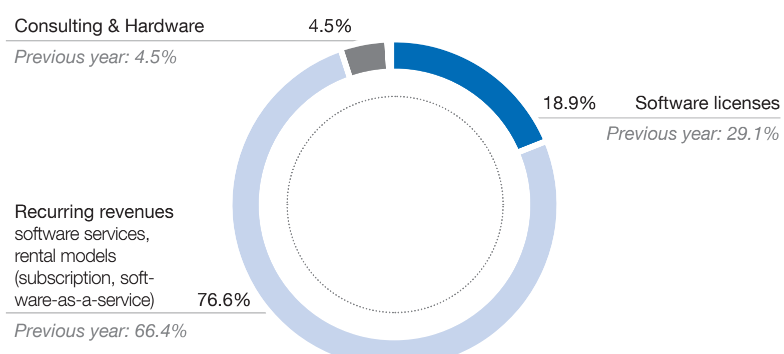
in EUR million	**Dec. 31, 2023**	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Revenues	**851.6**	**801.8**	**681.5**	**596.9**	**556.9**
- thereof software licenses	161.1	233.1	234.8	210.0	228.2
- thereof recurring revenues	652.7	532.6	416.7	359.0	299.5
- subscription + SaaS (as part of the recurring revenues)	301.8	204.2	132.0	90.4	50.3
Annual Recurring Revenue (ARR)	**718.6**	**581.7**	**456.5**	**–**	**–**
EBITDA	**257.7**	**257.0**	**222.0**	**172.3**	**165.7**
as % of revenue	30.3%	32.0%	32.6%	28.9%	29.7%
EBIT	**199.5**	**198.1**	**172.0**	**122.5**	**123.6**
as % of revenue	23.4%	24.7%	25.2%	20.5%	22.2%
Net income (group shares)	**161.3**	**161.9**	**134.6**	**96.9**	**97,7***
per share in €	1.40	1.40	1.17	0.84	0.85
Net income (group shares) before purchase price allocation	**183.8**	**186.9**	**153.9**	**115.2**	**140.3**
per share in €	1.59	1.62	1.33	1.00	1.21
Cash flow figures					
Cash flow from operating activities	252.9	213.8	214.4	157.5	160.4
Cash flow from investing activities	–37.8	–52.4	–147.6	–111.0	–83.8
Cash flow from financing activities	–139.4	–124.0	–55.4	–109.1	10.7
Free cash flow	215.0	161.4	66.7	46.5	76.6
Free cash flow before M&A investments	240.6	182.4	193.8	148.2	174.5
Balance sheet figures					
Cash and cash equivalents	268.0	196.8	157.1	139.3	209.1
Net liquidity/net debt	261.2	124.9	28.4	9.0	21.0
Balance sheet total	1,274.3	1,198.1	1,072.2**	889.7	857.2
Equity ratio in %	61.4%	57.5%	52.2%**	46.9%	40.7%
Headcount as of balance sheet date	3,429	3,448	3,180	3,074	2,875
Share figures					
Closing price (Xetra) in €	78.50	47.69	112.80	60.40	58.80
Market Capitalization	9,066.75	5,508.20	13,028.40	6,976.20	6,791.40

* Before DocuWare effect.
** Figures were restated due to a goodwill adjustment.

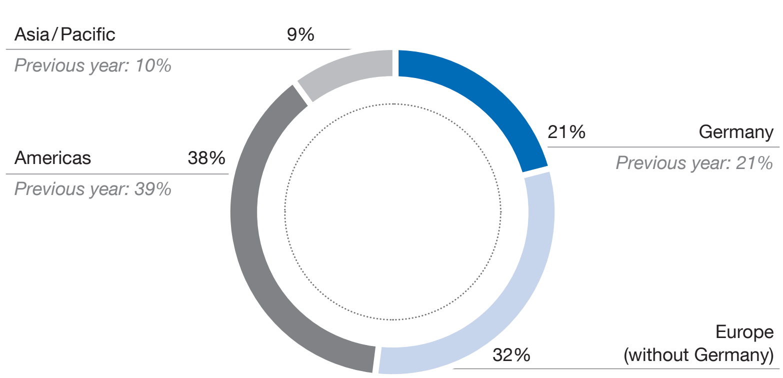
REVENUES BY SEGMENT IN %



REVENUES BY TYPE IN %



REVENUES BY REGION IN %



Letter to Shareholders

Dear shareholders,

2023 was a very special year for us: The Nemetschek Group celebrated its **60th anniversary.** 60 years ago, Professor Georg Nemetschek founded the "Ingenieurbüro für das Bauwesen" in Munich – the start of an impressive success story that continues to this day. The engineering office has developed into one of the world's leading software companies for the digital transformation of the AEC/O and media industries. The constant striving for innovation leadership, the clear focus on customer proximity and customer value as well as the early understanding of the potential of new technologies for the benefit of the construction and media industries – these were and are the most important components of the Nemetschek Group's success story.

Financial Year 2023: Continuing on our Growth Path

In 2023, we continued the Nemetschek Group's success story and **clearly achieved our targets for the financial year 2023,** which were already raised in the course of the year, despite a partly challenging economic market environment as well as the ongoing transition of our business model to subscription and SaaS models and its accounting-related dampening effect on our revenue and earnings.

Summary of our Group Key Performance Indicators for 2023:

» **Group revenue** increased by 6.2% to EUR 851.6 million. Adjusted for currency effects, growth amounted to 8.0%. The currency-adjusted growth was therefore at the upper end of the previously increased guidance range of 6% to 8%.

» **Annual recurring revenue (ARR)** grew by 23.5% (currency-adjusted: 26.7%) to EUR 718.6 million. The ARR growth was therefore significantly higher than revenue growth, which indicates significant growth potential in the coming twelve months.

» The success of the ongoing transition of the business to subscription and SaaS models is also reflected in the development of the **share of recurring revenue as a percentage of total revenue.** In line with the Group's strategy and in line with the guidance (share > 75%), it expanded by 10 percentage points compared to the previous year and reached a record high of 76.6%.

» **Group operating earnings before interest, taxes, depreciation, and amortization (EBITDA)** increased slightly to EUR 257.7 million (previous year: EUR 257.0 million) due to the ongoing transition. At 30.3%, the EBITDA margin was at the upper end of the guidance corridor of 28% to 30%, as specified in October.

» **Net income** for the year was at the previous year's level and reached EUR 161.3 million (2022: EUR 161.9 million). Consequently, the corresponding earnings per share also remained unchanged year-on-year at EUR 1.40.

» **Operating cash flow** increased significantly by 18.3% to EUR 252.9 million (previous year: EUR 213.8 million), underlining the high quality of earnings.

» Nemetschek was also able to improve its already extremely solid **financial position** once again. The Group's equity ratio as of December 31, 2023 improved by 3.9 percentage points to 61.4%, while the net cash position more than doubled to EUR 261.2 million. In both cases, these are new record highs.

As usual, we want you, our shareholders, to participate appropriately in the company's success. The Executive Board and Supervisory Board will therefore propose a dividend of EUR 0.48 per share for the 2023 financial year at the Annual General Meeting on May 23, 2024. This corresponds to an increase of around 7% compared to the previous year's dividend (EUR 0.45 per share) and is the eleventh dividend increase in a row. Together with the excellent development of the Nemetschek share price, this once again demonstrates the attractiveness of an investment in the Nemetschek Group.

Yves Padrines
CEO

Strategic Highlights in 2023

Of course, we also continued to drive forward our strategic focus areas in 2023:

- A Group-wide goal of the Nemetschek Group is to be a leader in the field of (generative) **artificial intelligence (AI).** AI is therefore a focal point of our Group's research and development activities. This approach as an AI-first company not only underscores our claim to be a technological pioneer in the AEC/O and media industries, but it also demonstrates our clear commitment to ethical, trustworthy and sustainable AI practices.
- We have also significantly grown our recurring revenues, in particular through the intensified transition to **subscription** and **Software-as-a-Service (SaaS) solutions.** This allows our customers to use our software more flexibly and avoid higher one-off license fee compared to the subscription offering. At the same time, they benefit from an even more intensive customer support as well as faster and more continuous innovation cycles, which ultimately leads to greater customer satisfaction and loyalty. Nemetschek, in turn, can address new customer groups and further strengthen existing customer relationships. This will make our revenues more predictable and our business structurally more resilient – even across economic cycles.
- By further harmonizing our **go-to-market approach** and focusing more on the market segment of larger, multinational, and multidisciplinary customers, we are opening up additional growth opportunities. We want to integrate the solutions of the individual Group brands even more closely under the umbrella of the Nemetschek Group to better utilize our digital sales channels and drive forward our regional growth initiatives. In addition, this will also help to further expand Nemetschek's already high degree of internationalization.
- Our brands continued to drive forward their commitment to **innovation** in the areas of cloud solutions, digital twins and artificial intelligence (AI) in 2023. With the market launch of our digital twin platform dTwin, we were able to present an innovation and major step forward for the entire AEC/O industry. It is the first solution in the industry to bring together all of a building's data in one comprehensive view, helping customers to efficiently manage and operate buildings from the planning stage through to the operational phase. With our open, cloud-based digital twin platform, we are thus making an even greater contribution to efficiency and sustainability in the life cycle of buildings.
- In addition to its own development initiatives, Nemetschek also invests in several **highly innovative start-ups** that have the potential to develop groundbreaking and innovative solutions. These solutions can be disruptive not only for the Nemetschek Group itself, but for the entire AEC/O and media industries.

» Thanks to our **Business Enablement Initiative,** we are also reducing the complexity within the Nemetschek Group. Organizational efficiency and effectiveness as well as harmonized processes lead to a greater customer focus along with higher cost efficiency and increased investment power. This includes, among others, the organizational harmonization of important Group functions such as People/HR, Finance & Tax, Controlling & Risk Management or IT. The resulting synergies and scaling opportunities will play an important role in the implementation of our growth strategy.

Setting the foundations for future growth

The global construction and real estate industry is only at the beginning of a long-term transformation towards a more efficient, environmentally friendly and resource-saving way of building. Nemetschek is well positioned to support this development, because we offer the perfect tools for this change.

The still very low degree of digitalization in the construction industry, the need to reduce CO_2 emissions and material waste, the increasing urbanization and the shortage of skilled labor are megatrends that represent structural growth drivers for our company. For our target group, "business as usual" is no longer an option, and we want to support them in this transformation with our solutions. In addition, the media and entertainment industries are also characterized by high growth and the constantly increasing demand for digital content.

Already today, our business model is characterized by a strong resilience. This resilience is based on the high proportion of our recurring revenues and our strong global diversification. We want to further strengthen our resilience by continuing to benefit from the expected higher growth in the North America and Asia/Pacific regions in the future, without neglecting the European market. In particular, we see an enormous growth opportunity in India due to the expected dynamic economic and demographic development of the country. As the Nemetschek Group, we want to take advantage of this opportunity by strengthening our local presence.

We have also laid the foundations at the leadership level: With regards to the next growth phase of the Nemetschek Group, we have strengthened our Executive Leadership Team (ELT). In addition to the Executive Board, this team also includes, among others, the Chief Division Officers of our strategic segments. As a result, Nemetschek now has an experienced, international management team that will focus on important strategic priorities such as technology leadership in artificial intelligence and sustainability, customer-oriented solutions as well as internationalization.

Innovation and technological leadership remain an integral part of our company's DNA. This is why we will continue to drive forward new technologies such as cloud offerings, AI, digital twins, robotics and virtual reality as the pacesetter of digitalization in the construction industry with the goal of enabling efficient collaboration between all parties involved in the construction process with end-to-end workflows. To benefit from the technological developments in the rapidly growing AEC/O industry and in the media & entertainment industries in an even more targeted way, we will intensify our investment strategy in the areas of M&A, venture investments and start-ups.

For the current financial year 2024, we cannot count on an improvement in the economic environment, at least in Germany and Europe. However, we are confident that we will be able to achieve an above-average growth even in this environment and thus continue our growth trajectory. We expect a currency-adjusted revenue growth in the range of 10% to 11%. Growth in recurring revenues, represented by the KPI ARR (Annual Recurring Revenue), is expected to grow by around 25%, and thus significantly faster than our revenues. The share of recurring revenue as a percentage of total revenue is therefore forecasted to increase further to around 85% by the end of the current financial year. We expect the EBITDA margin to be in a corridor of 30% to 31%.

In sum, we are therefore very well positioned to enter the next growth phase of our company and thereby continue the more than 60-year success story of the Nemetschek Group in the coming years and decades.

In addition to our numerous customers and partners, we would like to express our sincere thanks to the more than 3,400 employees of our Group, which once again made our very strong business performance possible in the past year with their outstanding commitment and dedication.

We would also like to thank you, our shareholders, for your continued trust in our company.

Best regards,

Yves Padrines
CEO

Executive Board

Yves Padrines

Chief Executive Officer (CEO)
Born 1976 / Nationality: French

»Thanks to the consistent execution of our strategic focus areas, our high level of innovation, the ongoing successful transition to subscription & SaaS models and the various structural growth drivers in our industries, we are excellently positioned to continue the Nemetschek Group's 60-year success story.«

Yves Padrines has been Chief Executive Officer (CEO) of the Nemetschek Group since March 1, 2022. He is responsible for the Group's overall strategy and overall businesses including the Design, Build, Manage and Media segments as well as the Digital Twin Business-Unit. He also heads the Group functions People/Human Resources, Merger & Acquisitions, Venture Investments and Investor Relations & Corporate Communication.

Louise Öfverström

Chief Financial Officer (CFO)
Born 1975 / Nationality: Swedish

»Our business model's robustness and resilience are fundamentally anchored in our strong presence across the lifecycle of the AEC/O industry and in visualization, 3D-modeling, and animation for the Media & Entertainment Industry. The high proportion of recurring revenues and the continuous expansion of our global presence paired with our strong focus on the Business Enablement initative to raise operational excellence, puts us in an excellent position to make the best possible use of the extensive potential for profitable growth in our markets.«

Louise Öfverström was appointed Chief Financial Officer (CFO) with effect from January 1, 2023. In this role, she is responsible for the Group's financial processes and global IT landscape. In addition to Corporate Finance & Tax, Controlling & Risk Management and IT, she also oversees the central functions of Information Security, Global Procurement, Transformation Office, Internal Audit, and Corporate Legal & Compliance.

From left to right: Yves Padrines, Louise Öfverström

Supervisory Board's Report on the 2023 Fiscal year of Nemetschek SE

The Supervisory Board of Nemetschek SE extensively reviewed the situation and development of the Nemetschek Group during the 2023 fiscal year. The Supervisory Board monitored the work of the Executive Board throughout the fiscal year, supported it closely, and advised it on important issues. Furthermore, it discharged the duties incumbent on it under legislation, the Articles of Incorporation, and the rules of procedure with the utmost care.

The Supervisory Board was involved directly and at an early stage in all decisions of fundamental and strategic importance to the company, and debated these intensively and in detail with the Executive Board.

Constructive deliberations between the Supervisory Board and the Executive Board

In the 2023 fiscal year, the collaboration between the Supervisory Board and the Executive Board was always constructive and characterized by open and trustful discussions. The Executive Board informed the Supervisory Board regularly, promptly and comprehensively, orally as well as in writing, about all relevant topics pursuant to corporate development and corporate strategy. The associated opportunities and risks and the development of revenues, earnings and liquidity were extensively discussed. Moreover, the Supervisory Board received information on planned and current investments, on the implementation of the strategic direction and planning for the Group, for the segments, and for the individual brands as well as on risk management and compliance.

The Supervisory Board conferred about and intensively discussed business development in the respective months and reporting quarters, the short-term and medium-term planning, and the long-term growth and earnings strategy internally and together with the Executive Board. This also included information about the deviation of business development from the original planning during the course of the fiscal year. The Supervisory Board additionally dealt with the effects of the various geopolitical crises on the Nemetschek Group, discussing and analyzing the effects of the persistent Russian war of aggression on Ukraine and Hamas' terrorist attacks on Israel, among other issues. The Chair of the Supervisory Board and Chair of the Audit Committee, and for certain topics other Supervisory Board members too, maintained close contact with the Executive Board outside the scheduled meetings as well and regularly communicated with each other.

Based on reporting by the Executive Board, the Supervisory Board supported the Executive Board's work in an advisory capacity and also made decisions on actions requiring approval. On the basis of 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 at all times.

Supervisory-Board meetings, individual meeting attendance, and focuses of work

A total of four ordinary Supervisory Board meetings were held during the 2023 fiscal year; these meetings were held in person. The overall attendance rate for the Supervisory Board's meetings was 100%. In addition to the meetings, there were further resolutions on current topics, for which written procedures were used.

Attendance at the meetings of the Supervisory Board is presented in individualized form in the following table:

SUPERVISORY BOARD MEETINGS AND ATTENDANCE RATES

	Number of meetings/ Participation[1]	Participation rate in %
Kurt Dobitsch, Chair	4/4	100%
Patricia Geibel-Conrad, member and Deputy Chair of the Supervisory Board until June 30, 2023	1/1	100%
Iris M. Helke (appointed to the Supervisory Board by order of the court effective July 1, 2023; Chair of the Audit Committee since July 28, 2023)	3/3	100%
Bill Krouch	4/4	100%
Christine Schöneweis	4/4	100%
Prof. Dr. Andreas Söffing	4/4	100%
Dr. Gernot Strube, Deputy Chair of the Supervisory Board since July 28, 2023	4/4	100%
Total participation rate		**100%**

1) The table presents the individual attendance rates of all members of the Supervisory Board active during the fiscal year in terms of the meetings held during their period of office. Neither Patricia Geibel-Conrad nor Iris M. Helke were members of the Supervisory Board for the entire 2023 fiscal year, so their attendance rates relate to the respective number of meetings held while they were in office.

During the 2023 fiscal year, deliberations revolved in particular around long-term strategic development of the Nemetschek Group and its four segments, in addition to short and medium-term business development and the changing geopolitical, macroeconomic and sector-specific environment. The discussions on strategic development focused in particular on artificial intelligence, transitioning the business model to a subscription and SaaS models, developing a company-wide cloud infrastructure including the Digital Twin solution, further developing the go-to-market approach, innovative focuses, potential acquisition targets, investments in start-ups and ventures, and the company-wide Business Enablement initiative. Detailed reports concerning the four segments and the brand companies were received by the Supervisory Board. Business performance which deviated from the corresponding annual targets was discussed in detail at the Supervisory Board meetings and analyzed. The Executive Board presented its planning for acquisitions and corresponding actual projects and decided on these in close collaboration with the Supervisory Board. Interim reports, such as quarterly and six-monthly reports, were also discussed by the Supervisory and Executive Boards ahead of their publication. In addition, the Supervisory Board convened regularly, at times without the Executive Board. The Supervisory Board also engaged in regular dialog with the Executive Board, departmental experts and, on specific issues, also with external experts, on changes in the regulatory environment, such as the increasing requirements on sustainability reporting and their impact on the Nemetschek Group.

The Supervisory Board also dealt with personnel decisions regarding Executive Board members and succession planning for the Executive Board. The Supervisory Board appointed Louise Öfverström as the Chief Financial Officer (CFO) of Nemetschek SE with effect from January 1, 2023, and approved the early departure of Executive Board members Viktor Várkonyi and Jon Elliot.

The members of the Supervisory Board take responsibility for undertaking any professional development measures necessary for them to fulfill their duties, e.g. regarding changes to the applicable framework conditions or regarding new solutions and future-oriented technologies, and are supported in this by the company. Any costs incurred are borne by the company. During the reporting period, information was made available by the company on the expansion of the compliance management and risk management system, on IT and cybersecurity, and on the subjects of sustainability (ESG), diversity, and executive remuneration. In addition, the members of the Supervisory Board were informed about current amendments to laws, new accounting and auditing standards and changes with regard to corporate governance topics as well as future developments in connection with sustainability reporting.

At the four ordinary Supervisory Board meetings, the Supervisory Board was provided with information about the current course of business, the market and competitor environment, communication with the capital market, the systems for internal control as well as risk and opportunity management system, and the status of audit and compliance issues. In addition, topics related to short-, medium-, and long-term business development were also discussed regularly, and the Supervisory Board was informed about the progress of initiated programs as well as of the development of strategic focus topics. The Chair of the Audit Committee also reported regularly to the Supervisory Board on the work of the Committee. Moreover, the meetings covered the following focus topics in particular:

Meeting on March 17, 2023:

- Annual financial statements and consolidated financial statements as well as the combined management report for the 2022 fiscal year including the non-financial statement and acknowledgement of the 2022 related entities report.
- Supervisory Board's Report for the 2022 fiscal year
- Remuneration Report for the 2022 fiscal year
- Proposal on the appropriation of profits for the 2022 fiscal year
- Invitation and agenda items for the 2023 Annual General Meeting with proposed resolutions for the Annual General Meeting
- Approval of the business plan for the 2023 fiscal year
- Targets achieved by the Executive Board and general managers and release of payments of variable remuneration shares for the 2022 fiscal year
- Formulation of target agreements for the Executive Board's variable remuneration components for fiscal 2023
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives

Meeting on July 28, 2023:

- Introduction of a new Supervisory Board member
- Election of Iris M. Helke as Chair of the Audit Committee and Dr. Gernot Strube as Deputy Chair of the Supervisory Board
- Resolution of the updated business allocation plan for the Executive Board
- Further development of sustainability at the company
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Market and competitor situation
- Short-term and medium-term initiatives and business development
- Long-term strategic development of the company
- Current M&A and venture activities

Meeting on October 25, 2023:

- Resolution of the updated business allocation plan for the Executive Board
- Planning process and planning foundations for the business plan for the 2024 fiscal year
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Analysis and development of geographical and customer-specific markets

» Discussions on current development and strategic orientation of selected brand companies

» Current M&A and venture activities

Meeting on December 14, 2023:

» CSRD-compliant sustainability reporting – the status quo and upcoming activities

» Business and investment planning at the Group level for the years 2024 to 2026

» Business planning for individual segments and brands, including detailed revenue planning according to different points of view

» Current M&A and venture activities, as well as current and potential strategic cooperations and partnerships

» Outlook for the Group's key strategic projects

Committees

The Supervisory Board set up one committee, the Audit Committee, in the 2023 fiscal year. The Supervisory Board consists of six members and is of the opinion that a body of this size ensures the efficient and effective discharge of its duties even without forming further specialized committees. The duties for which the German Corporate Governance Code (DCGK) recommends the formation of such committees were performed by the Supervisory Board of Nemetschek SE as a whole during the reporting period, except for the duties of the Audit Committee. A Nomination Committee was not established, as the Supervisory Board consists solely of shareholder representatives.

The Audit Committee consistently comprised three members in 2023. Until her resignation from the Supervisory Board, Ms. Patricia Geibel-Conrad was Chair of the Audit Committee. Thereafter, Ms. Iris M. Helke was appointed to the Supervisory Board by order of the court. The Supervisory Board elected Ms. Helke to the Audit Committee and appointed her as Chair. The Audit Committee's tasks include preparing resolutions and topics for consideration by the Supervisory Board. At the ensuing meeting of the Supervisory Board, the Chair of the Audit Committee reports on the work of the Committee.

Audit Committee Meetings and Focuses of Work

The Audit Committee held four meetings in person during the 2023 fiscal year. The total attendance rate was 100%.

AUDIT COMMITTEE MEETINGS AND INDIVIDUAL ATTENDANCE RATE

	Number of meetings/ Participation[1]	Participation rate in %
Kurt Dobitsch	4/4	100%
Patricia Geibel-Conrad, Chair (until June 30, 2023)	1/1	100%
Iris M. Helke, Chair (appointed to the Supervisory Board by order of the court effective July 1, 2023; Chair of the Audit Committee since July 28, 2023)	3/3	100%
Dr. Gernot Strube	4/4	100%
Total participation rate		**100%**

1) The table presents the individual attendance rates of all members of the Audit Committee active during the fiscal year in terms of the committee meetings held during their period of office. Neither Patricia Geibel-Conrad nor Iris M. Helke were members of the Audit Committee for the entire 2023 fiscal year, so their attendance rates also relate to the respective number of committee meetings held while they were in office.

The Audit Committee concentrated on the following topics in the 2023 fiscal year:

» Audit of the financial statements and Combined Management Report of Nemetschek SE and the Group, including the non-financial statement integrated into the Combined Management Report

» Report on the company's relationships with affiliated companies (Related Entities Report)

» Half-year financial report as well as quarterly reports and the internal reporting underpinning them

» Recommendation to the Supervisory Board and Annual General Meeting for the auditor election for the 2023 fiscal year

» Confirmation of the audit engagement, definition of audit focuses, and setting of the auditor's fee

» Monitoring of the selection, independence, qualification, rotation, and efficiency of the auditor and the non-auditing services rendered by the auditor

» Review of the quality of the audit

» Regular discussion of the topics of accounting, accounting procedures, the effectiveness of the internal control system, the company's risk management system, and the effectiveness, resources, and findings of internal audit; deliberation about possible and pending legal disputes and the implementation of the compliance management system, monitoring of transactions with related parties, and discussion of sustainability-related topics within the company

On top of that, the Audit Committee also dealt with the following topics in the 2023 fiscal year:

- Current and future requirements for corporate governance and information security in respect of the company, its governing bodies, and the fulfillment of these requirements
- Remuneration-related topics, including stock option plans and their effects on accounting
- Financing and further development of the treasury department and treasury activities
- Implementation of the EU Corporate Sustainability Reporting Directive (CSRD) at the company
- Implementation and effects of the future requirements relating to sustainability reporting
- Dialog with company departments relevant to the Audit Committee
- Implementation and effects of the future rules on global minimum taxation of companies

The Audit Committee's meetings were also attended by members of the Executive Board, segment managers, experts from relevant departments, and the auditor, depending on the agenda item. In addition, the Audit Committee convened regularly without the presence of Executive Board members or the auditor. Furthermore, the Chair of the Audit Committee maintained regular dialog with the Supervisory Board, the Chief Financial Officer, and auditors outside of meetings.

Audit of the annual financial statements and consolidated financial statements for the 2023 fiscal year

Audit firm PricewaterhouseCoopers GmbH, Munich, was elected at the Annual General Meeting on May 23, 2023, as the auditor for the audit of the separate financial statements of Nemetschek SE and the consolidated financial statements for 2023 as well as the corresponding Combined Management Report. The Audit Committee satisfied itself of the auditor's independence, obtained a written declaration from the auditor, verified its qualification, and confirmed the engagement.

The annual financial statements of Nemetschek SE for the 2023 fiscal year, prepared by the Executive Board according to the German Commercial Code (HGB); the consolidated financial statements, prepared according to International Financial Reporting Standards (IFRS) as applicable in the EU and also according to section 315e (1) HGB; and the Combined Management Report for Nemetschek SE and the Group for the 2023 fiscal year were each audited and approved with an unqualified opinion by auditing firm PricewaterhouseCoopers GmbH, Munich.

The Audit Committee regularly conferred with the auditor as part of the preparation for and performance of the audit, at times without the presence of the Executive Board. The specified, relevant final documents of Nemetschek SE, the Nemetschek Group, the Executive Board's proposal for the appropriation of profits, and the auditor's reports were made available to the members of the Supervisory Board in sufficient time ahead of the Audit Committee meeting on March 14, 2024, and the Supervisory Board's annual accounts meeting on March 15, 2024. The auditor took part in the meeting, reported extensively on its auditing activities and the main audit results, explained the audit report and provided detailed answers to all of the Supervisory Board members' questions. It explained in particular the especially important key audit matters and the audit procedures conducted. No material weaknesses with regard to the internal control system or the early risk detection system were reported.

Taking the auditor's reports into consideration, the Audit Committee examined the annual financial statements, the consolidated financial statements, and the Combined Management Report for Nemetschek SE and the Group, was convinced of the correctness and completeness of the actual disclosures, and reported to the Supervisory Board about this. The Supervisory Board then concurred with the result of the audit performed by the auditor and, following the final outcome of the latter's audit, determined that there were no objections to be raised. The Supervisory Board approved the 2023 financial statements and consolidated financial statements of Nemetschek SE at the annual accounts meeting of March 15, 2024. The 2023 annual financial statements are thus final in accordance with section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board also addressed the Executive Board's proposal for the appropriation of profits for the 2023 fiscal year at the annual accounts meeting. Following its own assessment, the Supervisory Board endorsed the Executive Board's proposal.

The Executive Board prepared a report on the company's relationships with related entities in accordance with section 312 AktG (Related Entities Report) also for the 2023 fiscal year. The Related Entities Report was audited by the auditor in accordance with section 313 AktG. The Related Entities Report and the auditor's audit report were submitted to the Supervisory Board and Audit Committee in good time. The Supervisory Board audited the Executive Board's Related Entities Report and the auditor's audit report. All legal and commercial relationships with related parties and the controlling company that are listed in the Related Entities Report correspond to normal market terms of the same type that would be agreed between the Nemetschek Group and third parties. Transactions with related parties of the types that are set out in sections 107 and 111a to 111c AktG and are subject to approval by the Supervisory Board did not take place during the 2023 fiscal year. Nemetschek SE concluded a consulting agreement with Supervisory Board member Dr. Gernot Strube at normal market terms in 2023. The approval of the Supervisory Board required in accordance with section 114 AktG was obtained at the meeting on March 17, 2023.

The auditor issued the following opinion for the Related Entities Report:

"Following our duly performed audit and evaluation, we confirm that

1. the actual information contained in the report is correct,

2. the company's payments relating to the legal transactions referred to in the report were not unduly high."

After the final outcome of its audit, the Supervisory Board did not raise any objections to the report or to the Executive Board's declaration at the end of the Related Entities Report.

Moreover, the Audit Committee evaluated the services rendered by the auditor and reviewed the quality and independence of audit firm PricewaterhouseCoopers GmbH, Munich, as an auditor, and reported to the Supervisory Board about this. In doing so, no grounds were determined which would oppose an audit performed by the audit firm PricewaterhouseCoopers GmbH, Munich.

Reporting on sustainability

Nemetschek SE integrated its non-financial statement for fiscal 2023 in the consolidated management report. Auditing firm PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, subjected the Group Non-Financial Statement of the Nemetschek Group to a limited-assurance audit. The Audit Committee also examined the non-financial statement and has come to the conclusion that the non-financial statement provides no grounds for reservations. The Supervisory Board adopted these assessments as its own in its review and did not raise any objections.

Reporting on Executive Board and Supervisory Board remuneration (remuneration report)

The report on the remuneration of the Executive Board and Supervisory Board to be prepared in accordance with section 162 AktG was prepared by the Executive Board and Supervisory Board in the 2023 fiscal year. Auditing firm PricewaterhouseCoopers GmbH, Munich, subjected the remuneration report to an auditor's review and in doing so determined that it contains the disclosures required pursuant to section 162 (1) and (2) AktG. The corresponding report on the verification of the remuneration report in accordance with section 162 (3) AktG is attached to the separate remuneration report.

Investor communication

The Chair of the Supervisory Board additionally conducts regular dialog with shareholders in order to increase transparency. The main topics of the talks are especially issues in connection with the governance structures of the Nemetschek Group.

Conflicts of interest / Self-assessment

In the reporting year, there were no conflicts of interest on the part of Supervisory Board members. Moreover, no conflicts of interest on the part of Executive Board members were reported to the Supervisory Board.

The Supervisory Board regularly assesses how effectively it discharges its duties. The most recent self-assessment by the Supervisory Board took place in the 2021 fiscal year. Given that the Supervisory Board was reconstituted in 2022, the next self-assessment is planned for the 2024 fiscal year. Further information can be found in the *<< Corporate Governance Statement >>*.

Corporate governance

The Supervisory Board was continuously occupied with the principles of good corporate governance in the 2023 financial year. On March 9, 2023, the Executive Board and Supervisory Board resolved to submit a Declaration of Conformity pursuant to section 161 AktG, in accordance with which the company has conformed since submission of the previous Declaration of Conformity, and in future will also conform with the recommendations of the German Corporate Governance Code in the version of 16 December 2019 and the recommendations of the German Corporate Governance Code in the version of April 28, 2022, in the periods applicable, with the exception of the justified deviations specified in the Declaration of Conformity. Moreover, the Executive Board and Supervisory Board published an update to the Declaration of Conformity on October 13, 2023. On March 6, 2024, the Executive Board and Supervisory Board submitted a new Declaration of Conformity, in accordance with which the company has conformed since submission of the previous Declaration of Conformity on March 9, 2023 (and the interim update on October 13, 2023), and in future will also conform with the recommendations of the German Corporate Governance Code in the version of April 28, 2022, with the exception of the justified deviations specified in the Declaration of Conformity.

The text of the Declaration of Conformity dated March 6, 2024 is presented in the *<< Corporate Governance Statement >>* in the *<< To our Shareholders >>* section of the annual report for the 2023 fiscal year and is permanently available to our shareholders on the company website at *ir.nemetschek.com/declarationofconformity*

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Changes to the Executive Board and Supervisory Board

There were changes in the composition of the Executive Board and Supervisory Board in 2023, as follows:

The Supervisory Board appointed Louise Öfverström to the Executive Board as Chief Financial Officer with effect from January 1, 2023.

Viktor Várkonyi left the Executive Board of Nemetschek SE with effect from June 30, 2023. He had been a member of the board since 2013 and his dedication and expertise were key to the Nemetschek Group's success. Mr. Várkonyi made a particular contribution to the positive performance and development of the Design segment as Chief Division Officer for Planning & Design.

Jon Elliott left the Executive Board of Nemetschek SE with effect from September 5, 2023. He was appointed to the board in 2019 and was responsible for the Build segment. His dedication and experience were invaluable to the success of the Nemetschek Group, and in particular to the achievements of the Bluebeam brand.

The Supervisory Board would like to thank Viktor Várkonyi and Jon Elliott for their loyalty, hard work and outstanding commitment to the company.

At her own request, Patricia Geibel-Conrad resigned as a member of the Supervisory Board of Nemetschek SE on June 30, 2023. She had been a member of the Supervisory Board since May 12, 2022, serving as Deputy Chair of the Supervisory Board also as Chair of the Audit Committee. The Supervisory Board would like to thank Ms. Geibel-Conrad for her good cooperation.

On July 1, 2023, Iris M. Helke was appointed to the Supervisory Board of Nemetschek SE by order of the court. At the meeting of the Supervisory Board held on July 28, 2023, she was elected to the Audit Committee and appointed Chair of the Audit Committee.

Thanks for dedicated performance

The Nemetschek Group continued to demonstrate its operational strength in 2023 and sustained its profitable growth trajectory despite the geopolitical crises and ongoing transition of the business model to a subscription and SaaS models. This success is attributable to the attractive existing and new solutions of the Nemetschek Group, the consistent implementation of strategic focus topics, and the high levels of commitment of the entire workforce and of management.

The Supervisory Board thanks all employees for their excellent performance and personal commitment. At the same time, the Supervisory Board would like to express its recognition and high level of appreciation to the Executive Board and the CEOs of all the brands for their achievements.

Munich, March 15, 2024

Kurt Dobitsch
Chairman of the Supervisory Board

Corporate Governance Statement

The Nemetschek Group is a global corporation with an international shareholder structure. The Executive and Supervisory Boards place particular importance on responsible and transparent corporate governance and control, with a view toward adding lasting value. Meaningful and transparent corporate communication, respect for shareholder interests, proactive approaches to risks and opportunities, and efficient and trusting cooperation between the Executive Board and Supervisory Board are major aspects of positive and effective corporate governance for the Nemetschek Group. The latter helps the Nemetschek Group to gain the trust of shareholders, business partners, employees, and – ultimately – society as a whole. These principles are simultaneously important points of reference for the management and control of the Group.

The Corporate-Governance Statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of the Group Management Commentary. In accordance with HGB section 317(2), sixth sentence, the professional audit of the disclosures under HGB sections 289f and 315d is limited to whether the disclosures were made. As part of the Corporate-Governance Statement, the Executive Board and Supervisory Board also report on the company's corporate governance.

Declaration of Conformity Pursuant to the German Corporate Governance Code

On March 6, 2024, the Executive Board and Supervisory Board submitted the following revised declaration pursuant to section 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders via the Nemetschek Group website:

"The Executive Board and Supervisory Board declare:

The recommendations of the 'Government Commission of the German Corporate Governance Code', version dated April 28, 2022, published by the German Federal Ministry of Justice in the official part of the Federal Gazette on June 27, 2022, have been followed in the period since the previous Declaration of Conformity of March 9, 2023 and the Declaration of Conformity updated on October 13, 2023 and will continue to be followed with the exception of the following recommendations for the reasons specified below and in the time periods specified.

a) Recommendation A.1 (Ecological and Social Goals in Corporate Strategy)

The code recommends in section A.1, second sentence, that, in addition to long-term commercial objectives, corporate strategy shall also give appropriate consideration to ecological and social objectives. The Executive Board has taken measures to incorporate ecological and social targets into the corporate strategy and these measures are explained as part of the nonfinancial reporting in accordance with statutory provisions. The corporate and corporate social responsibility strategies are refined continuously. Because it is unclear what DCGK A.1, second sentence, requires for appropriate consideration of ecological and social objectives, the company is taking the precaution of declaring a deviation from A.1 second sentence.

b) Recommendations A.2, B.1 and C.1 Sentence 2 (appointments to executive positions in the enterprise as well as the composition of the executive board and supervisory board)

According to Recommendation A.2, the executive board shall consider diversity when making appointments to executive positions. Likewise, the Supervisory Board shall consider diversity for the composition of the Executive Board (B.1) as well as for the definition of targets for the composition of the Supervisory Board and for the creation of a profile of required skills and expertise for the board as a whole (C.1 second sentence).

The Executive Board and Supervisory Board of Nemetschek SE expressly welcome the objective of the DCGK to ensure diversity and advocate diversity in the composition of the boards and appointments to executive positions. In the election proposals for the last Supervisory Board elections at the 2022 Annual General Meeting and in the composition of the Executive Board, the Supervisory Board placed particular emphasis on diversity. Female representation increased significantly in both bodies. The Supervisory Board has 33% female representation and, in the assessment of the Supervisory Board, a composition that meets the criterion of diversity. The proportion of female representation on the Executive Board currently stands at 50%. However, when making appointments to leadership positions and Executive Board positions and in the composition of the Supervisory Board, the Executive Board and the Supervisory Board continue to primarily value personal aptitude, especially the individual's experience, skills, and knowledge. The criterion of diversity is additionally considered during such decision-making.

c) Recommendations B.5 and C.2 (Age Limit for Members of the Executive Board and Supervisory Board)

According to recommendations B.5 and C.2, an age limit shall be specified for members of the executive board and supervisory board and disclosed in the Corporate Governance Statement. Nemetschek SE does not consider a universally applicable age limit to be a suitable criterion for the selection of members of the Executive Board and Supervisory Board. The suitability for discharging the duties of a position on the Executive Board or Supervisory Board is dependent on the experience, knowledge, and skills of the person in question. The specification of an age limit would place general and inappropriate restrictions on the selection of suitable candidates for positions on the Executive Board and Supervisory Board.

d) Recommendation D.1 (Publication of the Rules of Procedure for the Supervisory Board)

The Supervisory Board of Nemetschek SE set rules of procedure for itself. Departing from recommendation D.1, however, the Supervisory Board has not made the rules of procedure accessible on the company's website. The main rules of procedure for the Supervisory Board are prescribed by law as well as by the Articles of Incorporation and are publicly accessible. It is our opinion that publication of the rules of procedure above and beyond this would not add any value.

e) Recommendation D.4 (Nomination Committee)

The Supervisory Board is composed solely of shareholder representatives and, as a result, no nomination committee was set up.

f) Recommendation G.4 (Vertical Comparison of Remuneration)

Departing from recommendation G.4, in order to ascertain whether Executive Board remuneration is in line with usual levels, the Supervisory Board did not take into account the relationship between Executive Board remuneration and the remuneration of upper management or the staff of Nemetschek SE as a whole, nor did it take into account how remuneration has developed over time (vertical comparison of remuneration). As a holding company, Nemetschek SE does not offer any appropriate standards of comparison for either upper management or the staff as a whole. Nonetheless, the Supervisory Board used the remuneration of the heads of the most important product organizations as a standard of comparison on which to base its actual remuneration decision-making.

g) Recommendation G.7 First Sentence (Time of Definition of Performance Criteria for Variable Remuneration Components)

According to recommendation G.7, first sentence, the Supervisory Board shall, referring to the upcoming financial year, establish for each Executive Board member performance criteria that cover all variable remuneration components. In accordance with the remuneration system for the Executive Board members, the Supervisory Board will specify the performance criteria for the variable remuneration components and the targets respectively no later than February 28 of a given fiscal year. In individual cases, the Supervisory Board considers it wise to make a decision concerning performance criteria and targets only on the basis of preliminary business figures from the previous fiscal year. Consequently, the company is declaring a provisional departure from recommendation G.7, first sentence.

h) Recommendation G.10 (Form of Investment and Time of Accessibility of Long-Term Variable Remuneration Components)

Notwithstanding the first sentence of Recommendation G.10, the members of the Executive Board are under no obligation to invest the variable remuneration amounts granted to them predominantly in company shares, and the variable remuneration components are not predominantly awarded in a share-based form.

The Executive Board remuneration system provides for long-term variable remuneration with a three-year term (LTIP), which is paid out in cash in the fourth year, if granted. As a result, we declare a departure from recommendation G.10, second sentence, according to which the granted long-term variable remuneration amounts are intended to be accessible to Executive Board members only after a period of four years. In the case of a cash payment of the long-term variable remuneration under the LTIP, a later payout date has no ongoing incentivizing effect since the amount is determined upon expiration of the corresponding LTIP term and is not subject to any further changes even if the payout date is later. The 2022 remuneration system creates the possibility of granting to Executive Board members virtual stock appreciation rights under the SAR plan as an additional, long-term remuneration element. The development of their value depends on the development of the Nemetschek stock price. This remuneration element corresponds to stock-based compensation with a strong alignment of interests between the company's shareholders and Executive Board members. The exercise of stock appreciation rights is usually only partially (25%) subject to a four-year waiting period.

i) Departure of Viktor Várkonyi (Recommendations G.8, sentence 1 of G.9, and G.12)

As already stated in the update of the Declaration of Conformity of October 13, 2023, sentence 1 of Recommendation G.9 and Recommendation G.12 were not observed in connection with the resignation of Mr. Viktor Várkonyi from the Executive Board of Nemetschek SE and the agreement entered into with him in October 2023 governing the termination of his service contract, which provided for a doubling of the amount payable under the 2023 STIP as the contractually agreed calculation arrangements were adjusted when payment was made. Moreover, the company believes that is not clear whether Recommendation G.8 relates only to changes in the targets and comparison parameters during the assessment period of a variable remuneration component, while sentence 1 of Recommendation G.9 addresses an adjustment of the amount paid out after the end of the assessment period, or whether Recommendation G.8 also covers the adjustment of the amount paid out. For this reason, the company declared as a precaution that it had departed from Recommendation G.8."

Company Website

The Declaration of Conformity pursuant to AktG section 161 is published on the website ir.nemetschek.com/declarationof-conformity. Declarations of Conformity for previous years can also be viewed on this page.

In addition to the Declarations of Conformity, the website ir.nemetschek.com/corporate-governance also makes further information about the Corporate-Governance Statement and on the corporate governance of the Nemetschek Group publicly accessible.

The Remuneration Report for the 2023 fiscal year and the auditor's report pursuant to AktG section 162, the Executive Board's applicable remuneration system pursuant to AktG section 87a(1) and (2), first sentence; the applicable remuneration arrangement for the Supervisory Board, and the most recent remuneration resolutions at the Annual General Meeting pursuant to AktG sections 113(3) (Supervisory Board remuneration) and 120a(1) (Executive Board remuneration) are publicly available on the company's website at *ir.nemetschek.com/remuneration*.

Relevant Disclosures of Corporate-Governance Practices Applied in Excess of Legal Requirements and Details on Where They Are Publicly Accessible

Further corporate governance practices that go beyond the legal requirements are described in our Code of Conduct. Furthermore, the principles underlying relations with suppliers and business partners are laid down in a Supplier Code of Conduct. Both documents are publicly available on the company's website at *nemetschek.com/en/responsibility*.

Details about business management and corporate governance are also reported in the Group Management Commentary in subsection *<< 1.4 Business Management and Corporate Governance >>*.

Compliance and Management of Opportunities and Risks

One of the principles of responsible company leadership is to consider opportunities and risks continuously and responsibly. The objective of opportunity and risk management is to develop a strategy and define targets and actions which generate a balanced equilibrium between Sustainability growth and profit targets on the one hand and the risks associated with them on the other. Details on the opportunity and risk management systems of the Nemetschek Group are provided in section *<< 6 Report on Risks and Opportunities >>* of the Group Management Commentary. In addition to the material risks to its business activities, the Nemetschek Group also takes into account non-financial risks, details of which can be found in *<< 2 Non-Financial Statement >>*.

Internal Control and Risk Management System (ICS, RMS)

The Nemetschek Group's internal control and risk management entails the management of opportunities and risks in relation to business activities, the achievement of the defined business targets, the propriety and dependability of the relevant processes, internal and external accounting, and compliance with the legal requirements and regulations applicable to Nemetschek. This also incorporates sustainability-related factors, which are developed further on an ongoing basis. As in the previous year, no material risks with potentially serious effects have been identified for 2023 with respect to the matters defined in non-financial reporting in accordance with section 289c (2). Consequently, there were no risks for 2023 which, on a net basis, meet the materiality criteria in accordance with Section 289c (3) Nos. 3 and 4 of the HGB.

Overall responsibility for the internal control (ICS) and risk and opportunity management system (RMS) at the Group level lies with the Executive Board of Nemetschek SE. The RMS and the ICS cover Nemetschek SE and all consolidated subsidiaries and apply the three-lines-of-defense model.

The first "line of defense" entails the management of operating business in conjunction with the central Group functions. They are responsible for identifying, evaluating and managing any risks that may occur. To this end, measures are defined and implemented to address the risks identified. In organizational terms, the second "line of defense" is the central risk management function, which reports to Corporate Controlling. The risk management function, which has been operating as a separate department within the Corporate Controlling organization since 2023, is responsible for the Group-wide risk and opportunity management system (RMS). The RMS undergoes continuous further development and is anchored in the Group by means of appropriate guidelines. The Risk Committee also forms part of this second "line of defense". This body, which is composed of the segment managers and the risk category owners, discusses the combined Group-wide risks and opportunities as well as the measures taken and their impact with the Executive Board on a quarterly basis. In addition, the central risk management function prepares the reports for internal as well as external stakeholders. Internal Audit is the third "line of defense" and acts as an independent control unit of the Executive Board. It regularly reviews the effectiveness of the RMS and ICS on behalf of the Supervisory Board and also submits suggestions that contribute to its continuous improvement.

With the internal control system, the risk management system and the compliance management system, the Executive Board of the Nemetschek Group has created a control framework aimed at achieving appropriate and effective internal control and risk management. After considering internal control and risk management, the Executive Board is not aware of any circumstances impairing the appropriateness and effectiveness of these systems.

Compliance

A basic requirement for long-term commercial success is the compliance of business activities with all relevant laws and standards as well as with the company's internal principles. The success of the Nemetschek Group is therefore based not only on good business policy, but also on ethical integrity, reliable data, trust, and open and fair dealings with employees, clients, business partners, shareholders, and all other stakeholders.

Compliance Culture and Targets

Compliance has always been an important component of risk prevention at the Nemetschek Group and is firmly entrenched in the company's culture. Our objective is to act in compliance with all relevant laws, norms, international standards, and internal guidelines at all times.

In this context, the Nemetschek Group pursues an approach of preventive compliance and aims for a corporate culture that sensitizes and educates the staff so that potential violations of the rules are avoided from the start. The Executive Board and management staff bear special responsibility in this regard. They act as role models and, as such, are required to ensure compliance within their area of responsibility and beyond, to clearly communicate this expectation to every employee, and to consistently and without exception set an example for ethical behavior according to the rules for ensuring compliance.

Compliance Organization

Compliance-related activities of the Nemetschek Group are closely linked to risk management and the internal control system. Among other things, Corporate Legal & Compliance oversees Group-wide compliance activities by means of a Group-wide network. The focus is on installing effective (local) structures and processes as well as providing support for the efficient implementation of compliance measures. Corporate Legal & Compliance is also the point of contact for any individual questions that may arise from within the organization. There is a direct reporting line to the department's representation on the Nemetschek Group Executive Board (the Chief Financial Officer).

Compliance Program and Communication

The compliance structures and measures for ensuring adherence to laws, guidelines, and ethical principles are consistently aligned with the risk position of the Nemetschek Group and continuously enhanced. The basis for compliance-related activities is the Code of Conduct of the Nemetschek Group, which is binding for all employees. In addition to the company website, employees can access the Code of Conduct and all Group guidelines, instructions, process specifications and communication bulletins via the Group's internal intranet platform Nemetschek ONE. Moreover, the Nemetschek Group uses a modern compliance training tool for efficiently and sustainably communicating knowledge on this subject across the Group.

Compliance Reporting Channels, Reviews, and Further Development

Having reliable reporting channels and protecting internal and external information providers against sanctions are major elements in the identification of compliance risks.

The Nemetschek Group demands and promotes an open, enterprise-wide “speak-up” culture. It encourages its employees to report any behavior that may possibly breach the Code of Conduct or, beyond that, legal provisions. Information on possible violations can be submitted anonymously – not only by employees, but also by external third parties – via a modern, enterprise-wide whistleblowing system. This digital system also serves all Group brands as a whistleblower system and focuses in particular on the important topics of whistleblower protection, anonymity, and data security.

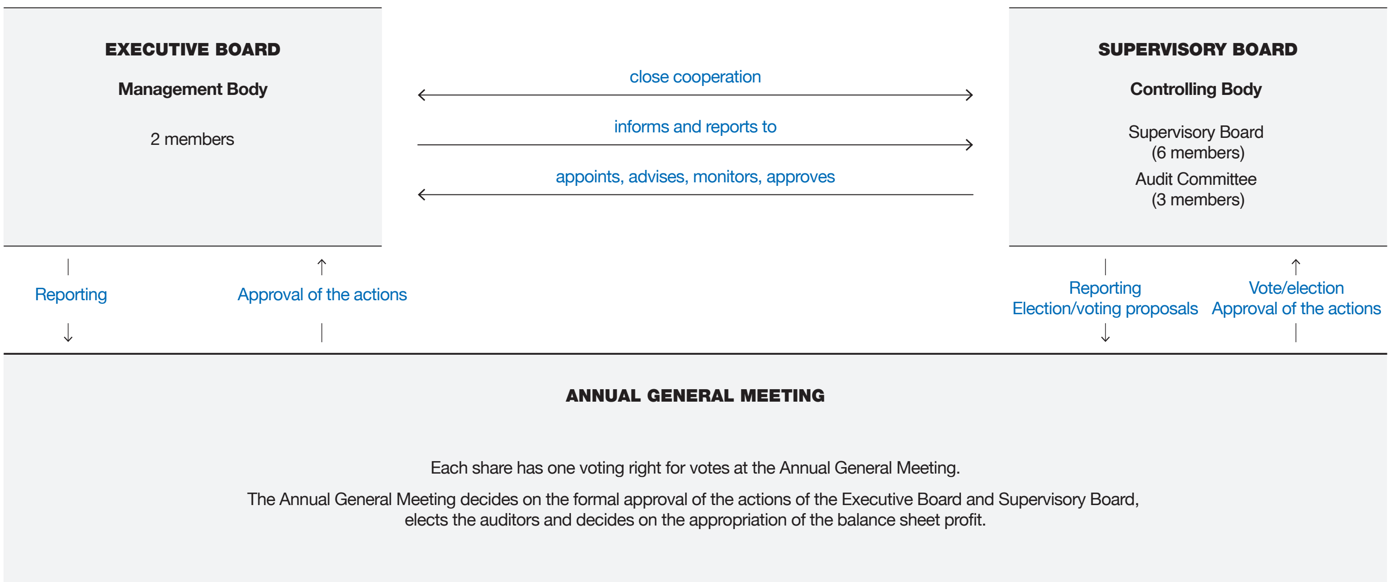
In addition to using the digital whistleblowing system, employees can communicate directly with superiors, relevant HR managers, or local Compliance. All information submitted is first checked for plausibility and treated with absolute confidentiality. Further investigations are initiated and steps are taken as required. If necessary, further company departments or external consultants are brought on board in certain situations. Corporate Legal & Compliance, acting as the independent internal body for receiving reports, regularly reviews the whistleblower process in terms of its effectiveness and adapts it as required.

Corporate Audit regularly performs internal audits to assess compliance with internal guidelines and legal requirements. The Executive Board, the Supervisory Board's Audit Committee, and the Supervisory Board are informed about compliance-related issues and the expansion of compliance structures as well as planned compliance-related initiatives regularly as well as on an ad hoc basis if necessary.

Description of Executive-Board and Supervisory-Board Procedures

Nemetschek SE has a dual leadership and supervision structure consisting of its two governing bodies: its Executive Board and Supervisory Board.

DUAL MANAGEMENT SYSTEM OF NEMETSCHEK SE



Executive Board

Composition

There were changes in the composition of the Executive Board in 2023. The Supervisory Board appointed Louise Öfverström to the Executive Board as Chief Financial Officer with effect from January 1, 2023. Effective June 30, 2023, Viktor Várkonyi, Chief Division Officer responsible for the Planning & Design Division, resigned from the Executive Board of Nemetschek SE. Jon Elliott, previously responsible for the Build & Construct Division as Chief Division Officer and for the Bluebeam brand as CEO on the Executive Board, resigned from the Executive Board with effect from September 5, 2023. As part of an orderly succession plan, the positions of Chief Division Officer were filled with managers holding international and strategic experience. The Chief Division Officer functions are located outside the Executive Board.

The proven segment-based focus with clear responsibilities was retained without any changes.

Accordingly, the Executive Board consisted of the following two members as of December 31, 2023:

» Yves Padrines, Chief Executive Officer (CEO)

» Louise Öfverström, Chief Financial Officer (CFO)

The résumés of the members of the Executive Board can be found on the company's website at *ir.nemetschek.com/executiveboard*.

Details about further roles exercised by the Executive Board members are provided in the notes to the consolidated financial statements in *<< Item 33 – Bodies of the Company >>*. The remuneration of the members of the Executive Board is described in a separate remuneration report at *ir.nemetschek.com/remuneration*.

When making appointments to the Executive Board and leadership roles, the Executive Board and the Supervisory Board primarily value personal aptitude. This includes the respective managers' prior experience, skills, and knowledge. The criterion of diversity is additionally considered during such decision-making. Owing to its principle of qualification-based neutrality, Nemetschek SE firmly believes it is in the best position to serve the interests of the company.

Procedures

The Supervisory Board has issued rules of procedure for the Executive Board. They govern the collaboration within the Executive Board as well as collaboration between the Executive Board and the Supervisory Board. The Executive Board performs its leadership role with a view to creating value sustainably in accordance with the company's interests. The Executive Board bears overall responsibility for the management of the Nemetschek Group. In addition, every member of the Executive Board has personal responsibility for the tasks assigned to him or her through the business allocation plan. The Executive Board makes joint decisions on all matters that are of particular significance and impact for the company or its subsidiaries.

The Executive Board is responsible for the preparation of the quarterly statements and half-year financial report as well as the annual financial statements, consolidated financial statements, the consolidated management commentary of Nemetschek SE and the Group, the non-financial statement, the dependent companies report, and the remuneration report. It also oversees the preparation of the company's sustainability reporting. Furthermore, the Executive Board has established appropriate and effective internal control and risk management systems which also incorporate sustainability-related factors.

The Executive Board reports to the Supervisory Board regularly, promptly, and comprehensively in writing and verbally on all relevant topics relating to business development, company planning, strategic alignment, opportunity and risk management, compliance management, and further relevant issues, e.g., corporate social responsibility, sustainability, and cybersecurity. In the case of decisions potentially capable of materially influencing the company's net-asset, financial, or earnings situation, the Supervisory Board is consulted in a timely manner and provided with complete information by the Executive Board. In the case of acquisition projects, the Executive Board provides detailed information on the project progress and status at an early stage and coordinates the acquisition and integration processes in close collaboration with the Supervisory Board. The same thing applies to investments in start-ups.

Supervisory Board

Composition

Since the Annual General Meeting on May 12, 2022, the Supervisory Board has consisted of six members. This expansion is primarily warranted by the pace of growth of the Nemetschek Group as well as increasingly stringent regulatory requirements.

There was one change in the composition of the Supervisory Board in the course of 2023. At her own request, Patricia Geibel-Conrad resigned as a member of the Supervisory Board of Nemetschek SE on June 30, 2023. She had been a member of the Supervisory Board since May 12, 2022, serving as Deputy Chair of the Supervisory Board as well as Chair of the Audit Committee. On July 1, 2023, Iris M. Helke was appointed to the Supervisory Board of Nemetschek SE by order of the court for a term of office expiring at the end of the next Annual General Meeting. At the meeting of the Supervisory Board held on July 28, 2023, she was elected to the Audit Committee and appointed Chair of the Audit Committee. In connection with the change to the composition of the Supervisory Board, Dr. Gernot Strube was elected new Deputy Chair of the Supervisory Board.

The Supervisory Board consisted of the following six members as of December 31, 2023:

- Kurt Dobitsch, Chair of the Supervisory Board, member of the Audit Committee
- Dr. Gernot Strube, Deputy Chair of the Supervisory Board, member of the Audit Committee
- Iris M. Helke, member of the Supervisory Board, Chair of the Audit Committee
- Bill Krouch, member of the Supervisory Board
- Christine Schöneweis, member of the Supervisory Board
- Prof. Andreas Söffing, member of the Supervisory Board

The company's founder, Prof. Georg Nemetschek, is Honorary Chair of the Supervisory Board.

The résumés of the members of the Supervisory Board can be found on the company's website at ir.nemetschek.com/supervisoryboard and include details of their tenure on the company's Supervisory Board. Details on further mandates performed by the Supervisory Board can be found in the notes to the consolidated financial statements under << Item 33 – Bodies of the company >>. The remuneration of the members of the Supervisory Board is described in a separate remuneration report, which is available at ir.nemetschek.com/remuneration.

In accordance with the recommendations of the German Corporate Governance Code, the Supervisory Board has named specific objectives for its composition and issued a profile of skills for the overall Nemetschek SE Supervisory Board. Based on this, each member of the Supervisory Board must meet the requirements of applicable laws and the Articles of Incorporation for membership of the Supervisory Board (cf. section 100 (1) to (4) of the German Stock Corporation Act – AktG) and possess the knowledge and capabilities that are required for the proper discharge of the duties imposed on them by law and the Articles of Incorporation. The members of the Supervisory Board as a whole must be familiar with the sector in which the company is active (cf. section 100 (5) of the German Stock Corporation Act – AktG). Every member of the Supervisory Board must have sufficient time available and the willingness to dedicate the necessary time and attention to his or her position.

In addition to these general requirements, the board as a whole is obliged to meet the following requirements in particular:

- Every member should have a general understanding of the business of the Nemetschek Group, in particular the global AEC/O market environment, the individual fields of business, clients' requirements, the regions in which the company operates, and the company's strategic alignment.
- At least one member of the Supervisory Board must have expertise in accounting and at least one other member must have expertise in auditing. The accounting and auditing also

include sustainability reporting and the auditing of such reporting.

- At least two members should meet the criterion of internationality to a special degree or have acquired operational experience in international enterprises.
- One or more members should have expertise in business administration.
- On the board as a whole, one or more members should have experience in governance, compliance, and risk management.
- All members should have operational experience in human resources management.
- One or more members should have expertise in sustainability.

The company's Supervisory Board currently considers the targets specified for the composition of the Supervisory Board to be fulfilled. The following is a qualifications matrix for the full Supervisory Board as at December 31, 2023:

MATRIX OF SUPERVISORY BOARD QUALIFICATIONS

		Supervisory Board Members					
		Kurt Dobitsch	Iris M. Helke	Bill Krouch	Christine Schöneweis	Prof. Dr. Andreas Söffing	Dr. Gernot Strube
Board and Committees	Supervisory Board	SB Chair	Member	Member	Member	Member	Deputy SB Chair
	Committees	Audit Committee	Audit Committee (Chair)	–	–	–	Audit Committee
Diversity	Year of birth	1954	1970	1959	1976	1962	1965
	Gender	Male	Female	Male	Female	Male	Male
	Nationality	Austrian	German	US	German	German	German
	International experience / operational experience working at an international company [1]	●	●	●	●	●	●
Tenure and Personal Aptitude	First appointment	1998	2023	2018	2022	2022	2022
	End of appointment	2027	2024	2027	2027	2027	2027
	Independence (as per the Code) [2]	●	●	●	●	●	●
	No overboarding (as per the Code)	●	●	●	●	●	●
Expertise [1]	General understanding of the Nemetschek Group's business (global AEC/O media market environment, individual fields of business, client needs, regions, and company's strategic alignment)	●	●	●	●	●	●
	Detailed knowledge of business administration	●	●	●	●	●	●
	Industry knowledge (as per section 100 (5) AktG)	●		●	●		●
	Governance, compliance, and risk management	●	●	●	●	●	
	Personnel management / HR	●	●	●	●		●
	Sustainability	●	●	●	●		●
Financial expertise	Accounting, including sustainability reporting, and auditing and assurance (section 100 (5) AktG and D.3 of the Code)	●	●			●	
	Auditing of financial statements and sustainability reporting, and auditing and assurance (section 100 (5) AktG and D.3 of the Code)	●	●				

1) Based on the Supervisory Board's own assessment. A filled circle means that the member has at least good knowledge and experience that can be used as a basis for comprehending the matters relevant to the work of the Supervisory Board.
2) Kurt Dobitsch has been on the Supervisory Board for more than twelve years and continues to be viewed as independent by the company and its Executive Board. He does not maintain a personal or commercial relationship with the company or its Executive Board members. Pursuant to recommendation C.7 of the German Corporate Governance Code (DCGK), membership of many years on the Supervisory Board is merely an indicator of a possible lack of independence, and an indicator which also allows for a different assessment by the Supervisory Board. In the view of the Supervisory Board, the mere long-standing membership on the Supervisory Board neither constitutes grounds for a conflict of interest or roles, nor does it impair the manner in which the duties are discharged.

The Supervisory Board believes that it is appropriate and fulfills Recommendations C.1/C.6 of the German Corporate Governance Code when the Supervisory Board has at least four members – i.e., more than half of the shareholder representatives – who are independent of the company and its Executive Board (cf. Recommendation C.7 of the Code) as well as at least three members who are independent of a controlling shareholder (cf. Recommendation C.9 of the Code). Overall, in the Supervisory Board's assessment, it is appropriate for the Supervisory Board to have at least three members who are independent of the company and its Executive Board as well as independent of a controlling interest.

In the Supervisory Board's assessment, all members are currently independent from the company and its Executive Board within the meaning of DCGK recommendation C.7. This assessment is not inconsistent with the fact that Kurt Dobitsch has had a tenure of more than twelve years on the Supervisory Board. Pursuant to DCGK recommendation C.7, many years' membership on the Supervisory Board is merely an indicator of a possible lack of independence, and an indicator which also enables a different assessment by the Supervisory Board. The Supervisory Board considers it inappropriate to make a purely formal consideration on the assumption that independence would be compromised after more than twelve years on the Supervisory Board. In the view of the Supervisory Board, the mere long-standing membership on the Supervisory Board neither constitutes grounds for a conflict of interest or roles, nor does it impair the manner in which the duties are discharged. In the work of the Supervisory Board over the previous years, there have been no major conflicts of interest or even any conflicts of interest that were only temporary. There have been and are no indications that Kurt Dobitsch would possibly deal with the Executive Board in a biased or prejudiced manner. The Supervisory Board also firmly believes that membership for more than twelve years does not hinder the ability to reflect critically on one's own Supervisory Board activities or to work on increasing efficiency.

Procedures

The Supervisory Board serves the Executive Board in an advisory capacity, monitors the Executive Board in its management of the company, and examines all significant transactions by examining the documents concerned in relation to Regulation (EC) No. 2157/2001 of the Council on the Statute for a European Company (SE), the German SE Implementation Act (SEAG), the German Stock Corporation Act (AktG), the company's Articles of Incorporation, and the Executive Board rules of procedure. It also advises and guides the Executive Board on sustainability-related matters and the strategic alignment for sustainability. The Supervisory Board is also provided with information by the Executive Board on the position of the segments, including the individual brands, and the Group as well as on major developments outside the regular Supervisory Board meetings.

The Supervisory Board provides a catalog of transactions requiring approval as well as a business allocation plan in the rules of procedure for the Executive Board. The Supervisory Board acts based on its own rules of procedure.

The Supervisory Board examines the annual financial statements and consolidated financial statements prepared by the Executive Board as well as the combined management report of Nemetschek SE and the Group, the non-financial statement, the separate remuneration report and the report on the company's relationships with affiliated companies in accordance with section 312 of the German Stock Corporation Act (AktG) (dependent companies report).

It adopts the annual financial statements and approves the consolidated financial statements of Nemetschek SE. It examines the proposal on the allocation of the unappropriated surplus and, together with the Executive Board, submits it to the Annual General Meeting for resolution.

The Chair of the Supervisory Board explains the activities of the Supervisory Board each year in his report at the Annual General Meeting, which forms part of the annual report.

Working together with the Executive Board, the Supervisory Board ensures that there is long-term succession planning. To this end, the Supervisory Board maintains regular communication with the Executive Board. Together, the Executive Board and Supervisory Board evaluate the suitability of potential succession candidates and discuss how to develop suitable internal candidates. In addition, the Supervisory Board examines the size and composition of the Executive Board on a regular basis. To this end, the Chairman of the Supervisory Board discusses with the Executive Board the skills and experience as well as professional and personal competencies in particular that should be present on the Executive Board, including with a view to the company's strategic development, and to what extent the composition of the Executive Board already meets these requirements.

Committees of the Supervisory Board

The Supervisory Board has established an Audit Committee, which consists of three members. Up until her resignation from the Supervisory Board, Ms. Patricia Geibel-Conrad held the Chair of the Audit Committee. Thereafter, Ms. Iris M. Helke was appointed to the Supervisory Board and elected to the Audit Committee by the Supervisory Board. The Supervisory Board appointed Ms. Helke as the new Committee Chair. In accordance with Recommendation D.3 of the German Corporate Governance Code, the Chair of the Supervisory Board may not simultaneously be Chair of the Audit Committee. The Audit Committee prepares resolutions and topics for consideration by the Supervisory Board. At the ensuing meeting of the Supervisory Board, the Chair of the Audit Committee reports on the work of the Committee.

The members of the Audit Committee are familiar with the sectors in which the Nemetschek Group operates. As of December 31, 2023, the Supervisory Board and its Audit Committee consisted of several members with expertise in accounting, namely Iris M. Helke, Kurt Dobitsch, and Dr. Gernot Strube. Moreover, at least two members, specifically Iris M. Helke and Kurt Dobitsch, also have extensive expertise in the field of auditing.

Under the German Corporate Governance Code, the Chair of the Audit Committee should be an expert in at least one of the two areas of accounting and auditing (Recommendation C.10 of the Code) and should be independent of the company and the Executive Board as well as the controlling shareholder (Recommendation D.3 of the Code). The Chair of the Audit Committee, Iris M. Helke, meets these requirements.

No other committees were formed apart from the Audit Committee. The Supervisory Board has consisted of six members since the effective date of the amendments to the Articles of Incorporation enlarging the Supervisory Board on May 25, 2022, and is of the opinion that a body of this size ensures the efficient and effective discharge of its duties even in the absence of any further specialized committees.

A Nomination Committee was not established, as the Supervisory Board consists solely of shareholder representatives.

Self-Assessment

The Supervisory Board regularly assesses how effectively it discharges its duties. The most recent self-assessment was performed during the 2021 fiscal year. For this purpose, a questionnaire was developed with the involvement of an external expert and distributed to all members. In the questionnaire, the Supervisory Board members were able to provide a judgment of the effectiveness of the procedures and submit suggestions for improvement. General themes included the conducting of Supervisory Board meetings, the main topics to be discussed, the collaboration of Supervisory Board members, the composition of the Supervisory Board, the cooperation with the Executive Board, the composition of the Executive Board, and succession planning for the committees. In addition, the accounting and auditing processes as well as the quality of the information provided to the Supervisory Board were discussed. The findings and suggestions for improvement were discussed during the following Supervisory Board meeting. The findings of the evaluation attest to professional and constructive cooperation within the Supervisory Board and with the Executive Board, marked by a high level of trust and openness. Likewise, the findings attest to efficient meeting organization and execution as well as appropriate provision of information. No need for fundamental change was evident except for the matter of diversity. Individual suggestions are also acted on and implemented in the course of the year. For instance, diversity was considered more strongly when selecting candidates for the reappointment of the Supervisory Board.

As planned, no self-assessment was performed in 2022 and 2023. The next self-assessment is scheduled for the year 2024.

Please refer to the *<< Supervisory Board's Report >>* for further information on the issues and activities of the Supervisory Board in 2023.

Remuneration of the Executive Board and Supervisory Board

Executive Board

In keeping with the changes in legislation resulting from the German Act Implementing the Second Shareholder Rights Directive (ARUG II), which took effect on January 1, 2020, the Supervisory Board enhanced the existing Executive Board remuneration system and passed a resolution in this connection at the meeting held on March 18, 2022. This remuneration system was approved at the Annual General Meeting on May 12, 2022. The 2022 remuneration system implements the requirements of the German Stock Corporation Act (AktG) in the version amended by the Second Shareholder Rights Directive (ARUG II) and incorporates the recommendations of the German Corporate Governance Code in the version of April 28, 2022, which took effect on June 27, 2022. The remuneration system is published on the company's website at *ir.nemetschek.com/remuneration*. The Supervisory Board will regularly review the remuneration system. Under section 120a (1) of the German Stock Corporation Act (AktG), the Annual General Meeting must pass a resolution approving the remuneration system presented by the Supervisory Board in the event of any material change, however no less than once every four years.

Supervisory Board

The Supervisory Board's remuneration is governed in article 15, Remuneration of the Supervisory Board, of the company's Articles of Incorporation.

Nemetschek SE has prepared a separate Remuneration Report since the 2021 fiscal year. The report describes the principles of the remuneration systems for the Executive Board and for the Supervisory Board and provides individualized details on their remuneration. The report for the 2023 fiscal year is published on the website of the company at *ir.nemetschek.com/remuneration.*

Target percentage for female representation, sections 76 (4), 111 (5) of the German Stock Corporation Act (AktG) and diversity policy

Diversity at Nemetschek

Diversity is part of the corporate culture that is practiced at the Nemetschek Group. The different cultures and distinct individuality of the employees are important drivers for the company's innovation and should therefore be promoted in a targeted manner. In 2020, the company established a working group that deals closely with diversity within the Group and has also developed a corporate policy on diversity and inclusion. Further information on diversity and inclusion can be found in the 2023 Group Management Commentary in subsection *<< 2 Non-financial Statement >>*.

The objective to achieve diversity, including diversity in the employee mix, committee composition, and appointments to leadership positions, is expressly welcomed.

The Supervisory Board has currently not adopted a diversity policy for the Executive Board, although it expressly welcomes the commitment to diversity in the German Corporate Governance Code and advocates a diverse composition of governance bodies and in appointments to management positions. In the election proposals for the Supervisory Board elections at the 2022 Annual General Meeting and in the composition of the Executive Board, the Supervisory Board placed particular emphasis on diversity. Female representation increased significantly in both bodies.

Targets for Female Representation

According to AktG section 111(5), the Supervisory Board must define targets for the share of positions held by women on the Supervisory Board and Executive Board.

Executive Board

Decision Regarding the Target for Female Representation on the Executive Board and Justification

In its resolution passed on March 9, 2023, the Supervisory Board set a target of 25% for female representation on the Executive Board for the period through to December 31, 2025. The Supervisory Board generally supports the objective of achieving diversity in the Executive Board and views the future increase of the percentage of women at all levels of the enterprise as an important part of the personnel and diversity concept of the worldwide Nemetschek Group. For the composition of the Executive Board, however, the experience, expertise, and knowledge of each individual is of critical importance to the Supervisory Board. The Supervisory Board is therefore convinced that a target of 25% female representation on the Executive Board for 2023 to 2025 is realistic, appropriate, and proper.

Determination of the Status Quo for Female Representation on the Executive Board

The Executive Board consisted of Yves Padrines (CEO) and Louise Öfverström (CFO) as of December 31, 2023. Female representation on the Executive Board therefore stood at 50% at the end of 2023 (previous year: 0%), thus exceeding the defined target. However, the determination of the female representation target was based on an Executive Board consisting of four members. Currently, however, the Executive Board is made up of only two members. If the Executive Board were to be expanded again in the future, this would have an impact on the proportion of female representation.

Supervisory Board

Decision Regarding the Target for Female Representation on the Supervisory Board

In its resolution passed on December 17, 2021, the Supervisory Board set a target of 25% for female representation on the Supervisory Board for the period through to December 31, 2025.

Determination of the Status Quo for Female Representation on the Supervisory Board

The Supervisory Board was composed of four male and two female members as of December 31, 2023. Accordingly, the proportion of female representation on the Supervisory Board amounted to 33.3% (previous year: 33.3%).

Management Tier Directly beneath Executive Board

In accordance with section 76(4) of the German Stock Corporation Act (AktG), the Executive Board also sets targets for female representation on management tiers beneath the Executive Board.

The Executive Board amended its definition of the management tier directly beneath the Executive Board in 2021. All employees who report directly to members of the Executive Board have since been deemed to belong to the management tier directly beneath the Executive Board. This management tier comprised 14 individuals at the time the resolution was passed, including four women, resulting in female representation of 28.6%.

As Nemetschek SE traditionally has flat hierarchies due to its corporate structure as a holding company and therefore has no continuous second management tier, a target figure for female representation at the second management tier has not been set. Nevertheless, the company performs an annual check to determine whether the installation of a second management tier is appropriate in view of the Group’s steady growth.

Decision Regarding the Target for Female Representation at the Management Tier Directly beneath the Executive Board

In its resolution passed on December 17, 2021, the Executive Board set a target of 28.6% for female representation on the first management tier directly beneath the Executive Board for the period through to December 31, 2025.

Determination of the Status Quo for Female Representation at the Management Tier Directly beneath the Executive Board

The first management tier comprised 14 individuals as of December 31, 2023 (previous year: 16), including 4 women (previous year: 4 women), translating into female representation of 28.6% (previous year: 25.0%). The company’s continuous growth and the related adjustments to its management structures may also cause fluctuations in the gender representation at the first management tier.

Further Information on Corporate Governance

Financial Reporting and Audit

Nemetschek SE prepares its consolidated financial statements and consolidated interim reports in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the European Union. The annual financial statements of Nemetschek SE (separate financial statements) are prepared in accordance with the provisions of the German Commercial Code (HGB). The Supervisory Board proposed at the Annual General Meeting that PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, be elected independent auditors. On May 23, 2023, the Annual General Meeting duly elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Munich, as independent auditors of the annual financial statements and the consolidated financial statements for 2023. The signing auditors of the parent-company financial statements of Nemetschek SE and of the consolidated financial statements as of December 31, 2023 are Katharina Deni as the responsible auditor and left-hand signatory as well as Vera Daners as the right-hand signatory. The Supervisory Board awarded the audit engagement and also negotiated the audit fee. The Audit Committee reviewed the independent auditors' independence. Moreover, it assessed the services rendered by the auditor and worked on the evaluation of the audit quality, and reported on this to the Supervisory Board.

Shareholders and the Annual General Meeting

Shareholders can assert their rights and exercise their voting rights at the Annual General Meeting. Each share in Nemetschek SE bears one voting right. At the Annual General Meeting, resolutions are passed on matters such as the appropriation of profits, the official approval and discharge of the members of the Executive Board and the Supervisory Board, the selection of the independent auditor and the approval of the remuneration report. Resolutions on amendments of the Articles of Incorporation, measures to modify the capital, and other potential actions are decided at the Annual General Meeting and subsequently implemented by the Executive Board. The Annual General Meeting usually takes place within the first five months of a given fiscal year. The meeting is chaired by the Chair of the Supervisory Board. The Executive Board presents the consolidated financial statements and annual financial statements as well as more detailed reports, 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 are made available on the Nemetschek Group website on the day the meeting is called in accordance with the statutory requirements. Nemetschek supports its shareholders in the exercising of their voting rights by appointing proxies who vote according to the instructions of the shareholders.

After being held in virtual form during the Covid pandemic due to the applicable restrictions, last year's Annual General Meeting took place in a physical format again for the first time at the Haus der Bayerischen Wirtschaft in Munich on May 23, 2023.

Transparency and Communication

The Nemetschek Group makes open and trustful communication with the shareholders and other stakeholders a priority and maintains a prompt and reliable dialog with them. All information relevant to capital markets is published in German and English simultaneously and made accessible on the company's website. This information includes annual and interim reports, press releases and ad hoc notifications, information on the Annual General Meeting, and CSR reports (corporate social responsibility; sustainability reports) and company presentations. The financial calendar with the relevant publication and event dates can also be found on it.

Directors' Dealings, Voting Rights, and Stock Options

Nemetschek SE provides information pursuant to Article 19 of Regulation (EU) No. 596/2014 (Market Abuse Regulation) of the European Parliament and of the Council in relation to transactions of the Executive and Supervisory Board members involving the company's shares (directors' dealings). The information is published on the company's website at *ir.nemetschek.com/managers-transactions*.

Nemetschek SE also reports on notifiable changes in shareholdings when the voting right thresholds specified in the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) have been reached, exceeded, or fallen short of. These reports are published on the company's website at *ir.nemetschek.com/votingrights*.

The Nemetschek Group wishes to involve the Executive Board and other categories of employees in the company's future success over the medium and long term. A stock appreciation rights (SAR) plan was initiated for this purpose and integrated into the current Executive Board remuneration system which was approved at the Annual General Meeting on May 12, 2022. This SAR plan is based on virtual subscription rights. Their value is tied to the performance of Nemetschek's stock price. There is no entitlement to receiving new shares. The increase in the value of the notional subscription rights is normally paid out in cash, though it can also take the form of treasury stocks. Information about the SAR plan can be found in the description of the current system for Executive Board remuneration on the company's website at *ir.nemetschek.com/remuneration*.

Munich, March 15, 2024

Yves Padrines

Louise Öfverström

Nemetschek on the Capital Market

Review of 2023

After 2022 had been impacted by various crises, rapid interest rate hikes, and the resulting significant declines on international stock markets, particularly for growth and technology stocks, the market situation improved noticeably in 2023. Even though the year 2023 continued to be affected by ongoing and new geopolitical crises, the real economy proved very resilient, especially in the USA. An additional factor was that inflation in Europe and the USA declined faster than originally expected, partly driven by rapidly falling energy prices. This led many market participants to expect cuts in interest rates, which in turn triggered new all-time highs in a number of global share indices in the fourth quarter of the year.

Driven by these trends, the international stock markets recovered from the significant losses of the previous year, and stock market performance in 2023 was very positive overall and better than expected by many market participants. For example, the global MSCI World (+22%) and the US S&P 500 (+24%) rose significantly, driven above all by – in some cases – very strong increases in the share prices of only a few major US technology stocks. The leading German index, the DAX, also recorded a significant increase of +20%. The more relevant benchmark indices for Nemetschek, such as the MDAX (+8%), Nasdaq (+43%) or the STOXX Europe Total Market Software & Computer Services (+27%), also recorded significant gains in most cases.

Nemetschek shares: Strong rise in share price in 2023 after significant decline in previous year

In line with the market developments described above and despite the continued negative outlook of most indicators for the construction industry, especially in Europe, Nemetschek's most important market, the performance of Nemetschek shares also performed very well in 2023. After the sharp share price decline (–56%) in 2022, the price of Nemetschek SE shares rose by 65% during 2023, outperforming its benchmark indices as well as most European and US competitors.

Following the sharp decline in share prices in the previous year, Nemetschek SE started the new year on January 2, 2023 at EUR 47.25, which also marked the low for the year. The share price subsequently developed slightly positively in the first few months of the year, in line with the major global share indices and the share prices of most competitors.

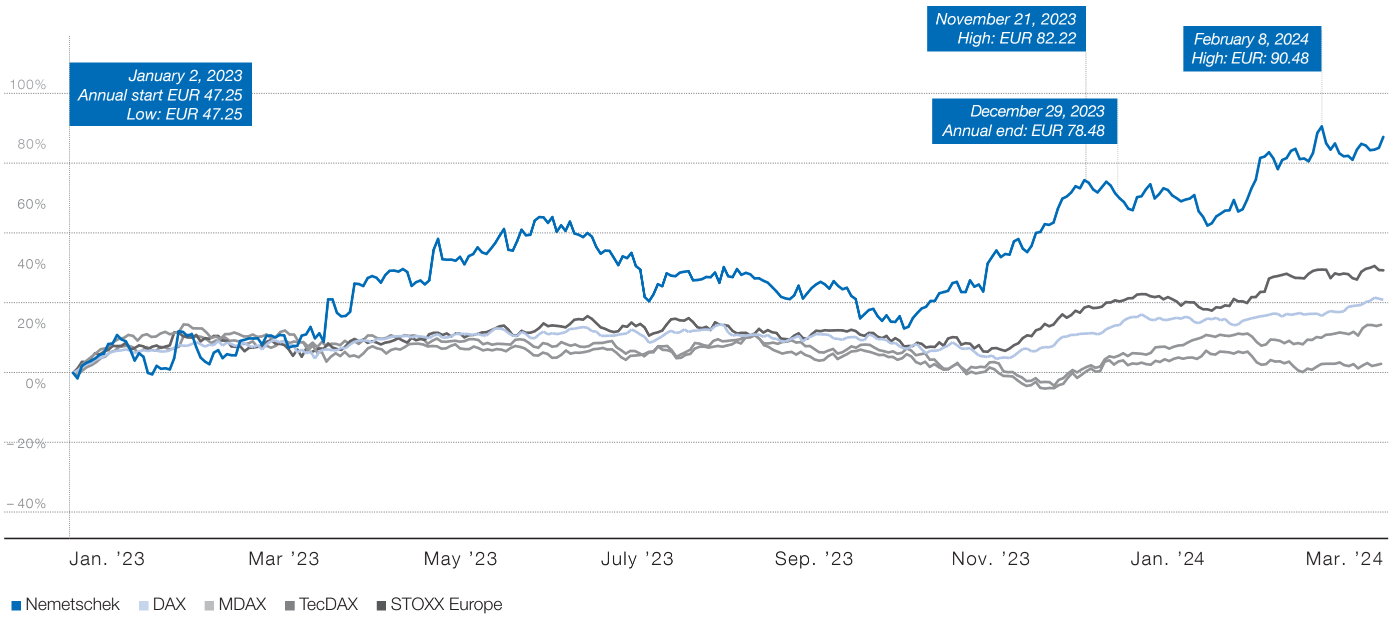
Towards the end of the first quarter, however, Nemetschek SE shares began to outperform the rest of the market, a trend that continued until the end of the year. This sharp upward movement in the share price, despite the continuing negative performance of most indicators for the construction industry in Europe, was driven by the company's strong operating performance. Already, the outlook for the financial year 2023 presented at the end of March as well as the growth ambitions for the subsequent years, 2024 and 2025, convinced the investors. Another factor was the very successful transition of company's business to subscription and SaaS models, especially in the Bluebeam brand, which continues to proceed as planned, and this led to a reduction in the associated uncertainty among investors.

Despite the ongoing geopolitical challenges and the temporary dampening effect on growth and profitability due to the transition of its business model to subscription and SaaS, the Nemetschek Group was able to perform better than expected. The company's continued strong operating performance in the first three quarters of the year led the Nemetschek Group after the third quarter to increase its currency-adjusted revenue growth forecast for financial year 2023 and to narrow the profitability guidance to the upper end of the target corridor. As a result, the company's share price reached its high for the year, at EUR 82.22, on November 21, before stabilizing at a high level and ending the year 2023 at EUR 78.48.

Market development in the current financial year 2024

Following the sharp rise in share prices in 2023, global share prices, including the securities of technology and growth companies remained at a high level or even rose slightly at the beginning of 2024. In line with most of its direct competitors and the most important benchmark indices, the Nemetschek SE share price continued to develop positively over the course of the first quarter of 2024 and reached a preliminary high for the current year 2024 with a price of EUR 90.48 on February 8. The share price subsequently stabilized at a level of around EUR 85 until the beginning of March.

PRICE DEVELOPMENT OF NEMETSCHEK SHARES FROM THE BEGINNING OF 2023 TO THE BEGINNING OF MARCH 2024 COMPARED TO SELECTED INDEXES (INDEXED)



Nemetschek shares in the MDAX and TecDAX rankings

In the Deutsche Börse ranking, Nemetschek was ranked 48th (previous year: 57th) in the MDAX and 7th (previous year: 9th) in the TecDAX in terms of market capitalization (based on free float) as of 31 December 2023.

In the 2023 financial year, an average of 121,095 shares were traded daily via the Xetra electronic trading system (previous year: 162,273 shares). The average daily turnover on XETRA was EUR 7.70 million (previous year: EUR 10.48 million).

Nemetschek shares at a glance

KEY FIGURES ON SHARES

	2023	2022
Closing price in EUR	78.48	47.69
High in EUR	82.22	107.65
Low in EUR	47.25	43.62
Market capitalization in EUR million as of year-end	9,064.44	5,508.19
Earnings per share in EUR	1.40	1.40
Price/earnings ratio as of year-end	56.06	34.06
Average number of shares traded per day (Xetra)	121,095	162,273
Average number of outstanding shares	115,500,000	115,500,000

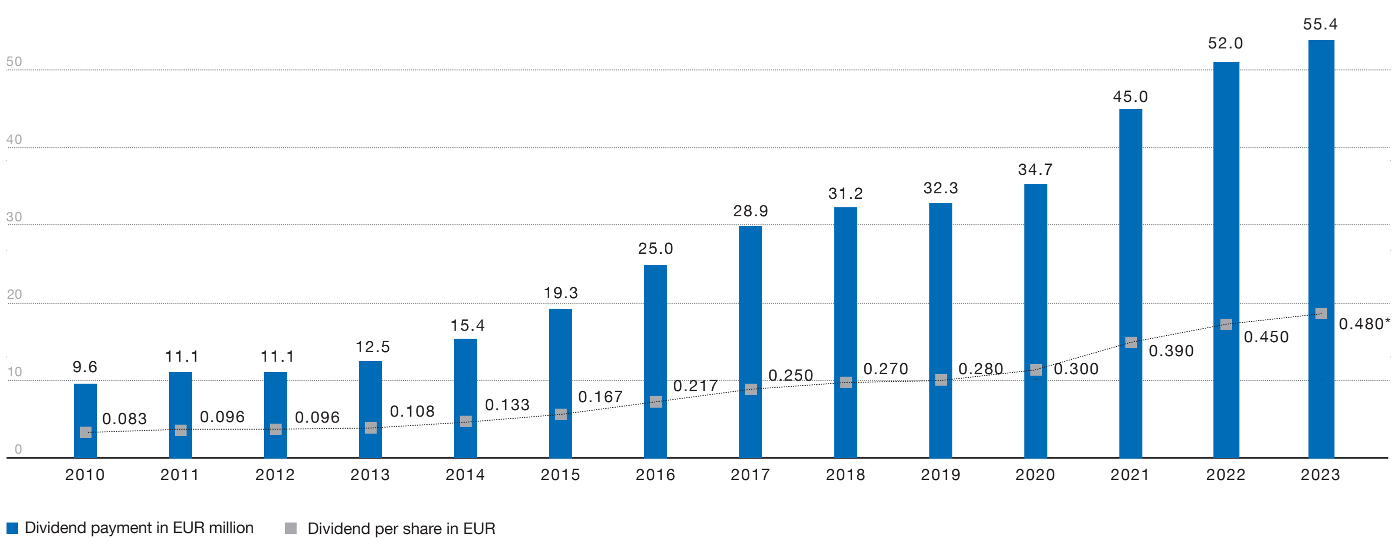
As of December 31, 2023, Nemetschek SE had no rating from a rating agency that assesses its creditworthiness.

Dividend policy and dividend proposal for the 2023 financial year

The Nemetschek Group pursues a sustainable dividend policy, which provides for a payout of around 25% of its operating cash flow. The dividend policy always takes into account the overall economic development, the economic and financial situation of the company, as well as the interests of the shareholders.

Despite persistent challenges in the macroeconomic environment, the Nemetschek Group's positive operating performance continued in 2023. The targets set for the financial year 2023, which were revised upward after the third quarter, were achieved and the very sound financial situation of the company was strengthened further. Based on these developments, Nemetschek SE plans to continue its sustainable and reliable dividend policy, despite the ongoing tense geopolitical and economic environment. The Supervisory Board and Executive Board have therefore decided to propose to the Annual General Meeting on May 23, 2024 an appropriate dividend increase of 6.7% to EUR 0.48 per share (previous year: EUR 0.45 per share). For all 115.5 million shares, this would correspond to a total payout of EUR 55.4 million (previous year: EUR 52.0 million) and a payout ratio – in relation to the operating cash flow – of around 22% (previous year: around 24%).

DIVIDEND PER SHARE AND TOTAL PAYOUT IN YEAR-ON-YEAR COMPARISON



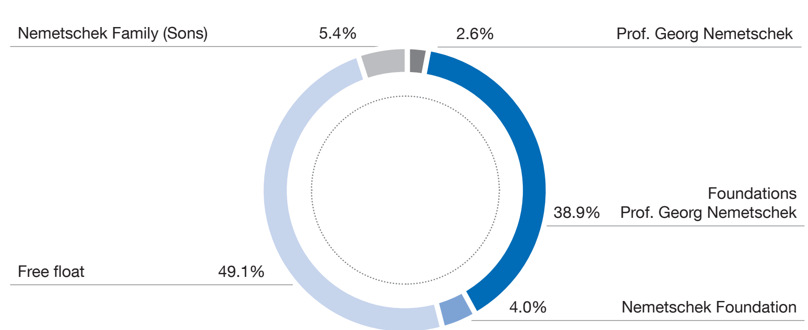
* Proposal to the annual general meeting on May 23, 2024.

Shareholder structure

As of December 31, 2023, the free float was 49.1%. It was spread across a regionally widely diversified shareholder base with a high proportion of international investors, primarily from the USA, Germany, France, the UK, Switzerland, and Scandinavia.

With its directly or indirectly held shares, amounting to around 50.9% of the share capital, the Nemetschek family remained the majority shareholder of the company in the 2023 financial year.

SHAREHOLDER STRUCTURE*



* Direct shareholdings as of December 31, 2023.

Annual General Meeting

The Annual General Meeting 2023 of Nemetschek SE took place on Tuesday, May 23, 2023. It was the first time in three years that the Annual General Meeting was held as an in-person event at the Haus der Bayerischen Wirtschaft in Munich due to the restrictions imposed during the global Covid-19 pandemic.

Dividend for the financial year 2022

For the 2022 financial year, the shareholders resolved, for the tenth time in a row, a dividend increase to EUR 0.45 per share (previous year: EUR 0.39 per share). The total dividend payout amounted to EUR 52.0 million (previous year: EUR 45.0 million). The payout ratio for the 2022 financial year – based on the operating cash flow – was around 24% and was thus close to the long-term target payout ratio of around 25% of the operating cash flow. The dividend was distributed to the shareholders following the Annual General Meeting on May 23, 2023.

Additional agenda items

In addition to the dividend, the Annual General Meeting also voted on other agenda items. They related to the formal approval of the actions of the Executive Board, the formal approval of the actions of the individual Supervisory Board members, the appointment of the auditor for the 2023 financial year, the authorization to hold a virtual Annual General Meeting, the authorization of Supervisory Board members to attend the Annual General Meeting by way of video and audio transmission, and the resolution on the approval of the 2022 remuneration report. The shareholders approved all agenda items. The agenda items and voting results can be accessed at *ir.nemetschek.com/agm*.

Extensive communication with the capital market

Nemetschek SE is committed to open, transparent, and reliable communication with all stakeholders. The goal is to further strengthen the trust in the Nemetschek Group by timely publications as well as a continuous dialogue with its shareholders.

In the financial year 2023, the relationship with existing and potential new investors of the Nemetschek Group was again maintained and further expanded through a large number of contacts and discussions. Over the course of the year, there were a large number of personal meetings with investors at conferences as well as roadshows.

In addition, as part of the regular publication of the annual, half-year, and quarterly results, telephone conferences were again held. These conferences provided not only a platform for the Executive Board to report on the current and expected future business development, but also offered the opportunity for analysts and investors to have questions answered in direct exchanges with the Executive Board. Nemetschek SE also maintained a close and continuous exchange with relevant trade and business media.

In addition, the Nemetschek Group is currently covered by more than 20 analysts from various global banks and research houses, who regularly publish independent reports and comments on the current development of the company.

An overview of the current price targets of the analysts can be found on the company website at *ir.nemetschek.com/analysts.*

Group Management Report

Combined Management Report for the 2023 Fiscal Year

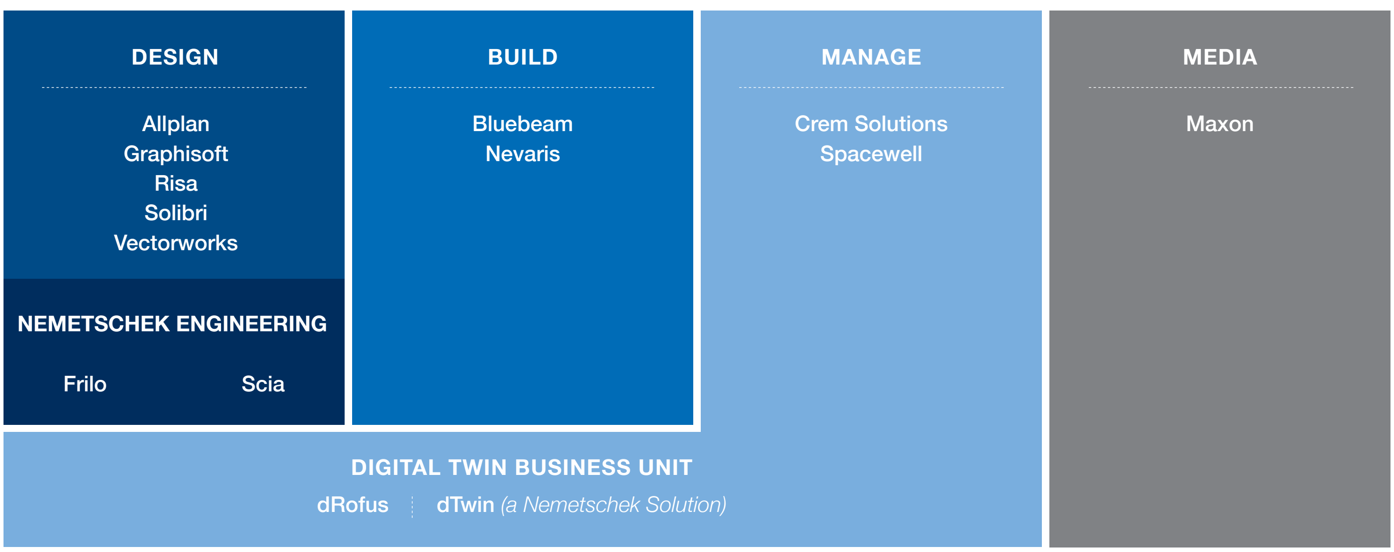
About This Report

The management report of Nemetschek SE and the Group management report for the 2023 fiscal year have been combined. The Corporate Governance Statement pursuant to section 161 of the German Stock Corporation Act (AktG) is published on the Nemetschek SE website at *ir.nemetschek.com/corporate-governance*. It can also be found in the section *<< To Our Shareholders >>*. The consolidated financial statements as of December 31, 2023, that have been prepared by Nemetschek comply with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as at December 31, 2023, and, additionally, with the requirements of the German Commercial Code in connection with German Accounting Standards.

1 Group Principles

1.1 Group Business Model

Organization and Structure



The global Nemetschek Group comprises Nemetschek SE and its subsidiaries. The company's history dates back 60 years to its foundation in 1963 by Prof. Georg Nemetschek. Today, the Nemetschek Group is a global provider of digital software solutions for all disciplines across the building and infrastructure project life cycle (i.e., the AEC/O industry – architecture, engineering, construction, and operation) as well as for all stages during the creation of digital 2D and 3D content in the media sector.

The strategic holding company, Nemetschek SE, is headquartered in Munich, Germany, while the company's operating activities are carried out through four segments with a total of 13 brands (previous year: 13 brands). The brands are subsidiaries or groups of subsidiaries which operate in the market under an overarching Group strategy. This group structure reflects the company's philosophy of central management at the Group level and a high degree of business freedom at the subsidiary level. This enables the individual brands to focus on their respective clients' needs to increase the benefits and added value for the client. This segment and brand approach ensures that market changes can be quickly identified, analyzed, and evaluated and that client wishes can be implemented promptly, too.

Nemetschek SE houses the central functions Corporate Finance & Tax, Controlling & Risk Management, Investor Relations & Corporate Communication, People/Human Resources, Mergers & Acquisitions, Start-Up & Venture Investments, IT, Information Security, Global Procurement, Transformation Office, Internal Audit, and Corporate Legal & Compliance, which all perform key governance duties for the Group and brands. This approach enables the brands to focus fully on exploring new potential client demands and doing business.

Business Activities

Proximity to markets and clients is a key success factor for Nemetschek. With its software solutions, the Nemetschek Group supports **digitalization** along the entire construction life cycle – from the planning and construction phases to the operation, renovation, and demolition phases. This strategically integrated approach makes it possible to concentrate investments and expertise on the client-oriented segments and thus offer an end-to-end workflow and comprehensive support for clients in the building life cycle.

The Nemetschek Group's clear commitment to OPEN BIM and the associated open interfaces increase interoperability, collaboration, efficiency, and communication with different disciplines across the construction life cycle. At the same time, Nemetschek is focusing on future topics that the Group believes will shape and change the construction industry in the coming years. Such topics include artificial intelligence, digital twins, machine learning, sustainability, and the usage of IoT devices and sensors. That is why these topics are also part of the Nemetschek Group's innovation and development activities.

Added to this are digital solutions for visualization, 3D modeling, and animation, which are used in the media and entertainment industries in particular as well as the construction industry. The Nemetschek Group offers solutions for these fields, too, covering the complete content creation workflow and appealing to the entire production process for creative output.

Segments

The Nemetschek Group structure and its solution portfolio are reflected in the reporting structure with the four client-focused segments Design, Build, Manage, and Media. An Executive Board member or Segment Head is generally assigned to each segment. The close interlocking of the holding company and segments also ensures close coordination between the subsidiaries as well as a high degree of management efficiency.

Furthermore, there are benefits for the brands as well as the Group overall from the stronger harmonization and centralization of general and administrative functions, access to additional resources and tools, and intensified knowledge exchange. For instance, the brands can concentrate their capacity and resources more on the operational implementation of the corporate targets and strategy, including in particular greater client loyalty and the exploitation of additional growth opportunities.

To leverage synergies within the Nemetschek Group, the Executive Board and Segment Heads support the coordination of strategic projects between the brands in their respective segment as well as cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies for their segment and for the wider Group in relation to internationalization, the exchange of best practices, sales, marketing, and development activities. Simultaneously, the internal structures and processes were harmonized further during the 2023 fiscal year. Central administrative functions such as People/HR, Controlling & Risk Management, Finance, and IT were harmonized further, letting the brands focus even more strongly on their client-adjacent topics.

The company's legal structure is outlined in the notes to the consolidated financial statements in *<< Note 32 List of Companies in the Nemetschek Group >>*.

Changes within the Segment Structure

dRofus, a brand that was allocated to the Build segment in the 2022 fiscal year, has been allocated to the Digital Twin business unit since January 1, 2023, and is consolidated with the Manage segment. With the brand's solutions for data management and BIM collaboration for workflow support and providing building information during the entire building life cycle, dRofus possesses capabilities for covering the complete AEC/O life cycle and, in doing so, forms an important tie between the various segments. The dTwin solution launched in 2023 is also allocated to this business unit and is consolidated with the Manage segment. dTwin, a SaaS-based, horizontal, and open digital twin platform, provides data-based insights across the entire life cycle of a construction project.

Starting in the 2024 fiscal year, the Digital Twin business unit will be consolidated with the Design segment along with the dRofus brand and dTwin solution.

Design Segment

The portfolio particularly features OPEN BIM solutions for computer-aided design (CAD) and computer-aided engineering (CAE), which are used in 2D and 3D planning and the design phase as well as in the visualization of buildings and infrastructure projects. These are complemented by BIM-based solutions for quality assurance and control and to avoid errors and conflicts during the planning and construction phase.

The individual brands within the Design segment target a broad range of different, specialized fields within architecture, design, and engineering. The segment's most recent two fiscal years in particular were characterized by integration and harmonization activities. The merger of individual brands and the expansion of cross-brand collaboration has resulted in the successful creation of extended and harmonized client offerings in particular, increasing the benefits for clients even further.

The segment's major client groups include, above all, architects, designers, engineers from all disciplines, including structural engineers, specialist planners, and landscape designers as well as developers and general contractors. The solutions offered enable clients to carry out their tasks across all phases, from planning and design right up to factory and construction planning.

The Design segment's market, compared with the Build and Manage segment markets, has a historically higher degree of maturity, as digitalization in this area was promoted earlier than in the other two segment markets. The total addressable market

(TAM) of the Design segment is predicted to grow from €7.9 billion in 2022 to approximately €12 billion in 2027. This equates to an average expected market growth rate of just under 9% for the period from 2022 to 2027.

Build Segment

In the Build segment, the Nemetschek Group offers integrated, complete 5D BIM solutions from the bidding and award phase to invoicing, budgeting, scheduling, and costing. These solutions also include commercial enterprise resource planning (ERP) solutions from the Nevaris brand for construction-related cost accounting and financial accounting. On top of that, it has PDF-based and, in parts, cloud-based workflow solutions from the Bluebeam brand for digital work processes, collaboration, and documentation.

The Build segment's clients include construction companies, developers, and suppliers as well as general contractors, planning offices, architects, and civil engineers, among others.

The Build segment's underlying TAM is expected to grow from €4.4 billion in 2022 to an anticipated €8.9 billion in 2027, corresponding to an average expected growth rate of 15% annually.

Manage Segment

The Manage segment rounds off the Nemetschek Group's range of solutions for all disciplines across the entire building and infrastructure project life cycle. It brings together competencies in the field of building management as well as professional property management.

The segment's two brands – Spacewell and Crem Solutions – offer software solutions across all commercial processes in property management as well as modular and integrated solutions for property, facility, and workplace management (integrated workplace management system, IWMS). The portfolio also includes a smart building platform that uses intelligent sensors and big data analysis to help improve productivity and efficiency in the operation and management of buildings. These are complemented by artificial-intelligence-based energy management solutions for optimizing the use of energy in buildings and reducing carbon emissions.

The segment's main clients include property managers, facility managers, and global real estate companies as well as banks and insurance companies, among others.

The Manage segment's TAM was sized at €5 billion in 2022 and is predicted to grow by an average of approximately 8.5% annually to just under €7.5 billion by 2027.

Media Segment

In the Media segment, the Nemetschek Group offers professional solutions for all phases of a digital creative project via its Maxon brand. Its product portfolio includes, among other things, solutions for 3D modeling, painting, animation, sculpting, and rendering. These solutions are used across the world to create objects such as 3D motion graphics, architecture and product visualizations, computer game graphics, medical illustrations, industrial designs, and visual effects.

The Media segment primarily targets clients from the international media and entertainment industries in addition to architects and designers. These clients include film and television studios, advertising agencies, the video games industry, product and graphic designers, and creative freelancers.

The Nemetschek Group targets the global 3D animation market in its Media segment. The latter's TAM was estimated at €5 billion in 2022, and the market volume is expected to grow to approximately €8.9 billion by 2027. This corresponds to average growth of 12% annually.

The key performance indicators of the four segments are detailed in *<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>*.

Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group's 13 brands develop and market their solutions globally from a total of 81 (previous year: 82) locations.

NEMETSCHEK LOCATIONS GLOBALLY

1.2 Growth Drivers, Goals and Strategy

Growth Drivers

The macroeconomic impacts from the current global crises and geopolitical conflicts are influencing the global construction sector, too, and that has dampened the industry's growth trajectory and has potential to dampen it still further, at least in the short term. Be that as it may, the long-term, structural growth drivers in the global construction sector remain intact, which means that there may be a new, lasting phase of growth in the future. The conclusions drawn in the previous year continue to apply, and they are that the world's growing population, increasing urbanization globally, demographic shifts, and the associated rise in demand for housing and infrastructure represent key growth drivers for the construction industry. Lastly, the chronic shortage of workers in the construction industry is a global issue.

As a maker of software for the construction sector, the Nemetschek Group, in its three segments in the AEC/O industry, profits from other long-term, structural growth drivers as well:

- Digitalization within the construction industry remains at a low level compared with other industries. There is increasing importance on catch-up effects and increased investment in industry-specific software solutions that manage processes more efficiently and therefore increase quality and reduce costs and time. The consequences of the current crises have demonstrated this once more.
- Government regulations that require or make the use of BIM software mandatory for state-funded construction and infrastructure projects continue to pave the way for further growth of the Nemetschek Group worldwide. The UK and the Scandinavian countries are particular pioneers in Europe when it comes to implementing BIM regulations and using BIM-enabled software solutions, on a similar level to Singapore. The US and other countries such as Japan already have BIM regulations for public construction and infrastructure projects.
- Furthermore, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is growing constantly. Roughly 90% of all construction projects currently exceed the anticipated schedule or budgeted costs. On top of that, more than 20% of the material used in a construction project is wasted or needs to be reworked. The construction industry is responsible for about 40% of global carbon emissions in total. A more energy- and resource-efficient way of working throughout the entire construction process, including the subsequent usage phase, is therefore a critical factor in achieving the climate targets set by policymakers (e.g., the EU European Green Deal). Intelligent BIM software solutions for more sustainable and resource-conserving planning and construction, as well as more efficient building operation, form a key basis for this.

Additionally, there are the media and entertainment industries, which are marked by high growth and constantly rising demand for digital content. It is a dynamic environment where multiple growth drivers offer companies in the industries a variety of opportunities for bolstering their position. Developing innovative solutions and satisfying the developing needs of consumers is critical for this.

The rising demand for visual content is based on factors such as the following long-term growth drivers:

» Lasting upturn in the 3D animation market. The demand for premium visual content in various industries, such as film production, advertising, game development, and virtual reality, is increasing continuously. Businesses are making stronger use of visually appealing animations to convey their messages effectively and capture the interest of their target audiences.

» Digitalization from improved accessibility. Continued digitalization and the improved availability of high-performing hardware and software make a significant contribution to the growth of the 3D animation market. The easier access to advanced tools enables businesses and creatives to create complex 3D animations and bring innovative projects to fruition.

» Technological progress in virtual reality (VR) and augmented reality (AR). The use of VR and AR is a significant influence on the expansion of the 3D animation market. For example, the latest product developments from globally leading corporations such as Apple, with its Apple Vision Pro VR goggles, or Meta's Smart Glasses, indicate that there will be a strong trend toward increasingly virtual worlds and applications. These technologies unlock new dimensions for immersive and interactive 3D experiences. Businesses are also increasingly using VR and AR to develop innovative applications for usage in professional settings, be they training, product presentations, or virtual simulations.

Goals

The strategy of the Nemetschek Group is based on an extensive analysis of markets, competitors, technological, economic, and societal trends, and economic and regulatory conditions. The Group strives for sustainable and long-term success by pursuing a strategic approach aligned with the company vision. The strategy aims to optimally use the good growth opportunities in both sectors addressed by Nemetschek. In addition, the aim is to lead customers into digitalization and make the AEC/O industry more sustainable. With its focus on technology and innovation as well as its continuous exchange with scientific institutions, the Nemetschek Group strives to expand its strong market position in a highly competitive environment. Furthermore, the Group mitigates risk by diversifying its activities across four segments for the entire building and infrastructure project life cycle, as well as the media sector. Furthermore, Nemetschek is continuously internationalizing its business. The ever-increasing share of recurring revenues also ensures a high level of economic visibility and resilience. Ultimately, the Nemetschek Group's goal is to achieve sustainable differentiation and thus offer its customers the greatest possible benefit and added value, which simultaneously leads to sustainable and long-term value creation for its shareholders and stakeholders.

To achieve these goals, the Executive Board, together with the Nemetschek Group's Executive Leadership Team, has defined a comprehensive strategy based on strategic focus themes. This strategy is implemented consistently with suitable initiatives and measures.

Vision and Mission

The strategy centers around a clear commitment to the vision and mission of the Nemetschek Group. To realize its vision „Shape the world in all dimensions", the company's mission is to be the preferred and most trusted software provider and partner for the architecture, engineering, construction, construction management (AEC/O), and media industries. The vision and mission are the guiding principles for all business activities and the basis for strategic action. The vision and mission are the guiding principles for all business activities and the basis for strategic actions.

Strategic Cornerstones

Artificial Intelligence (AI)

An overarching goal across the Nemetschek Group is to be a leader in the field of (generative) artificial intelligence (AI). This alignment as an AI-first company emphasizes its ambitions to be a technological pioneer in the AEC/O and media industries. At the same time, it also includes a clear commitment to ethical, trustworthy, and sustainable AI practices. Simultaneously, the Nemetschek Group has the task of examining AI principles and the necessity of trust, ethics, and independence in order to provide the best protection possible for integrity and the intellectual property of clients.

This structure maintains the long-standing principles and high ethical standards of the Nemetschek Group, which was founded by Professor Georg Nemetschek in 1963. The company sees two main application areas in the field of AI. Its usage offers the opportunity to increase internal efficiency in almost all business functions, for example in research and development or in customer service, in order to ensure better customer support and greater customer satisfaction. Secondly, the Nemetschek Group aims to add AI-based functions, plug-ins, and tools to its products in order to further increase the benefits for clients. Three different approaches are taken to achieve this goal:

» Firstly, AI is one of the focuses for the Group's research and development activities. To this end, the Nemetschek Group is establishing an AI Innovation Hub which will be one of the central drivers of its in-house development activities. The Nemetschek Group firmly believes that the data sets used to train deep-learning algorithms in particular are the key to the development of new functions that will offer customers genuine added value in the future. The Nemetschek Group covers the entire building life cycle in the AEC/O industry and the complete process for creative design element creation in the media industry and therefore possesses a large and broad-based data set. This data set can be used to expand the company's own product portfolio with innovative and disruptive AI solutions which in turn support customers in improving their productivity and efficiency.

- Secondly, the Nemetschek Group maintains close exchange with the TUM Georg Nemetschek Institute Artificial Intelligence for the Built World, which receives funding from the Nemetschek Innovation Foundation. In 2023, there was a double-digit number of interesting joint, multidisciplinary AI research projects for the AEC/O industry, which represents a significant increase versus the previous year. This enables the Nemetschek Group to stay close to the latest developments in academic education and research.
- Thirdly, Nemetschek invests in a range of highly innovative start-ups, including ones that develop and advance new solutions in the various application areas for artificial intelligence. For instance, these start-ups develop solutions for tasks such as AI-based 3D point cloud models or the identification and mapping of BIM objects. One goal is to bring together the start-ups' AI developments and competencies with those of the Nemetschek Group's brands in order to draw inspiration and enrich each other. Simultaneously, this ensures that the Nemetschek Group product portfolio is expanded accordingly and that the necessary speed is achieved in the development of new AI solutions. Investments in start-ups also have the potential to develop pioneering and innovative products and solutions that are not only disruptive for the Nemetschek Group itself, but also the entire AEC/O and media industries.

Business Model – Transition to Subscription and SaaS Models

An important goal of the Nemetschek Group is to significantly increase its recurring revenues, especially through the stronger implementation of subscription and software as a service (SaaS) solutions. Several Group brands have already successfully completed the transformation to subscription and SaaS models, while other brands have either started this process or are in the implementation phase. The gradual transition of the individual brands' business models ensures that the short-term accounting-related dampening effect on Group revenue and margins, is only visible to a very limited extent. Subscription and SaaS models offer a number of advantages for the Nemetschek Group's customers as well as for the Group itself. Customers, for example, can use the software more flexibly and avoid the, in comparison to a subscription offering, higher one-time license fee. At the same time, they benefit from an even more intensive customer support as well as faster and continuous innovation cycles, which results in greater customer satisfaction and loyalty. Conversely, the transition provides the Nemetschek Group with opportunities to address and win new customer groups and increase customer loyalty, among other benefits. Together with the greater potential for up- and cross-selling, Nemetschek has an opportunity to generate revenues that are higher over the entire length of a customer relationship compared to the classic model of a license with a service agreement.

In addition, the visibility, resilience, and predictability of the revenue, earnings, and liquidity increase significantly, which is an even greater advantage in times of economic uncertainty. Furthermore, the transition to desktop-based subscription models is often a prerequisite for the subsequent introduction of new cloud features. In the four segments of the Nemetschek Group, the implementation and offering of rental models are at different stages of development, with each segment continuously increasing or having already significantly increased the share of recurring revenues through subscription and SaaS.. At Group level, revenues from subscriptions and SaaS accounted for 35.4% of total revenue (previous year: 25.5%). This represents a significant currency-adjusted growth of 51.1% compared to the previous year.

Company-Wide Nemetschek Platform

Nemetschek Cloud Platform and Infrastructure

The continuing digital transformation in the construction industry and the transition from information and data silos to end-to-end workflows in the AEC/O industry require a seamless exchange of data and information between all parties and solutions involved in the construction life cycle. With the Nemetschek Group's commitment to open standards and OPEN BIM, the company's focus ever since its founding has been on minimizing information loss and data breaches in the exchange of data, models, and information. This increases efficiency, productivity, and sustainability during the entire construction life cycle. Today, this exchange involves the management and provision of increasingly large amounts of data (big data) from various sources, such as the Internet of Things (IoT), which is needed for the planning, implementation, and management of building structures.

The Group-wide cloud platform that Nemetschek is currently developing will represent a transforming approach to linking data and collaborating within the Nemetschek ecosystem. With the objective of connecting the Nemetschek Group's individual solutions, the cloud platform is intended to make seamless data exchanges easier and therefore enable an effective collaboration across different disciplines. It is designed to connect users, processes, and technologies across the entire life cycle of buildings and infrastructure projects and thus enable intelligent workflows.

Digital Twin Product Innovation

One of the Nemetschek Group's cloud infrastructure initiatives is the use and expansion of the Digital Twin technology. A Digital Twin business unit was established in 2022 to work on the development of a horizontal, data-centric, open, and cloud-based platform which results in more efficiency and sustainability during the construction life cycle.

A digital twin is essentially a digital representation of a physical building in which digitized information is linked to its physical counterpart. The developments center around the dTwin digital twin platform, which was launched at the end of 2023. Pilot projects have been underway with potential customers since then. This open and horizontal SaaS cloud solution provides data-based insights and helps customers to manage and operate building structures efficiently from planning through to operation. All relevant (historical) data and information over the entire building life cycle as well as real-time data from building operation from sensors and connected open interfaces are bundled and linked with each other. A digital twin not only enables a modern, comprehensive visualization, but also provides valuable insights through analyses, simulations, and suggestions for optimization.

The dTwin solution from Nemetschek thus closes the gap between planning, construction, and operation and enables an open, data-driven Building Lifecycle Intelligence™ approach. The current focus is primarily on the operational phase and the management of large, complex building portfolios.

Product/Market Strategy

In addition to the technological development of the Nemetschek Cloud platform and new innovative products such as dTwin, the product market strategy is also being further developed. The aim is to significantly expand the growth opportunities of the Nemetschek Group by offering integrated solutions in addition to the already successful individual solutions of the Nemetschek brands. These integrated solutions will initially address the market segment of larger, multidisciplinary, and international customers in particular, though not exclusively.

Go-to-Market Approach

Internationalization

The Nemetschek Group concentrates on the three major regions of Europe, the Americas, and the Asia-Pacific, with Europe (incl. Germany) accounting for the largest share of Group revenue at 53% (see also *<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group – Revenues by Region >>*). Ongoing internationalization, with a goal of developing further growth opportunities and further reducing the dependence on individual countries and regions, plays a crucial role in the successful implementation of the growth strategy. In order to participate even stronger in the expected higher growth of the two regions North America and Asia/Pacific, the Nemetschek Group is consistently focusing on these two growth regions, without neglecting the European market. In this context, acquisitions also represent an opportunity to open up new markets. The US, the largest regional market, and especially the countries in the Asia-Pacific region, which have previously been significantly underrepresented (approximately 10% of Group revenues), offer a attractive growth potential. The Nemetschek Group focuses especially on Japan, Singapore, Hong Kong, Malaysia, and India. The Indian market in particular offers enormous growth opportunities due to the dynamic economic and demographic development expected in the coming years. Consequently, the Nemetschek Group seeks to better utilize these opportunities by strengthening its presence in India.

Key Account Management and Cross-Selling

The Nemetschek Group's brands sell their solutions directly through their in-house sales organizations as well as indirectly via resellers and distribution partners. Both sales channels have proven to be effective with brand-specific sales approaches that are used flexibly depending on the circumstances of the relevant market and customer groups. In addition, the Nemetschek Group is increasingly using digital sales channels such as e-commerce, particularly in connection with the newly introduced subscription and SaaS models.

In order to increasingly address the market segment of larger, multinational and multidisciplinary customers, a global key account management system was implemented for the Nemetschek Group. The aim of key account management is, on the one hand, to offer customers a comprehensive, integrated and more closely networked range of solutions out of one hand. On the other hand, the global operation and approach means that the Nemetschek Group can provide this customer group with even more intensive support based on their specific customer needs.

A central element of the corporate strategy is also to intensify cross-selling potential across the entire Nemetschek Group. In addition to the large, international customers who combine various disciplines under one roof, individual brands also offer their customers solution packages with different products from the entire Nemetschek portfolio. This strategy makes it possible to use resources more efficiently by further strengthening and expanding existing client relationships.

Innovation

Research and Development Strategy and Focuses

Innovation and technological leadership have been an integral element of the Nemetschek Group identity and DNA since its founding. In light of the constantly transforming business environment, which is marked by disruption from factors such as AI, a company's strength at innovating has a crucially important role in determining wether it remains competitive and a technology leader. The Nemetschek Group's innovation strategy is oriented toward the continuous improvement of the existing product portfolio (e.g., new releases such as Archicad 27 and Allplan 2024) as well as the development of trailblazing new technologies and solutions (e.g., Archicad AI Visualizer). Therefore, the Nemetschek Group endeavors to drive and thus have a significant influence on the digital transformation in its industries – AEC/O and media – through targeted investments in research and development. Research and development focus areas are therefore topics such as artificial intelligence, digital twin or cloud-based features and solutions as well as the Group-wide cloud platform and infrastructure.

Venture Investments/Mergers and Acquisitions

In order to benefit even more from technological developments in the rapidly growing AEC/O industry, the Nemetschek Group is pursuing an investment strategy for venture investments and start-ups. In contrast to the proven M&A approach, the focus of this strategy is not on established companies, but rather on smaller, young, and highly innovative start-ups. This approach gives the Nemetschek Group early access to up-and-coming and potentially disruptive technologies with considerable growth potential. The Nemetschek Group thus guides and supports companies from the early stages of their development. Synergies are created through networking with the Group's own established brands in order to develop the full potential of the start-ups. For venture investments, the Nemetschek Group acquires minority interests which it can then potentially expand over time if there are successful developments.

A further aspect of the Nemetschek Group's venture strategy is the continuous support of the Built Environment Venture Lab at the Technical University of Munich. This underlines the Group's commitment to innovation and to actively shaping the future of the construction industry.

In addition to venture investments, the Nemetschek Group continues to view acquisitions of selected target companies with an established market presence as an important strategic option to continuously expand its own technological capabilities, market presence, and product. As part of its growth strategy, the company continuously conducts a "make or buy" assessment, particularly in relation to the aspects of product development and internationalization. This strategic approach enables the Nemetschek Group to respond flexibly to technological developments and fortify its position as an important player in the AEC/O industry as well as 3D animation.

In addition to innovative strength, management and business prospects, the decisive criteria for selecting potential takeover candidates are, in particular, the expansion or rounding off of the company's own technological expertise. The identification of and due-diligence checks on suitable targets take place at Group level as well as in the relevant segments and brand companies. External partners and specialized consultants support the M&A process to ensure that potential acquisitions are in line with the strategic goals of the Nemetschek Group.

From a regional perspective, the Nemetschek Group's current focus is on the European and North American markets. Preference is given to companies that already operate on the basis of subscription and/or SaaS models. In recent years, company acquisitions were successfully realized and integrated, particularly in the Media segment. There are currently M&A activities and targets in all segments.

The acquisitions and investments that were carried out in the 2023 fiscal year and are of material relevance to business performance are described in detail in *<< 3.2 Business Performance in 2023 and Key Events Influencing Business Performance >>*.

Business Enablement

Business Enablement is a global strategic initiative to reduce the complexity arising from the wide brand variety in the Nemetschek Group. The aim is to raise operational excellence through greater organizational efficiency and effectiveness, harmonized processes, the exchange of best practices, and an optimized tool and support system landscape. This includes, for example, harmonizing the back-end systems for human resources, enterprise resource planning (ERP), and customer relationship management (CRM), or the increase in development centers that are used by multiple brands. Furthermore, besides the harmonization of enablement processes and IT infrastructure, an organizational harmonization of various business functions such as People/HR, Controlling & Risk Management, Finance, and IT is also taking place. The resulting synergies, more efficient scaling possibilities as well as cost efficiency and effectiveness will make an important contribution to the implementation of the growth strategy and further investments in the future value creation of the Nemetschek Group.

The Nemetschek Group‘s strategic orientation, key topics and corporate goals are carefully anchored in the strategic plan and form the guiding principle for corporate development. The strategic plan is discussed and reviewed in detail at regular intervals by the Executive Board and the segment heads together with the global Nemetschek management team and in cooperation with the Supervisory Board. Identified deviations from the targets set out in the strategic plan are countered with targeted countermeasures. If necessary, targets are adjusted to ensure that the Nemetschek Group‘s strategy always meets current market, competitive and customer requirements.

1.3 Research and Development

Research and development are a very high priority at Nemetschek. In the 2023 financial year, €201.6 million (previous year: €182.6 million) were invested in research and development.

Around 24% of Group revenues therefore went toward research and development in the 2023 fiscal year (previous year: around 23%) and into new and further development of the solution portfolio. Furthermore, roughly 39% (previous year: 40%) of employees work in research and development, emphasizing once more the high priority that this area of business has for the Nemetschek Group.

The development of new, innovative solutions and enhancement of tried and tested ones rested largely on internal resources and only drew on the services of third parties to a small extent. In terms of expenditure, 88% (previous year: 90%) was on internal R&D employees (including cost of goods sold and depreciation and amortization) and just 12% (previous year: 10%) on external service providers.

Through its research and development activities, the Nemetschek Group is pursuing an aim of further expanding its innovation in the AEC/O and media markets, and identifying technological trends at an early stage, developing them into marketable solutions, and establishing them in the market. Proximity to and cooperation with clients is a key component of this. Ideas and potential for improvement are identified in close exchange with clients and then evaluated by the brands in the respective segments.

In each segment, the Segment Heads, together with their segment’s brands, draw up a road map as part of the annual planning process where the strategic product developments at brand level and across brands are laid out. Regular review discussions are held between the brands and Segment Heads as well as the Executive Board to present and verify the progress in implementing the road map and, if necessary, decide new measures.

The Group’s brands have their own development departments. There are also cross-brand development centers which the brands access. In addition to the enhancement of the brands’ individual solutions, there is a strategic focus on cross-brand development projects in the segments as well as strategic initiatives which also extend across the segments.

Innovation Focuses

All brands continuously enhance their existing solutions. The brands, in their respective segments, worked on tasks such as improving the user-friendliness of their solutions, process optimization, and integrated interfaces and connections for a seamless OPEN BIM workflow. Simultaneously, all brands work on steadily expanding their existing solution portfolios to reflect technological trends and changed client needs and, in doing so, secure their position as innovation leaders in their markets. A special, cross-segment focus for development work in the 2023 fiscal year remained the ongoing development of subscription and SaaS offerings.

The further development of the digital twin platform in particular as well as developments surrounding artificial intelligence were priorities, alongside topics such as sustainability and interoperability.

The Digital Twin business unit, which was inaugurated in the 2022 fiscal year, ties together the entire AEC/O life cycle. Its developments center around the dTwin digital twin platform, which was launched in fall 2023. This open and horizontal SaaS cloud solution provides data-based insights and helps clients to manage building structures efficiently from planning through to operation. By bringing together all the relevant data and information from across the building life cycle and real-time data from building operation using sensors and other sources that can be connected via open interfaces, Nemetschek’s new dTwin solution closes the gap between planning, construction, and operation, enabling an open, data-driven Building Lifecycle Intelligence™ approach. The initial focus for this is on clients involved in building operation and management.

Another important focus for development activities is innovation from the use of artificial intelligence, with work being done on various initiatives across the Group. In late 2023, Nemetschek announced product expansions and strategic partnerships that use artificial intelligence (AI) technologies to improve processes in the construction life cycle and in the media industry, increase productivity, and promote creativity. The objective of the initiatives is to provide clients in the AEC/O and 3D animation industries with trustworthy and ethically sound artificial intelligence.

Nemetschek’s Graphisoft brand, for example, debuted an AI-based visualizer for its BIM software solution, Archicad. Using an AI engine that generates high-quality imaging, the software’s users can shorten the early design process by generating multiple design visualizations without modeling them in 3D. The AI visualizer will be available for Nemetschek's Allplan and Vectorworks brands in 2024, too.

Allplan has, in addition, begun a technology partnership with AI start-up elevait. Through its partnership with elevait, a specialist in the field of artificial intelligence, it is aiming to use existing volumes of data systematically through the application of artificial intelligence and, in doing so, drive efficiency increases and quality improvements in the construction industry.

The Nemetschek Group sees major business potential in the field of artificial intelligence and is working intensively on enhancing its portfolio of products and solutions steadily.

Complementing its own innovation strength, the Nemetschek Group also wishes to build more on external innovation strength and invest in smaller, young, and highly innovative enterprises, i.e., start-ups. Read more about this in << 1.2 Growth Drivers, Goals and Strategy >>. For this reason, further interests in young and innovative companies were acquired during the 2023 fiscal year. The focus of these investments' innovation is on artificial intelligence, sustainability in the construction sector, efficiency, costs, and project management. Moreover, cooperation and partnership with innovative businesses, colleges, and universities is part of the Nemetschek Group's DNA and the subject of gradual, ongoing development.

Maintaining contact with science and teaching has been a key concern since the Nemetschek Group was founded in 1963. Nemetschek traces its origins to higher education, where its software solutions have had a presence for decades. The brand companies provide students and professors with free software licenses and online training material as part of their "campus programs." This applies to core markets in Europe and, these days, many other markets too, especially the US.

On top of that, Nemetschek regularly helps out university programs with its involvement in invitations to student competitions for supporting young and talented people in architecture and engineering. For example, Nemetschek provides support to the Leonhard Obermeyer Center at the Technical University of Munich as a partner. Close collaboration with universities and colleges simultaneously safeguards the Nemetschek Group's innovation capabilities as it is placed close to new topics, trends, and innovative developments through the close ties to higher education.

1.4 Corporate Management and Governance

General Information

A key success factor in the Nemetschek Group's structure is its combination of a flat group structure with corresponding processes and synergies on the one hand and flexibility and entrepreneurially led brands on the other.

The strategic alignment of the Nemetschek Group and operational governance is overseen by the Executive Board and the Segment Heads of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group in the relevant sales markets globally and its short- and medium-term revenues, earnings, liquidity, and investment planning. It also involves an orientation toward the competitive and market environments.

Business management takes place within the segments. Strategic targets are used as a basis for setting the targets and annual objectives of the segments and associated brand companies. In the annual planning process, these targets and annual objectives are coordinated with the brand companies, fleshed out with specifications by the brand companies, and backgrounded with quantitative and qualitative subtargets for marketing, sales, research and development, and administration. The annual planning, subtargets, and medium-term planning are coordinated between the CEOs of the individual brands and the relevant segment heads, then within the Executive Board of the Nemetschek Group in the next step. The Supervisory Board monitors and advises the Executive Board throughout the above processes.

Throughout the year, the Group's targets are monitored and evaluated each month using a Group-wide management information system with detailed reporting of key performance indicators for revenue, growth, and earnings. These indicators are compared with previous years' and plan data. The respective brand CEOs, Segment Heads, and the Executive Board discuss any deviations from the plan on a monthly basis and decide on possible measures.

Financial Performance Indicators

Nemetschek Group's key financial performance indicators (core performance indicators) remain revenue, revenue growth (currency adjusted), EBITDA and the EBITDA margin. In order to present the progress of the ongoing transition of the business model to subscription and SaaS models and thus also the total recurring revenues more transparently, additional key indicators were included in the course of 2022 compared to the previous year, although these are not intended for the explicit steering of the company. The indicators are as follows:

	FY 2023	FY 2022
Revenue (absolute)	X	X
Revenue growth (currency adjusted)	X	X
Annual recurring revenue (ARR)	X	-
ARR growth (currency adjusted)	*X*	-
Share of recurring revenue in total revenue	*X*	-
EBITDA	X	X
EBITDA margin	X	X

Non-financial performance indicators are currently not outlined in the management of the company.

Growth-Related Performance Indicators

To plan and manage the profitable growth strategy, the year-over-year absolute revenue and revenue growth figures in nominal and currency-adjusted presentation are used for measuring growth at Group and segment levels. The currency-adjusted revenue growth is calculated as the nominal revenue growth less or plus the translation effects during the course of the year from the revenue attained in foreign currencies. Revenue is the main indicator of business growth, making it a key parameter for external as well as internal evaluation of business success.

For a more transparent presentation of the future growth dynamic and of the success in the ongoing transition of business to subscription and SaaS models, and therefore of all recurring revenue, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator during the course of the 2022 fiscal year. It consists of the average of all recurring revenue (from subscription, SaaS, and service agreements) in the most recent three months, multiplied by four. This new indicator is an important measure of the Group's future potential for revenue and cash flow growth.

Complementary "enabler" metrics have been defined to analyze the development of recurring revenue and also manage its development in a targeted way. Firstly, the currency-adjusted growth in recurring revenue is considered, with the currency adjustment being calculated analogously to the corresponding calculation of total revenue. Furthermore, the share of recurring revenue to total revenue is also studied for management purposes. The sum of all recurring revenue (subscription, SaaS, and service agreements) is viewed proportionally to the Group's revenue for this.

Profitability-Related Performance Indicators

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is used to manage profitability and provide an indicator of free cash flow. It is calculated as presented in the consolidated financial statements (IFRS) *<< Consolidated Financial Statements (IFRS) Consolidated Statement of Cash Flows >>*. EBITDA provides information on profitability and includes all items on the income statement that relate to operating performance. Similarly, the EBITDA margin is used for the steering of the company. It represents EBITDA proportionally to the Group's revenue and provides information about the company's profitability, including in comparison with competitors and other businesses. Because of their importance for the financial success of the business, the key performance indicators of revenue, EBITDA, and – since the 2022 fiscal year – ARR are also essential components of the performance management system.

The achievement of business targets is also assessed based on the development of financial performance indicators which are set for the purposes of business management and are also an element of the short- and long-term remuneration of the Executive Board. Information about the remuneration of members of the Executive Board and Supervisory Board is provided in a separate remuneration report that is available on Nemetschek SE's website at ir.nemetschek.com/corporate-governance.

Detailed information about the development of the Nemetschek Group and its segments in the 2023 fiscal year and in comparison to the previous year can be found in << 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>. In addition, a comparison of actual and forecast business performance in the 2023 fiscal year can be found in << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In addition to the performance indicators described above, Nemetschek SE, as an individual company, is also managed based on the liquidity required in the Group. This ensures that Nemetschek SE can discharge its obligations, especially to pay a dividend and service loans, at all times.

The most important financial performance indicators of Nemetschek SE are as follows:

	FY 2023	FY 2022
Net income for the period	X	X
Gross liquidity	X	X

Gross liquidity comprises balances of cash and cash equivalents at banks.

2 Non-Financial Statement

2.1 About This Report and the Company

About This Report

The Nemetschek Group has integrated its Group Non-Financial Statement into the Group's Annual Report. In accordance with Section 317 (2) of the German Commercial Code (Handelsgesetzbuch – HGB), the Group Non-Financial Statement is not subject to the statutory audit. Auditing firm PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft (PwC) subjected the Group Non-Financial Statement of the Nemetschek Group to a limited-assurance audit. The Supervisory Board has also examined this statement and reached the conclusion that there are no grounds for reservations.

This section of the Group Management Commentary contains the Nemetschek Group's Group Non-financial Statement based on the German CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. Based on the requirements set forth in section 315c in conjunction with sections 289c to 289e of the HGB, a company must transparently describe in detail its key nonfinancial activities within the Nemetschek Group in relation to five aspects specified in the law: respect for human rights, combating corruption and bribery, employee concerns, environmental concerns, and social concerns. In accordance with Article 8 of Regulation 2020/852 of the European Parliament and the Council of the European Union of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, this Non-Financial Statement by the Nemetschek Group outlines whether and to what extent the Group's activities are associated with economic activities that qualify as environmentally sustainable. Information on this is included in section << 2.4 EU Taxonomy >> of this Non-Financial Statement.

This Non-Financial Statement is directed at clients, business partners, employees and investors of the Nemetschek Group, as well as interested representatives from business, science, politics and society. Unless otherwise indicated, this Group Non-Financial Statement applies to all companies included in the consolidated financial statements, and sets out the company's objectives with respect to its non-financial activities, the structures it has created, and the measures that have helped to foster sustainable development in the 2023 fiscal year.

The Nemetschek Group did not apply an external framework for the preparation of its Non-Financial Statement for the 2023 fiscal year, for reasons including the major changes in the regulatory environment at present. Instead, the existing reporting structures were used like in previous years. The Nemetschek Group based its reporting, materiality analysis and management approaches on the standards of the Global Reporting Initiative (GRI Standards). With effect from fiscal year 2024, the Nemetschek Group is required, pursuant to the Corporate Sustainability Reporting Directive (CSRD) adopted by the European Commission, to report on its sustainability activities in line with the European Sustainability Reporting Standards (ESRS). The company continued its preparations for CSRD-compliant reporting and implementation in 2023 in order to meet the regulatory requirements for reporting year 2024.

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

The Nemetschek Group is a global provider of software solutions in the AEC/O industry (architecture, engineering, construction and operation) and the media sector. The Nemetschek Group's business model is described in depth in the section << Group Business Model >> of this Group Management Commentary.

2.2 Sustainability at the Nemetschek Group

Approach to Sustainability

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

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

> *"Each of us contributes to the public image of the Nemetschek Group through our appearance, conduct, and actions. We are all responsible for ensuring that we, as the Nemetschek Group, live up to our global legal and social responsibility."*

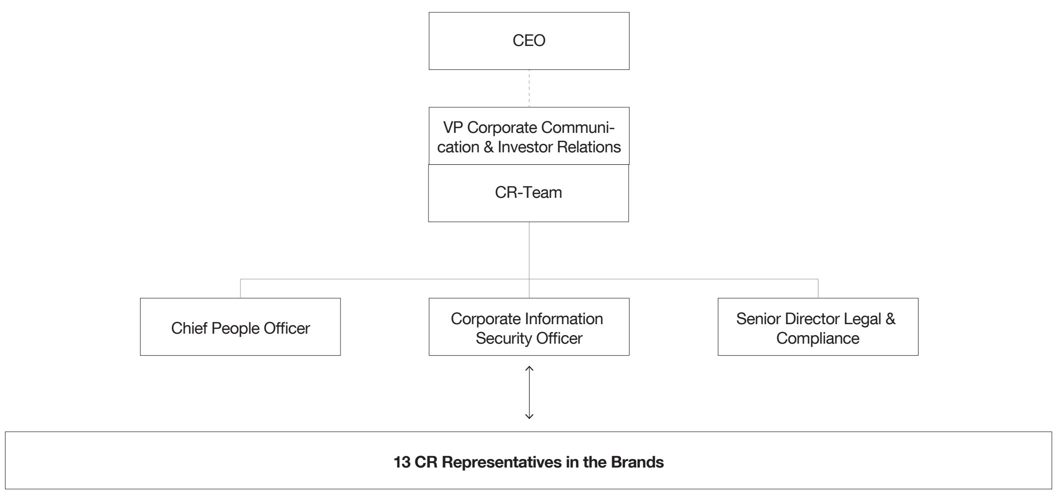
The Code of Conduct states that the Nemetschek Group does not tolerate any form of discrimination or harassment, nor corruption of any kind. Furthermore, each and every employee is required to use all resources sparingly and in an environmentally friendly manner in everyday working life. Employee responsibility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

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

Sustainability Structures within the Company

There are standards applicable across the Group that provide the basis for sustainability-related activities. They cement sustainability as an integral part of all business practices of the Nemetschek Group. The sustainability team and the cross-functional Core Sustainability Team identify sustainability-related topics and coordinate the implementation of the corresponding measures. The sustainability team maintains close contact with the Executive Board in this regard. The Chief Executive Officer (CEO) holds responsibility for sustainability within the Executive Board. The CEO engages intensively with the sustainability team about the progress on relevant activities within the company, usually once per quarter, and discusses the next steps to take. Furthermore, the Executive and Supervisory Boards are kept abreast of key sustainability developments by means of a report every quarter. The regular reporting to and dialog with the Executive and Supervisory Boards focus in particular on the key issues identified through the Materiality Analysis, which is described below, and on the development of these issues.

THE GROUP'S CORPORATE RESPONSIBILITY (CR) STRUCTURE



Because the Nemetschek Group consists of 13 brands, many of the non-financial issues are also managed by the brands independently. In order to coordinate the activities and align them across the Group, the sustainability representatives of all brands hold regular discussions on matters such as the ongoing development of the future sustainability strategy, non-financial risks and best practices within the brands. The virtual meetings have been held once per quarter since the middle of the fiscal year. The sustainability representatives are the driving force for the relevant sustainability issues within their brand and are tasked with exchanging information with Nemetschek SE as well as with their colleagues at their brand and beyond.

Stakeholder Management

The key stakeholders for the Nemetschek Group are its employees, business partners, clients, suppliers, and investors, as well as universities and other educational establishments, the media and society at large. Contact with business partners and collaboration with universities and other educational establishments happens largely directly via the subsidiaries. The investors are kept up to date by means of periodic reports on financial market matters, and through their regular contact with the Investor Relations department and the Executive Board. The Annual General Meeting also provides an opportunity for direct dialog with the shareholders. The Nemetschek Group strives to communicate openly and reliably with all stakeholders, and in so doing, also to develop its sustainability activities on an ongoing basis. Continual dialog with stakeholders is intended to increase transparency and reinforce trust in the Nemetschek Group, while also helping to share its sustainability approach.

Material Risks

The Nemetschek Group examines not only the main risks for its business activities but also risks that could have a significant negative impact on the concerns defined for non-financial reporting (HGB section 315c in conjunction with section 289c(3)(3) and (4)). The risk assessment involves recording the gross risk values for the amount of loss and probability of occurrence as far as possible, as well as the net risk positions remaining after risk-mitigating measures.

Similarly to the previous year, no material risks that would very likely have serious effects were identified for 2023 with respect to the topics defined in the non-financial reporting. Consequently, there remained no risks for 2023 that, on a net basis, meet the materiality criteria under section 289c (3)(3) and (4) HGB. This risk assessment was coordinated with the sustainability representatives for the brands during the reporting period.

Materiality Analysis

The Nemetschek Group performs an extensive materiality analysis every two years in order to align its sustainability activities with the interests of stakeholders. An assessment of the key issues and their validity is conducted in the intervening years. The Group started to carry out a double materiality analysis pursuant to the requirements of the ESRS standards in the 2023 fiscal year, and plans further strategic development of this approach in 2024. Reporting for the 2023 fiscal year was therefore based on the materiality analysis last performed in 2021, which was reviewed in terms of validity, and its key topics used as the basis for the sustainability report in the reporting year.

A variety of external frameworks such as the GRI Standards and various ESG and sustainability ratings were used to assess how current and relevant selected topics in the 2021 materiality analysis were. Then, roughly 850 internal and external stakeholders were consulted to identify material topics and their relevance to the Group's business and to evaluate the impacts on the environment, employees, and society. Weighting the individual results ensured that the overall result was representative. The CR Core Team concluded the process by discussing and validating the ranking of the issues at a final workshop. These results were presented to the Executive Board and subsequently reported to the Supervisory Board.

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

FIELDS OF ACTION AND MATERIAL TOPICS

Field of Action ("concern" under CSR-RUG)	**Material Topics at Nemetschek Group**
Employees and Society (Social Issues and Employees)	» Attracting and retaining employees » Training and education » Employee health » Diversity and inclusion » Client relationships » Partnerships with higher-education institutions
Environment and Climate (Environment)	» Environmental and social effects of products
Integrity and Compliance (Human Rights and Combating Corruption)	» Fair business practices and anticorruption » Antidiscrimination » Data protection and information security

The Nemetschek Group additionally reports on the subject "Group Energy Consumption and Emissions" in the section << Environment and Climate >> in the Group Non-Financial Report 2023 in light of the future regulatory requirements of the CSRD and resulting mandatory application of the ESRS standards.

2.3 Key Non-Financial Issues

Employees and Society

At the Nemetschek Group, the focus is on employees. The Nemetschek Group believes that satisfied, successful, and healthy employees are crucial to sustainable business development. The Group's management maintains an open dialog with all employees at all levels and has set clear focus areas and objectives for human resources work at the company. The most important goals remain the same, namely, to create the best possible environment, to attract the best talent to the company and retain it, to offer equal opportunities, and to treat everyone with the utmost respect and appreciation. A global incentive system was established for Nemetschek Group managers in the 2023 fiscal year to reinforce these goals. And this social responsibility is not limited to only the employees at the Group. It also applies to clients, partners, and society as a whole. The Nemetschek Group Code of Conduct states the importance of acting responsibly in relation to all our stakeholders.

Management Approach – Employee Responsibility

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

A Group-wide Business Enablement initiative was launched in 2023 to develop and harmonize the internal processes and structures of the AEC/O brands. Gaining and retaining employees, education and training, employee health, and diversity and inclusion are focal points of the Business Enablement initiative in the area of People/Human Resources. Owing to regional differences in terms of the labor markets in which the brands are active, the brands are also still free to define brand-specific standards and to develop their own People/HR guidelines that go beyond the minimum requirements stated in the People Letter of Commitment or govern additional topics.

The “People/Human Resources” department of Nemetschek SE supports and advises the HR departments of the individual brands. The Chief People Officer (CPO) is responsible for the “People/Human Resources department” within Nemetschek SE and reports to the CEO. There is a reporting line between the CPO and the HR managers of the individual brands in order to ensure management of the key HR topics throughout the Group. The HR departments within the Nemetschek Group also maintain close cross-brand dialog on current and future HR issues, such as development and support of talent in the company.

The Business Enablement initiative identified core processes throughout the employee life cycle in the 2023 fiscal year which can be harmonized and scaled within the Nemetschek Group. Various functional cross-brand expert teams were then formed for a range of core processes, including Talent Acquisition, Talent Management, Total Rewards, People Operations, Business Partnering and People Experience, which are responsible for ongoing development of these areas throughout the Group.

A new human experience management (HXM) cloud solution was introduced in 2023, to which the majority of the group is already connected. The HXM platform links Group-wide core HR processes across the Nemetschek Group and forms the basis for internal and external reporting, assessment, and management of employee-related data.

The Nemetschek Group’s values are characterized by open and transparent communication. This is also maintained at the Group-wide “NEMunplugged” employee events. These quarterly hybrid events introduced new members of the workforce’s management and provided an overview of the current Group-wide activities and of the Group’s strategic direction during the 2023 fiscal year. Moreover, the Executive Board/Executive Leadership Team regularly presents current business development and further data and facts on the Group and its segments. The Nemetschek Management Forum, comprising the top management of Nemetschek SE and the CEOs of the individual brand companies, also holds regular meetings, both virtually and in person, to discuss and pursue matters of strategic relevance.

Gaining and Retaining Employees

Attracting and retaining highly qualified and highly motivated employees is one of the keys to success for the entire software industry. The shortage of skilled IT workers also affects enterprises like the Nemetschek Group. The AEC/O market and the media and entertainment industry are characterized by a high speed of innovation. When it comes to finding skilled and highly talented workers, the Nemetschek Group must compete with businesses of comparable structures and sizes as well as international corporations.

Attractive working conditions and a positive working environment help attract the best talent to the Nemetschek Group and retain it in the Group. One of the key aims of HR activity is to develop the size of the workforce to enable realization of the Group‘s targeted growth potential and to avoid the restrictions of a skilled labor shortage. The Nemetschek Group uses the development of the number of its employees and staff turnover as an indicator of the success of its measures. It plans to also set targets for gaining and retaining employees in the 2024 fiscal year in connection with its ongoing development of sustainability-related activities. In particular, the methods used by the Nemetschek Group’s brands for actively finding employees include social media platforms as well as recommendations from its own employees.

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

In 2023, the number of employees in the Nemetschek Group decreased by 19 or 0.6% compared with the previous year. As at December 31, 2023, the Nemetschek Group employed 3,429 people (previous year: 3,448). Employee turnover, which is defined as non-company-initiated employee departures in relation to the total headcount, was 6.7% in 2023 (2022: 9.1%).

Education and Training

The Nemetschek Group is committed to ongoing education and training. As a company that uses and promotes digitalization, the Nemetschek Group also offers young people in particular long-term prospects. Talented young people at the company have the ability to develop and gradually take on leadership responsibilities. The overriding aim of the training and education activities is to support Nemetschek Group employees in matters relating to professional and social skills, thereby enabling experts and managers to be developed from among the junior staff. The Nemetschek Group‘s LinkedIn Learning program provides all brand companies with access to a range of continuing professional development opportunities, in which employees can select training courses to suit their needs from a broad spectrum of subjects. Almost 2,400 Nemetschek Group employees took advantage of this offer in the reporting year. In addition to professional training measures, Themed Learning Challenges are also conducted each month via the intranet with various video content. These included subjects such as “Mindset Matters”, “Sustainability in the Workplace” and “Artificial Intelligence and Machine Learning” in 2023. Leadership and expert training sessions are also offered in the individual brand companies of the Nemetschek Group; this year they have been consolidated and harmonized at Group level. The purpose behind them is to create an opportunity for the junior staff to be able to develop into managers as well as for the brands to support and promote career pathways for experts.

Training needs and corresponding initiatives are analyzed and addressed within the respective brands. The People Letter of Commitment describes the minimum requirements for professional development and further education. The individual requirements for professional development and further education are defined in annual development conversations between employees and their managers and then put into practice with targeted measures during the following year. Individual development targets and possibilities as well as specific measures and goals are also discussed. These development conversations took place at all brands in 2023, as in the previous year.

Employee Health

For the Nemetschek Group, it is of the utmost importance that employees are offered a healthy and safe work environment. This includes minimizing the risk of occupational accidents and work-related illnesses. The company continuously adapts the health-related measures and initiatives to the changing requirements of the working environment.

In its People Letter of Commitment, the Nemetschek Group defined minimum requirements for Group-wide workplace health initiatives for all brands. Measures that were previously largely managed on a decentralized basis are currently undergoing continuous development by the newly formed expert teams within the AEC/O brands in a uniform Group-wide manner. One aim of health management is to give our employees the opportunity to participate in and to promote health-related measures offered by the company. The vast majority of brand companies offered their employees initiatives for their health in the reporting year, including preventive measures such as health screenings and subsidies for gyms.

Diversity and Inclusion

Diversity is part of the corporate culture at the Nemetschek Group. Different cultures and distinct individuality are important drivers for the Group’s innovation and should therefore be promoted in a targeted manner. This guiding principle relating to the diverse and inclusive corporate culture can be found on the Nemetschek Group website and has also been communicated via internal channels:

> *“We, the Nemetschek Group, are a global organization with employees from nearly 70 nations. For us, diversity, equity, inclusion, and belonging are the keys to unleashing our full potential and driving true innovation.*
>
> *We can provide our clients the best support for influencing the world by having a diverse culture. We aim to treat EVERYONE with respect and appreciation, regardless of their differences. Valuing diverse opinions and creating equal opportunities for all are of the utmost importance for us as an organization, and as individuals.”*

The company resolved targets to increase the proportion of women in leadership roles by December 31, 2025, on the Supervisory Board (target 25%), the Executive Board (target 25%) and for the first management tier below the Executive Board (target 28.6%), all of which were achieved in 2023. The share of women on the Supervisory Board was 33.3% as at December 31, 2023 (December 31, 2022: 33.3%). The Supervisory Board appointed a female CFO effective January 1, 2023, which made the proportion of women on the Executive Board 50% as at December 31, 2023 (December 31, 2022: 0%). The first management tier below the Executive Board, which comprises employees who report directly to the Executive Board members, comprised 28.6% women as at December 31, 2023 (December 31, 2022: 25%*).

A Group-wide diversity training concept was developed in the 2023 fiscal year for 2024 to further raise awareness about diversity and inclusion issues within the Nemetschek Group.

* Correction to prior-year figure. The first management tier comprised 16 individuals as of December 31, 2022, of whom 4 were women.

Management Approach – Clients and Society

Every company in the Nemetschek Group bears social responsibility that extends beyond the mere purpose of its operating activities. Focusing purely on economic financials can increase risks in the long term. Personal communication, including digital communication formats and client contact are particularly important for the Nemetschek Group, and these communication channels are valuable for day-to-day collaboration. Besides the various day-to-day challenges, the Nemetschek Group as a business partner attaches particular importance to long-term client relationships and deep cooperation in the higher-education sector. With this in mind, common goals and thematic focus points are coordinated at the level of Nemetschek SE. A key account management (KAM) program was introduced at Group level in the reporting year as a new strategic pillar to consolidate and increase client satisfaction, particularly among major corporate clients. KAM is a special approach to managing and maintaining relations with our largest cross-brand clients. The KAM strategy comprises dedicated measures to ensure an advantageous long-term partnership for both parties, including personalized relationship management, proactive problem-solving at individual client level, tailor-made solutions and offerings aligned with the specific needs of individual major clients. Continual dialog on alignment with developing needs is a priority for the Nemetschek Group and is intended to offer the clients bespoke and strategic added value.

Client Relationships

Satisfaction is an important factor for long-term client relationships, which is why all brands (previous year: 12) analyze information that provides an indication of client satisfaction. One overriding objective is to have a high level of transparency across all brands with regard to client wishes and satisfaction and to continuously incorporate the findings into our go-to-market approach. At 9 (previous year: 9) of the brands, there are systematic targets in this field. This issue is currently managed in a decentralized manner so that specific client needs can be addressed with precision. Most brands use defined indicators to measure the satisfaction of their clients, including for example churn rate, net promoter score, and client satisfaction score. The brands regularly perform client surveys for this purpose and we incorporate the results from them into our go-to-market approach.

To achieve high client satisfaction right from the start, the majority of the brand companies in the Nemetschek Group involved their clients in product development at an early stage in the 2023 fiscal year, as in the previous year. Measures designed to contribute to product quality and client satisfaction include joint development projects, client panels, user groups and communities, product previews, beta testing, and workshops.

We also aim to carry out client surveys at Group level in future due to our targeted future revenue growth and our efforts to further increase the benefits for clients from integration between the individual brands. This should provide findings that may further improve collaboration with clients.

Partnerships with Higher-Education Institutions

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

The Nemetschek Group is also involved in a large number of industry associations and institutions such as buildingSMART and the German Construction Software Association (Bundesverband Bausoftware – BVBS), and is a member of NIMA, formerly the UK BIM Alliance. The brands are also active individually in many national and international associations and organizations to promote OPEN BIM solutions and workflows.

Environment and Climate

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

As a partner of and provider of solutions to the AEC/O industry, the Nemetschek Group has a major responsibility toward the environment. Our greatest display of commitment to the environment is our offering of software solutions that improve efficient resource usage in the construction industry and building management, help to use materials more conservatively, and also contribute to reducing the energy needed by buildings.

Minimizing the use of energy and level of emissions along the value chain also plays an important role at the Nemetschek Group in making a long-term commitment to mitigating climate change and limiting global warming to a maximum of 1.5 degrees Celsius.

Management Approach

An important objective of the Nemetschek Group is to help the construction industry to plan, build, and manage more efficiently and thus to do business in a way that consumes fewer resources overall and improves sustainability. To this end, management of the relevant aspects, such as research and development, is the responsibility of the individual brands.

Environmental protection is enshrined in the Nemetschek Group's Code of Conduct. With this central document, all employees are urged to conserve natural resources in the course of their activities and to consider environmental as well as commercial concerns when selecting suppliers, advertising materials, and other external services. The Supplier Code of Conduct also requires suppliers to use resources responsibly and minimize the environmental impact. The Nemetschek Group set out its commitment to environmental protection in its "Group Environmental Guideline", which defines core obligations, including among other things requirements to adhere to all relevant laws and internal policies, integrate environmentally relevant processes into day-to-day operations, and encourage all employees to take responsibility for environmental protection and practice that actively in their workplace. Fulfilling these obligations entails transparency and open communication with all stakeholders on environmentally relevant topics, for example, along with responsible supplier selection and product, material, and service procurement. The Guideline was drawn up by the sustainability team in consultation with the brands and relevant company departments, and coordinated with, and approved by the Executive Board and segment managers. The Group Environmental Guideline was reviewed during the reporting period.

Group Energy Consumption and Emissions

The Nemetschek Group is currently working hard to ensure uniform tracking of energy consumption and the associated emissions within its own operations throughout the Group to use as a basis for setting its own targets for prevention and reduction in future. The Group uses the internationally recognized Greenhouse Gas (GHG) Protocol standards for orientation in tracking and reporting greenhouse gas emissions. The GHG Protocol categorizes greenhouse gas emissions into Scopes 1, 2, and 3. Direct greenhouse gas emissions (Scope 1) are emissions from sources that are owned or directly controlled by a company. These include emissions from energy sources at the company's sites, such as natural gas and heating oil, as well as emissions from the company's vehicle fleet. Indirect greenhouse gas emissions (Scope 2) are those occurring through the use of purchased energy, such as electricity and district heating/cooling.

The environmental footprint was determined for the first time in the 2022 fiscal year based on the Nemetschek Group's Scope 1 and Scope 2 emissions in 2021*. The focus in the 2023 fiscal year was on Group-wide tracking of, and improved data availability on energy consumption in order to calculate Scope 1 and Scope 2 emissions for 2022 from the approximately 80 office locations around the world. Energy consumption was recorded at site level; the data was consolidated and Scope 1 and Scope 2 emissions disclosed at Group level. Data collection is particularly challenging given the heterogeneous structure of the Nemetschek Group. Consumption at offices that were unable to report any data to the Group due to renting circumstances was estimated based on their size in order to provide a total consumption figure.

GREENHOUSE GAS EMISSIONS – SCOPE 1 AND 2

GHG emissions* in t CO2 equivalent	2022
Scope 1	2,997
Scope 2**	1,740
Total Scope 1 & 2	**4,737**

* Greenhouse gas emissions calculated pursuant to the GHG Protocol. Scope 1 emissions include emissions from stationary combustion and from the vehicle fleet.
** Scope 2 emissions are calculated based on local carbon emission factors for the sites (market-based). Unavailable data has been replaced with country-specific carbon emission factors.

No new emission reduction targets were set in the reporting year in light of the new regulatory reporting requirements under the CSRD applicable from the 2024 fiscal year. Instead, the company opted to establish a complete and adequate emissions baseline to facilitate target setting in the future.

Indirect greenhouse gas emissions occurring along the upstream and downstream value chains are defined under Scope 3 of the GHG Protocol and account for the majority of companies' greenhouse gas emissions. These include emissions from purchased goods and services, capital goods, waste, business travel, employee commuting and the use of sold products. The first assessment of the relevant Scope 3 categories for the software sector began in 2023, and will be further developed in 2024 by involving central company functions of the Nemetschek Group.

Environmental and Social Effects of Products

According to the Global Status Report 2022 published by the Global Alliance for Building and Construction, buildings were responsible for 37% of energy-related carbon emissions in 2021. According to the report, emissions will have to be reduced by more than 98% compared with the 2020 level in order to achieve net zero by 2050.

* Due to improved data transparency and changes in the calculation methodology, the Scope 1 and Scope 2 emissions for 2022 are not fully comparable with the previous year 2021. The previous year's figures will be published in the << Sustainability Report 2023 >>.

The environmental and social effects of the Nemetschek Group's solutions mainly relate to two areas: the specified benefits during the life cycle of a building and the incorporation of sustainability-related considerations into software development. For the latter area, the BIM (building information modeling) digital working method and open standards known as OPEN BIM form the basis of software development. BIM enables buildings to be planned and built more precisely and efficiently, reducing errors and the need for reconstruction throughout the construction life cycle. The Nemetschek Group divides this construction life cycle into three phases: design, build and manage.

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

Build Phase
Solutions from the Build segment enable savings and optimizations to be made during the build phase. For example, the Planbar planning tool from Allplan can help minimize material use in production and reduce scrap during the prefabrication of concrete constructions. On construction sites, the use of Bluebeam Revu can reduce paper consumption by up to 90%. It is also possible to efficiently calculate the carbon footprint during the build phase. Allplan Precast offers a plug-in for this purpose as well as solutions in cooperation with Built-Heat.

Manage Phase
Roughly 80% of the costs of a building are incurred during the utilization phase, with a large share of this expenditure going toward energy consumption.

Spacewell Energy from subsidiary DEXMA Sensors S.L. (DEXMA) provides data-driven "energy intelligence" via a software-as-a-service (SaaS) solution. The solution reports energy consumption, analyzes usage patterns and inefficiencies, and detects anomalies in real time. Spacewell Energy enables organizations to automate energy data management in order to minimize energy consumption in their facilities. In addition, integrated workplace management systems from Spacewell enable optimum management of heating, ventilation, and lighting. They can also be used to plan and use the available office space efficiently because they show how much space is actually required, enabling resources to be conserved.

The Nemetschek Group also brought the data-driven dTwin platform to the market in the reporting year, enabling building owners to create a digital image of the actual building, which they can use to manage it more efficiently and sustainably or to remodel it if required.

Furthermore, seamless virtual documentation enables simple and targeted modifications to the buildings, even years after their construction. At the moment, it is not generally known which materials were used when buildings are converted or demolished decades later. The resulting uncertainty costs time, money, and resources. With the exact recording, documentation, and archiving using Nemetschek Group software products, modernization projects are much simpler to calculate and plan. If the construction materials used are already known before the start of any demolition work, demolition measures can be deployed in a targeted manner to obtain raw materials through recycling.

The Nemetschek Group's Sustainability Report presents further specific examples of implementation in our clients' projects; see << Sustainability Report 2023 >>.

Integrity and Compliance

Both the regulatory environment of Nemetschek SE, which is listed on the German MDAX and TecDAX, and the international focus of the Nemetschek Group are complex and highly regulated. The Group-wide compliance risk analysis completed in 2022 highlighted gross risk potential in areas including anticorruption, antitrust law, data protection and information security, and export and sanctions. Any violation of the regulatory requirements and provisions could have negative effects on the company's assets, finances, earnings, share price or reputation.

The Nemetschek Group is therefore fully committed to fair competition and firmly rejects corruption and bribery in particular. This is based on its conviction that long-term business success can be achieved only by acting in a legally compliant and responsible manner, and that these efforts will also have a positive payoff for our stakeholders' satisfaction. An open corporate culture and an established compliance management system (CMS) are key in the fight against corruption and bribery and to mitigate other material risk areas.

Actual or suspected violations of applicable laws, internal regulations, or ethical standards could have negative financial consequences. Accordingly, the Group's primary objective is to avoid compliance incidents comprehensively and systematically. To this end, the Nemetschek Group takes a preventive, risk-based, and tailored compliance approach and fosters a corporate culture in which all employees are sensitized to the issue and receive appropriate training.

Management Approach

Compliance-related activities, which are based on the Group-wide risk analysis completed in 2022, are closely integrated with risk management and the internal control system. Corporate Legal & Compliance controls compliance activities across the Group. The focus of these activities is on creating suitable structures and processes as well as on supporting the efficient realization of targeted, risk-based compliance measures (including the implementation of Group policies and processes, awareness-raising and communication initiatives, and training). Corporate Legal & Compliance is also the point of contact for any individual questions that may arise from within the organization. There is a direct reporting line to the Executive Board member and CFO of the Nemetschek Group. Internal Audit regularly performs internal audits to assess compliance with internal guidelines and legal requirements.

As an international organization, the Nemetschek Group has a corporate responsibility toward society and the environment. The commitment and objective of the Nemetschek Group in the area of Corporate Legal & Compliance is to comply with the applicable laws everywhere and at all times, to respect fundamental ethical values, and to act in a sustainable manner. This applies not just to employees, but also to suppliers and business partners.

Our employees are expected to treat each other and third parties fairly and respectfully. The Group-wide Code of Conduct includes the key issues of human rights, and environment and climate. The Code of Conduct is transparent and available to view at any time, in both German and English, on the intranet and the Group website. It has been publicized throughout the Group and is binding for all employees regardless of their position in the company. The Nemetschek Group is also active outside its own companies and is committed to strengthening human rights, and combating modern slavery and human trafficking in its supply chains. Our official statements on the UK Modern Slavery Act and the Norwegian Transparency Act disclose our initiatives on these topics and are available in full transparency on the Group's website. We have also prepared a statement on the Australian Modern Slavery Act, which we will publish along with updated versions of the other statements in early 2024.

The Nemetschek Group's public image is also shaped by its suppliers and business partners. In order to promote trusting and long-term business relationships, the Nemetschek Group focuses on transparent and lawful execution of all transactions. The Nemetschek Group expects its suppliers and business partners to do the same. The Supplier Code of Conduct communicated Group-wide for this purpose can also be viewed on the Group's website and is mandatory for our suppliers and business partners. The Nemetschek Group employs a risk-based approach which provides for case-by-case integration of the Supplier Code of Conduct based on the potential risk exposure identified in a specific business partner integrity check performed in advance and by applying special contractual and communicative measures (e.g., explanations and information by referring to the website and by using targeted, risk-based compliance clauses, etc.). This Code of Conduct requires suppliers and business partners to take corporate responsibility in relation to issues such as human rights, antidiscrimination, and the environment and climate. It also addresses topics such as ensuring transparent business relationships, fair market behavior, and data and information protection. Furthermore, suppliers and business partners are expected to comply with the principles of the UN Global Compact and the fundamental principles of the International Labour Organization (ILO).

The Group-wide compliance management system (CMS) forms the basis of the preventive compliance approach. The practical implementation of this system in the subsidiaries is carried out by the local executive bodies and compliance coordinators of the individual brands of the Nemetschek Group and by the Group-wide compliance network. Videoconferences were held in March, July, and December 2023 in this area, and provided the opportunity for participants to discuss and receive training on key compliance issues, in some cases relating to the current situation. Reports on potential compliance incidents are also prepared four times a year. The results in 2023 were consolidated for the Group and reviewed by Corporate Legal & Compliance before being reported directly to the CFO of the Nemetschek Group. Ad hoc compliance reports are also prepared as required as part of an applied due diligence process. The Executive Board, Audit Committee, and Supervisory Board are updated at least four times per year about compliance-related matters, and at least once per year about the expansion of compliance structures and compliance-related initiatives that have been performed and are still planned.

The preventive compliance approach also included an initial online self-assessment of the Nemetschek Group CMS offered by the German Institute for Corporate Governance (ICG), which was performed by Corporate Legal & Compliance. The assessment contains control questions on “formal requirements”, “basic values”, “compliance”, “commitment” and “communication and monitoring”. The result showed that the Nemetschek Group CMS meets all key requirements, which was comprehensively and transparently reported to the Executive Board and Audit Committee.

The basis of the preventive compliance approach also includes Group-wide regulations in the form of policies on various topics. There are Group policies on the topics of money laundering and terrorist financing, data protection, antitrust law, anticorruption, risk management, and internal control. Corporate Legal & Compliance regularly develops dedicated compliance guidelines for further specific topics and communicates them Group-wide. An important goal is to provide our employees with up-to-date and comprehensible regulations and information on matters relevant to the company and also to offer appropriate training. In the last reporting period, these included policies on supply chain compliance and human rights, and the crisis management process. On a day-to-day basis, these policies and guidelines are complemented with additional, current Compliance Communication Papers which are distributed through the compliance network. They provide information about a variety of matters such as anticorruption, antitrust law, combating money laundering and terrorist financing, conflicts of interest, export control and sanction monitoring, supply chain compliance, whistleblowing, dawn raids and search warrants, and data protection.

To keep employees aware of the current compliance rules, regular employee information is required. Mandatory Group-wide e-learning training on compliance (including anticorruption) and data protection and information security, and regular individual refresher courses on compliance topics ensure that the relevant rules are an integral part of everyday working life. Corporate Legal & Compliance also held special workshops tailored to the needs of individual subsidiaries during the reporting year to accelerate the implementation of important policies and processes and to provide information and specific training on key issues (e.g., compliance, anticorruption, antitrust law and IT dawn raids).

The Nemetschek Group is aware of its overall responsibility in the way its brands work together. Due to the heterogeneous nature of the individual brands, they are generally required to take responsibility for individually rolling out Group policies and conducting in-house training on compliance topics. This individual, risk-based compliance approach enables Group guidelines to be adapted to specific local requirements. Accordingly, there are uniform, binding Group guidelines that are supplemented on an individual basis to create structures and processes that function locally in the relevant organizations.

The Nemetschek Group demands and promotes an open “speak-up” culture. It encourages its employees to report behavior that may violate its Code of Conduct, which they can do by contacting their superiors, the relevant HR manager, or Corporate Legal & Compliance directly.

Moreover, there is a digital, Group-wide whistleblowing system that can also be used anonymously if desired, which is proactively communicated by Corporate Legal & Compliance throughout the Group on an annual basis. This digital system has also been open to third parties since the end of 2022, with the option to use it in a range of languages to submit tip-offs. To this end, the whistleblowing system has been made transparent and accessible to all on the Group‘s website. This conscious decision to open up the whistleblower system outside the company achieved further development and professionalism aims in the areas of supply chain due diligence. In this system, tip-offs can be submitted digitally in German or English to the provider Legaltegrity using the whistleblowing tool or via telephone.

In order to meet the requirement for overall responsibility under corporate group law, Corporate Legal & Compliance also functions as an independent internal reporting office to assess tip-offs received as part of the investigation process and to delegate tasks appropriately. The process to be adhered to for processing tip-offs received is set out in writing, and applies in particular to any tips-offs relating to Corporate Legal & Compliance itself or Executive Board members. No substantial compliance violations were reported during the 2023 fiscal year or the previous year.

Fair Business Practices and Anticorruption

The Group-wide Code of Conduct incorporates considerations relating to fair business practices and anticorruption extensively. For example, the Code of Conduct clearly states that corruption, bribery, and other forms of illegally granting and accepting benefits – including in relation to officials and elected representatives – are not tolerated in the Nemetschek Group. In its Code of Conduct, the Nemetschek Group is also fully committed to competition by fair means and strict compliance with antitrust and export control law. All employees of the Group must act in accordance with the applicable competition laws. In addition, the Code of Conduct defines the rules on the separation of private and Group interests and the handling of company and business secrets.

Antidiscrimination

On the subject of discrimination, the Code of Conduct clearly states:

> *"The Nemetschek Group does not tolerate any form of discrimination or harassment within the Group, whether based on origin, gender, disability, religion, age, sexual orientation, political views, or trade union activities."*

Any employees who are subjected to or observe any form of discrimination or inappropriate behavior are encouraged to report this through the reporting channels described. All incidents of possible discrimination that were reported or otherwise became known were reviewed accordingly during the reporting period. There were no incidents that would have necessitated steps of a disciplinary or legal nature during the 2023 fiscal year, as was the case the year before.

Human Rights

Respecting and strengthening human rights and combatting modern slavery and child labor are essential components of our responsible supply chain compliance. Both the Supplier Code of Conduct and our official statements on the UK Modern Slavery Act and the Norwegian Transparency Act underscore our Group-wide approach. The Nemetschek Group also published statements for 2023 which are intended to provide more transparency about the Nemetschek Group's supply chain. The statements outline the steps that were taken in 2023 to prevent modern slavery and human trafficking in business and supply chains. The Code of Conduct also lays out clear specifications for the upholding of all human rights and for compliance at business partners so that responsibility is taken consciously when choosing suppliers and business partners right from the initiation stage of a business relationship. The same applies to business partners who are informed and contractually obliged to comply through risk-based and specially drawn up compliance and human rights clauses. A practical guide to the issue of supply chain compliance, based on the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), and regular general training on these matters within the compliance network and compliance workshops raised general awareness about these important topics during the reporting period.

Data Protection and Information Security

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

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

Data Protection

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

Adherence to the data protection requirements and processes is regularly checked by various parties, including Internal Audit as part of audits in cooperation with Corporate Legal & Compliance and Corporate IT. Data protection officers – both internal and external – are appointed at the companies where required by law. All employees are encouraged reporting any violations of data protection regulations or internal company policies. Any indication of possible violations of data protection regulations is taken seriously and followed up on as quickly as possible.

In addition, employees receive training and communication measures are carried out. New employees are notified of confidentiality requirements relating to the handling of sensitive and personal data and are required by their contracts to maintain secrecy. Furthermore, all employees – and not just those in Europe – are required to participate in data protection training at regular intervals of at least every two to three years and to provide documented evidence of this training. An e-learning course set up specifically to deal with the issue of data protection is offered across the Group in both German and English. Corporate Legal & Compliance designed an update training course on this subject in the 2023 fiscal year, which will be offered to all subsidiaries to meet their local training obligations from 2024.

Information Security

Information security is a particularly fast growing division of the Nemetschek Group. This growth has been driven by both the significant rise in cyber attacks – including on the Nemetschek Group – and the increasing security-related requirements our clients have of our products coupled with increasing statutory and regulatory requirements on our company and our software solutions.

Group Information Security manages Group-wide information security activities with the aim of ensuring appropriate organizational and technical measures are in place at all times at both at Group and individual brand level. The Corporate Information Security Officer (CISO) is responsible for the department and reports directly to the Executive Board member and CFO of the Nemetschek Group. Information security is organized via a Group-wide information security management system (ISMS) used in the respective brand companies. The ISMS is based on the internationally recognized information security standard ISO 27001 and governs responsibilities in the Group and the brand companies and the cooperation between all functions relevant to information security. In addition to other initiatives resolved by the Executive Board in 2023, preparations were also made for ISO 27001 certification of the ISMS, which is due to be completed in the 2024 fiscal year.

Company-specific requirements are governed in the Group-wide information security policy, which is signed by the Executive Board and updated at least once a year. These include the Group Information Security Guideline and the Group Information Security Policies. These comprise guidelines for the organization of information security, for the integration of management, and for the necessary technical and organizational measures that serve the implementation and monitoring of information security. The scope of this information security policy, which is binding for all Group units, covers the protection of all IT systems, the data stored in them, and the security of our products, employees, and offices.

The information security measures in place at the Nemetschek Group aim to prevent security incidents, detect them in their root stages, and ensure a prompt and appropriate response if they do occur. The most important measures are also continually monitored and reviewed at regular intervals by independent bodies as well as by Internal Audit and Information Security.

A standardized Group-wide information security architecture comprising various state-of-the art information security systems was developed and established in the brand companies and their IT systems in 2023. Centralized monitoring of these components, assessment of all identified security events and the reaction to them is provided via the newly created Security Operation Center (SOC), which also includes a 24/7 detection function for attacks on employees or IT systems. All attacks detected or reported that are not fully automatically repelled by the security architecture are recorded by the SOC employees and transferred to the defined security incident response process.

Additional focal points of information security are included in regular training for all employees, through online courses, e-mail phishing simulations, ad hoc communication, and the inclusion of information security measures in daily workflows. The mandatory Group-wide e-learning training on information security is also updated on an annual basis.

The Nemetschek Group also has Group-wide cyber security insurance to provide additional protection against information security risks. This will be renewed for the 2024 fiscal year following an audit of the information security architecture by the insurance provider in 2023.

2.4 EU Taxonomy

As of fiscal year 2021, companies required to prepare non-financial consolidated financial statements in accordance with Section 315b HGB must comply with the requirements of the EU taxonomy, more specifically Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation).

The EU taxonomy provides a uniform classification system for the environmental sustainability of economic activities. The purpose of this system is to make companies' sustainability activities easier to compare and to implement the European Green Deal, which aims to achieve climate neutrality in the EU in line with the Paris Climate Agreement by 2050.

Article 9 of the Taxonomy Regulation sets out the following six environmental objectives to which environmentally sustainable economic activities can contribute:

ENVIRONMENTAL OBJECTIVES OF THE EU

1. Climate change mitigation (CCM)	**4. The transition to a circular economy** (CE)
2. Climate change adaptation (CCA)	**5. Pollution prevention and control** (PPC)
3. The sustainable use and protection of water and marine resources (WTR)	**6. The protection and restoration of biodiversity and ecosystems** (BIO)

The EU taxonomy differentiates between taxonomy-eligible and taxonomy-aligned economic activities. The first step is to assess whether an economic activity is included in Annex I and II to Commission Delegated Regulation (EU) 2023/2485 or Annex I to IV to Commission Delegated Regulation (EU) 2023/2486, and is therefore taxonomy-eligible. Later steps involve examining whether this taxonomy-eligible economic activity meets the defined criteria for making a substantial contribution to one of the six environmental objectives listed above, does not do significant harm to any of the remaining five environmental objectives, and also complies with a minimum safeguard. Only if it meets the aforementioned criteria is an economic activity deemed taxonomy-eligible, and is therefore "environmentally sustainable" within the meaning of the EU taxonomy.

Since 2021, the EU taxonomy has required companies with a reporting obligation to disclose the proportion of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) relating to environmental objectives 1 (climate change mitigation) and 2 (climate change adaptation) that is deemed taxonomy-eligible. Disclosure of the taxonomy-aligned proportions relating to environmental objectives 1 and 2 has been mandatory since 2022.

In June 2023, the European Commission adopted the delegated act on environmental objectives 3 to 6, amendments to the disclosure requirements and adjustments to environmental objectives 1 and 2 concerning an expansion to include additional economic activities and adjustments to the assessment criteria for existing activities. The delegated act on environmental objectives 3 to 6 (the Environmental Delegated Act) sets out the technical screening criteria for economic activities making a substantial contribution to one or more of the environmental objectives 3 to 6. The adjustments to environmental objectives 1 and 2 (the Climate Delegated Act) include an expansion to add further economic activities and adjustments to the existing technical screening criteria for existing activities. There were also amendments to the disclosure obligations (the Disclosure Delegated Act), such as regarding the structure of the templates to be used.

Pursuant to the Taxonomy Regulation, Nemetschek SE is required to report for the 2023 fiscal year the taxonomy-eligibility of the newly introduced economic activities under environmental objectives 3 to 6, the taxonomy-eligibility of the new economic activities under environmental objectives 1 and 2, and the taxonomy-alignment of existing economic activities under environmental objectives 1 and 2, taking in to account the amendments to the assessment criteria and disclosure obligations.

Process for Identifying Taxonomy-Eligible and Taxonomy-Aligned Activities at the Nemetschek Group

A working group of experts and managers from Finance, Controlling & Risk Management, Investor Relations, and the sustainability team was put together to identify taxonomy-eligible and taxonomy-aligned activities at the company. This working group analyzed and assessed the amendments to the rules under the Taxonomy Regulation and their effect on the Nemetschek Group portfolio again in the 2023 fiscal year.

In previous years, determining the taxonomy-eligibility of revenue had started by identifying the revenue streams based on segment, brand and product. These revenue streams were next allocated to the relevant economic activities based on Annex I and II to the Climate Delegated Act, and then validated – first at Nemetschek SE level, and subsequently with the Controlling departments of the operating units. This was followed by an analysis of the taxonomy-eligibility of the capital expenditure and operating expenditure.

This analysis was subjected to a comprehensive review in 2023 in terms of its validity for the economic activities of the Nemetschek Group, and due to the changes in the regulatory environment described above, was expanded and updated as set out below:

» **Step 1:** Review of revenue streams determined in the preceding years by segment, brand and product.

» **Step 2:** Assessment of relevant economic activities based on Annex I and II to the Climate Delegated Act and Annex I and II to the Complementary Delegated Act.*

» **Step 3:** Analysis of relevant economic activities based on the adjustments and supplements to the Delegated Act amending the Climate Delegated Act.

» **Step 4:** Assessment of relevant economic activities based on Annex I to IV to the Environmental Delegated Act.

» **Step 5:** Validation of the economic activities and revenue streams at the level of Nemetschek SE and the operating units regarding taxonomy-eligible revenue.

» **Step 6:** Subsequent analysis of the taxonomy-eligibility of the capital expenditure (CapEx) and operating expenditure (OpEx). The analysis follows the approach described for revenue validation (steps 1 to 5).

* Commission Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities. The relevance of the affected economic activities for the Nemetschek Group was assessed based on template 1 "Nuclear and fossil gas related activities" as set out in the regulation. The template is included at the end of the section.

To avoid double counting, the revenue, capital expenditure and operating expenditure were always allocated to one relevant economic activity only.

In reviewing the economic activities with due consideration for the expansion in 2023 of the Taxonomy Regulation rules, either very few or no activities were identified or verifiable as taxonomy-eligible for the Nemetschek Group among the revenue, capital expenditure and operating expenditure. A review of taxonomy alignment was not performed.

The following figures were determined based on the process described and in relation to the base values in connection with the International Financial Reporting Standards (IFRS) used in preparing the consolidated financial statements. The basis of consolidation of the consolidated financial statements applies, i.e., all subsidiaries and associates were included when determining the key figures.

In-Depth Analysis of Revenue

Revenue pursuant to the EU taxonomy comprises the revenue recognized in the consolidated statement of comprehensive income (IFRS). To determine the proportion of taxonomy-eligible and taxonomy-aligned revenue, the relevant revenue (numerator) is set in relation to the revenue recognized in the consolidated statement of comprehensive income (denominator). Revenue in accordance with the EU taxonomy amounted to EUR 851.6 million for the 2023 fiscal year; see *<< Consolidated Financial Statements (IFRS) – Consolidated Statement of Comprehensive Income >>*.

The analysis explained above comprising all environmental objectives identified the following taxonomy-eligible activities, which could in principle result in taxonomy-eligible and taxonomy-aligned revenue.

With respect to environmental objective 1 (climate change mitigation), the following economic activities were identified: 8.2 (Data-driven solutions for GHG emissions reductions) and 9.3 (Professional services related to energy performance of buildings). The in-depth analysis found that these activities had very little or no effect at all on the economic activity of the Nemetschek Group. The verified activities are currently limited to parts of the business activities of the Spanish company DEXMA, which was acquired at the end of 2020 financial year and integrated into the Group brand Spacewell. The revenue from the verified taxonomy-eligible activities was therefore in the low to mid-single digit million euro range, as in the previous year, and thus significantly below one percent of the total revenue generated in the Nemetschek Group in 2023 of EUR 851.6 million. Accordingly, no revenue can be verified that currently makes a substantial contribution to the climate objectives. Following an in-depth analysis for the 2023 fiscal year, the economic activities listed in the new environmental objectives 3 to 6 were classified as taxonomy-non-eligible, as they are not currently clearly assignable to the Nemetschek Group‘s business activity and the assessment of client behavior regarding the use of the software solutions of the Nemetschek Group is associated with uncertainties.

In-Depth Analysis of Capital Expenditure (CapEx)

Capital expenditure pursuant to the EU taxonomy comprises additions to property, plant and equipment, additions to intangible assets, in particular capitalized development costs, and additions to right-of-use assets pursuant to IFRS 16.

Capital expenditure in 2023 comprised additions to property, plant and equipment of EUR 6.3 million (previous year: EUR 14.0 million) (*<< Note 15 Property, plant and equipment >>* in the notes to the consolidated financial statements), additions to intangible assets in the amount of EUR 6.0 million (previous year: EUR 33.1 million) (*<< Note 16 Intangible assets and goodwill >>* in the notes to the consolidated financial statements), and additions to right-of-use assets in the amount of EUR 11.4 million (previous year: EUR 27.4 million) (*<< Note 17 Leases >>*) in the notes to the consolidated financial statements). Overall, this expenditure amounted to EUR 23.7 million in 2023 (previous year: EUR 74.5 million). To determine the taxonomy-eligible or taxonomy-aligned proportion, the capital expenditure assessed as taxonomy-eligible or taxonomy-aligned (numerator) is set in relation to the determined total capital expenditure (denominator).

The Nemetschek Group’s verified capital expenditure (CapEx) is of secondary importance overall due to the Group’s business model. Based on the analysis conducted, only a small amount of taxonomy-eligible capital expenditure was identified (less than EUR 0.5 million), which includes leasehold improvements and parts of company vehicles. Due to the minor importance of the verified expenditure, an assessment based on the technical screening criteria was not performed and the determined CapEx was reported as taxonomy-non-eligible and therefore taxonomy-non-aligned.

In-Depth Analysis of Operating Expenditure (OpEx)

Operating expenditure (OpEx) pursuant to the EU taxonomy comprises direct, non-capitalized costs relating to research and development, building renovations, short-term leases, maintenance, and repair.

These include:

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

Operating expenditure in accordance with the EU taxonomy amounted to EUR 203.7 million in 2023. Based on the analysis performed, taxonomy-eligible operating expenditure of less than one percent of total operating expenditure was identified pursuant to the EU taxonomy, as in the previous year. These include R&D expenses for DEXMA, which was acquired at the end of 2020 fiscal year. Due to the minor importance of this verified operating expenditure, an assessment based on the technical screening criteria was not performed and the determined OpEx was reported as taxonomy-non-eligible and therefore taxonomy-non-aligned.

The majority of the economic activities of the Nemetschek Group that could contribute to environmentally sustainable development within the construction industry are not currently covered by the delegated acts adopted in the EU Taxonomy Regulation or cannot be verified accordingly. However, the company's IT solutions contribute to making the life cycle of a building more efficient and resource-friendly, from the planning stage, through construction and management, right down to demolition. Examples of how the company's products and solutions can nevertheless contribute to positive environmental and social development are provided in the *<< Sustainability Report 2023 >>*.

In light of possible additions to the economic activities currently specified in the delegated act, it cannot be ruled out that the business activities of the Nemetschek Group will be covered by the EU taxonomy in future, and that the company will also be able to disclose environmentally sustainable business activities pursuant to the EU Taxonomy Regulation. There may also be changes in future due to portfolio activities.

SUMMARY PRESENTATION OF THE TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

	Revenue		CapEx		OpEx	
	In EUR million	in %	In EUR million	in %	In EUR million	in %
Nemetschek Group	851.6	100%	23.7	100%	203.7	100%
Of which taxonomy eligible business activities	0.0	0%	0.0	0%	0.0	0%

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Of which Enabling		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Of which Transitional		**–**	**–**						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A. Turnover of Taxonomy eligible activities (A1 + A2)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		**851.6**	**100%**						
Total		**851.6**	**100%**						

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Of which Enabling		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Of which Transitional		**–**	**–**	**–**					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
A. CapEx of Taxonomy eligible activities (A1 + A2)		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		**23.7**	**100%**						
Total		**23.7**	**100%**						

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	**E**	
–	–	–	–	–	–	–	–		**T**
							–		
							–		

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	**E**	
–	–	–	–	–	–	–	–		**T**
							–		
							–		

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2023

Financial year	2023			Substantial Contribution Criteria					
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosys-tems (10)
Text		in euro millions	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	–	–	–	–	–	–	–
Of which Enabling		–	–	–	–	–	–	–	–
Of which Transitional		–	–						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–
A. OpEx of Taxonomy eligible activities (A1 + A2)		–	–	–	–	–	–	–	–
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		**203.7**	**100%**						
Total		**203.7**	**100%**						

TEMPLATE 1 - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES

Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

DNSH criteria ('Does Not Significantly Harm')									
Climate Change Mitigation (11)	Climate Change Adaptation (12)	Climate Change Adaptation (12)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosys-tems (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligble (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
–	–	–	–	–	–	–	–		
–	–	–	–	–	–	–	–	**E**	
–	–	–	–	–	–	–	–		**T**
							–		
							–		

3 Economic Report

3.1 Macroeconomic and Industry-Specific Conditions

General Economic Conditions

Global Economy

The global economy continued to feel the effects of geopolitical crises and conflicts in 2023 but generally proved to be resilient. However, momentum slowed in the course of the year due in part to the subsiding post-pandemic catch-up effects. Moreover, the currently high interest rates and declining, but still high, inflation are continuing to place a damper on corporate spending and consumption as well as on private households.

In its Annual Report 2023/2024 published on November 8, 2023, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 2.7% in 2023, thus exceeding the rate that had been forecast in its Annual Report 2022/2023. In its World Economic Outlook published on January 30, 2024, the International Monetary Fund (IMF) currently expects growth of 3.1% in 2023, i.e. slightly in excess of its October 2023 forecast of 3.0% (World Economic Outlook Update).

Developments in the regions that are relevant for the Nemetschek Group are discussed below.

Eurozone

The geopolitical crises and conflicts already mentioned left clear traces on the Eurozone economy. The economic upheaval in the wake of the energy crisis primarily caused by the Russian war of aggression on Ukraine and the resultant high inflation prompted substantially slower growth in the Eurozone. In September 2023, the European Central Bank raised its key rates for the tenth consecutive time, triggering a significant decline in lending in the Eurozone. The expiry of government support in connection with the Covid-19 pandemic also placed a damper on growth, while the stabilizing factors from the catch-up effects in the aftermath of the Covid-19 pandemic – especially in the service sector – also left traces. Within the Eurozone, the German economy in particular cooled off sharply. Currently, industry and also the construction sector are still benefiting from existing order backlogs, although these are now declining significantly due to the low volume of new orders.

Overall, in its Annual Report 2023/2024 published on November 8, 2023, the German Council of Economic Experts assumed economic growth of 0.6% for 2023. The IMF forecast growth of 0.5% for 2023 in its World Economic Outlook Update published on January 30, 2024. For Germany, the German Council of Economic Experts projected contraction of 0.4% for 2023, while the IMF's January 2024 update pointed to a slowdown of 0.3%.

The muted economic growth had only a minor impact on the Eurozone employment market in the course of 2023. In its Annual Report 2023/2024, the German Council of Economic Experts forecasts an unemployment rate of 6.5% for 2023, down slightly on the previous year's figure of 6.7%. However, the numbers vary greatly from country to country, ranging from 3.1% in Germany to 11.9% in Spain for 2023. The rapidly growing and long-term shortage of skilled workers in some sectors, including the software segment, is increasingly coming to the fore and may exert a drag on growth in some economic sectors.

USA

The US economy proved to be resilient in 2023. Economic growth was particularly driven by strong domestic demand, which was fueled by persistently solid consumer spending and heavy capital spending in the corporate sector – supported by expansionary fiscal policies and investment programs such as the Inflation Reduction Act (IRA) worth US $738 billion. In particular, heavy spending on commercial construction by the US semiconductor industry was a major source of growth. Given the high interest rates and the consumption of excess private savings that had accumulated during the Covid-19 pandemic, there are signs and risks suggesting that domestic demand could taper off.

Overall, in its Annual Report 2023/2024, the German Council of Economic Experts assumed economic growth of 2.4% for 2023. For the United States, the IMF projects growth of 2.5% for 2023 in its World Economic Outlook Update published on January 30, 2024.

Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. In 2023, the Japanese economy was also dragged down by high inflation, which was additionally fueled by the Bank of Japan's accommodative monetary policies. The German Council of Economic Experts forecasts what by Japanese standards is a high inflation rate of 3.2% for the country for 2023. All in all, however, the Japanese economy recovered from the previous year's weak performance. Whereas the late waves of the Covid-19 pandemic had left deep traces on the Japanese economy in 2022, rebounding tourism in particular as well as the favorable performance of the automotive industry generated positive impetus in 2023.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 4.5% in 2023, and Japan's gross domestic product to grow by 1.8%. The IMF anticipated growth of 1.9% for Japan in 2023 (World Economic Outlook Update).

Emerging Markets / Focus India

The emerging markets are growing in importance for the Nemetschek Group. It is already active in individual countries and regions, such as India and Hungary. Conditions in the Chinese economy are also relevant for the Nemetschek Group. Given its size, changes in the Chinese economy as well as the country's economic policies have a direct bearing on the global economy.

Overall, in its Annual Report 2023/2024, the German Council of Economic Experts projects economic growth of 4.7% in the emerging markets for 2023. The IMF's World Economic Outlook Update points to expansion of 4.1% in 2023.

Developments in the emerging countries reveal substantial regional disparities. Thus, according to the IMF, the Asian emerging markets are set to grow by 5.4% in 2023, up from 4.5% in 2022. This increase was also driven by continued sharp growth in India. According to the IMF, the European emerging markets should grow by 2.7% in 2023, up from only 1.2% in 2022. This trend is being heavily influenced by the recovery of the Russian economy, which the IMF assumes will expand by 3.0% again in 2023. The IMF forecasts growth of 2.5% for the Latin American emerging markets in 2023. The year-on-year decline is mainly due to the downward movement in commodity prices in the course of the year. In 2022, high commodity prices had resulted in relatively strong growth rates. Growth in the Middle East and Central Asia should reach 2.0% in 2023. The substantial slowdown primarily reflects declining commodity prices and lower deliveries from oil exporters. The IMF forecasts economic growth of 3.3% in 2023 for the African emerging markets.

Sources: German Council of Economic Experts, Annual Report 2023/2024 dated November 8, 2023 and International Monetary Fund, World Economic Outlook Update dated January 30, 2024.

Development of the Underlying Industry-Specific Conditions in the Construction Industry

Europe

Accounting for a good 50% of revenue, the European construction industry remains the main market for the Nemetschek Group. After slowing to just under 3% in 2022 primarily as a result of high interest rates, growth in the construction industry lost further momentum in 2023, falling by 1.7% over the previous year. The main drivers were persistently high interest rates, continued inflation – especially in the construction sector – as well as the geopolitical uncertainties and their possible impact on the economy.

The individual European markets performed very disparately in some cases in 2023. Whereas Sweden (–10.6%), Finland (–10.1%) and Hungary (–8.0%) sustained the heaviest declines, substantial growth rates were achieved in countries such as Spain (+2.8%), Poland (+2.2%) and Portugal (+1.3%). The construction industry in the German market, which is important for the Nemetschek Group (–2.3%), contracted at a slightly greater rate than the European average.

North America

The United States is one of the most important markets for the Nemetschek Group. Based on the estimates of the North American Engineering and Construction Outlook (FMI, October 2023), the construction industry in the **United States** was significantly more resilient than its European counterpart and was able to continue growing by 5% in 2023 (as of October 2023). With an increase of roughly 12%, economic momentum was a good deal more pronounced in 2022. Whereas commercial building construction (+17%) and the infrastructure sector (+11%) rose sharply, the housing market (–6%) shrank significantly. Within commercial building construction (+17%), the construction of production facilities in particular made a disproportionately large contribution of 58% to growth. This growth is primarily being driven by heavy capital spending in the semiconductor industry on new manufacturing capacities. The housing construction market (–6%) also paints a mixed picture. While the number of single-family homes (–13%) and renovations (–4%) declined significantly in some cases, the number of multi-family homes (+18%) grew substantially but failed to make up for the overall decline in the other two segments.

After achieving strong growth in 2022 of +12%, the construction industry in **Canada** lost substantial momentum in 2023, shrinking by 3% year-on-year in 2023. This was primarily due to the 12% year-on-year decline in housing construction. Within housing construction, single-family homes (–20%), multi-family homes (–7%) and renovations (–12%) were all down.

Asia/Pacific

The Asia/Pacific construction industry is the world's largest and registered a decline of 1.7% in 2023. However, regional trends were highly disparate in individual cases last year. Thus, China, which is by far the largest market in the region, contracted substantially by 5.4%. On the other hand, most of the other regional construction industries posted what in some cases was strong growth in 2023. Thus, the construction sector expanded by 7.0% in India and by 1.8% in Japan. According to the latest estimates, the construction markets in other parts of Asia grew by an aggregate 3.8%.

Sources: 96th EUROCONSTRUCT Summary Report, Winter 2023 (November 2023); 2023 North American Engineering and Construction Outlook, Fourth Quarter Edition (October 2023), Building, Real Estate, Construction and Housing, Department of Statistics Singapore, Construction Work Done, Australia (Preliminary), Australian Bureau of Statistics, Oxford Economics/Haver Analysts).

Development of the Media and Entertainment Industry

The global 3D animation market was also adversely affected by the geopolitical crises and conflicts. In addition, the industry felt the effects of the film and TV strike in Hollywood. Consequently, the Media segment was unable to unleash its full growth potential. Despite these factors, the media and entertainment market continued to grow.

One reason for the segment's resilience was the broad base of different submarkets and client groups addressed by the Maxon brand with its portfolio of innovative solutions. For example, Maxon's professional solutions for the production of digital 2D and 3D content are used for the creation and rendering of visual effects in feature films, TV shows and commercials as well as for applications in the games industry and in the fields of medical illustration, virtual reality (VR), augmented reality (AR), architecture and industrial design.

In the long term, these submarkets will benefit from strong structural growth drivers. The media and entertainment market is expected to reach EUR 8.9 billion by 2027, equivalent to an annual average growth rate of 12%.

3.2 Business Performance in 2023 and Key Events Influencing the Company's Business Performance

General Statement on the Economic Position of the Group

2023 was again marked by geopolitical conflicts and crises, high inflation, rising interest rates and the macroeconomic challenges resulting from these factors. The consequences of the ongoing Russian war of aggression on Ukraine as well as the escalating Israel-Gaza conflict influenced world events as well as the global economy. Nevertheless, the Nemetschek Group continued to perform well in this very demanding environment, achieving good business results.

In the course of 2023, business performed better than originally expected and projected in the March forecast for the year despite the simultaneous adoption of subscription and SaaS models.

In particular, the operational strength of the Nemetschek Group's business and the resilience of its business model have shown once again that it can perform very successfully even in a challenging and demanding environment. Given the strong operating performance during the year, the Executive Board raised the original targets for 2023 in October, rendering them more precise << 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>.

In the financial year 2023, Group revenue increased by 6.2% (currency-adjusted: 8.0%) to EUR 851.6 million despite the ongoing transition of the business model to subscription and SaaS models and a challenging market environment. As a result, currency-adjusted Group growth was at the upper end of the raised forecast corridor of 6% to 8% (previously: 4% to 6%).

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) increased to EUR 257.7 million (previous year: EUR 257.0 million). At 30.3%, the EBITDA margin was therefore at the upper end of the forecast corridor of 28% to 30%, as already stated in October.

Annual recurring revenue (ARR) increased by 23.5% (currency-adjusted: 26.7%) to EUR 718.6 million. ARR growth was therefore significantly higher than revenue growth, which indicates a significant growth potential in the coming twelve months.

In line with the Group's strategy, the share of recurring revenue as a percentage of total revenue increased significantly to 76.6%. This was more than 10 percentage points above the previous year's level (66.4%) and also in line with the guidance (share of >75%).

The ongoing Russian war of aggression on Ukraine as well as the Israel-Gaza conflict escalated by the Hamas attack on Israel have left traces on the company and its employees. The Nemetschek Group is providing assistance to people in the affected regions.

The Nemetschek Group continues to believe that the economic sanctions imposed on Russia are an important instrument for restoring peace in Ukraine and is therefore suspending new business in Russia and all activities with sanctioned persons, organizations or regions until further notice. In 2021, i.e. before the outbreak of war, business in Russia accounted for roughly 0.5% of total Group revenue. Currently, Nemetschek is not engaged in any business at all in Russia. All in all, the direct effects of this on the Nemetschek Group's business performance were negligible in 2023.

With the Hamas terror attacks on Israel on October 7, 2023, the Israel-Gaza conflict escalated and led to a renewed outbreak of war. As the Nemetschek Group does not have any direct business relations in the war region and does not engage in any activities there, the immediate consequences of the war on its earnings, financial and asset situation were insignificant in 2023.

In addition to the direct effects described above for the Nemetschek Group, both the Russian war of aggression on Ukraine and the armed Israel-Gaza conflict left traces on the global economy in 2023, see *<< 3.1 Macroeconomic and industry conditions >>*.

Overall, the business model, which is characterized by a broad portfolio of solutions, strong regional diversification in different client segments and a widening proportion of recurring revenue, proved to be very resilient in the face of these crises. In addition to actively dealing with global crises and their impact on the company, the Nemetschek Group continued to push ahead with the strategic initiatives initiated in 2023, reaching important milestones. The main focus was on further internationalization, the expansion of the subscription and SaaS models, the continuous development of innovative solutions, and the acquisition of new customers.

The Nemetschek Group has been pursuing the goal of sustainable and profitable growth for many years. In order to address the challenges arising from the growing scale of the company, its governance structures were adjusted in 2022, while the composition of the Supervisory Board was widened from four to six members in this connection. In 2023, the next step in the company's development was implemented and the formation and reinforcement of the management team successfully completed ahead of the next growth phase. To this end, the existing Executive Leadership Team (ELT) was strengthened to achieve greater agility and clout in addressing future priorities such as artificial intelligence (AI) and other important strategic aspects such as client-oriented solutions, heightened market coverage, innovative future products and continued internationalization. Alongside the two members of the Executive Board CEO Yves Padrines and CFO Louise Öfverström, the ELT includes the Chief Division Officers (CDO) of the segments, among others. As part of these restructuring efforts, experienced industry experts with pronounced innovative and technological skills were recruited.

M&A / Start-Ups and Venture Investments

The strategic "Start-ups and Venture Investments" initiative strengthened the Nemetschek Group's innovation-oriented focus on new technologies and investments in young companies, resulting in further investments in 2023, see *<< 1.2 Growth Drivers, Goals and Strategy >>*.

Holding Company Level

The strategic objective of stepping up investments in start-ups and thereby accelerating the company's own innovative strength and fostering close cooperation between such entities and the Nemetschek brands was consistently and successfully pursued in 2023. In the course of the year under review, the Nemetschek Group acquired stakes in selected international companies in line with its strategic priorities.

The share acquired in UK start-up **Preoptima** entails an investment in a software solution for calculating and reducing the carbon footprint in the construction industry. This software solution, which also incorporates artificial intelligence (AI) and generative design, covers the entire life cycle of buildings, thus complementing the Nemetschek Group's strategic approach to driving sustainability and innovation in the construction industry.

With the investment in startup **SmartPM**, which is based in Atlanta (United States), the Nemetschek Group intends to continue driving forward the digital transformation in the construction industry and widen its reach in the important US market. The SmartPM software entails a cloud-based platform for increasingly automated project management in the construction industry. The solution optimizes existing planning software solutions by improving scheduling quality and automating project management processes.

The Nemetschek Group provided seed capital for Irish company **LiveCosts**, which offers an innovative IT solution for the efficient cost monitoring of construction projects. This seed capital is intended to help LiveCosts open up new markets. The company's SaaS solution offers strong synergies with existing Nemetschek solutions in the Build segment and supports the digital transformation in the construction industry.

In the course of the year, the Nemetschek Group also acquired a stake in UK start-up **Stylib**, a company offering architects and planners a platform based on artificial intelligence and machine learning for material search and evaluation as well as the corresponding selection and management of suppliers. The Stylib SaaS solution enhances the planning and management efficiency of construction projects and is helping to drive forward the digital transformation in the construction industry.

As well as this, the Nemetschek Group invested in US start-up **Briq**, which offers a data-driven, collaborative platform for automating financial processes in the construction industry. Briq makes it possible to manage workflows, data, cash flows and projects, while improving processes, precision, and business operations.

In addition, there were further investments in young companies. For one thing, the expertise and technology of the start-ups in which the Nemetschek Group invests are networked with its brands and the joint activities strengthened. For another, this brings Nemetschek into contact with disruptive innovations in the construction industry.

In addition to these investments, partnerships were forged on the segment and brand level in the year under review aimed at helping the Nemetschek Group to implement its business strategy.

Details can be found in the notes to the consolidated financial statements under *<< Acquisition of subsidiaries >>*.

Divestments
There were no portfolio divestments in 2023.

3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group

Earnings

Revenue Developments
In 2023, Group revenue rose by 6.2% to EUR 851.6 million (previous year: EUR 801.8 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have reached 8.0%. 2023 was thus impacted by negative currency effects, particularly from the US dollar. The ARR (annual recurring revenue) metric introduced in the course of the previous year was very favorable *<< 1.3 Business Management and Corporate Governance>>*. It increased by 23.5% (currency-adjusted: 26.7%) to EUR 718.6 million in 2023 (previous year: EUR 581.7 million), achieving a significantly higher rate of growth than total revenue, something which in turn points to strong future growth. The proportion of annual recurring revenue widened significantly to 76.6% in 2023 (previous year: 66.4%).

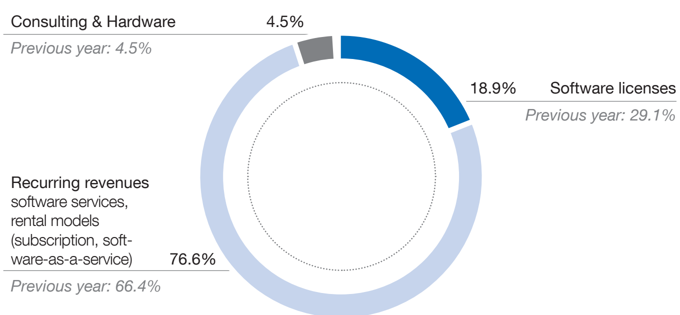
This means that the currency-adjusted revenue growth achieved in 2023 exceeded the range of 4% to 6% originally forecast in March 2023 and also reached the upper edge of the target corridor of 6% to 8%, which had been adjusted upwards in October 2023. At 26.7%, ARR growth also exceeded the March 2023 forecast of >25%. The same thing applies to the proportion of annual recurring revenue in total revenue, which at 76.6% exceeded the projected figure of >75%. See also *<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>*.

In an economically challenging environment, the Nemetschek Group was able to grow year-on-year over all four quarters and thus continue on its sustained growth trajectory, while at the same time converting its business model from licenses to subscription and SaaS products. After the anticipated lower pace in the first half of 2023, which was partially due to the progress planned and achieved in transitioning to subscription and SaaS models, growth picked up significantly again in the second half of the year, returning to double-digit rates in operating business. All Group segments contributed to growth in 2023 – further information can be found in *<< Development of the Segments >>*.

DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	**FY 2023**	FY 2022	Δ nominal	Δ currency-adjusted
Total year	**851.6**	**801.8**	**6.2%**	**8.0%**
Q1	204.6	192.2	6.5%	5.5%
Q2	207.5	203.8	1.8%	3.3%
Q3	219.8	202.8	8.4%	12.6%
Q4	219.6	203.0	8.2%	10.9%

Revenue Development by Type



The Nemetschek Group divides its revenue into three types: recurring revenue from software service contracts and rental models such as subscription and SaaS (software as a service), software licenses and consulting and hardware.

Pure "software revenue" is divided into software rental models, software services and software licenses.

In the case of software rental models, a distinction is made between subscription and SaaS products. In subscription models, the software remains on the clients' own local systems as standard, while in the case of SaaS models the current version of the software is normally on the Nemetschek brands' servers, which clients can then access.

Revenue from software rental models is recognized over the agreed term of the contract or partly also on a point-in-time basis in accordance with the IFRS 15 accounting standard. Similarly, revenue from software service contracts is recognized evenly over the entire term of the contract.

In contrast to software rental models, all revenue from software licenses is recognized on a point-in-time basis (i.e. when ownership is transferred to the client). The strategic goal is to successively widen the proportion of recurring revenue. This goal is to be achieved by offering more software rental models, which will lead to a more resilient and even stable business model for the Nemetschek Group.

The transformation of the business model away from classic licensing business in favor of a model characterized by high recurring revenue, particularly through the adoption of subscription and SaaS models, was pursued successfully in 2023. This transformation makes it possible to generate significantly higher revenue over the client lifetime. At the same time, these revenue flows are more resilient and thus offer greater forward visibility. In the short term, however, the adoption of rental models has a temporarily dampening impact on revenue growth for accounting-related reasons.

In 2023, the Nemetschek Group's **recurring revenue from service contracts and rental models** rose by 22.5% (currency-adjusted: 24.7%) to EUR 652.7 million (previous year: EUR 532.6 million). Consequently, the previous year's strong momentum of growth in recurring revenue (27.8% or currency-adjusted: 21.7%) continued. Accordingly, the growth rate for recurring revenue again exceeded the Nemetschek Group's total revenue growth (6.2% or currency-adjusted: 8.0%), causing the share of recurring revenue in total revenue to widen to 76.6% (previous year: 66.4%). The **ARR** (annual recurring revenue) metric introduced in the previous year rose by 23.5% (currency-adjusted: 26.7%) in 2023 to EUR 718.6 million (previous year: EUR 581.7 million) and reflects the ongoing implementation of the strategic change in the business model in favor of rental models.

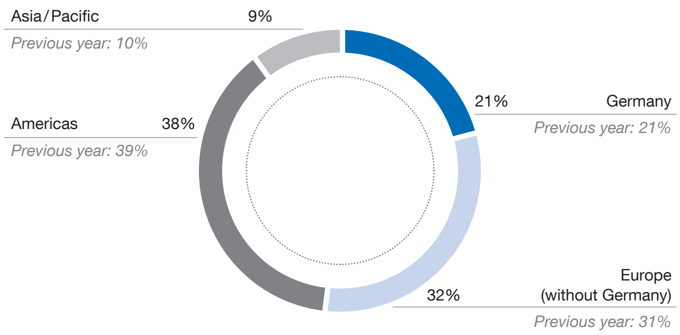
Revenue from **subscription and SaaS (rental models)**, which is included in recurring revenue, also increased by 47.8% (currency-adjusted: 51.1%) to EUR 301.8 million (previous year: EUR 204.2 million) in the year under review, significantly outstripping the growth of the Group. All segments continued to contribute to this growth in 2023. The greatest driver of this performance was the Build segment, in which the Bluebeam brand has been planning and specifically implementing the transition to a subscription model since September 2022. This favorable performance was also underpinned by the Design segment, in which a number of brands focused more heavily on subscription and SaaS models in the year under review. In the Media segment, the transition to a subscription model was also successfully completed in 2023.

The proportion of subscription and SaaS revenue in total revenue widened again significantly from 25.5% to 35.4% in 2023. Revenue from service contracts rose by 6.8% (currency-adjusted: 8.4%) from EUR 328.4 million to EUR 350.9 million in 2023. The proportion of revenue from service contracts amounted to 41.2% in the year under review, thus matching the previous year's figure of 41.0%.

Revenue from **software licenses** contracted sharply over the prior year in line with the strategy, dropping by 30.9% (currency adjusted: 29.8%) from EUR 233.1 million to EUR 161.1 million. Accordingly, the share of total revenue attributable to software licenses fell from 29.1% in the previous year to 18.9% in 2023. This also reflects the already advanced transformation of the business model.

At 4.5%, the proportion of **consulting and hardware** revenue remained unchanged over the previous year (4.5%).

Revenue by Region



A major strategic goal of the Nemetschek Group is the further internationalization of its business alongside the development of markets with strong growth potential.

Revenue generated in **Germany** rose by 6.1% in 2023, while foreign revenue climbed by 6.2% and thus at a similar rate. At 79%, the proportion of foreign revenue was thus comparable to the previous year (previous year: 79%). As expected, foreign growth was dampened by negative currency effects, in particular from the US dollar, as well as by the conversion of the business model to subscription and SaaS systems, driven by the Bluebeam brand.

Europe (excluding Germany) has been severely impacted by the effects of the Covid-19 pandemic in recent years, while the macroeconomic fallout from the prevailing geopolitical challenges has also left traces on the European economy and particularly the construction industry. Nemetschek's businesses in Europe have also felt the effects of substantially more muted growth over the last few years. The growth momentum stabilized in 2023 despite the ongoing difficult conditions. Revenue in Europe (excluding Germany) increased by 10% in 2023. As a result of this disproportionately high growth in relation to the Group's overall performance, the share of total revenue increased to 32% (previous year: 31%).

Revenue in Germany climbed by 6.1% in the course of the year, meaning that there was no material change in the share in total revenue.

As expected, the pace of growth declined in 2023 in the **Americas**. In line with expectations, the revenue growth of around 5% in the US was impeded by the conversion of the business model of the Bluebeam brand, which is the largest revenue driver, in favor of a subscription and SaaS system along with the related accounting effects. In addition, this year's strikes in the film and TV industry in the United States placed a temporary damper on demand in the Media segment. With revenue growth slightly lower than the Group figure, the share in revenue contracted slightly to 38% in 2023 (previous year: 39%). Even so, the Americas are still the Group's strongest region in terms of revenue.

In the year under review, revenue in **Asia/Pacific** declined slightly by 1.3% over the previous year. As a result, the share accounted for by this region in total revenue shrank marginally from roughly 10% in the previous year to around 9%.

Earnings Performance

OVERVIEW OF KEY GROUP PERFORMANCE FIGURES

In EUR million	FY 2023	FY 2022	Δ nominal in %
Revenue	**851.6**	**801.8**	**6.2%**
EBITDA	**257.7**	**257.0**	**0.3%**
EBITDA margin	30.3%	32.0%	−1.7pp
EBIT	**199.5**	**198.1**	**0.7%**
EBIT margin	23.4%	24.7%	−1.3pp
Net income for the year (equity holders of the parent company)	**161.3**	**161.9**	**−0.4%**
Earnings per share in EUR	1.40	1.40	−0.4%
Net income for the year before depreciation from PPA	**183.8**	**186.9[1)]**	**−1.7%**
Earnings per share before depreciation from PPA in EUR	1.59	1.62[1)]	−1.7%

1) The net income for the year before depreciation from PPA and the corresponding earnings per share reported for the previous year have been restated to allow for adjustments to the relevant depreciation figures relating to minority interests.

At EUR 257.7 million, **EBITDA** (Group earnings before interest, taxes, depreciation and amortization) was slightly higher than in the previous year (EUR 257.0 million). It increased by 0.3% in nominal terms but by 4.2% in currency-adjusted terms.

As planned, the **EBITDA margin** contracted over the previous year for accounting-related reasons due to the adoption of subscription business and, at 30.3%, was 1.7 percentage points down on the previous year's figure of 32.0%. Consequently, it was slightly higher than the forecast range of 28.0% to 30.0% that had been published in March 2023 and confirmed in October 2023, see *<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>*.

2023 showed that the Nemetschek Group is able to maintain its intended profitable growth trajectory even in challenging times.

The margin contraction is attributable in particular to the strategic transformation of the business model away from licensing models in favor of subscription and SaaS systems, something which has a short-term diluting effect on margins for accounting-related reasons. Moreover, some of the markets addressed, such as Europe, faced macroeconomic headwinds in 2023, particularly in the first half of the year. In addition to that, profitability in 2023 was impeded by non-recurring personnel expenses and relatively high expenditure on trade fairs in connection with the implementation of the "go-to-market" approach.

Operating expenses increased by a total of 7.3% to EUR 661.0 million (previous year: EUR 616.2 million). This was slightly higher than the 6.2% increase in revenue. Personnel expenses are the largest single item within operating expenses, rising by 7.0% in 2023 and, hence, also somewhat more quickly than revenue, to EUR 360.9 million (previous year: EUR 337.2 million). This particularly reflects higher wages and salaries due to inflation. In addition, there were transformation-related effects (*<< Employees of the Nemetschek Group >>*). Other operating expenses increased by 10.4% to EUR 208.0 million (previous year: EUR 188.4 million) for inflation-related reasons, among other things. This item reflects investments in IT systems, expenses for external personnel as well as legal and consulting costs. At EUR 58.2 million, depreciation of fixed assets was slightly lower than in the previous year (EUR 58.8 million). The depreciation from purchase price allocation included in this item dropped slightly from EUR 31.8 million to EUR 29.4 million. Depreciation of leased assets in accordance with IFRS 16 increased slightly by EUR 0.4 million to EUR 16.7 million. Excluding depreciation and amortization, operating expenses increased by 8.1% to EUR 602.8 million (previous year: EUR 557.4 million).

Overall, the financial result amounted to EUR 4.8 million in 2023 (previous year: EUR 1.3 million). Interest expenses for acquisition loans and lease liabilities in accordance with IFRS 16 affecting the financial result rose from EUR 2.6 million in the previous year to EUR 3.3 million in 2023. However, at EUR 3.4 million (previous year: EUR 0.5 million), interest income substantially exceeded interest expenses in 2023. The other financial income of EUR 4.7 million was also higher than in the previous year (EUR 3.4 million). The income generated in 2023 primarily resulted from fair-value remeasurement gains on investments in venture companies as well as foreign currency gains. In the previous year, the item had mainly consisted of foreign currency gains.

Earnings before interest and taxes (EBIT) rose slightly by 0.7% to EUR 199.5 million and were thus in line with the previous year (EUR 198.1 million).

Income taxes increased from EUR 34.4 million in 2022 to EUR 40.6 million in 2023. At 19.8%, the Group tax rate was up on the previous year (17.3%). Effects from loss carryforwards initially recognized in 2022 were also apparent in tax expenses in 2023. Expenses from the recognition of German minimum tax effects from cross-border transactions have the opposite effect. These regulations will apply for a final time in 2023 following the introduction of the new OECD minimum taxation rules (Pillar 2).

Net income (Group earnings after taxes) declined slightly by 0.7% from EUR 165.1 million to EUR 164.0 million in 2023. Net income for the year (equity holders of the parent company) also fell slightly from EUR 161.9 million to EUR 161.3 million, dropping by 0.4%.

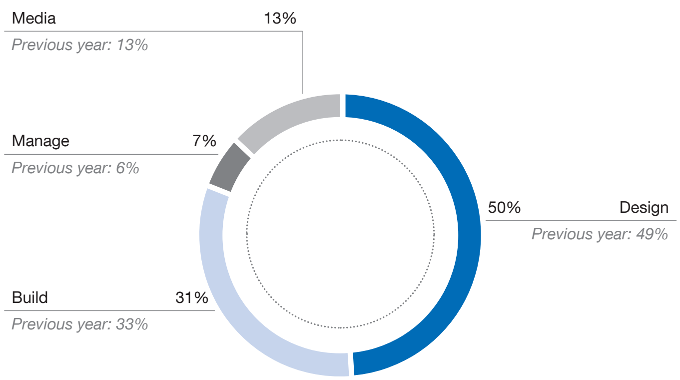
Earnings per share came to EUR 1.40 (previous year: EUR 1.40). EPS adjusted for the effects of depreciation from PPA fell by 1.7% from EUR 1.62 in 2022 to EUR 1.59 in 2023.

Segment Developments

The strategic and operational management of the Nemetschek Group is carried out via the four segments: Design, Build, Manage and Media. The individual brands and their companies are allocated to the respective segments; see *<< 1.1 Group Business Model >>*. The segments are particularly managed on the basis of the following financial performance indicators: revenue and year-on-year revenue growth as well as EBITDA and the EBITDA margin as operational earnings indicators *<< 1.3 Corporate Management and Governance >>.*

The distribution of revenue by segment was virtually unchanged over the previous year and broke down as follows in 2023:

Revenue by segment



The segment structure was changed in 2023 in response to a strategic realignment. The dRofus brand, which had been allocated to the Build segment in 2022, was transferred to the Digital Twin business unit with effect from January 1, 2023 and consolidated in the Manage segment. The Digital Twin business unit is consolidated in the Design segment from January 1, 2024. Further information can be found in << 1.1 Group Business Model >>.

In order to present the performance of the relevant segments transparently, the previous figures for the two segments concerned have been restated and, thus, rendered comparable. In addition, the consolidation column has been allocated directly to the segments (including the previous year's adjustment) since January 1, 2023.

The performance of the individual segments is set out below.

Design Segment

in EUR millions or percent	**FY 2023**	FY 2022	Δ nominal	Δ currency-adjusted
Revenue	423.3	389.9	8,6%	9,7%
EBITDA	120.2	115.7	3.9%	7.6%
EBITDA margin	28.4%	29.7%	–1.3pp	

In the **Design segment**, whose regional focus is on Europe, revenue of EUR 423.3 million was posted in 2023 (previous year: EUR 389.9 million). Accordingly, it grew by 8.6% (currency-adjusted: 9.7%). In 2023, the market environment in which the Design segment operates particularly felt the effects of the still high interest rates and the geopolitical crises together with their economic impact. On the one hand, this led to longer sales cycles for clients in the construction industry, thus placing a damper on growth potential. On the other hand, the market situation also spurred the transformation of the business model in favor of recurring revenue models. In the year under review, all brands contributed to the pleasing growth in recurring revenue, which at 16.3% (currency-adjusted: 17.5%) increased at a significantly greater pace than the segment's total revenue.

Segment EBITDA rose from EUR 115.7 million in the previous year to EUR 120.2 million, translating into an increase of 3.9%. Adjusted for currency effects and, thus, on a like-for-like basis with the previous year, it would have increased by 7.6%. The slower growth in EBITDA compared to revenue caused the EBITDA margin to contract slightly from 29.7% in 2022 to 28.4% in 2023. The slightly slower EBITDA growth compared to revenue was primarily due to accounting-related effects caused by the adoption of recurring-revenue models, such as subscription and SaaS products. The segment's profitability also came under pressure from planned non-recurring personnel expenses as well as budgeted higher expenses for trade fairs in connection with a reinforced and harmonized "go-to-market" approach.

Build Segment

in EUR millions or percent	FY 2023	FY 2022[1)]	Δ nominal	Δ currency-adjusted
Revenue	265.4	259.9	2,1%	4,8%
EBITDA	93.1	95.2	−2.3%	2.3%
EBITDA margin	35.1%	36.6%	−1,6pp	

1) Following the strategic reorganization of one brand (dRofus) between the Build and Manage segments, the previous year's figures have been restated and rendered comparable with the current segment structure.

In the **Build segment**, which mainly addresses construction companies in the United States, growth slowed as planned in 2023 due to the conversion of the business model to a subscription and SaaS system, which has a dampening effect on revenue in the short term due to accounting-related factors. Despite this transition, revenue rose slightly to EUR 265.4 million in 2023 (previous year: EUR 259.9 million). This translated into growth of 2.1%. Adjusted for currency effects arising in the year, growth would have reached 4.8%. The appreciable effect of currency factors is primarily due to the segment's large footprint in the United States and trends in the US dollar in the year under review.

Generally speaking, the Nemetschek Group continues to benefit from the low level of digitization in the construction sector and strong demand, especially in the Americas. The transition to subscription and SaaS models for Bluebeam, the Nemetschek Group's top-selling brand, remained successful and on track in 2023. Consequently, revenue in this category more than doubled over the previous year. In the course of the third quarter of 2023 and, hence, one year after the commencement of the transition, growth accelerated again significantly. This trend also continued in the fourth quarter, with growth gaining further momentum.

The EBITDA of EUR 93.1 million achieved in 2023 was mainly impacted by the adoption of subscription and SaaS models and the resulting short-term damper on earnings, which dropped by 2.3% (currency-adjusted: 2.3%) compared with the previous year (EUR 95.2 million). The corresponding EBITDA margin remained at a high 35.1% (previous year: 36.6%).

Manage Segment

in EUR millions or percent	FY 2023	FY 2022[1)]	Δ nominal	Δ currency-adjusted
Revenue	59.1	54.7	8,0%	9,8%
EBITDA	1.4	4.3	−67.9%	−72.3%
EBITDA margin	2.3%	7.8%	−5,5pp	-

1) Following the strategic reorganization of one brand (dRofus) between the Build and Manage segments, the previous year's figures have been restated and rendered comparable with the current segment structure.

The **Manage segment**, which comprises activities relating to building and workplace management, generated revenue of EUR 59.1 million in the year under review (previous year: EUR 54.7 million). This translated into growth of 8.0% or, in currency-adjusted terms, 9.8%.

The Manage segment is continuing to feel the effects of macroeconomic uncertainty coupled with the consequences of the Covid-19 pandemic, which are having a protracted impact on this segment. However, the stabilization in demand from facility managers emerging in the second half of the previous year, particularly in the European commercial construction sector, continued in the course of 2023. Even so, facility managers' capital spending budgets have still not returned to pre-crisis levels. Because the degree of digitization is particularly low in this segment and the importance of energy efficiency and savings in existing and operated buildings is also steadily rising, the Nemetschek Group continues to see potential for further growth in this segment. The dRofus brand has been allocated to the segment since January 1, 2023 and forms part of the newly created Digital Twin business unit, which will be consolidated within the Design segment from 2024.

Segment EBITDA fell from EUR 4.3 million in the previous year to EUR 1.4 million. As a result, the EBITDA margin contracted from 7.8% in the previous year to 2.3% in 2023. This performance was particularly attributable to capital spending on the new Digital Twin business unit, which is allocated to this segment.

Media Segment

in EUR millions or percent	FY 2023	FY 2022	Δ nominal	Δ currency-adjusted
Revenue	111.4	104.7	6,4%	8,6%
EBITDA	43.1	41.8	3.0%	7.3%
EBITDA margin	38.7%	39.9%	−1.2pp	-

Revenue in the Media segment rose by 6.4% (currency-adjusted: 8.6%) in 2023 from EUR 104.7 million to EUR 111.4 million. There were no acquisition-related growth effects in the year under review. Nor were there any material positive non-recurring effects, which had spurred segment growth in earlier years. On the contrary, strikes in the United States film and TV industry in 2023 placed a temporary damper on demand.

Segment EBITDA climbed to EUR 43.1 million (previous year: EUR 41.8 million). The EBITDA margin shrank slightly from 39.9% in the previous year to 38.7% but still remains at a high level.

Financial Position

Main Features and Objectives of Financial Management

The primary objective of financial management is to control and secure liquidity within the Nemetschek Group, ensure access to the debt market and manage foreign currencies and interest risks. Financing and financial risk management is organized centrally and controlled by global governance. To ensure efficient cash and liquidity management, Nemetschek SE carries out cash pooling with selected subsidiaries. Nemetschek SE, the ultimate Group holding company, also receives further cash and cash equivalents from the annual dividends paid by the subsidiaries or in the form of loans granted by group companies.

The financial stability of the Group is reflected in a balanced ratio of debt to equity. The equity ratio stood at 61.4% on the reporting date (December 31, 2023) (previous year: 57.5%). The renewed increase over the previous year is due to the strong Group earnings in 2023 and the almost complete discharge of financial liabilities. Liabilities to banks dropped again significantly compared with the previous year, declining from EUR 71.9 million in the previous year to EUR 6.9 million as of December 31, 2023 due to the repayments made during the year.

In view of the favorable business outlook and very solid funding structure, the Nemetschek Group is able to raise substantial liquidity beyond its existing facilities from the debt markets at short notice. Combined with the potential use of equity instruments, it can finance significant investments.

Liquidity analysis

Net liquidity/net financial liabilities in EUR million

	December 31, 2023	December 31, 2022
Short-term financial debt and short-term shares of long-term financial debt	6.8	65.1
+ non-current financial liabilities	0.1	6.9
Total financial liabilities	**6.9**	**71.9**
Cash and cash equivalents	268.0	196.8
Total liquidity	**268.0**	**196.8**
Net liquidity/net financial debt (-)	**261.2**	**124.9**

As of December 31, 2023, the Group held cash and cash equivalents of EUR 268.0 million (previous year: EUR 196.8 million). The increase of EUR 71.2 million or 36.2% over the previous year reflects the high quality of the Nemetschek Group's cash flows. When investing the surplus liquidity, short-term, risk-free availability is generally more important than maximizing earnings in order to be able to fall back quickly on available funds in the event of possible acquisitions and to keep the risk profile of the Group low.

At EUR 6.9 million on the reporting date, financial liabilities (bank loans) fell significantly short of the previous year (EUR 71.9 million). These financial liabilities are used almost exclusively to finance acquisitions made in the past and were repaid virtually in full in the course of 2023. The interest rate on the loans is between 0.49% p.a. and 2.87% p.a.

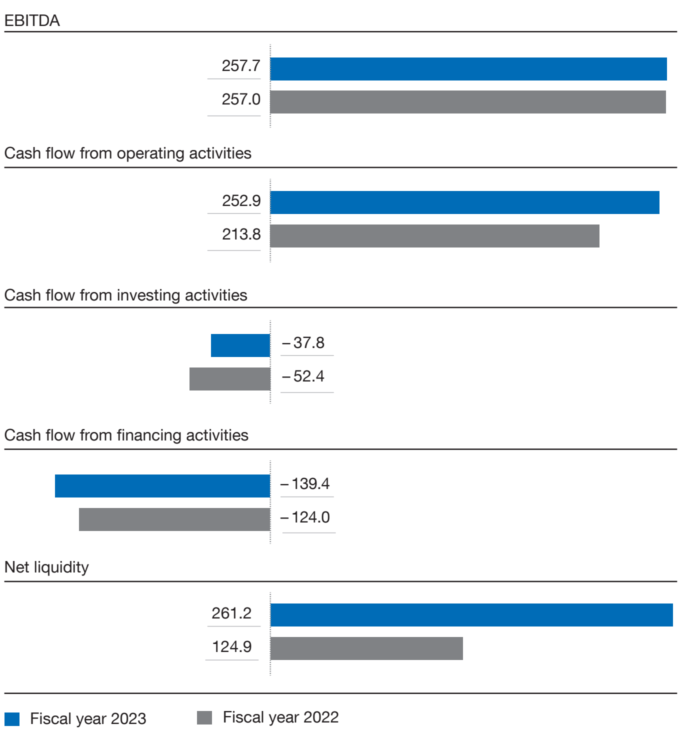
The decline of EUR 6.8 million in non-current financial liabilities in the course of 2023 is due to their reclassification as current financial liabilities. With respect to current financial liabilities, acquisition loans and further current components of financial liabilities of a total of EUR 83.6 million as well as bank loans of EUR 18.5 million were repaid in 2023.

None of the existing credit facilities of a total of EUR 357.0 million (previous year: EUR 284.5 million) has been utilized as of December 31, 2023. In addition to the cash on hand, these can be utilized to fund the profitable growth strategy.

As a result of the aforementioned changes in the relevant balance sheet items, the Group's net liquidity increased to EUR 261.2 million as of December 31, 2023 (previous year: net liquidity of EUR 124.9 million).

With its high earnings power plus its net liquidity, the Nemetschek Group is able to raise substantial liquidity for investment purposes. With regard to dividend payments, the Executive Board pursues a sustainable dividend policy that provides for a distribution of around 25% of the operating cash flow. The dividend payout always takes into account the overall economic development and the economic and financial situation of the company. Total dividends of EUR 52.0 million were paid in 2023 (previous year: EUR 45.0 million).

DEVELOPMENT OF CASH FLOW



At EUR 258.9 million, the Group's cash flow in the year under review remained steady at the previous year's level (previous year: EUR 258.5 million).

Cash flow from operating activities climbed by EUR 39.1 million or 18.3% over the previous year to EUR 252.9 million in 2023 (previous year: EUR 213.8 million). This increase was mainly driven by the favorable performance of trade working capital. Management of trade working capital generated a cash flow effect of EUR 49.4 million (previous year: EUR 26.7 million). This favorable development was particularly underpinned by prepayment business models under software service and software subscription contracts generating the corresponding recurring revenue. Compared to the previous year, the positive cash flow effect increased again significantly due to the continued very good performance of this business model. The opposite effect arose from other working capital, which was characterized by higher personnel- and tax-related payments compared with the previous year.

Income taxes paid (net) decreased by EUR 2.0 million or 3.5% from EUR 59.6 million in 2022 to EUR 57.6 million in 2023. In addition to the increase resulting from the expansion of business operations, the taxation of development expenses in the United States in particular has an opposite effect. This regulation was introduced for the first time in 2022, resulting in the highest cash outflow. The related payments leveled off in 2023.

Cash flow from investing activities amounted to EUR – 37.8 million in 2023 (previous year: EUR – 52.4 million).

The previous year had been affected by payments of EUR 21.0 million for business combinations. In 2023, EUR 1.5 million was paid for liabilities arising from business combinations from previous years.

Payments made for equity investments increased substantially in 2023. At EUR 24.1 million (previous year: EUR 4.8 million), they reflect the equity interests acquired in start-ups in the course of the year (<< 3.2 Business Performance in 2023 and Key Events Influencing the Company's Business Performance, Acquisitions/Divestments >>).

Cash flow from investing activities also includes expansion and replacement spending of EUR 12.7 million on fixed assets (previous year: EUR 19.0 million). The high figure for the previous year particularly reflects expansion-related investments in IT server equipment as well as spending on office space.

Cash flow from financing activities amounted to EUR – 139.4 million in 2023 (previous year: EUR – 124.0 million). The increase in payments made is mainly due to the fact that new loans were substantially lower than loan repayments. Cash and cash equivalents of EUR 18.5 million were raised in 2023 (previous year: EUR 40.8 million).

The opposite effect arose from the repayment of bank loans raised in previous years amounting to EUR 83.6 million (including EUR 27.7 million for acquisition loans). In the previous year, repayments of EUR 98.7 million (including EUR 35.7 million for acquisition loans) had been made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for 2023 of EUR 52.0 million (previous year: EUR 45.0 million) as well as payments of capital and interest on lease liabilities, with an amount of EUR 16.5 million (previous year: EUR 16.0 million) relating to repayments in 2023.

Management of Liquidity Risks

Liquidity risks arise when, for example, clients are not able to settle their obligations to the Nemetschek Group under normal trading conditions. To manage this risk, the company periodically assesses the solvency of its customers.

The high creditworthiness of the Nemetschek Group (e.g. internal bank ratings) allows it to raise sufficient additional liquidity. As of December 31, 2023, it also had unutilized credit facilities of EUR 357.0 million (previous year: EUR 284.5 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyses and planning. Maturities of financial assets (receivables, fixed-term deposits, etc.) and expected cash flows from operating activities are taken into account. The objective is to continuously cover the ongoing need for financial resources while maintaining flexibility in financing. Further information on the management of financial risks can also be found in the Risk and Opportunities Report << 6 Report on Risks and Opportunities>>.

Investment Analysis

In order to continue securing its market position in the AEC/O and media markets and to be able to continuously open up new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Business combinations and investments in start-up companies also play an important role for the Nemetschek Group. Such transactions are largely financed by means of bank loans. Depending on the terms of the loan, the Company may also use its own funds. The acquisitions completed in 2023 were financed internally.

In total, the Nemetschek Group invested EUR 24.1 million in 2023 (previous year: EUR 81.1 million), of which EUR 6.3 million was for property, plant and equipment (previous year: EUR 14.3 million), primarily composed of expansion and replacement spending, and EUR 6.4 million for intangible assets (previous year: EUR 39.4 million). The main investments in the previous year had involved business combinations.

Off-balance-sheet obligations

Information on off-balance-sheet obligations can be found in << Note 27 Financial obligations >> .

Net Assets

In EUR million	Dec. 31, 2023	Dec. 31, 2022	Δ nominal in %
ASSETS			
Current assets	418.2	327.1	27.8%
Non-current assets	856.1	871.0	−1.7%
Total assets	**1,274.3**	**1,198.1**	**6.4%**

In EUR million	Dec. 31, 2023	Dec. 31, 2022	Δ nominal in %
LIABILITIES			
Current liabilities	400.6	403.8	−0.8%
Non-current liabilities	91.8	105.1	−12.6%
Total equity	**781.9**	**689.2**	**13.4%**
Total liabilities	**1,274.3**	**1,198.1**	**6.4%**

The consolidated balance sheet total as of December 31, 2023 increased by EUR 76.2 million or 6.4% to EUR 1,274.3 million (previous year: EUR 1,198.1 million).

Current assets

On the assets side of the consolidated balance sheet, current assets increased by EUR 91.1 million or 27.8% from EUR 327.1 million in the previous year to EUR 418.2 million in 2023. This was mainly due to the increase of EUR 71.2 million or 36.2% in cash and cash equivalents and the increase of EUR 15.1 million or 17.9% in trade receivables resulting from the growth in business. The percentage increase in receivables is higher than the 6.2% increase in revenue and is primarily attributable to the further growth in the share accounted for by rental models as well as high invoicing in December 2023. In addition, tax receivables increased significantly from EUR 11.3 million in the previous year to EUR 19.0 million as of December 31, 2023.

Non-current assets

Non-current assets dropped by EUR 14.9 million or 1.7% to EUR 856.1 million (previous year: EUR 871.0 million).

This was mainly attributable to changes in intangible assets, which declined significantly by EUR 36.6 million or 21.3% to EUR 135.1 million (previous year: EUR 171.7 million). Additions to intangible assets were more than offset by amortization and disposals. Moreover, goodwill declined by EUR 5.0 million or 0.9% from EUR 557.0 million to EUR 552.0 million as of December 31, 2023. This was predominantly due to currency translation effects, as a material part of the goodwill is denominated in non-EUR currencies, particularly the US dollar. Moreover, right-of-use assets under leases also contributed to the decline in non-current assets. These fell by EUR 8.9 million or 12.7% to EUR 60.9 million as of December 31, 2023 (previous year: EUR 69.8 million). Additions, particularly in the form of land and buildings, were more than offset by scheduled depreciation as well as disposals. However, these declines were also accompanied by increases. Other financial assets in particular increased significantly by EUR 11.2 million or 61.0% from EUR 18.4 million (previous year) to EUR 29.6 million as of December 31, 2023. This sharp increase was particularly underpinned by equity investments (ventures) in 2023, which had a corresponding effect on this item.

Property, plant and equipment contracted by EUR 2.9 million or 10.7% to EUR 23.7 million (previous year: EUR 26.6 million). Replacement spending on office space was more than offset by depreciation. The higher scheduled depreciation compared with the previous year is primarily due to the expansion-related investments in IT server equipment as well as investments in office space in the previous year.

Current liabilities

At EUR 400.6 million, current liabilities fell slightly short of the previous year (previous year: EUR 403.8 million). Rising by EUR 58.2 million from EUR 206.9 million in 2022 to EUR 265.1 million at the end of 2023, the greatest increase came from deferred revenue, primarily as a result of the larger volume of business. The opposite effect arose from changes in current financial liabilities and the current component of non-current financial liabilities. This part of financial liabilities, due for settlement within the next twelve months, fell by EUR 58.3 million to EUR 6.8 million (previous year: EUR 65.1 million), see *<< Liquidity Analysis >>*. Current provisions also decreased by EUR 5.5 million, mainly as a result of lower personnel-related provisions.

Non-current liabilities

Non-current liabilities fell by EUR 13.2 million from EUR 105.1 million to EUR 91.8 million as of December 31, 2023. The most pronounced decline was in lease liabilities, which decreased by EUR 9.6 million from EUR 62.4 million to EUR 52.8 million as of December 31, 2023. The change is described in detail in the notes to the consolidated financial statements under *<< Note 17 Leases >>* Deferred tax liabilities also fell by EUR 3.1 million or 15.4% over the previous year to EUR 16.7 million as of December 31, 2023 (previous year: EUR 19.8 million). In addition, non-current loans with no current component also declined significantly, dropping by EUR 6.8 million from EUR 6.9 million to EUR 0.1 million as of December 31, 2023 due to reclassifications of non-current loans as current loans.

The opposite effect arose from the increase in deferred revenue, which rose by EUR 3.6 million from EUR 2.6 million to EUR 6.2 million as of December 31, 2023 as a result of the realignment of the business model in favor of recurring revenue. Income tax liabilities also rose from EUR 6.0 million in the previous year to EUR 9.2 million.

Equity

As of December 31, 2023, equity increased by EUR 92.7 million from EUR 689.2 million (2022 reporting date) to EUR 781.9 million. The significant increase is primarily due to higher retained earnings of EUR 640.8 million (previous year: EUR 533.9 million). The opposite effect arose from other comprehensive income of EUR −22.8 million, which was mainly influenced by negative currency translation effects.

The equity ratio widened to 61.4% at the end of 2023 (previous year: 57.5%). The current liability ratio stood at 31.4% (previous year: 33.7%) and the non-current liability ratio at 7.2% (previous year: 8.8%) of the balance sheet total.

KEY BALANCE SHEET FIGURES

In EUR million	FY 2023	FY 2022	nominal in %
Liquid assets	268.0	196.8	36.2%
Goodwill/Company value	552.0	557.0	−0.9%
Equity	781.9	689.2	+13.4%
Balance sheet total	1,274.3	1,198.1	+6.4%
Equity ratio in %	61.4%	57.5%	+3.9pp

As in previous years, the Nemetschek Group determined capital costs (WACC = weighted average cost of capital) for the group of cash-generating units as part of the impairment test for goodwill.

A market risk premium of 7.0% (previous year: 7.25%) was applied. This results in capital cost rates before taxes ranging from 13.1% to 18.6% (previous year: 12.0% to 19.5%). In 2023, the further increase in interest rates in response to continued high inflation, which, however, receded over the course of the year, had an impact on the parameters derived from the capital market. Based on market capitalization as of December 31, 2023 and the planning expectations, the internal rate of return before taxes is 5.0% (previous year: 7.5%).

Nemetschek Group Employees

Personnel matters are managed locally in order to be able to act adequately and directly in the relevant markets and regions. Nemetschek SE's People/HR department is globally responsible for the strategic development of human resources management and coordinates the strategic orientation with the respective HR departments of the individual brands.

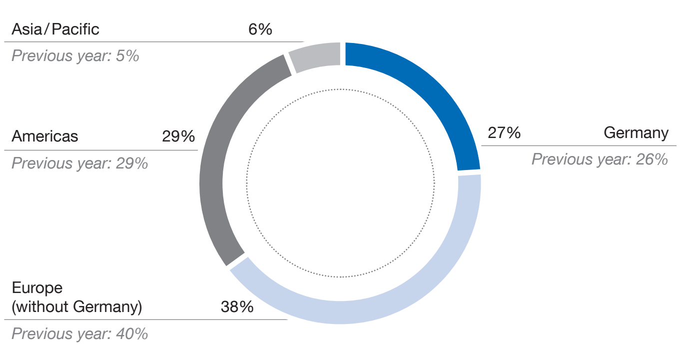
Further information on human resources work can be found in the non-financial statement under [<< 2.2 Key non-financial issues – Employee and Society >>].

As of December 31, 2023, the Nemetschek Group had 3,429 employees worldwide (previous year: 3,448), equivalent to a slight decline of 19 employees or 0.6%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

Employees by Region

At 73% (previous year: 74%), the majority of Nemetschek Group employees were based outside Germany at the end of 2023.

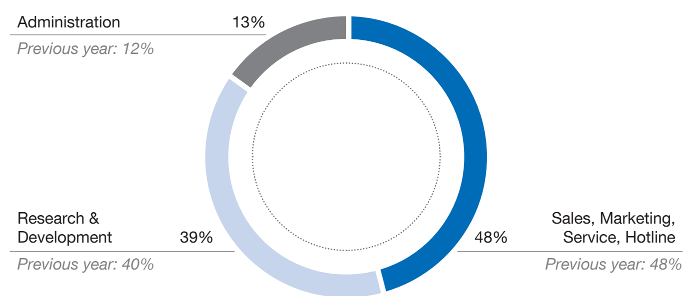
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany, the country in which the company has its headquarters.



Employees by Function

On average, the Nemetschek Group employed 3,415 people worldwide in 2023, an increase of just under 4% compared with the previous year (3,291). The average number of employees in research and development was 1,329 (previous year: 1,316), or 38.9% of the total workforce (previous year: 40.0%).

The number of sales, marketing and customer support employees averaged 1,656 (previous year: 1,571). In addition, 430 employees (previous year: 404) worked in administration.



Personnel Expenses

Personnel expenses increased by 7.0% to EUR 360.9 million in 2023 (previous year: EUR 337.2 million), resulting in a personnel expense ratio (personnel expenses/revenue) of 42.4% (previous year: 42.1%).

3.4 Earnings, Financial Position and Net Assets of Nemetschek SE

The following information refers to Nemetschek SE as the parent company of the Nemetschek Group. The information is based on the German Commercial Code (HGB) on accounting for large corporations and the German Stock Corporation Act (AktG). The result of Nemetschek SE is dependent on the earnings of subsidiaries held directly and indirectly. The non-financial consolidated report (non-financial declaration) is combined with the non-financial declaration of the parent company under *<< 2 Non-Financial Declaration >>*.

Revenue Development and Earnings Situation

Nemetschek SE's revenues of EUR 9.5 million in 2023 (previous year: EUR 8.7 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company".

Other operating income increased to EUR 15.5 million (previous year: EUR 13.2 million). In the year under review, it included income from currency translation of EUR 4.1 million (previous year: EUR 7.0 million) and income of EUR 9.2 million (previous year: EUR 5.2 million) from expenses recharged to subsidiaries. Personnel expenses for wages and salaries fell from EUR 14.1 million in the previous year to EUR 12.5 million. This is primarily due to a decline in variable salary components from EUR 5.9 million in 2022 to EUR 4.2 million in 2023. Other operating expenses increased from EUR 23.6 million in the previous year to EUR 30.4 million in 2023 and thus in line with other operating income. This was mainly due to increased expenses for consulting services (EUR 5.8 million up from EUR 2.9 million in the previous year), software costs (EUR 6.2 million up from EUR 4.1 million in the previous year) and marketing costs (EUR 2.8 million up from EUR 1.2 million in the previous year). Expenses from currency differences (EUR 4.2 million, down from EUR 6.5 million in the previous year) fell due to exchange rate effects, primarily from the US dollar.

Income from equity interests of EUR 124.1 million (previous year: EUR 53.0 million) includes EUR 124.0 million in dividends from subsidiaries (previous year: EUR 52.9 million). Income of EUR 27.7 million (previous year: EUR 32.4 million) from profit transfer agreements arose from profit transfers from Allplan GmbH and the Frilo Software GmbH. This is offset by expenses from the transfer of losses amounting to EUR 2.1 million (previous year: EUR 0.5 million from the Nevaris Bausoftware GmbH. Net income for the year increased to EUR 123.5 million (previous year: EUR 29.8 million).

Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 587.1 million (previous year: EUR 569.9 million). Affiliates accounted for by far the largest share of EUR 576.9 million (previous year: EUR 531.5 million). Loans to affiliated companies fell by EUR 34.2 million due to the contribution of loan receivables to equity shares in affiliated companies. The amount of EUR 1.8 million (previous year: EUR 34.2 million) is due to the grant of a contingently repayable loan to a subsidiary in the course of 2023. With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 167.6 million as of the balance sheet date (previous year: EUR 183.3 million). As of the end of 2023, other assets included tax receivables of EUR 14.5 million (previous year: EUR 7.1 million).

Cash and cash equivalents stood at EUR 6.7 million at the end of 2023 (previous year: EUR 3.6 million).

The other side of the balance sheet is dominated by liabilities to banks and Group companies. As a result of scheduled repayments and new loans, bank liabilities fell to EUR 6.6 million (previous year: EUR 71.3 million). Equity increased by EUR 66.4 million to EUR 528.4 million. The net income for 2023 of EUR 123.5 million was offset by the dividend payment of EUR 52.0 million (EUR 45.0 million) that was distributed in 2023. Nemetschek SE's equity ratio was 67.4% as of the balance sheet date (previous year: 60.0%).

Provisions increased by EUR 4.9 million to EUR 14.8million. The main reasons for this are that the company recognized a repurchase obligation for treasury shares in the amount of EUR 5.2 million as part of share-based payments (see „Share-based payments") and a provision of EUR 2.3 million recognized for the first time due to the additional taxation regulation. Offsetting effects result from various individual items. Liabilities to affiliates mainly resulted from cash pooling (EUR 111.8 million; previous year: EUR 91.3 million) and short-term intercompany loans of EUR 109.3 million (previous year: EUR 127.3 million).

In 2023, control agreements and profit and loss transfer agreements were in force with the following subsidiaries: Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. There were also profit and loss transfer agreements and control agreements between Allplan GmbH and Allplan Deutschland GmbH.

Financial Position

Nemetschek SE's financing activities mainly comprised redemption payments of EUR 83.21 million (previous year: EUR 87.7 million), new loans of EUR 18.51 million (previous year: EUR 40.8 million) and the dividend payment of EUR 52.0 million (previous year: EUR 45.0 million).

In 2023, Nemetschek SE extended the existing bilateral credit facilities, increasing them to a total of EUR 357.0 million (previous year: EUR 284.5 million). These credit facilities were granted with a term of up to one year. As of the end of 2023, Nemetschek SE had not drawn on any of these facilities.

In 2023, interest payments of EUR 1.4 million (previous year: EUR 0.8 million) were made on loans taken out and credit facilities.

Within the scope of its internal financing activities, the company received funds primarily from cash pooling transactions, intercompany loans and dividends from selected subsidiaries.

Report on opportunities and risks of Nemetschek SE

Nemetschek SE is materially influenced by the risks and opportunities of the Group. Compared with the Group, Nemetschek SE is exposed to a greater foreign currency risk from intra-group financing. These foreign currency risks are mainly offset by means of natural hedging. Remaining material risk peaks are addressed in individual cases by means of hedging transactions. There were no open hedges as of the balance sheet date.

Nemetschek SE Employees

On average, Nemetschek SE had 66 employees in 2023 (previous year: 62).

Outlook for Nemetschek SE and Comparison of Actual and Forecast Business Performance

The future development of Nemetschek SE with its significant opportunities and risks is significantly influenced by the forecasts of the Nemetschek Group set out in the Opportunity and Risk Report. Based on the Group's planning, Nemetschek SE expects another small increase in the net investment result and thus in net income in the financial year 2024. In the past financial year, this was significantly higher than in the previous year and higher than expected for 2023. This was caused by higher financing requirements. Nemetschek SE expects a positive earnings trend in the upper single-digit percentage range and, for 2024, a net profit for the year that is higher than in the past financial year, which will also increase in the upper single-digit percentage range.

Furthermore, the Nemetschek SE is expected to report positive gross liquidity in 2024 in the lower double-digit percentage range above the previous year‘s level. The previous year‘s forecast was slightly exceeded, as Nemetschek SE reported positive gross liquidity in the mid-single-digit million range.

The company plans to continue distributing around 25% of its operating cash flow to its shareholders in the future. The dividend policy is always subject to the overall macroeconomic development and the economic and financial situation of the company.

4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group

The original forecast for 2023 factored in the uncertain macroeconomic conditions prevailing at the beginning of 2023 as a result of the Russian war of aggression on Ukraine and what in some cases are the severe consequences for the global economy. The forecast was also based on the assumption that the global economy would grow by 2% to 3%, as predicted by the German Council of Economic Experts and the IMF at the time, and that growth would slow compared with the previous year. Likewise, the subdued state of the construction industry was taken into account in the forecast. In addition, the forecast for 2023 particularly assumed short-term dampening effects on revenue and earnings due to the conversion of the business model from classic licensing to a subscription and SaaS system. In light of these assumptions, the Executive Board entered the 2023 financial year with a realistic, generally positive, but also cautious outlook, projecting currency-adjusted revenue growth in a range of between 4% and 6%, accompanied by substantially greater growth of >25% in annual recurring revenue (ARR), thus increasing the share of annual recurring revenue in total revenue to over 75% at the end of the year. The Executive Board projected an EBITDA margin in a range of 28 – 30%.

Despite the difficult and still challenging economic conditions, such as the persistently high interest rates as a result of the continued high but now declining inflation rates in many key economic regions, as well as the likewise persistent effects of the Russian war of aggression on Ukraine, e.g. the energy crisis in Europe, and recent developments in the Gaza-Israel conflict, as explained in << 3.2 Business Performance 2023 and Key Events Influencing the Company's Business Performance >>, the outlook for global growth as forecast by the IMF and the German Council of Economic Experts at the time was achieved or even slightly exceeded. Instead of roughly 2 – 3%, the current consensus is that global growth will reach the upper edge of the range and thus come in at around 3% in 2023. The construction industry, which is of material importance for the Nemetschek Group, performed in accordance with the description contained in << 3.1 Macroeconomic and industry-specific expectations >> in 2023, although the macroeconomic effects were particularly evident here, especially in Germany and other parts of Europe.

Given this environment, the Nemetschek Group again performed encouragingly. Throughout the entire year, business expanded, driven by long-term structural growth drivers such as the low degree of digitization in the construction industry, the requirements of greater efficiency, time and cost savings along the construction and infrastructure life cycle, mounting rules with respect to the use of BIM as well as heightened sustainability and environmental protection requirements and lower carbon emission rules. This was joined by continued strong customer demand and the pronounced growth in recurring revenue from subscription and software-as-a-service (SaaS) products. The very good performance during the year prompted the Executive Board to adjust its original March 2023 revenue forecast slightly upwards and to announce a more precise target for the EBITDA margin. Accordingly, guidance was released on October 23, 2023 providing for currency-adjusted revenue growth of 6% to 8% for 2023, with an EBITDA margin at the upper end of the originally projected range of 28% to 30%. The forecast for growth in annual recurring revenue and its share in total revenue was not adjusted in October 2023.

Overall, revenue of EUR 851.6 million was achieved in 2023, corresponding to nominal growth of 6.2% and currency-adjusted growth of 8.0%. This means that the currency-adjusted revenue growth achieved in 2023 is above the range of 4% to 6% originally forecast in March 2023 and also at the upper end of the target corridor of 6% to 8%, which had been adjusted upwards in October 2023. The reasons for the encouraging growth despite the still challenging macroeconomic environment included the further increase in the proportion of recurring revenue as a basis for the targeted sustainable growth, the consistent work on the defined strategic priorities and the ongoing internationalization of the Group's business.

Driven by this favorable revenue performance, profitability also improved in 2023. In nominal terms, EBITDA rose slightly by 0.3% (currency-adjusted: 4.2%) to EUR 257.7 million, translating into an EBITDA margin of 30.3% and thus slightly exceeding the original range of 28% to 30% that had been forecast in March 2023 and rendered more specific in October 2023.

COMPARISON OF ACTUAL AND PROJECTED BUSINESS PERFORMANCE – OVERVIEW

	Financial year 2022 Actual	Financial year 2023 Forecast March 2023	Financial year 2023 Forecast (update) October 2023	Financial year 2023 actual	Δ nominal in %	Δ currency-adjusted
Revenue or revenue growth	EUR 801.8 million	Currency-adjusted growth: 4% - 6%	Currency-adjusted growth 6% - 8%	EUR 851.6 million	6.2%	8,0%
ARR or ARR growth (annual recurring revenue)	EUR 581.7 million	ARR growth: > 25%	ARR growth: > 25%	EUR 718.6 million	23.5%	26.7%
Share of recurring revenue in total revenue	66.4%	Share of recurring revenue >75%	Share of recurring revenue >75%	76.6%	+10.2pp	–
EBITDA or EBITDA margin	EUR 257.0 million, 32.0%	EBTIDA margin: 28% - 30%	Upper end of bandwidth 28% - 30%	EUR 257.7 million; 30.3%	0.3%	4.2%

5 Main Characteristics of the Internal Control and Risk and Opportunity Management System

General risk management and internal control system*

Governance Structure

Overall responsibility for the internal control (ICS) and risk and opportunity management system (RMS) at the Group level lies with the Executive Board of Nemetschek SE. The RMS and the ICS cover Nemetschek SE and all consolidated subsidiaries and apply the three-lines-of-defense model approach.

The first "line of defense" entails the management of operating business in conjunction with the central Group functions. They are responsible for identifying, evaluating and managing any risks that may occur. To this end, measures are defined and implemented to address the risks identified. In organizational terms, the second "line of defense" is the central risk management function, which reports to Corporate Controlling. The risk management function, which has been operating as a separate department within the Corporate Controlling organization since 2023, is responsible for the Group-wide risk and opportunity management system (RMS). The RMS undergoes continuous further development and is anchored in the Group by means of appropriate information. The Risk Committee also forms part of this second "line of defense". This body, which is composed of the segment managers and the risk category owners, discusses the combined Group-wide risks and opportunities as well as the measures taken and their impact with the Executive Board on a quarterly basis. In addition, the central risk management function prepares the reports for internal as well as external stakeholders. Internal Audit is the third "line of defense" and acts as an independent control unit of the Executive Board. It regularly reviews the effectiveness of the RMS and ICS on behalf of the Supervisory Board and also submits suggestions that contribute to its continuous improvement.

THREE LINES OF DEFENSE MODEL

SUPERVISORY BOARD / AUDIT COMMITTEE		
EXECUTIVE BOARD		
1st Line of Defense	**2nd Line of Defense**	**3rd Line of Defense**
» Risk Management on operational level (brand and group level)	» Risk Management System (RMS) and Internal Control System (ICS) » Risk Committee	» Internal Audit
Operational Risk Management	**Control and Monitoring**	**Independent Audit**
COMPLIANCE		

In summary, this means that the two systems are implemented in the operating units, i.e. on the level of the local process owners of the Group companies ("1st line of defense"). The Corporate Controlling (RMS/ICS) and Corporate Finance (accounting-related ICS) functions ("2nd line of defense") are responsible for designing and developing the systems. In cooperation with other central functions, they also coordinate the preparation and communication of principles, policies and other information such as the Group account framework for the RMS and ICS. These units also organize and arrange training in conjunction with the central functions involved. The ICS and the RMS entail the management of risks and opportunities relevant for the achievement of business objectives, the appropriateness and reliability of internal and external accounting and compliance with the legal requirements and regulations applicable to the Nemetschek Group. Sustainability aspects, which are being continuously developed on the basis of regulatory requirements, are also increasingly taken into account included here. The Internal Audit function ("3rd line of defense") as an independent function regularly reviews the effectiveness of the two systems. Audit activities are performed within the framework of the annual audit plan or on the basis of audits requested during the year. The Audit Committee is systematically involved in the Group-wide ICS and RMS. It primarily monitors the accounts, the accounting process and also the effectiveness and the appropriateness of the ICS, the RMS and the Internal Audit function.

* These disclosures are not part of the management report and are therefore unaudited.

With the internal control system, the risk management system and the compliance management system, the Executive Board of the Nemetschek Group has created a control framework aimed at achieving appropriate and effective internal control and risk management. After considering internal control and risk management, the Executive Board is not aware of any circumstances impairing the appropriateness and effectiveness of these systems.

Accounting-Related Risk Management and Internal Control Systems (Process)

The Nemetschek Group's consolidated financial statements (in accordance with IFRS) are prepared on the basis of a centrally defined conceptual framework. This primarily entails uniform requirements in the form of accounting policies. An ongoing analysis is performed to identify the need for any adjustments to the conceptual framework necessitated by changes in the regulatory environment. The accounting departments of the operating units are kept informed on a monthly basis of relevant matters and deadlines in connection with accounting and the preparation of financial statements. The financial data reported by Nemetschek SE and its subsidiaries form the data basis for preparing the relevant financial statements. Most of the Group companies' financial data is prepared by local accounting departments. In addition, other accounting activities, such as governance and monitoring activities, may generally also be pooled at the regional level. In certain cases, such as valuations of complex remuneration or in connection with business combinations, external service providers are also consulted.

The financial statements are prepared in the consolidation system on the basis of the financial information reported by the local accounting departments. The steps required for the preparation of the financial statements undergo manual as well as system-based checks.

The qualifications of employees involved in the accounting process are ensured by means of appropriate selection processes and training. The "dual-control principle" is generally applied. In addition, financial information must pass through certain predetermined approval processes. Further control mechanisms include target/actual comparisons and analyses of the content and changes in the individual items of the financial information reported by Group units and the consolidated financial statements.

Access rights are defined in the accounting-related IT systems in accordance with our information security policy to prevent unauthorized access. The above-mentioned manual and system-based checks are also applied to the transfer of the financial information prepared in accordance with the International Financial Reporting Standards (IFRS) for inclusion in the annual financial statements of Nemetschek SE.

There is a quarterly internal certification process, in which members of various management levels, supported by confirmations from the management of units in their area of responsibility, confirm the correctness of the financial data reported to the Group headquarters and the reports on the effectiveness of the corresponding control systems.

The Audit Committee is involved in the accounting-related ICS, see << Governance >>.

6 Report on Risks and Opportunities

Risk and Opportunity Management System

In the face of ever faster market changes, mounting uncertainties, the growing complexity of internationally disparate conditions and swift technological progress, coupled with dynamic growth and capital spending in the markets addressed by the Nemetschek Group, business decisions increasingly depend on a reliable assessment of potential risks and opportunities.

As a global software company with a broad product portfolio, Nemetschek is exposed to risks and opportunities that may vary depending on the division, industry and region. Its corporate policy is geared towards utilizing opportunities, leveraging and expanding potential for success and avoiding, minimizing or offsetting the associated risks as far as possible. The aim is to preserve entrepreneurial flexibility and financial solidity, to increase the company's enterprise value on a sustainable basis and thus to safeguard the Group's long-term viability.

The risk and opportunity management process aims at systematically identifying any changes to the Group's viability at an early stage and addressing any risks jeopardizing its ability to manage its success. It follows the "three lines of defense" model.

As risk and opportunity management is integrated within Corporate Controlling for organizational purposes, it is aligned with the planning and reporting processes and their criteria. In addition, steps are taken to ensure that risks arising from business operations are evaluated across the Group on the basis of uniform quantitative and qualitative criteria and categories for the purpose of greater comparability. In contrast to the previous year, opportunities were not quantified, as strategic opportunities are the subject of the company's aspiration. However, opportunities are recorded, discussed and assessed, but not explicitly quantified individually for internal management purposes. This is generally only done when an opportunity is deemed sufficiently worthy of investment and is considered in corporate and financial planning.

The Nemetschek Group's risk and opportunity profile is updated, documented and conclusively recorded on a quarterly basis. This applies to strategic risks and opportunities relevant for the Group as well as to operational opportunities and risks at brand level. Risk owners are designated for all risks and opportunities that are identified and classified as relevant.

Relevant material risks are transferred, limited or mitigated through appropriate measures. Where appropriate and feasible, risks are also transferred by means of insurance.

The Supervisory Board is regularly informed of the main identified risks and opportunities of the Nemetschek Group as well as the appropriateness and effectiveness of the risk and opportunity management system.

Risk Evaluation and Reporting

The Nemetschek Group's risk management comprises the following elements:

- **Risk identification:** Definition of risk areas and identification of significant strategic and performance-related risks
- **Risk assessment:** Standardized assessment and evaluation of the risks and opportunities identified by means of uniform assessment procedures, taking into account their probability and the extent of potential loss
- **Risk aggregation:** Analysis of the overall risk position
- **Risk control:** Measures to manage risks with the objectives of avoiding, reducing and transferring risks
- **Risk monitoring:** Monitoring the risks of early warning indicators
- **Risk Reporting:** Regular reporting, at least quarterly, as well as on an ad-hoc basis to the responsible functions and committees ensures transparency and good corporate governance.

Risks are systematically identified and, where applicable, assessed. The risks that have been identified are quantified, classified and assigned to the following five categories:

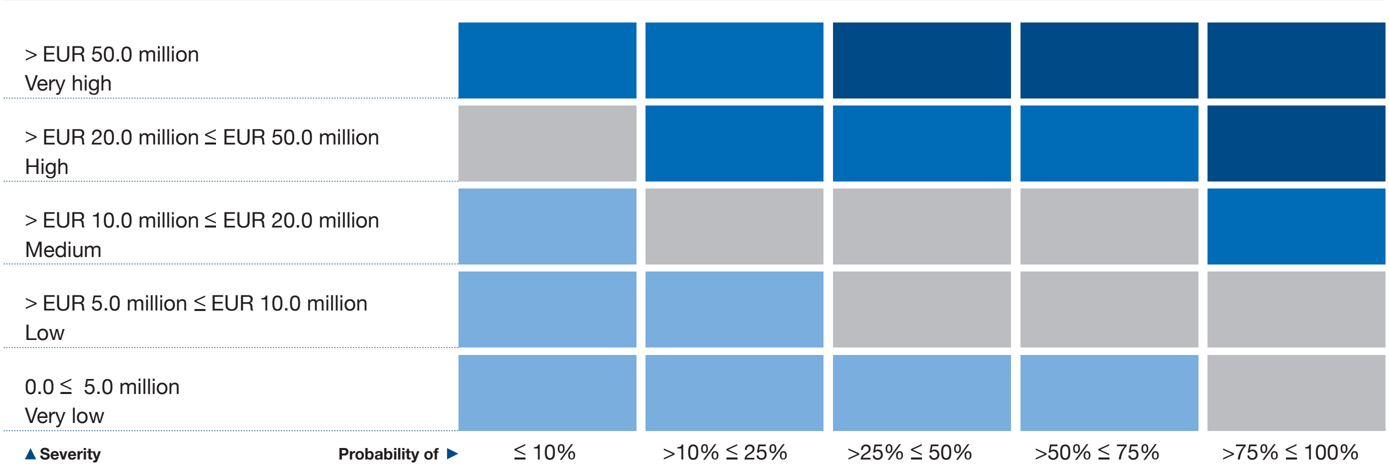
- Market Risks
- Operational Risks
- Legal, Tax and Compliance Risks
- IT and information security risks as well as
- Financial Risks

In view of their growing importance, IT and Information Security risks were combined in a separate category in the course of 2023 and also reported separately.

In order to take suitable measures to deal with risks that could threaten the continued existence of the Nemetschek Group, any risks identified are evaluated and then classified on the basis of their estimated likelihood of occurrence and the extent to which they are expected to affect the earnings, financial position, net assets and reputation of the Nemetschek Group.

The following ranges of the possible extent (after mitigation) are in relation to the sustainable and profitable growth and the financing situation of the Nemetschek Group.

RISK CLASSIFICATION MATRIX



The main risks for the Group including their estimated likelihood of occurrence and their potential extent are set out below. The four segments of the Nemetschek Group have a similar risk and opportunity profile and are therefore not presented separately. The risks listed below relate to the current Group structure as of the reporting date.

On the basis of the risk reports submitted to the Executive Board of the Nemetschek Group, the following risk profile applies as of the reporting date. It summarizes the corporate risks that are significant from the Group's point of view in risk fields with their defined risk categories:

Risk field	Risk category	Likelihood of Occurrence	Severity
	Macroeconomic and General Conditions	medium	high
	Sector Development	medium	high
Market risks	Competitive Environment	low	medium
	Corporate Strategy	very low	high
	Sales and Marketing	very low	high
	Products, Technologies and Business Processes	medium	high
	Human Resources	high	medium
Operational Risks	Acquisitions, Venture Investments and Integration	low	very low
	Legal Risks	medium	very low
	Tax Risks	high	very low
Legal, Tax and Compliance Risks	Compliance and Governance Risks	low	very low
	Data Security, Data Privacy and Information Security	low	medium
IT and Information Security Risks	Information Security Risks	high	medium
	Liquidity Risk	very low	very low
	Currency Risks	high	high
	Default Risk and Risk Management	medium	very low
Financial Risks	Interest Rate Risk	very high	very low

The Nemetschek Group's most significant risks across all risk categories as of the balance sheet date December 31, 2023 are as follows

- Foreign-exchange Risk
- Macroeconomic and Industry-Specific Market Risks,
- Parts of operational Risks (products, technologies and processes as well as human resources), and
- Parts of IT and Information Security Risks

None of the individual, business-specific risks arising from operating business constitutes a risk that is deemed to be material for the Nemetschek Group in the light of its likelihood and severity. Material risks are risks that are categorized as "high" or "very high" in terms of probability of occurrence and extent. In addition, no risks liable to threaten the Nemetschek Group's going-concern status either individually or in their entirety were identified.

Market Risks

Macroeconomic and General Conditions

The Nemetschek Group is active in various markets and regions. Business activities are influenced by geographic and sector-specific economic factors, political and financial changes and the occurrence of natural disasters, geopolitical changes and other global events. Given the current geopolitical situation, the general conditions deteriorated over the last year and this led to an increase in macroeconomic risk.

The ongoing Russian war of aggression, as well as the escalation of the Gaza-Israel conflict and the resulting war, have no significant direct impact on the business operations of the Nemetschek Group. However, indirect consequences such as the energy crisis in Europe caused by the Russian war of aggression or shifts in public-sector budgets in favor of military spending planned by different governments may have an indirect negative impact on the business of the Nemetschek Group. The regional spread of armed conflicts, which may lead to the involvement of NATO, as well as any further geopolitical upheavals triggered by the existing conflicts could cause a significant deterioration in the global economic situation and subsequently have a corresponding negative impact on global economic growth and capital spending in the corporate sector.

Nemetschek continually monitors developments in key economies and the construction and media industries by means of widely available early warning indicators such as the market indicator of the Euroconstruct market institute or the Construction Confidence Indicator (CCI), as well as by analyzing its own marketing situation. The media and entertainment market is also closely monitored and events such as the strike by the film industry in the United States are observed. The highly targeted markets in Europe, North America, and Asia are continuously analyzed. Thanks to its international business orientation, the Nemetschek Group is characterized by broad risk diversification. Moreover, the individual segments react differently to economic cycles in terms of timing. The Design segment – which accounts for roughly 50% of the Nemetschek Group's revenue – is positioned at the beginning of the building life cycle and would be the first to feel the effects of any general economic downswing. The Build segment would only be affected downstream. The Manage and Media segments target different end clients, which increases risk diversification. The Manage segment is not directly dependent on the building process, as the focus in this segment is on efficiency enhancements in the management of properties. The Media segment is almost completely isolated from the construction industry.

Within the current client structure, there are currently no individual clients accounting for a material proportion of revenue. The Nemetschek Group is highly diversified, both in terms of regional distribution and client mix. At over 76.6% (previous year: 66.4%) of total revenue, the large proportion of recurring revenue is also a risk-minimizing factor. The Nemetschek Group's strategy prioritizes the further expansion of recurring revenue and continued internationalization, and these aims are systematically pursued on a long-term basis.

Sector Development

The order situation and the financial strength of the construction and media industries exert an influence on the investments of these industries in software solutions and thus on the business performance of a material part of the Group.

Long-term growth opportunities are forecast for the construction and infrastructure industry thanks to global trends such as urbanization and demographic growth. They are joined by long-term structural growth drivers such as the still low degree of digitization in the construction industry; the requirements for greater efficiency, time and cost savings along the construction and infrastructure life cycle; growing regulatory requirements – also for the use of BIM – as well as heightened sustainability and environmental requirements. The same applies to the media industry, as the demand for digital content is constantly increasing. However, growth may weaken and fluctuate in the short and medium term due to the current macroeconomic situation in the media and construction industries. In particular, high inflation and the interest rate hikes by a large number of central banks in response to it are leaving negative traces on the construction industry. Moreover, supply chain constraints, the limited availability of some raw materials, and skilled-labor shortages may prevent the industry from making full use of its development potential. Global conflicts may also cause budget re-allocations in individual countries, adversely affecting construction spending. The overall effect of these factors may be to reduce earnings in the corporate sector, something that would dampen corporate spending – including Nemetschek Group's products and solutions. In addition, risks may arise from customer consolidation, such as large media companies, resulting in changed customer requirements.

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

Competitive Environment

The software market is competitive, and characterized by the rapid pace of technology, and heavy fragmentation. However, for businesses that operate sustainably, this market also offers opportunities. With the increased use of new technologies, such as artificial intelligence in the construction and media industries, new companies with strong financial resources can enter the market and quickly gain a strong market position.

Nemetschek closely monitors the competitive environment and, with its financial resources, is able to actively shape change in the industry. This is done through sustainable investments in its own research and development activities, on the one hand, and through acquisitions of or investments in start-up companies on the other hand. Furthermore, entry barriers in both industries are relatively high due to the complexity of the solutions and client relationships and proximity.

Operational Risks

Corporate Strategy

The Nemetschek Group pursues an earnings-oriented growth strategy *<< 1.2 Growth Drivers, Goals and Strategy >>*. Broadly speaking, the strategic direction is oriented toward identifying and realizing opportunities for the company. However, risks can also arise in connection with the corporate strategy and its implementation, and these risks may negatively impact the company's earnings, financial position and net assets.

The Nemetschek Group growth strategy is based on organic growth initiatives as well as growth stimulus from M&A activities. If it is not possible to acquire businesses at reasonable prices, this may adversely affect the implementation of the long-term growth strategy.

The implementation of the growth strategy also comes with challenges arising from the increasing rate of internationalization. This element of the strategy also requires overcoming the barriers to entry in new regional submarkets, while also developing successful and efficient sales structures in these and leveraging competitive differentiators in the regional submarkets to grow value. If this is not possible or is delayed, negative effects may arise. The Nemetschek Group has extensive experience in planning and establishing regional sales structures. To address specific challenges, it also engages specialized external consultants, where necessary, to avert or contain the aforementioned risks and the consequences arising from them.

The Nemetschek Group continuously evaluates existing as well as new technologies, monitors the market on an ongoing basis and revises its market assessments on the basis of these findings.

Thanks to its close relationships with its clients, a broad range of attractive client solutions and its role as a leading innovator, the Nemetschek Group continuously works on creating attractive and innovative solutions with many benefits for clients, thus minimizing the risks arising from the strategic orientation adopted. The Group's risk situation changed slightly in the course of the year. Changes may arise from competitors, mainly as a result of the sharp growth in the significance of artificial intelligence (AI) and its rapid ongoing development. The Nemetschek Group sees this development as harboring opportunities as well as risks which are being closely observed and actively addressed within the company. For one thing, the Group has been investing in innovations for years, with a particular focus on AI. For another, Nemetschek invests in start-ups in the AI sector to remain close to their development and to bring the start-ups together with the Nemetschek Group's existing brands.

Sales and Marketing

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

The loss of important sales partners or sales employees could have a negative impact on the revenue and earnings of the Nemetschek Group. The brand companies address this risk through careful selection and training and by motivating sales partners and employees through attractive incentive and reward systems.

Sales risks also arise if the brands establish their own sales team or sales location in regions where a sales partner previously operated or if sales partnerships are terminated. Such a change may lead to disagreements with the previous sales partner or adverse client reactions. However, such scenarios are analyzed in detail before they are implemented and discussed both internally and with external market experts.

Further risks may arise when the product portfolio is modified or when new forms of distribution, such as subscription/rental models, are adopted if, when they are launched, the appropriate solutions do not yet have the degree of market maturity that clients expect. Nemetschek addresses this risk by preparing market launches carefully in conjunction with pilot projects involving selected customers and, if necessary, by quickly adjusting and intensifying its development activities.

Risks may also arise when new distribution and sales channels, such as e-commerce offerings (including the Group's own web stores), are established. The Nemetschek Group addresses these risks by engaging in precise planning, comprehensive communications and careful testing of corresponding changes.

Products, Technologies and Processes

In contrast to the previous year, the two risk categories products/technology and processes have been combined into a single risk. In an environment characterized by rapid technological progress, products, the technologies used and ongoing development must meet high demands.

There is a risk that competitors will gain an innovative edge and thus win clients previously with the Nemetschek Group. Future business success therefore depends above all on the ability to offer innovative products that are tailored to clients' needs. With its organizational structure, the Nemetschek Group is positioned close to its customers and market. In this way, it is able to identify changes and trends at an early stage, evaluate them and take an appropriate response in such a way that client needs and internal quality standards can be met. The Nemetschek Group continuously invests roughly one fifth of its revenue in research and development to avert product- and technology-based risks as far as possible and to reduce them to a level tailored to the strategy.

The Nemetschek Group's software products incorporate third-party technology in some cases. The loss of or poor quality of the technology could lead to delays in the delivery of the company's own software and to increased expenses for the procurement of replacement technology or for quality improvement. It addresses this risk by selecting suppliers carefully and ensuring adequate quality assurance.

Risks may arise if the required and planned process results do not meet client requirements in terms of time and quality due to insufficient resources or changes in underlying conditions. The Nemetschek Group addresses risks that arise from changes in processes by implementing structured project management and targeted communications. Changes are tested at defined milestones and rework done if necessary. Internal and external experts are also engaged as needed.

Further risk potential exists in the realignment of the product lines. In such cases, the Nemetschek Group takes care to intensify the exchange of information with the clients affected and to comprehensively explain the benefits of the realignment or migration.

Human Resources

The software industry is currently facing a growing shortage of qualified employees, particularly in the areas of software development as well as marketing and sales.

The prevailing shortage has constituted a risk to the sector for many years. If qualified skilled or management employees were to leave the Nemetschek Group and no suitable replacement could be found, this could have a negative effect on business development.

This is particularly significant if it also results in a loss of expertise. To recruit and retain employees, the Nemetschek Group offers flexible working models as well as attractive salaries and working conditions. In addition, it works very closely with universities, provides scholarships, and awards doctoral positions to identify young specialists and to recruit them at an early stage. Moreover, the company aims to offer its employees an attractive workplace, appealing development opportunities, and consequently a bond between the employees and the company.

Acquisitions, Venture Investments and Integration

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

There is a risk that merged or acquired entities do not develop in line with expectations, preventing the defined earnings targets from being reached. This could negatively impact the Nemetschek Group's earnings, financial position and net assets. Goodwill, which arises from business combinations, is subject to impairment testing at least once a year. It is possible that the value of an acquiree proves to be impaired due to commercial developments, meaning that the purchase price may need to be written off in full or in part. This would negatively impact the Nemetschek Group's earnings, financial position and net assets.

To address M&A risks, potential targets are assessed, evaluated and planned carefully and systematically before any contract is signed. There is an established, standardized process for M&A activities with a special focus on due diligence and ensuing integration within the Nemetschek Group.

Legal, Tax and Compliance Risks

Legal Risks

In an international company such as the Nemetschek Group, contractual, competitive, trademark, and patent law related risks may arise. With this in mind, provisions are made in the statement of financial position in accordance with the accounting regulations. The Nemetschek Group limits such issues through legal audits by the legal department and external legal advisers.

In the software industry, developments are increasingly protected by patents. Patent activities mainly concern the American market, although using patents to protect software is also steadily rising in other markets. The infringement of patents could have a negative impact on earnings, financial position and net assets, the share price, or the reputation of the company.

To mitigate these risks, the Legal department is involved in all important processes and major contracts, advises on complex legal matters, and ensures standardized workflows, legally required submissions, and regular reviews.

Tax Risks

By having global subsidiaries, the Nemetschek Group is subject to the local tax laws and regulations that apply to each one. Changes to these regulations may lead to higher tax expenses and, connected with this, higher cash outflows. Furthermore, changes may adversely affect the deferred tax assets and liabilities recognized.

The Nemetschek Group's future tax situation is subject to uncertainty over the US tax reform, as a considerable part of its profits are generated in that country. In addition, the Nemetschek Group will come within the scope of the future BEPS (Base Erosion and Profit Shifting) Initiative 2.0 of the Organization for Economic Development and Cooperation (OECD) and its local implementations. They range from increased transparency, such as country-based reporting, to requirements for minimum taxation. The very likely implementation of the EU Minimum Taxation Directive is expected to have an impact on the Group's tax position.

Compliance and Governance Risks

The regulatory environment of Nemetschek SE, which is listed on the German MDAX and TecDAX, is complex and has a high level of regulation. A possible violation of regulatory requirements could have negative effects on the company's earnings, financial position and net assets, share price, or reputation.

To a small extent, clients of the Nemetschek Group include governments or publicly owned companies. Business activity in the construction industry is partly characterized by orders of a larger volume. Cases of corruption or simply the corresponding allegations could make participation in public tenders more difficult or even impossible and have negative effects on the company's continued economic activity, earnings, financial posistion and net assets, share price, or reputation. Against this backdrop, Nemetschek has adopted a Group-wide Code of Conduct as well as a Group anti-corruption policy, both of which are binding on all employees. Compliance and corporate responsibility have always been important components of the Nemetschek Group's corporate culture. An e-learning tool as well as in-person training are used to communicate this topic on a sustained and Group-wide basis. This helps to raise Group-wide awareness, allowing employees to detect potentially critical situations and take the appropriate response.

Applying the relevant Group policies and other regulations (including specific compliance guidelines) as well as targeted compliance communication measures, we raise employees' awareness of the importance of compliance and provide the necessary training.

Along with this, external stakeholders such as suppliers and business partners are integrated into the operational compliance process. As part of the risk-based business partner audit, the Supplier Code of Conduct (SCoC) forms an integral part of the contract to ensure that business partners implement supply chain compliance in their own operations in a sustainable and transparent manner.

IT and Information Security Risks

IT Risks – Data Security, Data Privacy and Information Security

The requirements with regard to compliance, data retention, data security as well as data privacy are increasing in severity all the time. On the one hand, new and extensive regulations and legal stipulations are planned in the current regulatory environment, while on the other, the requirements that individual clients have are also rising. The General Data Protection Regulation (GDPR) is currently the most significant regulation in force. In addition, local data protection authorities may impose other sanctions under Article 83 of the GDPR. The Nemetschek Group has designed its processes to be fundamentally compliant with data-protection requirements, and an external data protection officer also helps to ensure compliance with the data protection regulations.

Information Security Risks

The Nemetschek Group is observing a growing threat to Group-wide information security in the market environment. This development is also resulting in risks to the security of products and solutions as well as the IT systems and networks of the Nemetschek Group. Like other global companies, the Nemetschek Group is exposed to the threat of cyber-attacks by increasingly professional perpetrators, supported by organized crime and possibly also by government structures engaged in industrial espionage or even sabotage. For this reason, the resultant risks rose in the course of the year.

At the same time, the information security requirements to address these threats are steadily increasing. The EU Commission will implement regulations that call for high security standards for software products (EU Cyber Resilience Act as well as the EU's NIS-2 Directive (Network and Information Security)). These regulations are to enter into force after being ratified in 2025, with different transitional periods commencing in that year. The result of these developments may be that product development costs rise or that revenue growth slows down if the provisions are not complied with in a timely manner. The Nemetschek Group supports these activities and is working closely on meeting the future requirements. For this purpose, it has initiated projects to ensure that its products and solutions are implemented in a legally compliant manner and in accordance with client requirements at all times.

A large number of measures have been developed within the Nemetschek Group to maintain and permanently improve the level of protection to actively address the IT and information security risks described. The following measures, for example, have been implemented:

- » Group-wide implementation of a modern cyber defense architecture.
- » Establishment of a Group-wide information security management system in accordance with ISO 2700x, which also includes the management of IT and information security risks.
- » Installation of a global information security organization with established reporting lines to the Executive Board.
- » Close collaboration and regular exchange between the information security managers and experts of the Nemetschek Group.
- » Establishment of dedicated information security technologies, processes and organizational measures that are integrated into IT and operational processes.
- » Regular information security training and awareness-raising campaigns for all employees.

The information security measures are constantly monitored to verify their effectiveness. New threats as well as successful and failed attempts are analyzed, while the entire information security system is constantly undergoing further development and being adapted to take account of current and, as far as possible, future threat patterns. Group-wide cybersecurity insurance provides further protection, covering all Group companies, and is intended to mitigate the financial consequences of a potential cyberattack.

Financial Risks

The objectives and methods for dealing with financial risks are also described in detail in the notes to the consolidated financial statements under *<< Financial Risk Management Objectives and Methods >>*.

Liquidity Risk

On the basis of the existing financial liabilities, there is a general liquidity risk if earnings deteriorate. At the end of 2023, the Nemetschek Group had liabilities to banks of around EUR 6.9 million (previous year: EUR 72 million). The Group continued to generate positive cash flows from operating activities in 2023, allowing it to settle liabilities that have already fallen due for payment or will do so in the future. Nemetschek SE ensures to some extent the availability of decentralized financial resources via central cash pooling and intra-Group distribution and financing options. As a matter of principle, the Group pursues conservative and risk-averse financing strategies. The Group Treasury function has been significantly strengthened over the previous years and aspects such as banks, liquidity, and risk management steadily enhanced through the continued upscaling of governance structures and revisions to processes and systems.

Currency Risks

As an internationally active company, the Nemetschek Group is exposed to exchange rate fluctuations, especially in the United Kingdom, Japan, Norway, Sweden, Switzerland, Hungary, and the United States. The ongoing internationalization of the Group's activities will additionally heighten the relevance of exchange rate fluctuations for the Group's business activities. However, at the Group level they only affect the earnings arising in a foreign currency, as the operating subsidiaries outside the Eurozone generate most of their revenue, costs, and expenses in their local currencies (natural hedging). Nonetheless, currency fluctuation may impact pricing and therefore revenue, which may influence the earnings of individual Group companies. Given the continued high uncertainty over the future direction of the monetary policies pursued by individual central banks, exchange rates may remain volatile and – when translated into the euro, which is the reporting currency – significantly impact the earnings, financial position, and net assets of the Group and the parent company. In the case of the parent company, this additionally concerns currency risks arising from foreign-currency financing transactions with subsidiaries.

Default Risk and Risk Management

Credit risks within the Nemetschek Group are addressed by managing credit approvals, defining upper limits and control procedures and by maintaining regular debt reminder cycles.

The Nemetschek Group has no significant concentration of credit risks with any single client or groups of clients. The maximum credit risk equals the amounts recognized on the face of the balance sheet.

Clients who wish to conclude material transactions with the company on credit terms are subjected to a credit assessment if materiality thresholds are exceeded. In addition, receivables are continually monitored and checked so that the company is not exposed to any significant default risk. If default risks are identified, appropriate provisions are made in the statement of financial position. In the current economic environment, it is possible that the creditworthiness of some clients may change, resulting in an elevated credit risk.

Over the past three years, the markets have experienced rising insolvency figures, funding problems on the part of clients and project postponements due to delays in the supply chain. The Nemetschek Group and its clients have demonstrated great resilience in this respect, thus remaining shielded from greater systemic risk. The Group continually monitors this situation and, if necessary, will take measures and recognize provisions.

Interest Rate Risk

As a result of the measures taken by central banks to curb inflation, interest rates are currently high, especially in Europe and the United States. However, management does not currently see any significant interest rate risk for the company due to the Nemetschek Group's financing structure. Long-term financing arrangements are hedged with fixed interest rates. Future M&A activities may have an impact on future interest payments and are therefore assessed in each individual transaction. Given the company's good earnings and financial situation and, hence, its creditworthiness, the adverse effect of the interest rate risk on the Nemetschek Group would be limited.

Opportunity Management and Reporting

The recognition and management of opportunities have been established as integral components of strategy, corporate planning and forecasting processes. This provides a long-term, medium-term and short-term perspective for additional growth potential for the Nemetschek Group. Accordingly, management evaluates relevant and feasible opportunities that are consistent with the Group's strategic goals and offer a competitive advantage.

Among other things, operational potential is addressed by means of regular discussions between the Executive Board, the segment managers and other relevant experts. To this end, economic, industry and sales developments as well as the competitive environment and technological trends are considered in the light of market, industry and competition data. Opportunities that can be realized in the short term are prioritized and integrated within the rolling business forecast.

The Nemetschek Group's opportunity management process is based on the risk management process.

The opportunities set out and described below are considered to offer the greatest potential for the Nemetschek Group as of the balance sheet date December 31, 2023:

Opportunity Field	Opportunity Category
	Macroeconomic and General Conditions
	Sector Development
Economic Opportunities	Competitive Environment
	Corporate Strategy
	Sales and Marketing
	Products, Technologies and Business Processes
	Human Resources
Operational Opportunities	Acquisitions, venture investments and integration

Economic Opportunities

Macroeconomic and General Conditions

A swifter-than-expected improvement in the global economic outlook could boost capital spending on the part of clients and, hence, demand for Nemetschek Group products and solutions. Moreover, government initiatives and subsidies may result in higher government expenditure, including for investment in infrastructure or digital transformation. The Nemetschek Group has the capacity to profit from this, too. It is intensively monitoring the development of government initiatives in its regional target markets so that it can respond to initiatives and programs promptly.

The increasing importance of sustainability and political efforts to achieve it may offer positive stimulus for the Nemetschek Group's business. In offering its products and services, the Nemetschek Group is actively involved in the development of an economy that is oriented toward sustainability and believes there are possibilities to benefit from the potential opportunities. However, the current assessments are subject to change and it may not be possible to fully act on opportunities.

Sector Development

Mounting cost pressure and the increased use of digital working methods may lead to an acceleration of digitization in the construction industry. Compared to other industries, digital transformation has little presence in the construction industry, yet it has a key role especially when it comes to efficient material usage, efficient construction site management, and building operation and management with low resource consumption. In this current market phase, where market participants are conscious of cost-effectiveness and efficient resource usage, expenditure on digital transformation can be the key to reshaping value chains for lasting efficiency. If enterprises such as the Nemetschek Group could increase their clients' awareness accordingly, this would potentially allow digital transformation in the construction industry to unfold more quickly than expected and permit potential revenue to be harnessed faster than expected, too.

In addition, the construction industry can benefit from numerous government-initiated investment projects for infrastructure and public construction. This consequently opens up opportunities for participating in investment programs, particularly for the Design and Build segments. In the Manage segment, issues such as efficiency enhancements and sustainable building management are particularly relevant. Here as well, the trend in favor of energy savings, for example, may harness growth potential.

Further opportunities may arise in the Media segment as the creation of digital content and worlds, together with 3D animation is increasingly growing in importance. One example of this is the metaverse, which merges the virtual with the real world. In addition, there is a growing need for digital content and rising demand for gaming. These trends could have a positive impact on demand for solutions in the Media segment.

Competitive Environment

Thanks to its strong earnings and sound finances, the Nemetschek Group is capable of making sustainable investments in research and development. This means it can enhance the technology of its existing portfolio of products and solutions in line with its clients' needs while generating innovation that adds value for clients.

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

Operational Opportunities

Corporate Strategy

The Nemetschek Group sees itself as a driver for building information modeling (BIM) and has a strong position in all AEC/O segments with regard to this working method. BIM regulations in various countries are helping to ensure that the relevant technologies become increasingly important in the construction industry.

The progressive shift towards new sales and business models such as subscription and software-as-a-service products as part of the Group's strategic orientation offers accelerated growth opportunities and also ensures greater stability and forward visibility with respect to revenue and margins.

New technologies may also unleash new market potential. The growing importance of artificial intelligence in particular may change the AEC/O and media markets. In addition to the development and implementation of AI solutions, the growing importance of AI at Nemetschek is also being fueled by a high willingness to invest in relevant start-ups. Alongside the risks, the Nemetschek Group particularly also sees opportunities in this development and has been investing in AI-related innovations for many years. In addition, it is working with university experts to promote an exchange with academia on AI.

Sales and Marketing

The ongoing internationalization of Nemetschek's business forms a strategic focus for expanding regional market share or entering new markets. The focus lies on those sales markets that offer the greatest market potential and growth. Alongside Europe, a major priority is the United States, which is the largest regional AEC/O software market in the world, and selected Asian markets. Along with this, there is an opportunity for stepping up efforts to address previously peripheral markets, e.g. in Asia/Pacific, including India, and for generating additional growth.

New forms of market cultivation arising from the consolidation of individual products are opening up opportunities to offer existing and potential new clients more comprehensive packages of solutions. This is particularly the case for large, international clients who combine various disciplines under one roof. This is supplemented by cross-selling activities to offer clients packages containing different products from the entire Nemetschek portfolio. Opportunities may also arise from new sales channels such as e-commerce in which clients can take out a subscription for a solution directly online via the website.

Products, Technologies and Processes

The development of new solutions and technologies that are focused on client benefits, including cloud-based solutions and platforms or digital twins for example, can enable the new growth potential to be harnessed. New business models such as subscriptions and SaaS also open up opportunities to boost Group's earnings. The Nemetschek Group uses its close client relationships and its knowledge and experience as well as its research and development resources to harness the opportunities that are emerging.

Changes are continuously made to existing business processes and models in order to achieve targeted improvements. Changes may have a direct positive impact on client benefits, and thus also on client relationships, as well as an indirect effect by additionally optimizing internal corporate structures and processes, thus creating a positive impact on the Group's cost structure and value generation.

Human Resources

The Nemetschek Group is aligned with long-term growth. With size-based adjustments in the organization of structures and workflows, changes can be made that provide relief for the current organizational structure and offer appealing development opportunities for Nemetschek Group employees or entry opportunities for external candidates. The functional organizational structure of the G&A functions (HR/People, Controlling & Risk Management, Finance and IT) rolled out in 2023 may also enhance the appeal of roles in these areas. Furthermore, a more closely coordinated brand identity, portraying a globally active group, offers an opportunity to heighten the company's appeal for existing and future employees. The existing, close cooperation with a broad network of universities, particularly in Europe and the US, also offers an opportunity to further grow the reputation and appeal of the Nemetschek Group among university graduates. Financially potent companies such as the Nemetschek Group offer greater appeal as employers, particularly in uncertain economic times and thus have options for retaining employees and hiring new ones.

Acquisitions, Venture Investments and Integration

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

In order to make the best possible use of acquisition opportunities, the Nemetschek Group continually screens the markets for suitable targets. It also works with M&A advisors to fill gaps in its portfolio. Furthermore, the responsible persons within the segments contribute their expert knowledge and market observations in an established and professional M&A process. There is a standardized M&A process with a particular focus on due diligence, valuation and post-merger integration.

Summary Assessment of the Group's Opportunity and Risk Situation

Compared to the previous year, there have been no material changes in the company's overall risk profile or individual risks and opportunities. The adjustments to the risk profile mainly reflect the slight elevation of market risks compared to the previous year, particularly with regard to the overall and sector-specific outlook and the competitive environment, as well as the slight increase in operating risks. The Nemetschek Group also sees a heightened risk of cyber-attacks compared to the previous year. Overall, Nemetschek is satisfied that the risks identified do not pose a threat to the continued existence of the Group, neither individually nor as a whole. This assessment is supported by the asset structure, the liquidity position, and the financing structure.

7 Outlook 2024

Overall Economic Development

As a globally active company, the Nemetschek Group is influenced by worldwide economic developments and industry-specific trends. These developments may also impact the Group's future earnings, financial and asset situation.

The outlook for the global economy is currently influenced by many factors that are subject to great uncertainties. Geopolitical conflicts and crises, in particular, and their impact on global markets are continuing to leave traces on the global economy. Despite the adverse circumstances, the global economy proved to be robust in 2023, reflecting companies' mounting resilience.

The consequences of the ongoing Russian war of aggression on Ukraine, the terrorist attacks by Hamas in Israel, which has prompted a military response from Israel, as well as the difficult trade relations between the United States and China will have an impact on the global economy in 2024. Above all, the restrictive monetary policies triggered by the conflicts and crises described above are having a dampening effect and will take their toll in 2024.

In addition to the above-mentioned factors, the increasing transformation efforts and activities in individual economic regions (e.g. the European Green Deal in the European Union) towards a more sustainable economy are also leading to major changes in the economic framework, yielding opportunities as well as risks for individual sectors.

The monetary measures taken by governments and central banks exerted their effect in 2023. Inflation rates are expected to continue declining, gradually reaching the central banks' targets. As a result, the current tight monetary policies may be eased in the future.

Given the large number of existing and potential geopolitical conflicts, the current forecasts are fraught with high uncertainty.

Overall, the International Monetary Fund (IMF) in its World Economic Outlook published on 30 January 2024 and the German Council of Economic Experts in its Annual Report 23/24 published on 8 November 2023 expect the global economy to flatline or slow in 2024. While the IMF is predicting an increase in gross domestic product (GDP) of 3.1%, the German Council of Economic Experts projects growth of just 2.2%.

The following forecasts have been issued for the main regions in which the Nemetschek Group operates:

GDP in the **Eurozone** is expected to expand by 1.1% (German Council of Economic Experts) or 0.9% (IMF) in 2024. In the EU, the fallout from the energy crisis, caused primarily by the Russian war of aggression on Ukraine, is still having a negative impact. The still restrictive monetary policies in the EU are also continuing to have a dampening effect on the economy, with the European construction industry in particular bearing the brunt.

The **German** economy should regain some momentum compared to 2023 and return to a growth trajectory with expansion of 0.7% according to the German Council of Economic Experts. The IMF likewise expects a slight increase in economic output of 0.5% for Germany. Due to the comparatively high level of industrialization, particularly in energy-intensive sectors, the German economy is currently suffering particularly severely from the consequences of the energy crisis and historically high interest rates.

The German Council of Economic Experts is forecasting growth of 1.6% for the **United States** in 2024, while the IMF expects growth of 2.1%. Accordingly, both institutions assume that the US economy will lose momentum. In particular, the high interest rates could place a damper on the economy in 2024, with government support programs primarily intended to promote corporate investment.

For **Asia** – where both institutions see the greatest regional growth globally for 2024 – the German Council of Economic Experts forecasts an increase in GDP of 3.8%. **China** is expected to grow by 4.3% In its January 2024 update, the IMF puts economic growth in China at 4.2% and thus lower than in the previous year. The Chinese economy continues to suffer from the consequences of the real estate crisis, although industrial output is expected to normalize further. Growth rates in India are also likely to exceed the global and Asian forecasts. The IMF expects economic output to grow by 6.5%. This is consistent with the estimates of the German Council of Economic Experts, which anticipates growth of 6.2%.

Overall, the uncertainties associated with the aforementioned forecasts are considerable and particularly depend on the further course of political and economic conflicts, crises and underlying conditions. Any risks occurring or worsening or any deterioration in conditions may have a negative effect on the global economy. Likewise, an end to the war in Ukraine or the Middle East or an improvement in general conditions may generate impetus for the global economy, feeding through to the industries and regions addressed by the Nemetschek Group. The IMF and the German Council of Economic Experts currently believe that the short-term risks for the global economy outweigh the opportunities.

Sources: German Council of Economic Experts, Annual Report 23/24 dated November 8, 2023 and International Monetary Fund, World Economic Outlook Update dated January 30, 2024.

Development of the Underlying Industry-Specific Conditions

Construction Industry

The construction industry is influenced by the prevailing macroeconomic and political conditions. The effects previously described of the current geopolitical crises and conflicts are also leaving traces on the construction industry in particular. High interest rates, restrictive monetary policies and persistently high prices are triggering greater investment reticence on the part of companies and private property developers, at least in the short term. However, the current situation in the construction industry is forcing planning and construction companies in particular to improve the efficiency of their planning and building processes. The need for improved efficiency and cost savings may therefore also provide important impetus for the further digitalization of the industry. Moreover, sustainability and environmental protection are becoming increasingly important in the planning, construction, operation and renovation of buildings. A more energy- and resource-efficient approach throughout the entire construction process, including the subsequent use phase, is therefore a critical factor in achieving the political climate targets. This should also generate impetus for the construction industry.

The experts at Euroconstruct (November 2023) project a sequential inflation-adjusted decline in the construction industry in **Europe**. They forecast a decline of 1.7% in 2023, widening to 2.1% in 2024. Euroconstruct sees a recovery emerging in the European construction industry and a return to a growth trajectory in 2025.

The **German** construction industry, which is of particular importance for the Nemetschek Group, is expected to contract by 2.2% in 2024. This decline is therefore within the range forecast for 2023, for which experts project contraction of 2.3%. At 2.2% in 2024, the decline forecast for Germany is slightly above the average for the Euroconstruct countries (decline of 2.1%). The highest growth rates across Europe are expected in Ireland (+4.4%), Slovakia (+2.9%) and Poland (+2.5%). By contrast, Italy (–7.3%), Sweden (–5.7%) and Denmark (–4.9%) are expected to experience the sharpest declines in construction output in 2024.

In the **United States**, construction output should expand by 5% in 2023, before flatlining and shrinking slightly in 2024 (0%) and 2025 (–1%), respectively. Whereas residential construction in particular is expected to shrink substantially by 7% in 2024 and 3% in 2025, the non-residential sector should expand by 5% in 2024. Output in this sector will also likely shrink by 2% in 2025.

The construction industry in **Asia** should contract slightly by 0.4%. A decline of 2.6% is projected for China, while India should remain stable (growth of 0.2%), with Japan displaying substantial growth of 5.2%.

Source: 96th Euroconstruct Summary Report Winter 2023; North American Engineering and Construction Outlook Fourth Quarter Edition (October 2023).

Digitalization in Construction

Digitalization in the construction industry is less advanced than in other industries due to the high degree of fragmentation, non-serial production processes and the low profitability and the low margins in construction. Nevertheless, a large number of players in the construction industry view the digital transformation as a key competitive advantage and a strategic priority. Mounting regulation – including for sustainable construction, high material costs, the continued shortage of skilled labor and the lessons learned from the Covid-19 pandemic – may spur and even accelerate existing trends such as digitization in the medium to long term. Accordingly, the Nemetschek Group is operating in a market that remains dynamic and offers great growth potential in the coming years. The increasing establishment of an open standard for data exchange, which ensures compatibility between different software solutions and thus fosters the increasing establishment of BIM, will have a particularly positive effect. The driver behind this development is the international non-profit organization buildingSMART, which promotes digitalization in the construction industry.

Development of the Media and Entertainment Industry

The media and entertainment industry continues to benefit from a steady increase in demand for high-quality content and animation by artists and creators, as well as the growing use of visual effects (VFX) in films and videos, as well as high demand from the gaming industry. Although demand in the industry temporarily stalled as a result of the strikes in Hollywood in 2023, Nemetschek still sees great market potential – especially in the medium term – from the metaverse and the creation of an artificial environment in the form of augmented reality (AR) or virtual reality (VR). In this market, the Nemetschek Group is very well positioned with the Media segment and the Maxon brand to leverage future growth potential in the underlying market.

General Statement on Expected Development

Outlook for the Nemetschek Group

Despite the underlying macroeconomic and industry-specific conditions and challenges outlined above, the Executive Board is optimistic about 2024.

In the short term, the planned ongoing adoption of subscription and SaaS models will have a temporary dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, however, the conversion to subscription and SaaS models means that higher revenues can be generated over the client lifetime. Moreover, revenues are more predictable and, as a result, business generally gains added resilience – even across economic cycles.

In the medium and long term, the significant structural growth drivers such as the low level of digitalization in the construction industry, the requirements of greater efficiency and time and cost savings in the construction life cycle, mounting regulations on

BIM use, increased demands for sustainability, environmental protection and lower carbon emissions as well as ongoing urbanization remain fully intact. A further factor is the ongoing shortage of skilled workers, which has in fact been exacerbated by the crises of recent years.

On a like-for-like basis, we expect an attractive revenue growth in 2024. Specifically, currency-adjusted revenue growth should be in a range of 10% to 11%. Growth in recurring revenue, as measured by the annual recurring revenue (ARR) KPI, is expected to increase significantly faster than Group revenue at around 25%. The share of recurring revenue in total revenue is therefore expected to continue widening to roughly 85% at the end of the current year. The EBITDA margin should be in a range of 30% to 31%.

	Financial year 2023 Actual	**Financial year 2024 Forecast March 2024**
Revenue or currency-adjusted revenue growth	EUR 851.6 million, 8.0%	Currency-adjusted revenue growth of 10 to 11%
ARR or ARR growth (annual recurring revenue)	EUR 718.6 million, 26.7%	ARR growth of ~25%
Share of recurring revenue in total revenue	76.6%	Share of recurring revenue in total revenue: ~85%
EBITDA or EBITDA margin	EUR 157.7 million, 30.3 %	EBITDA margin of 30% to 31%

As business development is influenced by currency effects, particularly the US dollar, the outlook for revenue growth is stated on a currency-adjusted basis in order to better assess the company‘s operational strength.

Dividends

The pro-shareholder dividend policy pursued by Nemetschek SE based on continuity and sustainability, is to be continued in the coming years. Taking into account the respective overall economic development as well as the economic and financial situation of the company, the Executive Board plans to continue to distribute around 25% of the operating cash flow as a dividend to the shareholders and thus allow them to participate appropriately in the economic success of the Group.

In general, it should be borne in mind in connection with the forecast that, in addition to a change in underlying economic conditions, changes in currency exchange rates and possible portfolio modifications as a result of M&A activities could have an impact on the Group’s revenue and earnings, and ultimately also on the achievement of the forecast. For this reason, the forecast for 2024 has been prepared on a basis comparable with the previous year, assuming constant exchange rates and a portfolio unaffected by M&A activities. Nemetschek SE expects net income in the mid double-digit million range and gross liquidity in the lower single-digit million range in 2024.

Notes on the Outlook

This Management Report contains forward-looking statements and information – i.e. statements about future events. These forward-looking statements can be identified by formulations such as “expect,” “intend,” “plan,” “estimate” or the like. Such forward-looking statements are based on current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. Various factors, many of which are outside the control of the Nemetschek Group, could influence the business activities, success, business strategy and results of the company. This may cause the actual results, success and performance of the Nemetschek Group to differ substantially from the results, success or performance expressly or implicitly contained in the forward-looking statements.

8 Other Disclosures

Corporate Governance Declaration

The Corporate-Governance Statement pursuant to sections 289f and 315d of the German Commercial Code (HGB) is part of the Group Management Commentary. It is published on the website *ir.nemetschek.com/corporate-governance*. In accordance with HGB section 317(2), sixth sentence, the professional audit of the disclosures under HGB sections 289f and 315d is limited to whether the disclosures were made. The corporate governance declaration can also be found in the 2023 Annual Report in the chapter entitled *<< To our Shareholders >>*.

Explanatory Report of the Executive Board on Disclosures Pursuant to Sections 289a and 315a of the HGB

This section contains the disclosures pursuant to Sections 289a, 315a of the German Commercial Code (HGB) together with the Explanatory Report of the Executive Board pursuant to Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with Article 9 (1) letter C (ii) of the SE Regulation.

(1) Composition of subscribed capital
As of December 31, 2023, the share capital of Nemetschek SE amounts to EUR 115,500,000.00 and is divided into 115,500,000 no-par bearer shares.

Different classes of shares do not exist. All shares entail the same rights and obligations. One vote is granted per share and is decisive for the shareholders' share in profits.

(2) Restrictions affecting voting rights or the transfer of shares
There are no restrictions in the Articles of Incorporation relating to voting rights or the transfer of shares. Restrictions on voting rights may exist based on the provisions of the German Stock Corporation Act (AktG), for example in accordance with Section 136 AktG and based on the provisions of capital market legislation, in particular in accordance with Sections 33 et seq. WpHG.

(3) Interests in capital exceeding 10% of voting rights
The direct and indirect interests in the subscribed capital (shareholder structure), that exceed 10% of the voting rights, are shown of the notes to the annual financial statements and the notes of the consolidated financial statements of Nemetschek SE.

(4) Shares with special rights granting control
There were no shares with special rights granting control.

(5) Type of control of voting rights if employees hold an interest in the capital and do not directly exercise their control rights
There were no controls on voting rights for employees holding an interest in the capital.

(6) Statutory provisions and regulations in the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and amendments to the Articles of Incorporation
Article 9 (1), Article 39 (2) and Article 46 Sections 84 and 85 of the SE Regulation, Sections 84 and 85 of the AktG in conjunction with Section 8 of the Articles of Incorporation of Nemetschek SE regulate the appointment and dismissal of Executive Board members. Under the provisions of these sections, Executive Board members are appointed by the Supervisory Board for a term not exceeding five years. The appointment may be renewed or the term of office may be extended, provided that the term of each such renewal or extension shall not exceed five years. Section 8, Paragraph 1 of the Articles of Incorporation states that the Executive Board must consist of one or more persons. The number of persons is determined by the Supervisory Board. The Executive Board of Nemetschek SE currently consists of two persons.

If there is a good cause, the Supervisory Board can revoke the appointment of the Executive Board member (Article 9 (1), Article 39 (2) of the SE Regulation and Section 84 (4) sentences 1 and 2 of the AktG).

The amendments to the Articles of Incorporation are governed by Article 59 of the SE Regulation, Section 51 of the SE Act and Section 179 of the German Stock Corporation Act in conjunction with Articles 14 and 19 of Nemetschek SE's Articles of Incorporation. According to this provision, amendments to the Articles of Incorporation are generally decided by the Annual General Meeting with a two-thirds majority of the votes. If at least half of the share capital is represented, a simple majority of the votes cast is sufficient. If the law also requires a majority of the share capital represented at the Annual General Meeting to pass resolutions, a simple majority of the share capital represented at the time of the resolution is sufficient, to the extent permitted by law. In accordance with Section 14 of Nemetschek SE's Articles of Incorporation, the Supervisory Board is authorized to decide on amendments to the Articles of Incorporation that affect only its wording.

(7) Powers of the Executive Board to issue or redeem shares
The Executive Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 11,550,000 through the issue of up to 11,550,000 new no-par bearer shares against cash and/or non-cash contributions on one or more occasions until May 11, 2026 (inclusive) (Authorized Capital 2021). Shareholders are to be granted their statutory subscription right to the new shares. However, the Executive Board is authorized, with the approval of the Supervi-

sory Board, to disapply, in full or in part, on one or more occasions, the shareholders' subscription right in accordance with the details of the resolution on agenda item 8 by the Annual General Meeting of May 12, 2021.

The company's share capital is contingently increased by up to EUR 11,550,000.00 through the issue of up to 11,550,000 new no-par bearer shares (Contingent Capital 2021). The Contingent Capital 2021 serves the purpose of issuing shares to the creditors of convertible bonds and/or bonds with warrants with conversion or option rights and/or conversion or option obligations (or a combination of these instruments) that are issued in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9 by Nemetschek SE or domestic or foreign companies in which Nemetschek SE holds a direct or indirect interest with the majority of voting rights and capital, until May 11, 2026. In each case, the new shares will be issued at the conversion or option price to be determined in accordance with the authorization of the Annual General Meeting of the company of May 12, 2021 under agenda item 9. The contingent capital increase may only be carried out to the extent that the holders of conversion or option rights under the specified bonds exercise their conversion or option rights or conversion or option obligations under such bonds are fulfilled and provided that such conversion or option rights or conversion or option obligations are not served through treasury shares, through shares from authorized capital or through other benefits. The new shares will confer a share in profits from the beginning of the financial year in which they are created through the exercising of conversion/option rights or fulfillment of conversion/option obligations. As far as legally permissible, the Executive Board may, with the approval of the Supervisory Board, also specify that new shares will also confer a share in profits for a past financial year in derogation of Section 60 (2) of the German Stock Corporation Act (AktG). The Executive Board is authorized to stipulate further details regarding the implementation of the contingent capital increase.

In accordance with Section 71 (1) No. 8 of the AktG, the company requires a special authorization from the Annual General Meeting to acquire and use its treasury shares, unless expressly permitted by law. At the Annual General Meeting on May 28, 2019, an authorizing resolution was accordingly proposed and approved by the shareholders.

In accordance with the resolution adopted under agenda item 7 by the Annual General Meeting of May 28, 2019, the authorization is valid as follows:

"7.1 The company is authorized to acquire up to 11,550,000 treasury shares, i.e. 10% of the company's share capital, in full or in part, on one or more occasions until May 28, 2024 in accordance with the following provisions. At no time may the shares acquired on the basis of this authorization, together with other shares of the company that the company has already acquired and still holds or which are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act, exceed 10% of the company's share capital. The authorization may not be used for the purposes of trading in treasury shares.

This authorization replaces the authorization to acquire treasury shares adopted by the Annual General Meeting of Nemetschek Aktiengesellschaft on May 20, 2015 under agenda item 7, which is hereby canceled to the extent that it was not exercised.

7.2 The Executive Board is free to choose whether to purchase the shares on the stock exchange, by means of a public purchase offer extended to all of the company's shareholders.

a) If purchased on the stock exchange, the purchase price of a Nemetschek share (excluding incidental acquisition costs) may not exceed or fall below the average closing price of the share by more than 10% on an electronic trading system (Xetra – or a functionally comparable successor system replacing the Xetra system) over the last five trading days prior to the obligation to acquire.

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

7.3 The Executive Board is authorized to use the treasury shares acquired pursuant to this authorization for any legally permitted purpose, in particular also for the following purposes:

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

b) With authorization by the Supervisory Board, the shares may be redeemed without the redemption or the implementation of the redemption requiring a further resolution of the Annual General Meeting. The redemption leads to a reduction in capital. The Executive Board may alternatively decide that the share capital shall remain unchanged upon redemption and instead the proportion of the remaining shares in the share capital shall be increased by the redemption in accordance with Section 8 (3) AktG. In this case, the Executive Board is authorized to adjust the number of shares stated in the Articles of Incorporation.

7.4 The subscription right of the shareholders to these treasury shares is excluded to the extent that they are used in accordance with the above-mentioned authorization under item 7.3 letter a) of the agenda.

7.5 This resolution is subject to the condition precedent that the entry of the implementation of the capital increase pursuant to item 6 of the agenda be entered in the commercial register of the company."

The condition precedent specified in the resolution under item 7.5 was fulfilled on June 5, 2019, and the resolution of the General Meeting of May 28, 2019 on agenda item 7 therefore took effect.

(8) Significant agreements of the company subject to a change of control following a takeover offer

There are no significant agreements of the company subject to a change of control following a takeover offer.

(9) Compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer

There were no compensation agreements concluded by the company with members of the Executive Board or employees in the event of a takeover offer.

Related Entities Report

The Executive Board of Nemetschek SE has prepared a report on the company's relationships with affiliated companies (dependency report) in accordance with Section 312 of the German Stock Corporation Act and has declared the following at the end of the report:

Our company, Nemetschek SE, received appropriate consideration for each legal transaction listed in the report on relationships with affiliated companies for the reporting period from January 1, 2023 to December 31, 2023 in the light of the circumstances known to us at the time the legal transactions were carried out. Nemetschek SE has not taken or omitted any measures.

Munich, March 15, 2024

Yves Padrines

Louise Övferström

Consolidated financial statements

(IFRS)

Consolidated financial statements (IFRS)

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

Consolidated statement of comprehensive income

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

STATEMENT OF COMPREHENSIVE INCOME

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

Consolidated statement of financial position

as at December 31, 2023 and December 31, 2022

STATEMENT OF FINANCIAL POSITION

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

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

Consolidated cash flow statement

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Consolidated statement of changes in equity

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

EQUITY

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

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

Notes to the consolidated financial statements

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Notes to the consolidated financial statements for the fiscal year 2023

General information

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

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

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

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

Accounting standards applied for the first time in 2023

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

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

Accounting standards that are not yet effective

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

PUBLISHED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

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

Summary of significant accounting policies

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

Consolidation principles

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

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

Subsidiaries

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

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

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

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

Non-controlling interests

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

Associates

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

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

Valuation methods

The following table shows the most important subsequent valuation principles:

SUBSEQUENT VALUATION METHODS

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

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

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

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

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

The subsequent measurement of financial assets is as follows:

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS ACCORDING TO IFRS 9

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

Judgments and estimates

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

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

» Note [16] – Impairment of goodwill: key assumptions underlying recoverable amounts.

» Note business combinations: fair value of the consideration transferred (including contingent consideration), fair value of intangible assets acquired as well as their useful lives.

» Note [10] – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

» Notes [13] and [23] – measurement of loss allowances for trade receivables: The determination of loss allowances is based on historical values which are adjusted to account for information relating to the future. Material (special) items from the past may distort risk provisioning, which may make correction necessary.

» Note [1]: Revenue recognition for rental models using the adjusted market assessment approach includes assumptions regarding standalone selling prices and judgments about technology lifetime cycles.

Fair value estimation

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

» Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

» Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

» Level 3: Inputs for asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

DETERMINATION OF FAIR VALUES

Type	Valuation method	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Other financial assets			
	Valuation based on the price of last financing round. The fair value adjustments are recognized under other financial expenses / income.	Nature and price of the last financing round	The fair value would increase if: - the price of the last financing round increases - the held asset class would have higher liquidity preference/ special rights as a result of the last financing round.
	A market based approach is used, evaluating a variety of quantitative and qualitative factors such as actual and forecasted results, milestone achievements, cash position, recent or planned transactions, and market comparable companies (venture capital method). The fair value adjustments are recognized under other financial expenses / income.	- Discounts for lack of marketability - Weighting of financing rounds - Expected holding period until exit or conversion - Immanent value upon exit, respectively conversion	The fair value would increase if: - the weighting of the financing rounds changes - the discount for lack of marketability is lower - the expected holding period increases - the immanent exit, respectively conversion, value is higher.
Unlisted equity and debt securities	Valuation based on the Net Asset Value (NAV) as reported by the respective funds. The fair value adjustments are recognized under other financial expenses / income.	NAV calculations of the respective funds	An increase in the reported NAV would result in an increase in the fair value.
Other financial liabilities			
Contingent consideration	The discounted cash flow method is applied, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value adjustments are recognized under other financial expenses/income.	Probability adjusted revenues and profits	An increase in the probability adjusted revenues and profits used in isolation would result in an increase in the fair value.

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

Currency translation

Functional and presentation currency

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

Group companies

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

- Assets and liabilities are translated at the closing rate on the date of that consolidated statement of financial position. Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Equity components are translated at the historical exchange rates prevailing at the respective dates of their first-time recognition in the Group equity.
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are recognized in other comprehensive income.

Transactions and balances

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

Cash and cash equivalents

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

Trade receivables

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

Inventories

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

Other financial assets

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

Impairment of financial assets

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

For other financial assets not measured at fair value through profit or loss, Nemetschek Group applies the general impairment approach according to IFRS 9. As it is the policy of Nemetschek Group to invest only in high-quality assets of issuers with a minimum internal or external rating of at least investment grade, the low credit risk exception is used. Thus, these assets are always allocated to stage 1 of the three-stage credit loss model and, if material, a loss allowance for an amount equal to 12-month expected credit losses will be recorded. Impairment losses on other financial assets are shown in the line item "Other financial expenses". The credit risk of cash and cash equivalents measured at amortized cost is insignificant due to their short-term maturity, counterparties' investment grade credit ratings and established exposure limits. Therefore, Nemetschek Group did not recognize any credit impairment losses of those financial assets.

Other non-financial assets

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

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

Property, plant and equipment

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

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

TABLE OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

Intangible assets and goodwill

Goodwill

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

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

Intangible assets (except goodwill)

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

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

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

USEFUL LIFE OF INTANGIBLE ASSETS

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

Development costs

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

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

Impairment of non-financial assets

Assets with a finite useful life

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

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

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

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

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

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

The discount rate required for discounting future cash flows is calculated from the weighted average cost of capital (WACC) of the related cash-generating unit or group of cash-generating units after tax. The relevant pre-tax WACC in accordance with IAS 36 is derived from future cash flows after tax and the after-tax WACC applying typical tax rates for each cash-generating unit. Then, the risk-free interest rate according to the Svensson method, taking into account risk premiums (with an applied floor of 0%), and the beta as well as the gearing ratio are derived from a group of comparable entities. The discount rate thus estimated reflects the current market returns as well as the specific risk of the respective cash-generating unit or group of cash-generating units. The discount rate applied to derive the present value of the cash flow forecasted ranges between 13.1% and 18.6% (previous year: 12.0% and 19.5%) before tax.

Leases

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities

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

Financial liabilities measured at amortized cost

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

Financial liabilities at fair value through profit or loss

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

Offsetting of financial instruments

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

Provisions

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

Deferred revenue

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

Employee benefits

Short-term employee benefits

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

Share-based payments

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

Pensions

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

Termination benefits

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

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

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

Provisions for other long-term employee benefits

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

Contingent liabilities

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

Taxes

Current income taxes

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

Deferred taxes

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

Revenues

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

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

Software

Software licenses

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

Rental models

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

» For software rental model offerings that include access to the most recent version of the corresponding application via servers provided by Nemetschek Group companies, revenue is recognized straight-line over the term of the contract.

» In case the customer runs the application directly on the customer's own system, revenue is recognized at the point in time the customer has control over the software. The allocation of revenue to "Software" and other performance obligations is based on the residual value method or on the adjusted market assessment approach. The latter includes assumptions regarding stand-alone selling prices and judgments about technology lifetime cycles.

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

Software service contracts

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

Consulting & Hardware

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

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

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

Grants

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

Segment reporting

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

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

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

Post balance sheet events

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

Business combinations

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

DC-Software Doster & Christmann GmbH, Munich, Germany

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

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

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

Notes to the consolidated statement of comprehensive income

[1] Revenue

Revenue recognized in the period related to the following:

REVENUES

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

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

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

REVENUES BY REGION

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

The contract balances at December 31 are as follows:

CONTRACT BALANCES

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

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

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

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

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

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

[2] OTHER INCOME

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

[3] COST OF GOODS AND SERVICES

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

[4] PERSONNEL EXPENSES

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

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

[5] AMORTIZATION AND DEPRECIATION

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

[6] OTHER EXPENSES

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

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

[7] INTEREST INCOME / EXPENSES

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

[8] Other financial income and expenses

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

[9] Share of profit of associates

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

[10] Taxes

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

INCOME TAXES

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

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

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

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

INCOME TAX RATE

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

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

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

Deferred taxes at the balance sheet date comprise the following:

DEFERRED TAXES

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

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

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

INCOME TAX RECONCILIATION

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

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

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

DEFERRED TAX ON LOSSES CARRIED FORWARD

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

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

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

LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE

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

TAX CREDITS WITH LIMITED LIFE OF USAGE

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

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

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

[11] Earnings per share

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

EARNINGS PER SHARE

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

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

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

Notes to the consolidated statement of financial position

[12] CASH AND CASH EQUIVALENTS

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

[13] TRADE RECEIVABLES

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

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

DEVELOPMENT OF EXPECTED CREDIT LOSS ALLOWANCES

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

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

AGING STRUCTURE OF TRADE RECEIVABLES

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

AGING STRUCTURE OF TRADE RECEIVABLES

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

[14] **ASSETS**

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

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

Other financial assets mainly include investments in start-ups amounting to EUR 25,983k (previous year: 12,295k). The remaining other financial assets in the amount of EUR 4,960k (previous year: EUR 8,574k) relate primarily to security deposits from office rental agreements, which are mainly held until the end of the rental term.

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

[15] Property, plant and equipment

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

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

[16] Intangible assets and goodwill

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

DEVELOPMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

Goodwill

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

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

Goodwill is allocated as follows:

GOODWILL

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

GOODWILL

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

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

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

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

The Group accounts for uncertainties within the scope of forecasts and analyzes the goodwill for impairment as well as for scenarios that are less favorable than forecast. Given that the recoverable amount exceeds the book value significantly for the divisions Design, Build and Media, management foresees no realistic scenario which could trigger an impairment. For the Division Manage an increase in the interest rate after tax of about 1.0%, a decrease of the terminal value growth rate of about 1.9% or a decrease of the terminal value cash flow of about 16.6% would remove the headroom amounting to EUR 18.0 million. Management has taken further measures to improve the business of the Manage segment to strengthen the future performance, notably in longer existing operations.

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

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

[17] Leases

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

RIGHT-OF-USE ASSETS

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

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

DEPRECIATION

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

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

AMOUNTS RECOGNIZED IN PROFIT OR LOSS

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

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

[18] Investments in associates

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

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

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

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

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

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

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

AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

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

[19] Financial liabilities

FINANCIAL LIABILITIES

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

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

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

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

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

[20] Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items:

PROVISIONS AND ACCRUED LIABILITIES

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

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

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

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

The development of provisions is as follows:

PROVISIONS

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

[21] Other non-financial liabilities

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

[22] Pensions and related obligations

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

German plans

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

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

Non-German plans

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

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

PROVISIONS FOR PENSIONS

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

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

ASSUMPTIONS

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

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

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

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

CHANGE IN DEFINED BENEFIT OBLIGATIONS (DBO)

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

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

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

SENSITIVITY

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

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

[23] Financial instruments

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

FINANCIAL INSTRUMENTS

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

FINANCIAL INSTRUMENTS

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

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

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

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

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

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

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

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

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

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

Financial risk management

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

Credit risk

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

Accounts receivables

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

Cash and cash equivalents

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

Liquidity risk

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

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

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

MATURITY ANALYSIS FINANCIAL LIABILITIES

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

Market risk

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

Currency risk

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

Sensitivity analysis of selected foreign currencies

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

TRADE RECEIVABLES

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

TRADE RECEIVABLES

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

Interest risk and interest risk management

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

Capital management

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

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

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

Debt capacity

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

Equity ratio

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

Thus, external and internal key indicators have been met.

[24] Equity

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

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

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

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

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

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

Dividends

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

[25] Share-based payments

Stock Appreciation Rights

Executive Board members of Nemetschek SE and key employees of Nemetschek Group may participate in a share-based payment in the form of Stock Appreciation Rights ("SAR"). SARs are intended to allow to share the company's future success on a medium- and long-term basis. The SARs are virtual subscription rights that can be granted as "Performance SARs" or as "New Hire SARs". The proceeds are determined by multiplying the exercised number of SARs by the difference between an issue price (the "issue price") and the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day when the exercise notification is received. The payment amount per exercised SAR is limited to 100% of the issue price per SAR, i.e. the increase in value per SAR to be paid out corresponds at the most to the defined issue price per SAR. The issue price for the Performance SARs corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day of the Supervisory Board's resolution on the grant of Performance SARs. For the New Hire SARs, the issue price corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek shares on the last 200 trading days before the day of the Supervisory Board's resolution on the grant of New Hire SARs. The granted SARs can be exercised as follows: 25% of the granted SARs can be exercised one year after the grant date, another 25% two years after the grant date, another 25% three years after the grant date and the remaining 25% four years after the grant date (together the "vesting period", and each the "vesting date"). All SARs must be exercised before five years have passed since the respective allocation date, otherwise they expire without compensation (the "exercise period").

On March 24, 2023, 220,000 Performance SARs and 40,000 New Hire SARs were granted to Executive Board members of Nemetschek SE (previous year: 200,000 Performance SARs and 200,000 New Hire SARs). In addition, 50,000 Performance SARs were granted to another key employee of Nemetschek Group. The Supervisory Board may decide, at its reasonable discretion, to transfer Nemetschek shares instead of cash. Expenses for equity-settled share-based payments are measured at fair value at the grant date using a Monte-Carlo-Simulation. The fair value at grant is EUR 1,244k (previous year: EUR 898k) for the Performance SARs and EUR 406k (previous year: EUR 636k) for the New Hire SARs.

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

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

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

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

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

1) The annualized volatility is based on an assessment of the historical volatility of the share price of Nemetschek SE, in particular in the period corresponding to the respective vesting and exercise period (assumed exercising after 2.5 years following the vesting date). The maturity of the government bonds and the period for the dividend yield also match the respective vesting and exercise period.
2) The fair value is reported as the average of the fair values of the individual beneficiaries. The proceeds from the SARs granted in fiscal year 2023 are limited in total to EUR 6.5 million for the Chief Executive Officer and EUR 3.0 million for another member of the Executive Board, which results in different fair values per beneficiary.

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

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

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

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

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

The number of SARs were as follows:

RECONCILIATION OF OUTSTANDING SARS

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

Long Term Incentive Plan

Executive Board members of Nemetschek SE participate in Long Term Incentive Plans (“LTIP”). The LTIP depends primarily on the achievement of defined corporate targets for the development of the adjusted EBITDA, EBITA or EBT. The performance and vesting period is three years. As the Supervisory Board may decide at its reasonable discretion to transfer Nemetschek shares instead of cash for the LTIPs starting 2022, they are accounted as equity-settled share-based payments.

The LTIP consists of two LTIP pools: one fixed and one dynamic. The scope of the fixed and dynamic pools is first calculated based on the relevant financial criterion. To do this, the actual figure for the reference year (last year before the start of the LTIP period) is deducted from the actual figure for the last year of the LTIP period. The difference is multiplied by the relevant pool percentage defined by the Supervisory Board at the start of the LTIP period. The fixed pool share for each member of the Executive Board is defined by the Supervisory Board at the start of the LTIP period.

For Executive Board members with responsibility for (operating) divisions, the dynamic pool share is distributed based on their division’s share of the total revenues in the last year of the LTIP period. For other Executive Board members, the dynamic share depends on the EPS (earnings per share) development or the Group revenue development. Payment is limited to EUR 2,000k, gross, for regular members, and EUR 3,000k, gross, for the Executive Board Chairperson. The fair value at grant was EUR 1,786k (previous year: EUR 2,478k).

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

[26] Segment reporting

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

Operating segments

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

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

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

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

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

Management and reporting system

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

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

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

SEGMENT REPORTING

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

SEGMENT REPORTING

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

Information related to geographic areas

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEOGRAPHICAL REGION

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

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

[27] Notes to the cash flow statement

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

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

- investments in intangible assets and office equipment
- investments in start-ups
- Contingent consideration payments mainly for DC-Software Doster & Christmann GmbH

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

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

LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

[28] Related party transactions

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

Sales and purchases of goods and services

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

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

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

(2) **Nemetschek OOD, Bulgaria**

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

(3) **Imerso AS, Norway**

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

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

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

Compensation of members of the Executive Board

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

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

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

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

Compensation of members of the Supervisory Board

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

REMUNERATION OF THE SUPERVISORY BOARD

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

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

Other related party transactions

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

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

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

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

[29] Other information

Headcount

The average headcount breaks down as follows:

HEADCOUNT

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

Auditor's fees

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

AUDITOR'S FEES

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

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

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

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

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

[31] Events after the balance sheet date

Subsequent events

No significant events occured after the balance sheet date.

Date of preparation

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

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

AFFILIATED ENTITIES

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

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

* In the fiscal year 2023, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:
- Option not to prepare notes to the financial statements;
- Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to publish the annual financial statements;
- Option not to audit the annual financial statements (Allplan GmbH, Allplan Deutschland GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH).

** In the fiscal year 2023 the following mergers were made:
- SCIA DACH GmbH was merged with FRILO Software GmbH;
- Bluebeam Holding, Inc. was merged with Bluebeam, Inc.

*** In the fiscal year 2023 the following company name changes were made:
- Abvent SA, France was renamed into Graphisoft France SAS;
- Abvent SA, Switzerland was renamed into Graphisoft Switzerland SA.

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

[33] Bodies of the Company

Supervisory Board

Kurt Dobitsch, Businessman
Chairman
Year of birth 1954, Nationality: Austrian
First appointed 1998, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany, Chairman
- Bechtle AG (publicly listed), Gaildorf, Germany
- Singhammer IT Consulting AG (not listed), Munich, Germany
- 1 & 1 AG (publicly listed), Maintal, Germany, Chairman
  Mandates affiliated to the Group:
  - 1 & 1 Mail & Media Applications SE, Montabaur, Germany, Chairman
  - IONOS Holding SE (publicly listed), Montabaur, Germany

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

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

Iris M. Helke, Auditor in own practice
Year of birth 1970, Nationality: German
First appointed as of July 1, 2023

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

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

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

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

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany
- 1 & 1 AG (publicly listed), Maintal, Germany (as of May 16, 2023)

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

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

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

Patricia Geibel-Conrad, Auditor/Tax Consultant in own practice
Deputy Chairwoman (until June 30, 2023)
Year of birth 1962, Nationality: German
First appointed 2022

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

Prof. Georg Nemetschek, Businessman
Honorary Chairman of the Supervisory Board
Year of birth 1934, Nationality: German
First appointed 2001

Committees of the Supervisory Board
Audit Committee

Iris M. Helke, Chairwoman (as of July 28, 2023)
Kurt Dobitsch
Dr. Gernot Strube
Patricia Geibel-Conrad, Chairwoman (until June 30, 2023)

Executive Board

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

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

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

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

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

Further external mandate:
- Rheinmetall AG, Germany

Viktor Várkonyi
(Master in Informatik, MBA)
Chief Division Officer, Planning & Design Division
(until June 30, 2023)
Born in 1967, Nationality: Hungarian

Member of Supervisory Boards of affiliated companies:
- Graphisoft SE, Hungary (until June 19, 2023)
- RISA Tech. Inc., USA (until June 30, 2023)
- SCIA Group International NV, Belgium (until June 30, 2023)
- SCIA NV, Belgium (until June 30, 2023)
- Solibri Oy, Finland (until June 21, 2023)
- Vectorworks, Inc., USA (until June 30, 2023)

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

Further group-internal mandate (until September 5, 2023) :
- CEO Bluebeam Holding, Inc., USA
- CEO Bluebeam, Inc., USA
- Director Bluebeam Ltd., UK
- CEO Nemetschek Inc., USA

Member of Supervisory Boards of affiliated companies (until September 5, 2023):
- Nemetschek Inc., USA

Munich, March 15, 2024

Nemetschek SE

Yves Padrines

Louise Öfverström

Further information

Declaration Confirmation of the members of the authorized body

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

Munich, March 15, 2024

Yves Padrines

Louise Öfverström

Translation – the German text is authoritative

Independent Auditor's Report

To Nemetschek SE, München

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

Audit Opinions

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

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

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

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

I. Recoverability of goodwill

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

III. Accounting for various business combinations

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

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

Hereinafter we present the key audit matters:

I. Recoverability of goodwill

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

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

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

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

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

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

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

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

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

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

III. Accounting for various Business combinations

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

» otherwise appears to be materially misstated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Assurance Opinion

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

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

Basis for the Assurance Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

Further Information pursuant to Article 10 of the EU Audit Regulation

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

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

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

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

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

München, March 15, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

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

To Nemetschek SE, Munich

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

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

Responsibility of the Executive Directors

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

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

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

Audit Firm's Independence and Quality Management

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

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

Responsibility of the Assurance Practitioner

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

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

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

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

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

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

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

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

Assurance Opinion

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

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

Restriction of Use

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

Munich, 15 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Extract from the Financial Statements
(HGB)

Financial Statements
of Nemetschek SE (German Commercial Code)

Balance Sheet

as of December 31, 2023

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

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

Profit and loss account of Nemetschek SE

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

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

Financial calendar 2024

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July 31, 2024

Publication
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NEMETSCHEK
GROUP

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