





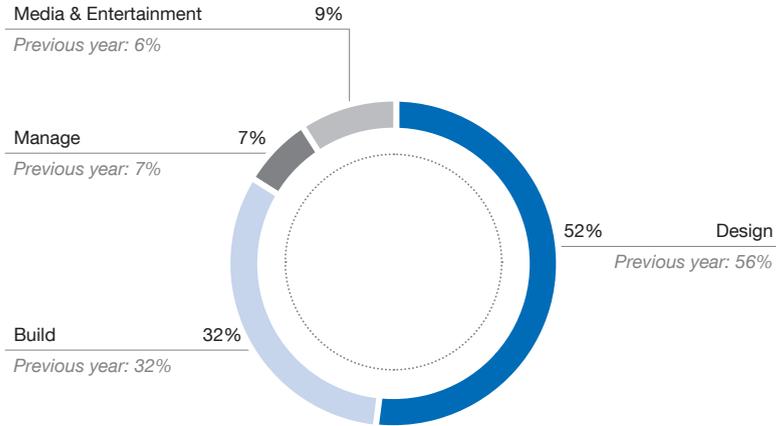
# Key Figures

## NEMETSCHEK GROUP

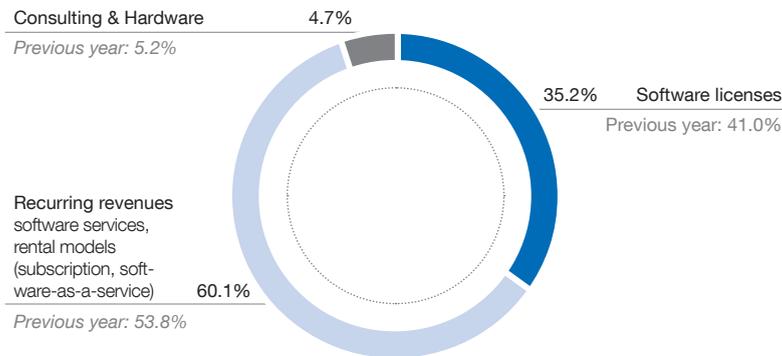
in EUR million	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b>Revenues</b>	<b>596.9</b>	<b>556.9</b>	<b>461.3</b>	<b>395.6</b>	<b>337.3</b>
- thereof software licenses	210.0	228.2	216.8	195.0	175.8
- thereof recurring revenues	359.0	299.5	225.8	183.9	146.5
- subscription (as part of the recurring revenues)	90.4	50.3	23.4	13.7	–
<b>EBITDA</b>	<b>172.3</b>	<b>165.7</b>	<b>121.3</b>	<b>108.0</b>	<b>88.0</b>
as % of revenue	28.9%	29.7%	26.3%	27.3%	26.1%
<b>EBITA</b>	<b>149.3</b>	<b>143.7</b>	<b>112.5</b>	<b>99.9</b>	<b>80.7</b>
as % of revenue	25.0%	25.8%	24.4%	25.3%	23.9%
<b>EBIT</b>	<b>122.5</b>	<b>123.6</b>	<b>97.8</b>	<b>86.4</b>	<b>69.7</b>
as % of revenue	20.5%	22.2%	21.2%	21.9%	20.7%
<b>Net income (group shares)</b>	<b>96.9</b>	<b>127.2</b>	<b>76.5</b>	<b>74.7</b>	<b>46.9</b>
per share in €	0.84	1.10	0.66	0.65	0.41
<b>Net income (group shares) adjusted for DocuWare effect</b>	<b>96.9</b>	<b>97.7</b>	<b>76.5</b>	<b>74.7</b>	<b>46.9</b>
per share in €	0.84	0.85	0.66	0.65	0.41
<b>Net income (group shares) before purchase price allocation</b>	<b>115.2</b>	<b>140.3</b>	<b>88.1</b>	<b>85.2</b>	<b>55.1</b>
per share in €	1.00	1.21	0.76	0.74	0.48
<b>Cash flow figures</b>					
Cash flow from operating activities	157.5	160.4	99.7	97.4	79.7
Cash flow from investing activities	–111.0	–83.8	–74.4	–54.6	–47.5
Cash flow from financing activities	–109.1	10.7	–10.4	–44.8	–5.5
Free cash flow	46.5	76.6	25.4	42.8	32.1
Free cash flow before M&A investments	148.2	174.5	88.5	88.2	72.6
<b>Balance sheet figures</b>					
Cash and cash equivalents	139.3	209.1	120.7	104.0	112.5
Net liquidity/net debt	9.0	21.0	–9.9	24.0	16.3
Balance sheet total	889.7	857.2	580.6	460.8	454.7
Equity ratio in %	46.9%	40.7%	43.0%	49.5%	44.4%
Headcount as of balance sheet date	3,074	2,875	2,587	2,142	1,925
<b>Share figures</b>					
Closing price (Xetra) in €	60.40	58.80	31.92	24.95	18.42
Market Capitalization	6,976.20	6,791.40	3,686.38	2,881.34	2,127.51

Share-based comparable figures (2016 - 2018) have been adjusted due to share splits.

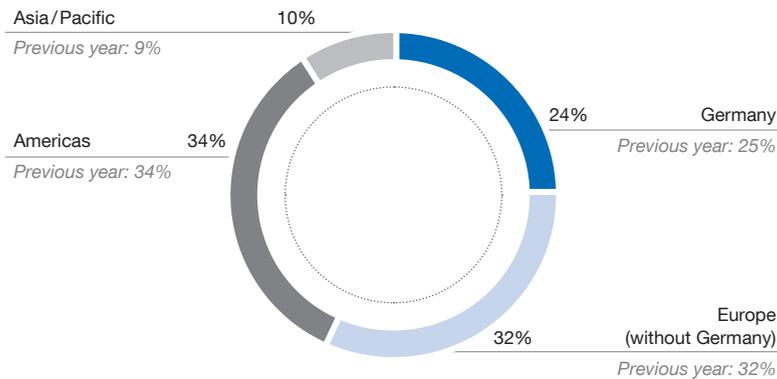
**REVENUES BY SEGMENT IN %**



**REVENUES BY TYPE IN %**



**REVENUES BY REGION IN %**



# Letter to Shareholders



**DR. AXEL KAUFMANN**  
SPOKESMAN OF THE  
EXECUTIVE BOARD AND  
CHIEF FINANCIAL &  
OPERATIONS OFFICER  
(CFO)

*Dear shareholders,*

The Nemetschek Group successfully got through the difficult corona year 2020 posting business development which exceeded the expectations of the beginning of the global pandemic.

In this complex macroeconomic environment, we were able to achieve revenue growth of 7.2%, rising to about EUR 597 million, and an EBITDA margin amounting to 28.9% of revenue, thus completely meeting our forecast, which was increased in October 2020. Therefore, we were also able to continue on our course of profitable growth in the crisis year 2020.

This favorable development was made possible not least of all because we responded to the changed situation very quickly when the pandemic broke out. The top priority was to provide the best possible protection for our employees and, at the same time, to continue to conduct operations without limitations. In particular, by using virtual sales and support as well as online tutorials, we were able to maintain close contact to our customers during the corona crisis. Parallel to this, we intensified cost management in the Group in coordination with all executives worldwide. As a result of these decisive countermeasures, and as a result of good ordinary business, we were also able to secure the strong financial basis of the Nemetschek Group in the crisis year. Overall, our business model proved itself weatherproof and resistant during the crisis.

It is to be highlighted that, in addition to managing the crisis, in 2020 we advanced all of our strategic initiatives. The main focus was on further internationalization, reducing complexity in the Group, expanding our recurring revenue – which was driven by rental models – further developing of our solutions and gaining new customers.

## **Digital transformation and sustainability as growth drivers**

In many industries and areas of our lives, the Covid-19 pandemic reinforced an awareness of the importance of digitalization – also in our sector since there is still a considerable need for the AEC/O industry to catch up. We therefore continue to see great potential in our markets in the medium and long term. It is our aim to make considerable contributions to shaping digitalization and to future-oriented initiatives such as machine learning, artificial intelligence (AI) and the use of sensors driven by the Internet of Things (IoT). We will also support our customers in the course of their digital transformation. Essentially, this involves structuring the building life cycle more intelligently and more efficiently.

Likewise, sustainability is becoming more and more relevant in the investment decisions of our customers. The construction sector is one of the most resource-intensive industries; it needs to become more efficient, and it needs to design, build and manage buildings more sustainably. The optimized interplay between all those involved in a building project enabled by consistent digitalization and end-to-end workflows offers the entire AEC/O industry a chance to become significantly more efficient through reduced construction times, improved quality and cost-savings. This is precisely where our solutions come into play. This is how the Nemetschek Group is also making an important contribution to climate and environmental protection.

## **Key strategic aspects**

### **Greater networking and advancement of innovations – for the benefit of the customer**

Our actions are taken in accordance with high-level requirements in terms of quality, efficiency and sustainability as well as with a focus on innovations. The leadership structure, which was implemented in 2019 with a special emphasis on our segments, helped us have a greater impact in our markets and allowed us to consolidate our expertise in the corresponding segments. The next step will involve reducing our Group-internal complexity, which has arisen as a result of our having 15 brands, while also

simultaneously retaining the entrepreneurial spirit of the brands. For this, we need to strike the right balance between integration and independence. It is our objective to share best practices, create synergies and develop solutions for our customers from a single source which can be used across the board.

Worth mentioning here is the Design segment, which successfully launched two cross-brand development projects on the market in 2020. With Integrated Design, for instance, a workflow solution was presented that is revolutionizing collaboration between architects and civil engineers. Using this integrated approach, architects and engineers can collaborate on one model across disciplines for the first time and thus considerably increase the efficiency of the planning process. This is the path to continue on in 2021.

Even before the Covid-19 pandemic, investments in the public sector were increasing worldwide, especially in the case of infrastructure measures. This trend was further reinforced by the corona crisis. The Nemetschek Group will continue to expand its activities in this segment and at the same time we will be reinforcing our strong position in the residential and commercial building sector.

#### **Increase in our recurring revenues, driven by rental models**

It has always been Nemetschek's principle to offer customers high levels of flexibility with regard to software provision. They can choose between the classic license model, including the option of a service agreement, and rental models. The rental models in particular provide us with access to new customer groups since customers can use the software flexibly in terms of time and without a one-time license fee. Another effect of the pandemic is that customers have been inquiring about this option even more. In the four segments of our Group, the offering and implementation of rental models has advanced to various degrees. For this, we respect the different needs of our customer groups, which vary according to the discipline and region.

It is our aim to increase the plannability of revenue development by successively increasing recurring revenues from service agreements and rental models. We also aim to maintain close customer contact and raise the level of customer satisfaction. The increase

in recurring revenues – which today now make up more than 60% of our revenues – will secure long-term, sustainable growth and provide our Group with even greater planning reliability.

#### **Outlook for 2021: securely aligned for the future**

In the corona year 2020, the Nemetschek Group demonstrated that it has a crisis-resistant business model at its disposal, one that will be successful in the long term. The clearly growing proportion of recurring revenues, the international alignment of the Group and the targeting of different customer groups across the four segments provide for broad risk diversification. This is complemented by the traditionally very sound equity and financing base of our Group with an equity ratio of approximately 47% and high levels of cash generation.

A look ahead to the future shows that the uncertainties resulting from the Covid-19 pandemic have not yet been eliminated in the current financial year. Thanks to our strong operational and financial basis, we nevertheless have an optimistic outlook for the year 2021. In view of stable currency exchange rates and the current brand portfolio, and assuming that economic framework conditions do not take a turn for the worse, we anticipate organic revenue growth in the high single-digit range for the current year. We envision the EBITDA margin in the 27% – 29% corridor, a level we have already achieved in the past and anticipate for the future.

The favorable performance in the crisis year 2020 is attributable to the great dedication and the rapid willingness to accept change on the part of our more than 3,000 employees. On behalf of my executive board colleagues, I thank all of them very much. Our thanks also go out to all customers, business partners and, of course, you, the shareholders of our company. We look forward to the future together with you.

Best regards,



Dr. Axel Kaufmann

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# Management



**DR. AXEL KAUFMANN**  
SPOKESMAN OF THE  
EXECUTIVE BOARD AND  
CHIEF FINANCIAL & OPERA-  
TIONS OFFICER (CFOO)



**VIKTOR VÁRKONYI**  
CHIEF DIVISION OFFICER,  
PLANNING & DESIGN  
DIVISION

»Our subscription offering is growing continuously. The recurring revenues mean additional stability for us and the greatest possible flexibility for our customers.«

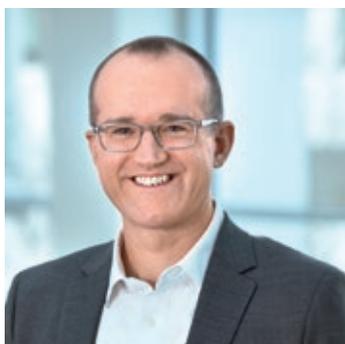
Dr. Axel Kaufmann has been appointed Spokesman of the Executive Board and Chief Financial & Operations Officer (CFOO) of Nemetschek SE, effective January 1, 2020. In this role, he is responsible for all the main Group functions of the Nemetschek Group as well as its global operating and strategic positioning including M&A strategy. In addition, he is responsible for the Media & Entertainment division.

Born in 1969 / Nationality: German

»The industry is in a rapid transformation enabled by BIM and integrated workflows based on open standards. We are driving this development with our customer oriented solutions.«

Viktor Várkonyi has been a member of the Executive Board since December 2013, and was appointed as Chief Division Officer, Planning & Design Division in February 2019. In this role, he is responsible for the division's global strategic alignment as well as for positioning the Nemetschek Group as a BIM market leader for connected end-to-end AEC/O workflows.

Born in 1967 / Nationality: Hungarian



**JON ELLIOTT**  
CHIEF DIVISION OFFICER,  
BUILD & CONSTRUCT  
DIVISION

»Accelerating technology adoption is radically changing construction project delivery, reshaping the daily lives of our customers. We are dedicated to empowering them to advance the way our world is built.«

Jon Elliott was appointed to the Executive Board as Chief Division Officer, Build & Construct Division in February 2019. In this role, he is responsible for the global cross-brand strategic positioning and international expansion of the brands in his division.

Born in 1976 / Nationality: US American



**KOEN MATTHIJS**  
CHIEF DIVISION OFFICER,  
OPERATE & MANAGE  
DIVISION

»With Building Lifecycle Intelligence and digital twins, data can be leveraged across the entire building lifecycle – for more efficient planning, better decisions and more sustainable buildings.«

Koen Matthijs was appointed as Chief Division Officer, Operate & Manage Division in February 2019. In this role, he focuses on creating a strong portfolio for his division, including the further development of the software solutions.

Born in 1971 / Nationality: Belgian

# Supervisory board's report on the 2020 financial year of Nemetschek SE

The supervisory board of Nemetschek SE involved itself extensively with the situation and development of the Nemetschek Group during the 2020 financial year. Over the course of the financial year, the committee followed the executive board closely, advised it with regard to important issues and monitored it in addition to carrying out the tasks assigned to the supervisory board by law, the Articles of Incorporation and the Articles of Association with the utmost care.

The supervisory board was involved directly and at an early stage in all decisions of fundamental importance to the company, and debated these intensively and in detail with the executive board.

## **Constructive deliberations between supervisory board and executive board**

The collaboration between the supervisory board and the executive board was always constructive and marked by open and trustful discussions. The executive board instructed the supervisory board regularly, promptly and comprehensively – orally and in writing – about all relevant topics pursuant to corporate development and corporate strategy. Inherent opportunities and risks, corporate planning and the development of revenues, earnings and liquidity were extensively debated. Moreover, the supervisory board obtained information on planned and current investments, the implementation of the planning of the Group, of the segments and of the individual brands as well as on risk management and compliance.

The supervisory board regularly and intensively discussed the developments in the respective months and reporting quarters, the short-term and medium-term prospects and the long-term growth and earnings strategy internally and with the executive board. This also included information on deviations in business development vis-à-vis planning as well as the impacts of the Covid-19 pandemic on business development. Outside the regularly scheduled sessions as well, the supervisory board and the executive board maintained close contact.

On the basis of the executive board's reports, the supervisory board supported the executive board's work in an advisory capacity and 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.

## **Meetings, participation and topics of focus**

In the financial year 2020, four regular supervisory board meetings were held, at which the executive board informed the supervisory board of the economic situation and business develop-

ment. The complete supervisory board was in attendance at all meetings, which were held in hybrid mode and thus also as video conferences because of contact restrictions. In addition to the meetings, there were further resolutions on current topics, for which the written circular procedure was used. Because of its composition with four members, the supervisory board formed no committees.

The deliberation also focused in particular on the impacts of the Covid-19 pandemic on short-term business performance and the long-term alignment of the enterprise, further internationalization of company business, potential acquisition targets, strategic projects at holding and segment levels and the further development of the Nemetschek Group's solution portfolio. 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 them in close collaboration with the supervisory board. In addition, in the 2020 financial year, the supervisory board again dealt with corporate governance matters.

The members of the supervisory board are responsible for the training and development measures required for their tasks, such as changes in the legal framework, new solutions and forward-looking technologies, and are supported in this by the company. In the reporting period, the company held information meetings on the expansion of the compliance management and risk management system and on the topics of executive board compensation systems. In addition, the members of the Supervisory Board are informed about current changes in legislation, new accounting and auditing standards, and innovations in corporate governance matters.

In all plenary sessions, the supervisory board was provided with information on the current course of business, which also took into account the impacts of the Covid-19 pandemic; internal control and early stage risk detection systems; and the audit and compliance report. Moreover, in the meetings, there was debate in particular on the following matters:

### **Meeting on March 27, 2020:**

- » Annual financial statements and the consolidated financial statements as well as the combined management report for the 2019 financial year including the non-financial declaration
- » Proposal on the appropriation of profits for the 2019 financial year

- » Supervisory board's report for the 2019 financial year
- » Invitation and agenda items for the regular 2020 annual general meeting with proposed resolutions to the annual general meeting
- » Executive board and general managers' specification of targets reached and release of payment of variable remuneration shares for the 2019 financial year
- » Definition of target agreements for the 2020 financial year and nominations for participation in the "Long-Term Incentive Plan" (LTIP)
- » Strategic projects at brand level, segment level and Group level, including M&A activities
- » Financial market communication, including outlook for the 2020 financial year

#### **Meeting on July 29, 2020:**

- » Half-year financial reporting for the 2020 business year
- » Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- » Current M&A activities

#### **Meeting on October 28, 2020:**

- » Planning process and planning premises for the 2021 financial year
- » Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- » Current M&A activities

#### **Meeting on December 18, 2020:**

- » Discussion of planned projects and initiatives on brand level, segment level and holding level
- » Current M&A activities and M&A planning on brand level, segment level and holding level
- » Business planning on brand level, segment level and Group level for the 2021 financial year, including consideration of the impacts resulting from the Covid-19 pandemic
- » Business planning, including investment planning, on Group level for the 2021 financial year, including consideration of the impacts resulting from the Covid-19 pandemic
- » Cash flow and liquidity planning for the financial years 2021 to 2023, including consideration of the impacts resulting from the Covid-19 pandemic
- » Passing of resolution on the remuneration system of members of the executive board in connection with ARUG II (German Act Implementing the Second Shareholder Rights Directive)
- » Passing of resolution on Declaration of Conformity in accordance with the "German Corporate Governance Code"

#### **Audit of the annual financial statements and consolidated financial statements**

On June 19, 2020, the regular annual general meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the audit of the individual financial statements and the consolidated financial statements for 2020 as well as the corresponding consolidated management report. The supervisory board was convinced as to the independence of the auditor and obtained a written declaration from the auditor.

The annual financial statements of Nemetschek SE for the 2020 financial year prepared by the executive board according to the German Commercial Code (HGB), as well as the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315e (1) of the German Commercial Code (HGB), and the consolidated management report for Nemetschek SE and the Group for the 2020 financial year were audited and approved without qualification by auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the SE, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were available to the members of the supervisory board sufficiently in advance of the balance sheet meeting on March 18, 2021. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained the audit report and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the consolidated financial statements and the consolidated management report for Nemetschek SE and the Group and is convinced of the correctness and completeness of the actual information. The supervisory board concurs with the result of the audit performed by the auditor and has determined that there are no reservations to be raised. The supervisory board approved the 2020 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of March 18, 2021. The 2020 annual financial statements are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

Furthermore, the supervisory board assessed the services rendered by the auditor and resolved to evaluate the quality of the year-end audit. The current situation of auditing firm Ernst & Young GmbH as the auditor was debated and possible effects on the Nemetschek SE year-end audit were evaluated. No obstacles were ascertained which would be in opposition of a year-end audit performed by auditing firm Ernst & Young GmbH.

#### **Reporting on sustainability / Investor communication**

Nemetschek SE integrated its non-financial declaration in the consolidated management report. Auditing firm Ernst & Young GmbH subjected the non-financial Group declaration of the Nemetschek Group to an audit for obtaining limited assurance.

The supervisory board also checked the non-financial declaration and has come to the conclusion that the non-financial declaration provides no grounds for reservations.

The chairman of the supervisory board additionally conducts regular dialogs with investors in order to increase transparency. The main topics of the talks are especially issues in connection with the governance structure of the Nemetschek Group.

### Conflicts of interest / Self-assessment

In the reporting year, there were no conflicts of interest on the part of the supervisory board members. In addition, no conflicts of interest involving members of the executive board were reported to the chairman of the supervisory board.

The supervisory board regularly assesses how effectively it discharges its duties. General subject areas include the conducting of supervisory board meetings, collaboration of supervisory board members, working together with the executive board as well as the quality of the provision of information to the supervisory board. In the 2020 financial year, no self-assessment of the supervisory board was made. This is, however, planned for the year 2021.

### Corporate Governance

The supervisory board was continuously occupied with the principles of good corporate governance in the 2020 financial year. On December 18, 2020, the executive board and supervisory board resolved to submit a Declaration of Conformity as per §161 of the German Stock Corporation Act (AktG), in accordance with which the company has, since submission of the previous Declaration of Conformity of December 19, 2019, conformed and in future will also conform to the recommendations of the German Corporate Governance Code in the versions of February 7, 2017 (published in the Federal Gazette on April 24, 2017) and December 16, 2019 (published in the Federal Gazette on March 20, 2020), with the exception of the justified deviations specified in the Declaration of Conformity. The formulation of the Declaration of Conformity of December 18, 2020 is part of the consolidated management report and included in the [« Corporate Governance Declaration »](#) section in the “To our shareholders” part of the annual report for the 2020 financial year. The Declaration of Conformity was made permanently available to shareholders on the company website under [ir.nemetschek.com/en/corporate-governance](http://ir.nemetschek.com/en/corporate-governance).

### Changes to the executive board and supervisory board

As in the previous year, the executive board consisted of three members. As of January 1, 2020, Dr. Axel Kaufmann was appointed Spokesman of the Executive Board and CFOO of Nemetschek SE. In addition to these roles, he is responsible for the growth-intensive Media & Entertainment business unit. Dr. Kaufmann takes

on these important roles in Nemetschek SE as a very competent manager with many years of international industry experience and a great deal of financial expertise. The supervisory board is convinced that, together with the existing, very experienced and international Nemetschek SE executive board team, Dr. Kaufmann will lead the company into the next phase of innovation and growth.

The supervisory board consisted of four members in the 2020 financial year. In 2020, the composition of the supervisory board in terms of personnel remained unchanged vis-à-vis the previous year.

### Thanks for dedicated performance

In the year 2020, which was marked by the effects of the Covid-19 pandemic, the Nemetschek Group again demonstrated its operational strength and resilience. Likewise, the business model and the strategic alignment in place proved themselves to be crisis-proof. Thus, it was possible to close a financial year which was once again very successful. In 2020, in a challenging and uncertain environment, the Nemetschek Group was again able to achieve revenue growth and simultaneously keep its profitability at a high level – which also benefited from Covid-19 measures such as strict cost management and business activities that were restricted in part. It was possible to achieve the targets, which had been raised in the course of the year.

In 2020, under difficult conditions, our employees delivered extraordinary service and consequently made a great contribution to the success of the company. 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 deep appreciation to the executive board and the CEOs of all the brands for their performance.

Munich, March 18, 2021



Kurt Dobitsch  
Chairman of the supervisory board

# Nemetschek on the Capital Market

## Stock market year 2020 marked by corona crisis

In the first quarter of 2020, the worldwide spread of the coronavirus (SARS-CoV-2) triggered a crash on global share markets. The DAX fell by about 25% in the interim. Despite considerable economic decline as a result of the Covid-19 pandemic, markets recovered significantly in the second quarter. Impetus came primarily from expansive monetary and fiscal policy as well as from worldwide economic and bailout programs. Towards the end of the year, advances made in the development of Covid-19 vaccines had a further revitalizing effect on share markets.

Overall, despite the Covid-19 pandemic, share markets were able to develop positively in 2020: for the year as a whole, the leading German index DAX increased by about 3.6% and the MDAX by 8.8%. The TecDAX, which contains the 30 largest technology values, posted a rise in value of about 6.6%. The comparative index STOXX Europe Total Market Software & Computer Services posted a positive development, increasing by about 4.6%.

## Nemetschek share plateaued in 2020

The value of the Nemetschek share was able to post slight growth, which at 2.7% lay just below comparative indexes.

### PRICE DEVELOPMENT OF NEMETSCHKE SHARE IN THE YEAR 2020/BEGINNING OF 2021 COMPARED TO SELECTED INDEXES (INDEXED)



On January 2, 2020, the share kicked off the new year at a price of EUR 58.80 and was able to make slight gains in the first few weeks as a result of positive preliminary figures for the 2019 financial year. In the course of the Corona pandemic, the Nemetschek share fell considerably in value, as did the overall market, and reached its all-time low of EUR 35.30 on March 18, 2020. After that, share markets experienced a trend of strong recovery. The Nemetschek share also recovered significantly. The favorable development of the figures in the first quarter, which were published on April 30, were positively received by the market. The Nemetschek share reached an all-time high of EUR 70.90 on May 29, 2020. This was again followed by a slight share price adjustment, whereby the share price stabilized at a level of about EUR 60. The better-than-expected Q3 figures as well as the increase in the forecast for the current financial year 2020 led once

again to a considerable rise in the share price on October 29, 2020. Owing to the ongoing uncertainty of the market situation, the Nemetschek share again fell in value as the year came to an end, closing the 2020 financial year at a price of EUR 60.40. This represents an increase of 2.7% since the beginning of the year.

## Nemetschek share in the MDAX and TecDAX rankings

As of December 31, 2020, the ranking of Deutsche Börse listed Nemetschek 59th (previous year: 60th) for market capitalization (in terms of free float) on the MDAX and 11th on the TecDAX (previous year's ranking: 12th). During the 2020 financial year, with an average of 285,066 shares traded daily via the electronic trading platform Xetra, over 25% more shares were traded per day than in the previous year (224,215 shares). The average daily trading on Xetra even rose as a result of the increased trading volume, and the

share price development rose from EUR 10.58 million in 2019 by some 60% to EUR 17.00 million in 2020. Nemetschek ranked 56th on the MDAX (previous year: 69th) and 12th on the TecDAX (previous year's ranking: 17th) for the volume of shares traded.

### Market development in the current financial year

At the beginning of 2021, the Nemetschek share continued on its slightly volatile course. Until the beginning of March, the Nemetschek share continued to lose value and settled at over 50 euros.

## Overview of the Nemetschek share

### KEY FIGURES ON SHARES

	2020	2019
Closing price in €	60.40	58.80
High in €	70.90	59.25
Low in €	35.30	30.41
Market capitalization in € million	6,976.20	6,791.40
Earnings per share in €	0.84	1.10
Price/earnings ratio	71.90	53.45
Average number of shares traded per day (Xetra)	285,066	224,215
Average number of outstanding shares	115,500,000	115,500,000

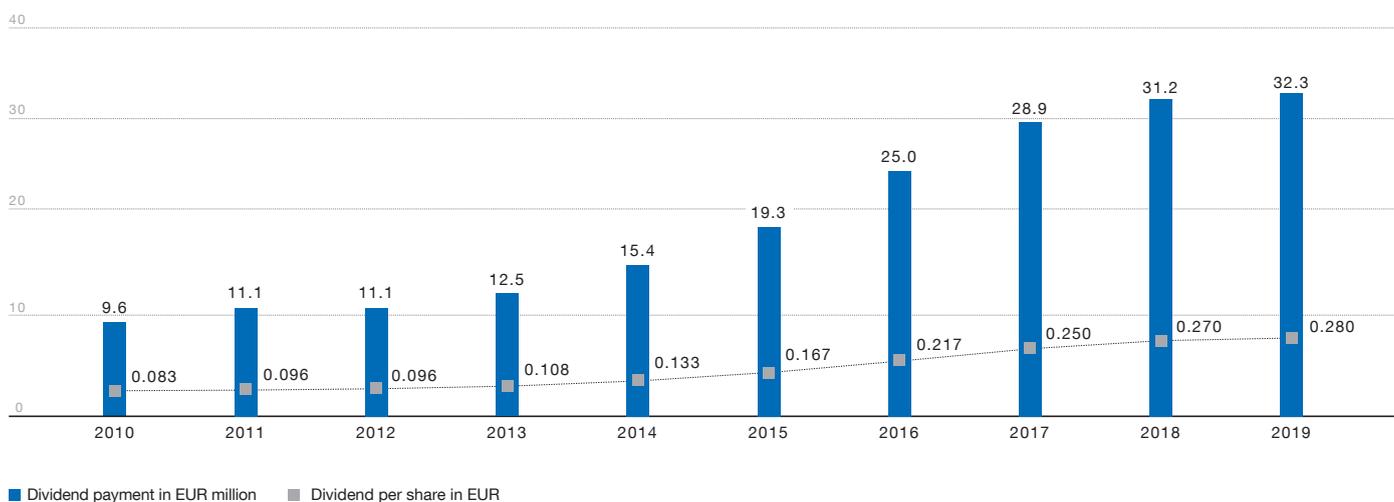
For Nemetschek SE, there is currently no rating issued by a rating agency which assesses creditworthiness or credit rating.

### Dividend policy

The Nemetschek Group pursues a sustainable dividend policy, which plans for a payout of about 25% of the operating cash flow. The dividend policy is always subject to consideration of the development of the economy as a whole as well as the economic and financial situation of the company.

For the 2019 financial year, owing to the extremely uncertain economic framework conditions resulting from the Covid-19 pandemic, the Nemetschek Group raised the dividend only slightly and set the dividend per share at EUR 0.28 (previous year: EUR 0.27). The dividend was paid out following the annual general meeting on June 19, 2020.

### DIVIDEND PER SHARE AND TOTAL AMOUNT OF DIVIDENDS TO BE DISTRIBUTED BASED ON YEAR-OVER-YEAR COMPARISON

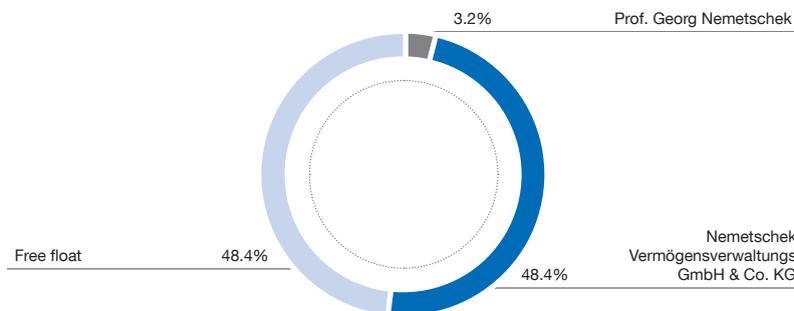


### Shareholder structure

The free float amounted to 48.4 percent as of December 31, 2020. It was spread across a regionally widely diversified shareholder structure with a high proportion of international investors, primarily from the USA, Germany, France, Great Britain, Switzerland and Scandinavia.

Nemetschek Vermögensverwaltungs GmbH & Co. KG continues to be the biggest shareholder in the company, with a share of 48.4% (55,868,784 shares). Furthermore, 3.2% (3,700,000 shares) is held directly by Prof. Georg Nemetschek. For the shares held by Nemetschek Vermögensverwaltungs GmbH & Co. KG and the shares held directly by Prof. Georg Nemetschek, there continues to be a pooling agreement, which serves to ensure a shareholder structure that is permanently stable.

#### SHAREHOLDER STRUCTURE\*



\* Direct shareholdings as of December 31, 2020.

### First virtual annual general meeting

As a result of the corona pandemic, the Nemetschek Group postponed its regular annual general meeting planned for May 2020 to June 19, 2020 and conducted it completely virtually for the first time. This was the software company's response to the restrictions applicable to public life during the Covid-19 pandemic. It made simultaneous use of the option provided for by legislators for an annual general meeting that is completely virtual.

Even after rescheduling, Nemetschek was able to remain within the term of six months after the end of the financial year, by which deadline European Companies (SEs) are required to hold their annual general meetings.

At the regular annual general meeting, which as described above was conducted completely virtually, the company's shareholders approved all agenda items with a large majority.

### Dividend

For the 2019 financial year, the shareholders resolved on a dividend in the amount of EUR 0.28 per share, a slight increase compared to the previous year (EUR 0.27 per share). The company thus continued with its sustainable dividend policy and paid out a dividend for the eleventh time in a row. In view of this only slight increase, the dividend was in keeping with economically uncertain framework conditions. The total dividends to be distributed amounted to EUR 32.3 million (previous year: EUR 31.2 million). The dividend payout ratio for the 2019 financial year was therefore approximately 20% – in relation to the operating cash flow.

### Extensive communication with the capital market

The objective of Nemetschek SE is to maintain open and reliable communication with all stakeholders. An ongoing and timely dialog takes place to increase transparency and further reinforce trust in the Nemetschek Group.

In the 2020 financial year as well, numerous contacts to existing and potential investors were made. As a result of the Covid-19 pandemic, the Nemetschek Group primarily made use of the option of presenting itself on virtual road shows and investor conferences.

On the occasion of the publication of the statements for the year, half year and quarter, telephone conferences were held during which the board reported on past and future business development and responded to questions from analysts and investors. In addition, Nemetschek SE maintained a close dialog with relevant business media.

Moreover, at present, the Nemetschek Group is covered by 18 analysts from various banks and research enterprises that regularly publish studies and commentaries on the current development of the company.

The current price targets of the corresponding analysts can be found on the company website under [ir.nemetschek.com/analysts](https://ir.nemetschek.com/analysts).

# Corporate Governance Declaration

The Nemetschek Group is a globally active corporation with an international shareholder structure. The executive and supervisory boards place particular importance on responsible and transparent company leadership and control which is aligned with increasing value in the long term. Meaningful and transparent corporate communication, observance of shareholder interests, forward-looking handling of risks and opportunities and efficient and trustful cooperation between the executive board and the supervisory board are major aspects of good corporate governance. The latter is conducive to the Nemetschek Group's gaining the trust of shareholders, business partners, employees and ultimately society as a whole. At the same time, these principles are important orientation standards for the management and control of the Group.

The Corporate Governance Statement as per § 289f and § 315d of the German Commercial Code (HGB) is part of the consolidated management report. In accordance with § 317 Section 2 Sentence 6 HGB, the audit of the information provided as per § 289f and § 315d HGB by the auditor is to be limited to whether the disclosures were made. Within the scope of the Corporate Governance Statement, the executive board and supervisory board also report on the company's corporate governance.

## Declaration of Conformity with the German Corporate Governance Code

On December 18, 2020, the executive board and supervisory board submitted the following updated Declaration of Conformity in accordance with §161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders on the website of the Nemetschek Group:

„The executive board and supervisory board declare:

The recommendations of the “Government Commission of the German Corporate Governance Code”, version dated February 7, 2017 (“DCGK 2017”), published by the German Federal Ministry of Justice in the official part of the Federal Gazette on April 24, 2017, have been met during the time period since the previous Declaration of Conformity of December 19, 2019 up to the DCGK version dated December 16, 2019 going into effect on March 20, 2020, with the exception of the following Code Items for the reasons specified therein and in the time periods specified.

a) The D & O insurance does not include excess insurance for supervisory board members (Code Item 3.8 Clause 3). Nemetschek SE does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the supervisory board.

b) For the specification of executive board remuneration, the supervisory board made no vertical comparison of remunera-

tion at the level of Nemetschek SE, as recommended by Code Item 4.2.2 Clause 2. As a holding company, Nemetschek SE does not offer any appropriate standards of comparison for either upper management circles or staff as a whole. Nevertheless, the supervisory board – as in the past – used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its remuneration decisions.

c) The variable short-term incentive plan does stipulate upper limits, which however are not always expressed as a fixed amount but as a percentage of a fixed amount. Ultimately, the executive board employment contracts do not stipulate upper limits in terms of amount for the total remuneration (Code Item 4.2.3 Clause 2). Nemetschek SE is not of the opinion that this is required in the case of the existing remuneration system. If the amount of variable incentive plans is limited, this also applies for the total remuneration to be achieved.

d) Neither an age limit for members of the executive board and the supervisory board nor a defined limit for the duration of the term of office on the supervisory board have been specified explicitly and are not currently planned (Code Items 5.1.2 Clause 2 and 5.4.1 Clause 2). Such an age limit or defined limit for the duration of the term of office on the supervisory board would generally restrict the company in its selection of suitable members of the executive board and the supervisory board. With regard to the composition of the executive board, supervisory board and further management circles, the individual's experience, skills and knowledge are of primary importance to the company (Code Items 4.1.5, 5.1.2 Clause 1 and 5.4.1 Clause 2). In contrast, the supervisory board and, with reference to Code Item 4.1.5, the executive board regard diversity criteria as less important, even if these are expressly welcomed.

e) The Code's recommendation on the creation of qualified committees of the supervisory board is not followed (Code Item 5.3) as the supervisory board only has four members at present. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek SE.

The executive board and supervisory board also declare:

The recommendations of the “Government Commission of the German Corporate Governance Code”, version dated December 16, 2019 (“DCGK 2020”), published by the German Federal Ministry of Justice in the official part of the Federal Gazette on March 20, 2020, have been met in the time period since this version of the DCGK went into effect and will continue to be met with the exception of the following recommendations for the reasons specified therein and in the time periods specified.

a) Recommendations A.1, 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.1, 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 Sentence 2).

The executive board and supervisory board of Nemetschek SE expressly welcome the objective of the Code to ensure diversity and are open to diversity in terms of the composition of the board and appointments to executive positions. However, with regard to appointments to executive positions and the composition of the executive board, as well as for election nominations for supervisory board members, the focus is on the individual's experience, skills and knowledge. The criterion of diversity will be regarded as being of lesser importance.

b) 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 the office of executive board or supervisory board member 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.

c) Recommendation D.1 (making rules of procedure for the supervisory board accessible)

The Supervisory Board of Nemetschek SE sets rules of procedure for itself. Departing from Recommendation D.1, however, the supervisory board did not make 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 Association and are publicly accessible. It is our opinion that publication of the rules of procedure above and beyond this would not generate any added value.

d) Recommendations D.2 to D.5 (supervisory board committees)

The supervisory board of Nemetschek SE formed no committees. The supervisory board consists of four members. On a board of this size, the efficient and effective discharging of duties is also ensured without the formation of specialized committees. The duties for which the Code recommends the

formation of such committees are all performed by the supervisory board of Nemetschek SE. Since no specialized committees were formed, the recommendations on the independence of the chairs of the audit committee and of the nomination committee (Recommendation C.10) are not relevant for Nemetschek SE.

e) 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 circles or the staff as a whole of Nemetschek SE, 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 circles or the staff as a whole. Nonetheless, the supervisory board used the remunerations of the heads of the most important product organizations as a standard of comparison on which to base its actual remuneration decisions.

f) Recommendation G.7 Sentence 1 (point in time of the specification of performance criteria for the variable remuneration components)

As per Recommendation G.7 Sentence 1, referring to the upcoming financial year, the supervisory board shall establish performance criteria for each executive board member which 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 no later than February 28 of a given financial 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 financial year. Consequently, a provisional departure from Recommendation G.7 Sentence 1 is declared.

g) Recommendation G.10 (no share-based remuneration and point in time of accessibility of long-term variable remuneration components)

Departing from Recommendation G.10 Sentence 1, executive board members will neither be granted variable remuneration on the basis of shares nor shall executive board members invest the granted variable remuneration predominantly in shares of the company. Share prices are always subject to influences which lie outside the enterprise and are beyond the control of the executive board members. The variable remuneration of the executive board members of Nemetschek SE is therefore only dependent on enterprise-relevant events (such as revenue, income, earnings per share) which provide an undistorted reflection of corporate value and thus, in the opinion of the supervisory board, are better suited for measuring

the performance of the executive board members for the purpose of determining an appropriate executive board remuneration.

The executive board remuneration system provides for long-term variable remuneration with a three-year term (LTIP), which is to be paid out in cash respectively in the fourth year, if granted. As a result, we also declare a departure from Recommendation G.10 Sentence 2, according to which the granted long-term variable remuneration components shall be accessible to executive board members only after a period of four years. A holding period of four years may be a suitable means of incentivizing executive board members in the long term in the case of share-based remuneration since the value of the shares can change during the holding period. On the other hand, in the case of a cash payment of the long-term variable remuneration, a later payout date has no comparable 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.“

#### **Website of the company**

The Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG) is published on the website [ir.nemetschek.com/en/corporate-governance](http://ir.nemetschek.com/en/corporate-governance). Declarations of Conformity of previous years are also available on this website.

In addition to the Declaration of Conformity, the website [ir.nemetschek.com/en/corporate-governance](http://ir.nemetschek.com/en/corporate-governance) has made further information on the Corporate Governance Statement and on the corporate governance of the Nemetschek Group publicly accessible.

#### **Relevant information on corporate governance practices that are applied above and beyond the legal requirements, in addition to specification as to where these are accessible to the general public**

The Nemetschek Group is to be perceived worldwide as a responsibly acting enterprise with high ethical and legal standards.

The specific culture of the Nemetschek Group is the common basis for action. This culture is reflected in the fair and respectful treatment of coworkers amongst one another and vis-à-vis third parties, and is distinguished by high performance willingness, open communication, integrity and trustworthiness as well as the careful use of natural resources.

These principles are summarized in the “Code of Conduct” of the Nemetschek Group. This Code of Conduct is binding for all employees regardless of role or position in the Group. It is only by maintaining an ongoing focus on these values and integrating them into day-to-day actions that a clear commitment to the company culture is made and the long-term entrepreneurial success of the company is ensured. The Code of Conduct can be accessed on the company website at [www.nemetschek.com/en/](http://www.nemetschek.com/en/)

[coc.pdf](#). You will find further information on this subject in the nonfinancial declaration in Section 2.

Moreover, details on enterprise controlling and corporate governance are provided in the consolidated management report under [<< 1.3 Corporate Management and Governance >>](#).

#### **Compliance and the management of opportunities and risks**

Weighing opportunities and risks continuously and responsibly is one of the principles of responsible company leadership. The objective of opportunity and risk management is to develop a strategy and define targets which generate a balanced equilibrium between growth targets and profit targets on the one hand and the risks inherent to such on the other. Please refer to the consolidated management report [<< 5. Opportunity and risk report >>](#) for details on the opportunity and risk management system of the Nemetschek Group.

#### **Compliance**

Alignment of the business activities with all relevant laws and standards as well as with the company-internal principles is a basic prerequisite for successful economic activity in the long term. The success of the Nemetschek Group is therefore based not only on a good corporate policy but also on integrity in terms of business ethics, trust and open and fair dealings with employees, customers, business partners, shareholders and other stakeholders.

#### **Compliance culture and targets**

Compliance has always been an important component of risk prevention at the Nemetschek Group and is entrenched in the company culture. The 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 executives bear special responsibility in this regard. They are role models and as such required to ensure adherence to compliance provisions within their area of responsibility, to clearly communicate this expectation to every employee and to consistently set an example for ethical behavior according to the rules within the context of compliance.

#### **Compliance organization**

Compliance activities are closely linked to risk management and the internal control system. The business unit Corporate Legal & Compliance controls compliance activities Group wide. The focus is on creating suitable structures and processes as well as providing support for the efficient implementation of compliance measures. In addition, the business unit Corporate Legal & Compli-

ance is available as a contact partner in the case of individual questions arising from the organization. There is a direct line of reporting to the CFOO of the Nemetschek Group.

### Compliance program and communication

The compliance structures and measures for ensuring adherence to laws, guidelines and ethical principles are consistently aligned with the risk situation of the Nemetschek Group and continuously further developed. The point of departure for compliance activities is the Code of Conduct of the Nemetschek Group, which is binding for all employees. Besides the company website, employees can access the Code of Conduct and other company guidelines via the Group-internal intranet platform "Nemetschek ONE". Moreover, the Nemetschek Group uses a modern compliance training tool for efficiently and sustainably imparting this subject Group wide.

### Compliance reporting channels, reviews and further development

Reliable reporting channels and the protection of internal information providers against sanctions are major elements in identifying compliance risks.

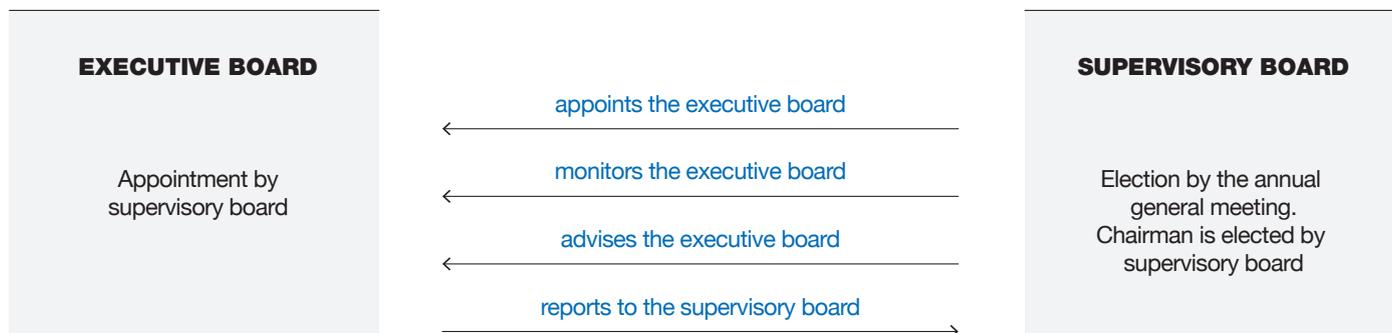
In addition to directly contacting their supervisor, Nemetschek Group employees can provide information on possible violations of laws or guidelines directly to the Compliance business unit using a specially created separate e-mail account. Furthermore, employees can also report compliance violations to a commissioned international law firm without disclosing their identity. All reported information and violations will be promptly investigated and evaluated; appropriate measures and sanctions will be undertaken as required.

Adherence to internal guidelines and applicable provisions is subject to regular internal audits by the business unit Corporate Audit. The executive and supervisory boards are regularly informed about compliance-relevant matters and the extension of compliance structures as well as planned compliance-related action.

### Description of executive board and supervisory board procedures

Even after conversion of the form of business from a German "Aktiengesellschaft" (AG) to a Societas Europaea (SE) in 2016, Nemetschek SE retained the dual management and monitoring structure with the two bodies of executive board and supervisory board.

## DUAL MANAGEMENT SYSTEM OF NEMETSCHKEK SE



## Executive board

### Composition

The executive board, which was appointed by the supervisory board, consisted of three members, as was the case in the previous year. The executive board structure with a stronger focus on the segments, established at the beginning of the 2019 financial year, proved its merits and was retained without changes. Thus, consideration is given to the strategic alignment of the Nemetschek Group, which involves even greater consolidation of the competencies of the brand companies in the four customer-oriented segments: Design, Build, Manage and Media & Entertainment.

In the 2020 financial year, the executive board was composed of the following three members:

- » Viktor Várkonyi, Chief Division Officer, Planning & Design Division.
- » Jon Elliott, Chief Division Officer, Build & Construct Division and CEO of the Bluebeam brand.
- » Dr. Axel Kaufmann, Spokesman of the Executive Board and Chief Financial & Operations Officer (CFOO). Further, he is responsible for the Media & Entertainment Division.

As of January 1, 2020, Dr. Axel Kaufmann was appointed Spokesman of the Executive Board and CFOO of Nemetschek SE by the supervisory board.

For Nemetschek SE, the appointment of executive board members, like the filling of executive positions, is invariably subject to the relevant criteria of quality and suitability, and is done independent of gender. According to the principle of qualification-based neutrality, Nemetschek SE is assured to best serve the interests of the company.

Details on further mandates performed by the members of the executive board are provided in the notes to the consolidated financial statements. Information on the remuneration of the executive board members is reported in the consolidated management report under [« 7.3 Remuneration Report »](#).

### Procedures

The supervisory board issued rules of procedure for the executive board which govern cooperation within the executive board as well as cooperation between the executive board and the supervisory board. In compliance with corporate interests, the executive board performs its leadership role with the objective of sustainably increasing corporate value. The executive board bears overall responsibility for the management of the Nemetschek Group. In addition, every member of the executive board is solely responsible for the tasks assigned to him according to the business allocation plan. The executive board collaboratively resolves all matters which are of particular significance and impact for the company or its subsidiaries.

The executive board is responsible for the creation of the quarterly statements and half-year financial report and for the preparation of the annual financial statements and consolidated financial statements as well as the consolidated management report of Nemetschek SE and of the Group.

The executive board reports to the supervisory board regularly, quickly and comprehensively in written and verbal form about all relevant topics relating to business development, company planning, strategic alignment, the opportunity and risk situation, risk management and compliance. The supervisory board is promptly involved and, provided by the executive board, with complete information concerning all decisions which may materially affect the net asset situation, financial situation and earnings situation of the company. In the case of acquisition projects, the executive board provides detailed information about project progress and project status at an early stage and coordinates the acquisition and integration processes in close collaboration with the supervisory board.

### Supervisory board

#### Composition

In the 2020 financial year, the composition of the supervisory board in terms of personnel remained unchanged vis-à-vis the previous year.

The supervisory board consisted of the following four members:

- » Kurt Dobitsch, Chairman of the supervisory board
- » Prof. Georg Nemetschek, Deputy Chairman
- » Rüdiger Herzog, member of the supervisory board
- » Bill Krouch, member of the supervisory board

The members of the supervisory board are elected by the annual general meeting.

Details on further mandates performed by the members of the supervisory board are provided in the notes to the consolidated financial statements. Information on the remuneration of the supervisory board members is reported in the consolidated management report under [« 7.3 Remuneration Report »](#).

### Procedures

The supervisory board serves the executive board in an advisory capacity, monitors the executive board in its management of the company and verifies all significant business transactions for the executive board by examining the documents in question in terms of the Regulation (EC) No. 2157/2001 of the Council on the statute of the European Company (SE-VO), the German SE Implementation Act (SEAG), the German Stock Corporation Act (AktG), the company's Articles of Incorporation and Articles of Association. The supervisory board is also provided with information on the position of segments including the individual brands and the Group as well as on major developments by the executive board outside of the regular supervisory board meetings. In this way, it can accompany operative business with advice and recommendations made on an appropriate base of information.

The supervisory board defines a catalog of business which requires approval as well as a business allocation plan in the Articles of Association for the executive board. The supervisory board acts on the basis of its own rules of procedure. Moreover, the supervisory board approves the annual financial statements, the consolidated financial statements and the consolidated management report of Nemetschek SE and of the Group. The chairman of the supervisory board presents the activities of the supervisory board every year in his report to the annual general meeting as part of the annual report.

Together with the executive board, the supervisory board ensures that there is long-term succession planning. For this purpose, the supervisory board is in regular communication with the executive board. Together, the executive board and supervisory board evaluate the suitability of potential succession candidates and discuss how suitable internal candidates may be further developed. In addition, on an ongoing basis, the supervisory board examines whether the best possible composition of the executive board is maintained. For this purpose, the chairman of the supervisory board discusses with the executive board what skills and experience as well as what professional and personal areas of expertise, in particular, should be represented on the executive board

with a view to the company's strategic development, taking into consideration the extent to which the composition of the executive board already satisfies these requirements.

In accordance with the recommendations of the German Corporate Governance Code, the supervisory board has specified actual objectives for its composition and has resolved a competence profile for the committee of the Nemetschek SE supervisory board as a whole. Accordingly, every member of the supervisory board must meet the prerequisites required by law and the prerequisites as per the Articles of Association for membership in the supervisory board (cf § 100 (1 to 4) of the German Stock Corporation Act – AktG). Every member of the supervisory board must possess the knowledge and skills necessary for due performance of the tasks required of the member by law and by the Articles of Association. The members of the supervisory board as a whole must be familiar with the sector in which the company is active (cf § 100 (5) AktG). Every member of the supervisory board must have sufficient time available and the willingness to dedicate the necessary time and attention to this office. In addition to these general prerequisites, the board as a whole is to meet the following prerequisites in particular:

- » Every member is to have a general understanding of the business of the Nemetschek Group, especially of the worldwide AEC market environment, the individual business segments, the customer requirements, the regions in which the company conducts business, and the strategic alignment of the enterprise.
- » At least one member is to have expertise in the areas of accounting or auditing.
- » At least two members are to meet the criterion of internationality to a high degree or have acquired operational experience in internationally active enterprises.
- » One or more members are to have expertise in the area of business administration.
- » On the board as a whole, one or more members are to have experience in the area of governance, compliance and risk management.
- » All members are to have operational experience in human resources management.

At present, the company's supervisory board considers that the specified targets for the composition of the supervisory board are met.

According to the supervisory board, in keeping with Recommendations C.1/C.6 of the German Corporate Governance Code, it is appropriate for the supervisory board to have at least three members – i.e. more than half of the shareholder representatives – who are independent from the company and its executive board (cf. Recommendation C.7 of the German Corporate Governance Code (DCGK)) as well as at least two members who are indepen-

dent from a controlling shareholder (cf. Recommendation C.9 of the German Corporate Governance Code (DCGK)). Overall, according to the supervisory board, it is appropriate for the supervisory board to have at least two members who are independent from the company and from its executive board as well as from any controlling shareholder.

According to the supervisory board, at the present time, all of its members are independent from the company and its executive board within the context of Recommendation C.7 of the German Corporate Governance Code (DCGK). This estimation does not conflict with the fact that Mr. Dobitsch, Prof. Nemetschek and Mr. Herzog have been members of the supervisory board for more than twelve years. Pursuant to Recommendation C.7 of the German Corporate Governance Code (DCGK), many years of membership on the supervisory board merely is an indicator of a possible lack of independence; an indicator which also allows for a different estimation by the supervisory board. A purely formal consideration, which would automatically assume a lack of independence after more than twelve years on the supervisory board, is deemed inappropriate by the supervisory board. It is the view of the supervisory board that the mere fact of long-standing membership on the supervisory board neither constitutes grounds for a conflict of interest or conflict of role, nor does it impair the manner in which the office is discharged. In the work of the supervisory board over the previous years, there have been no major conflicts of interest, or any conflicts of interest which were not just temporary. No indications are or have been given that Mr. Dobitsch, Prof. Nemetschek or Mr. Herzog would possibly confront the executive board in a biased or prejudiced manner. The supervisory board is also of the absolute conviction that the fact of serving for more than twelve years does not hinder one's ability to critically reflect on one's own supervisory board activities or to work towards increasing efficiency.

Moreover, Mr. Dobitsch and Mr. Krouch are also independent from a controlling shareholder within the context of Recommendation C.9 of the German Corporate Governance Code (DCGK).

The supervisory board regularly assesses how effectively it discharges its duties. General subject areas include the conducting of supervisory board meetings, collaboration of supervisory board members, working together with the executive board as well as the quality of the provision of information to the supervisory board. In the 2020 financial year, no self-assessment of the supervisory board was made. This is, however, planned for the year 2021.

Please refer to the [«< Supervisory board report >>](#) for further information on the subject areas and work of the supervisory board in the 2020 financial year.

Details on further mandates performed by supervisory board members are provided in the notes to the consolidated financial statements.

### **Remuneration of executive board and supervisory board**

In accordance with the recommendations of the German Corporate Governance Code, Nemetschek SE has been reporting the remuneration of each member of the executive board and supervisory board for some time now. The remuneration of the members of the executive board consists of fixed compensation and the usual additional components such as health and long-term care insurance as well as a company car, and a variable, performance-based compensation. The variable compensation has a current and noncurrent component. The current, performance-based (variable) compensation mainly depends on corporate targets achieved (revenue, EBITA and earnings per share) which are agreed between the supervisory board and executive board at the beginning of each financial year. With a view to corporate management in the long term and in accordance with applicable provisions, the executive board remuneration system also contains a long-term variable component, also referred to as the Long-Term Incentive Plan (LTIP). The amount and payment of this depends on the achievement of specified targets for revenue, operating result and earnings per share as well as previously defined strategic project targets. The period which is relevant for this is always three financial years.

In accordance with the recommendations of the German Corporate Governance Code, the members of the supervisory board receive fixed remuneration. The remuneration report is part of the certified consolidated management report. It contains detailed descriptions of the principles of the remuneration systems for the executive board and for the supervisory board as well as individual declaration of the remuneration.

In keeping with the changes in legislation resulting from the German Act Implementing the Second Shareholder Rights Directive (ARUG II), which went into effect on January 1, 2020, the supervisory board further developed the existing executive board remuneration system and resolved this at its meeting held on December 18, 2020. For the most part, the further developed system also corresponds to the recommendations of the German Corporate Governance Code (DCGK) in the version of December 16, 2019. The further developed executive board remuneration system is to be presented to the regular annual general meeting in May 2021 for approval.

### **Target percentage for female representation, §§ 76 Para. 4, 111 Para. 5 of the German Stock Corporation Act (AktG) and diversity concept**

According to § 111 Para. 5 of the German Stock Corporation Act (AktG), the supervisory board must define target values for the percentage of positions held by women on the supervisory board and executive board. Pursuant to § 76 Para. 4 of the German Stock Corporation Act (AktG), the executive board is to stipulate a target percentage for female representation in the two management levels below the executive board.

With the resolution of March 20, 2019, for the period ending December 31, 2021, the supervisory board defined a target value of at least 0% for the supervisory board and executive board since, with regard to the composition of the supervisory board and executive board, the individual's experience, skills and knowledge are of primary importance to the company.

Regardless of this, in the event of positions vacant on the supervisory board or executive board, the supervisory board will of course consider women as potential candidates as well.

At Nemetschek, there is only one management level below the executive board, which means that the obligation of the executive board to stipulate a target percentage pursuant to § 76 Para. 4 of the German Stock Corporation Act (AktG) is limited to this management level. With the resolution of March 20, 2019, the executive board defined a target value of at least 25% for the management level below the executive board for the period ending December 31, 2021.

The executive board and supervisory board of Nemetschek SE do not pursue a diversity concept. In the Declaration of Conformity, it is stated that the objective of the Code to ensure diversity, which includes diverse committee composition as well as appointments to executive positions, is expressly welcomed. However, with regard to appointments to executive positions and the composition of the executive board, as well as for election nominations for supervisory board members, the focus is on the individual's experience, skills and knowledge. The criterion of diversity will be regarded as being of lesser importance.

### **Further information on corporate governance**

#### **Financial reporting and year-end audit**

Nemetschek SE prepares its consolidated financial statements as well as the consolidated interim reports as per the International Financial Reporting Standards (IFRS). The annual financial statements of Nemetschek SE (individual financial statements) are pre-

pared in accordance with the provisions of the German Commercial Code (HGB). The consolidated financial statements are prepared by the executive board, examined by the auditor and approved by the supervisory board. The annual general meeting selected auditing firm Ernst & Young GmbH, Munich, as auditors and Group auditors for the 2020 financial year. The supervisory board commissioned the audit, additionally set the remuneration for the audit, and verified the independence of the auditor. Furthermore, it assessed the services rendered by the auditor and resolved on evaluating the quality of the year-end audit.

#### **Shareholders and the annual general meeting**

Shareholders can assert their rights and exercise their voting rights at the annual general meeting. One vote is granted for each Nemetschek SE share. The chairman of the supervisory board chairs the meeting. The executive board presents the consolidated financial statements and annual financial statements, explains the prospects of the company and, together with the supervisory board, answers the shareholders' questions. The invitation to the annual general meeting and the corresponding documents and information are made available on the Nemetschek Group website the day the meeting is called in accordance with stock corporation laws or are made available for viewing in the offices of the company. Nemetschek supports its shareholders in the assertion of their voting rights by appointing voting representatives, who vote according to the instructions of the shareholders.

Munich, March 15, 2021

Dr. Axel Kaufmann

Viktor Várkonyi

Jon Elliott

#### **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 capital market-relevant information is published simultaneously in German and English and made accessible on the company's website. This includes annual and quarterly reports, press releases, ad hoc notifications, information on the annual general meeting and company presentations. The financial calendar with the relevant publication and event dates can also be found there.

#### **Directors' dealings, voting rights and stock option scheme**

Nemetschek SE provides information on the trading of company shares by executive board and supervisory board members (directors' dealings) as per Art. 19 of the Market Abuse Regulation (MAR) as well as on reported changes in the shareholdings if the voting thresholds defined in the German Securities Trading Act (WpHG) are reached, surpassed or fallen below. Information on the shares held by the executive board and supervisory board is included in the notes. Nemetschek SE does not have a stock option scheme at the present time.