

## **Supervisory board's report on the 2021 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 2021 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**

In the 2021 financial year, 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, as well as 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 together with the executive board. In the 2021 financial year, this also comprised information on deviations in business development vis-à-vis planning as well as the impacts of the ongoing Covid-19 pandemic on business development. Outside the regularly scheduled sessions as well, the supervisory board and the executive board remained in close contact and maintained a regular exchange. In addition, the supervisory board convened regularly, also without the executive board.

Based on reporting by the executive board, the supervisory board supported the executive board's work in an advisory capacity and, in so doing, 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.

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

In the financial year 2021, four regular supervisory board meetings were held, at which the executive board informed the supervisory board of the economic situation and business development. As a result of the circumstances of the Covid-19 pandemic the meetings in 2021 were conducted as virtual meetings or in-person meetings with the option of participating in virtual form. There was 100% attendance at the meetings of the supervisory board. In addition to the meetings, there were further resolutions on current topics, for which the written circular procedure was used.

Supervisory board members' participation in the meetings of the supervisory board is disclosed in individualized form in the following table:

<b>Meetings of the supervisory board and participation rates</b>		
	Number of meetings / Participation	Participation rate in %
Kurt Dobitsch (Chairman)	4/4	100%
Prof. Georg Nemetschek (Deputy Chairman)	4/4	100%
Rüdiger Herzog	4/4	100%
Bill Krouch	4/4	100%
<b>Total participation rate</b>		100%

In the 2021 financial year, deliberations revolved in particular around long-term strategic development of the four segments in the Group with a focus on further internationalization of business activities and the impacts of the ongoing Covid-19 pandemic on short-term business development as well as on potential acquisition targets and investments in start-ups and ventures, strategic projects at holding and segment level and the further development of the solution portfolio of the Nemetschek Group. 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. Moreover, interim reports were discussed by the supervisory board and executive board prior to publication.

The members of the supervisory board take responsibility for undertaking any training or 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. In the reporting period, information was made available by the company concerning the extension of the compliance management and risk management system, IT and cybersecurity as well as on the subjects of diversity and executive board member 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.

In all meetings, the supervisory board was provided with information on the current course of business, the 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 topics:

## **Meeting on March 18, 2021:**

- Annual financial statements and consolidated financial statements as well as the consolidated management report for the 2020 financial year including the non-financial declaration
- Proposal on the appropriation of profits for the 2020 financial year
- Supervisory board's report for the 2020 financial year
- Invitation and agenda items for the 2021 regular annual general meeting with proposed resolutions to the annual general meeting, in particular the resolutions for the selection of the auditor for the 2021 financial year
- Targets reached by the executive board and general managers and release of payment of variable remuneration shares for the 2020 financial year
- Definition of target agreements for the 2021 financial year and nominations for participation in the "Long-Term Incentive Plan" (LTIP)
- Discussion of strategic projects at brand level, segment level and Group level, including M&A activities
- Discussion of the current market conditions and competitive situation
- Capital market communication including forecast for the 2021 financial year

## **Meeting on July 27, 2021:**

- Half-year financial reporting for the 2021 business year
- Capital market communication including adjustment of the forecast for the 2021 financial year
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Current M&A activities as well as investments in start-ups & ventures
- Long-term strategic further development of the company

## **Meeting on October 27, 2021:**

- Planning process and planning premises for the 2022 financial year
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Current M&A activities as well as investments in start-ups & ventures

## Meeting on December 17, 2021:

- Discussion of planned projects and initiatives on brand level, segment level and holding level
- Current M&A activities as well as investments in start-ups & ventures
- Business planning on brand level, segment level and Group level for the 2022 financial year, also with consideration of the impacts resulting from the Covid-19 pandemic
- Business planning, including investment planning, on Group level for the 2022 financial year
- Cash flow and liquidity planning for the financial years 2022 to 2024
- Discussion in the supervisory board of the findings of the efficiency evaluations conducted
- Passing of resolution on Declaration of Conformity in accordance with the German Corporate Governance Code as well as on the women's quota in the supervisory board and executive board
- Resolution on the founding of an audit committee in the supervisory board

## Committees

The supervisory board of Nemetschek SE formed no committees in the reporting period. 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 German Corporate Governance Code recommends the formation of such committees were all performed by the supervisory board of Nemetschek SE in the reporting period.

As per the applicable provisions, the supervisory board set up an audit committee as of January 1, 2022. The Chair of the Audit Committee is Mr. Rüdiger Herzog. The other members are Prof. Georg Nemetschek and Kurt Dobitsch.

The supervisory board is composed exclusively of shareholder representatives and, as a result, no nomination committee was set up.

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

On May 12, 2021, the regular annual general meeting appointed auditing firm Ernst & Young GmbH, Munich, as the auditor for the audit of the individual financial statements and the consolidated financial statements for 2021 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 2021 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 2021 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, 2022. 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. He 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 risk management system were reported.

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 2021 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of March 18, 2022. The 2021 annual financial statements are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

Moreover, the supervisory board assessed the services rendered by the auditor and concerned itself with evaluating the quality of the auditing firm Ernst & Young GmbH as an auditor. In doing so, no grounds were determined which would oppose an audit performed by Ernst & Young GmbH.

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

Nemetschek SE integrated its nonfinancial declaration in the consolidated management report. Auditing firm Ernst & Young GmbH subjected the nonfinancial Group declaration of the Nemetschek Group to an audit for obtaining limited assurance. The supervisory board also checked the nonfinancial declaration and has come to the conclusion that the nonfinancial declaration provides no grounds for reservations.

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

### **Reporting on executive board and supervisory board remuneration (remuneration report)**

The report on the remuneration of the executive board and supervisory board to be created on the basis of the German Act Implementing the Second Shareholder Rights Directive (ARUG II) was created for the first time in the 2021 financial year and was prepared by the executive board and the supervisory board. Auditing firm Ernst & Young GmbH reviewed the remuneration report and in doing so determined that it contains the disclosures required as per § 162 (1) and (2) of the German Stock Corporation Act (AktG). The corresponding report on the verification of the remuneration report in accordance with § 162 para. 3 AktG is attached to the separate remuneration report.

### **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 self-assessment planned for the 2021 financial year was completed by all members of the supervisory board << [Corporate Governance Declaration](#) >>.

### **Corporate Governance**

The supervisory board was continuously occupied with the principles of good corporate governance in the 2021 financial year. On December 17, 2021, 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 18, 2020, conformed and in future will also conform to the recommendations of the German Corporate Governance Code in the version of 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 17, 2021, is included in the section << [Corporate Governance](#)

[Declaration >>](#) in the “To our shareholders” part of the annual report for the 2021 financial year. The Declaration of Conformity was made permanently available to shareholders on the company website under [ir.Nemetschek.com/de/corporate-governance](http://ir.Nemetschek.com/de/corporate-governance).

## **Changes to the executive board and supervisory board**

The executive board consisted of three members in the 2021 financial year and the supervisory board consisted of four members. The composition of the executive board and of the supervisory board in terms of personnel remained unchanged over the course of the financial year. As of March 1, 2022, the executive board was expanded and Yves Padrines was unanimously appointed CEO by the supervisory board.

## **Thanks for dedicated performance**

In the year 2021, which was also marked by the impacts of the continuing Covid-19 pandemic, the Nemetschek Group also demonstrated its operative strength and was able to further expand its strong and highly profitable growth. This business success is attributable to the attractive solutions of the Nemetschek Group, the consistent implementation of strategic focus points and the high levels of commitment of the entire staff and of management.

Thus, it was again possible to close a very successful financial year and achieve new highs in terms of revenue and earnings. It was possible to even exceed the targets for the 2021 financial year, which had been increased mid-year.

The past year continued to be marked by great uncertainties and challenges. Despite all this, the company remained on its successful course and was able to prove its strategic and operative strength. Our employees played a major role in this successful development. 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 the services rendered.

Munich, March 18, 2022

Kurt Dobitsch  
Chairman of the Supervisory Board