

## 3 Economic Report

### 3.1 Macroeconomic and Industry-Specific Conditions

#### General Economic Conditions

##### Global economy

Since the beginning of 2022, the global economy has cooled off significantly and growth momentum has slowed considerably, compared to 2021. In addition to the sharp rise in worldwide central bank rates due to inflation, this development can be attributed to two main crises. To a lesser extent, to the ongoing Covid-19 pandemic and, more specifically, to the Russian war of aggression against Ukraine.

The Covid-19 pandemic and, in particular, the varied and sometimes very restrictive handling of the pandemic by individual governments led to regional production outages, most noticeably in spring 2022, which put a strain on international supply chains and, collectively, led to a dampening of the economy. In addition, the Russian war of aggression had an impact on global economic development that led to major economic uncertainties – in particular, in Europe and Germany. The sanctions imposed on Russia, combined with the restriction and/or suspension of promised energy and raw material supplies, led to a significant increase in the price of energy and raw materials and a sharp rise in inflation overall. As a result of high inflation rates, many central banks raised their base rates. These mechanisms led to buying resistance and a plunge in capital expenditure on the part of both private households and companies alike, thereby damping down demand. This is also a result of the slight easing of supply bottlenecks in some affected industries.

Based on its Annual Report 22/23 published on November 9, 2022, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 2.8% in 2022 and thus develop significantly less dynamically than forecast in the Annual Report 21/22. In November 2021, the German Council of Economic Experts announced an increase of 4.4% for 2022. The International Monetary Fund (IMF) forecast growth of 3.4% for 2022 in its World Economic Outlook Update published on January 31, 2023. In January 2022, the IMF also assumed an increase of 4.4% in 2022 in its World Economic Outlook Update.

The German Council of Economic Experts (Annual Report 22/23) and the IMF (World Economic Outlook) also assume that growth momentum will decline in almost all major economies in 2022. This trend is expected to apply to both the emerging markets and the advanced economies.

##### Eurozone

The economic outlook for the Eurozone deteriorated significantly over the course of the year. In the first half of 2022, the economic growth trend was still pointing upwards in many Member States. However, in the summer the economic outlook then turned considerably gloomier. The previously described effects of the Russian war of aggression on Ukraine, the loss of purchasing power as a result of the sharp rise in inflation rates and the significantly higher base rates as a countermeasure had a severe impact on Eurozone countries. In this context, rising energy prices, caused by the grave reduction in Russia's promised supply volumes, play a significant role. The consequences of the ongoing Covid-19 pandemic also had an impact on the Eurozone economy. Following the lifting of social restrictions in many European countries, there were catch-up effects in private consumption in some sectors, such as tourism. Meanwhile, manufacturing, in particular, continued to struggle with supply bottlenecks and disrupted supply chains. However, these areas eased during the second half of the year.

The labor market in the Eurozone continues to be robust. At 6.1%, the seasonally-adjusted January 2023 unemployment rate in the Eurozone was slightly below that of the previous month at 6.3%. It was also significantly below the Covid-19 pre-crisis level of 7.4% in February 2020. The figures for each member state vary greatly, from 3.0% in Malta to 13.0% in Spain. The sharply increasing and long-term shortage of skilled labor in some sectors, including the software industry, is becoming increasingly important and may have a restrictive effect on growth in some sectors of the economy.

Overall, in its Annual Report 22/23, published on November 9, 2022, the German Council of Economic Experts assumed economic growth of 3.3% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 3.5% for 2022. For Germany, the German Council of Economic Experts promised growth of 1.8% for 2022; and in January 2023, the IMF forecast growth of 1.9%.

##### USA

Following the economic recovery in 2021, the US economy cooled off again in the first half of 2022. The considerable reduction of inventories and low capital investments by companies had a particularly negative impact on economic output. On the other hand, exports and services had a supportive effect on economic growth, specifically in the second quarter of 2022. The US economy was additionally characterized by high inflation and corresponding monetary policy reactions in 2022.

Overall, in its Annual Report 22/23, the German Council of Economic Experts assumed economic growth of 1.9% for 2022. In its World Economic Outlook Update published on January 31, 2023, the IMF forecast growth of 2.0% for the same period.

### Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. Here, the effects of the Covid-19 pandemic were still being felt more strongly in 2022 than in many other advanced economies. In 2022, the containment measures put in place to counteract the two waves of rising coronavirus infections had a negative impact on economic output. Japan is also affected by relatively strong consumer price inflation. In August 2022, according to the German Council of Economic Experts, it reached its highest level in 30 years, with an increase of 3.0% compared to the same month of the previous year. The weak global economy is also burdening Japan's export-oriented economy and is expected to slow the recovery.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 3.4% in 2022, and Japan's gross domestic product to grow by 1.5%. The IMF anticipated growth of 1.4% for Japan in 2022.

### Emerging Markets

In its Annual Report 22/23, the German Council of Economic Experts assumes economic growth of 3.3% in the group of emerging markets for 2022. The IMF forecasts growth of 3.9% in its World Economic Outlook Update for 2022.

Growth among the group of developing economies shows regional differences. The IMF expects the group of Asian emerging markets to grow by 4.3% in 2022. Growth stood at 7.4% in 2021. The decline is also due, among other things, to the ongoing Covid-19 pandemic, the real-estate crisis in China and the slowdown in export growth as a result of the global economic trend. According to the IMF, the group of European emerging markets is expected to grow by only 0.7% in 2022. This development is strongly influenced by the decline in Russian economic output, which, according to the IMF, is expected to shrink by 2.2% in 2022. According to the IMF, Latin American emerging markets are expected to grow by 3.9% in 2022. Here, the high prices of raw materials are currently having a stabilizing effect. Due to high export prices for regional oil exporters, economic output in the Middle East and Central Asia is expected to increase by 5.3%. In the African developing countries, the IMF expects economic growth of 3.8% for 2022.

Sources: German Council of Economic Experts, Annual Report 22/23 dated November 9, 2022 and the International Monetary Fund's World Economic Outlook Update, dated January 31, 2023.

## Development of the Construction Industry

### Europe

With around 50% of revenue, the European construction industry continues to be the most important sales market for the Nemetschek Group. After the construction industry recorded record growth in investment in 2021 (+6%, inflation-adjusted), driven by catch-up effects caused by the global Covid-19 pandemic and historically low interest rates, inflation-adjusted growth in 2022 was halved to 3%, according to current estimates (as of November 2022). The causes of this development were, in particular, the sharp rise in interest rates due to high inflation and the effects of Russia's war of aggression against Ukraine.

When we look at the causes of inflation-adjusted growth, it is clear that the slowdown will continue across all market segments, i.e. residential construction (+4.6% vs. 7.6% in 2021), commercial construction (3.4% vs. 1.9% in 2021) and civil engineering (+5.8% vs. 0.6% in 2021). In terms of building construction as a whole, the renovation market (+4.5%) is currently more resilient than the new construction market (+2.6%).

Development among the individual European markets differed considerably in 2022. Italy (+12.1%), Ireland (+9.0%) and Belgium (+4.5%) recorded the strongest growth in 2022. In contrast, Portugal (-2.5%), Switzerland (-1.8%) and the German market, which is important for the Nemetschek Group (-0.5%), recorded the weakest development.

Due to the ongoing problems of the war in Ukraine, rising interest rates and the dampened economic outlook, only stable development is expected for 2023 (+0.2%).

### North America

The US market is one of the most important sales markets for the Nemetschek Group. The construction industry in the **US** was significantly more resilient than the European construction market and was able to continue its growth momentum in 2022 (as of October 2022), with an increase of 8%, compared with the same increase (8%) in 2021. The residential sector was a key driver (+13%), particularly apartment buildings (+25%) and renovations (+14%). Compared with the previous year (-6%), growth accelerated at +3% in the non-residential building sector. However, the various areas of this market segment developed very differently. While the construction of production facilities (+18%) and commercial construction (+11%) increased sharply, construction of lodgings declined by -7%. The USD 550 billion infrastructure package adopted in November 2021 is still expected to boost infrastructure construction in the US in the coming years.

While the construction industry in **Canada** continued to record very strong growth of 16% in 2021, development weakened to

+4%, according to preliminary estimates. Residential construction was the main reason for a slowdown in growth, at only +2% compared to 28% in the previous year. Within residential construction, both houses (-2%) and apartments (-4%) recorded declining developments while renovations rose by +7%.

### Asia/Pacific

Development of the different construction industries in the Asia/Pacific region varied greatly. While, according to recent estimates, the markets in Singapore (+13%) and China (+8%) recorded strong growth, the construction sectors in Japan (+0.3%) and Australia (+0.2%) grew only marginally.

Sources: 94th EUROCONSTRUCT Summary Report, Winter 2022 (November 2022); 2022 North American Engineering and Construction Outlook, Fourth Quarter Edition (September 2022), Building, Real Estate, Construction and Housing, Department of Statistics Singapore, Construction Work Done, Australia (Preliminary), Australian Bureau of Statistics.

### Development of the Media and Entertainment Industry

In contrast to the construction industry, the end markets of the Media segment showed higher and more resilient growth momentum in 2022. This was also reflected in the segment's growth, which is significantly above the Group average.

One reason for the greater resilience of this business area is the broad base of different sub-markets and customer groups that the Group brand Maxon addresses with its innovative solution portfolio. For example, Maxon's professional solutions for the production of 2D and 3D digital content are used for the creation and rendering of visual effects in movies, TV shows and commercials, as well as for applications in the gaming industry and in the fields of medical illustration, virtual reality (VR), augmented reality (AR) and architectural and industrial design.

The majority of these markets benefit from strong structural growth drivers. This allows them to continue to grow, strongly in some cases, even in the event of a weakening of the global economy, as seen in the second half of 2022. For example, revenues from the virtual reality market rose by 36.6% to approx. USD 2.6 billion in 2022. An average annual growth rate of 24.1% is also expected for the years up to 2026. The broader 3D animation market, which stood at USD 18.4 billion in 2021, is expected to increase further to USD 40.0 billion by 2028, an average annual growth rate of almost 12%.

Sources: Research & Markets: Global 3D Animation Market (June 2021), PwC Global AR and VR market (2022).

## 3.2 Business Performance in 2022 and Key Events Influencing the Company's Business Performance

### General Statement on the Economic Position of the Group

2022 was characterized by geopolitical crises, high inflation, rising interest rates and the resulting macroeconomic challenges. The consequences of the Russian war of aggression on Ukraine and the ongoing Covid-19 pandemic had an impact on global economic development, most notably in the second half of 2022. Nevertheless, the Nemetschek Group was able to develop well in this very demanding environment.

Revenue generated in the 2022 financial year increased by 17.7% (adjusted for foreign currencies: 12.1%) to EUR 801.8 million (previous year: EUR 681.5 million). In the previous year, revenue growth was 14.2% (adjusted for foreign currencies: 15.6%). EBITDA increased to EUR 257.0 million (previous year: EUR 222.0 million), so that the EBITDA margin remained high at 32.0% (previous year: 32.6%).

In 2022, the Nemetschek Group implemented an Annual Recurring Revenue (ARR) indicator in order to present the future growth momentum and success of the ongoing business transitions to subscription-based and SaaS models, and thus also all the recurring revenues, more transparently. ARR increased to €581.7 million (previous year: €456.5 million). ARR growth stood at 27.4% (currency-adjusted: 22.0%) – significantly above the revenue growth for the Group as a whole (currency-adjusted: 12.1%). This represents a strong indication for continued high growth potential over the next 12 months.

The revenue growth in the 2022 financial year was almost exclusively based on organic growth. The acquisition-related revenue stream due to the takeover of the business operations of Pixologic Inc. and its consolidation as at January 1, 2022 was not significant in the 2022 financial year.

The M&A activities implemented in the 2022 financial year [<< Acquisitions/Divestments >>](#) had only a very small impact on the growth momentum of the Group.

The Group's goals for currency-adjusted sales growth and EBITDA margin, communicated in March 2022, which included the Covid-19 uncertainties and the start of the switch to the subscription and SaaS models of the subsidiary Bluebeam, could be fully achieved despite the slowdown of the macro-economic framework in the second half of the year. As a result, the Nemetschek Group continued on its profitable growth path despite the challenging environment [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

The Russian war of aggression on Ukraine shocked and concerned the management and employees of the Nemetschek Group. Immediately after the outbreak of the war, measures were taken to protect and care for the affected employees and also to support aid operations for the Ukrainian people. Furthermore, the Nemetschek Group sees the economic sanctions against Russia as an important instrument for restoring peace and has therefore decided to suspend new business in Russia and all business with sanctioned persons, organizations or regions until further notice. The revenue share from Russia is marginal. In the previous year, the share of business in Russia amounted to around 0.5% of Group revenues and was significantly reduced in 2022, after new business in Russia was discontinued immediately after the start of the war in March. The war in Ukraine also affects the development work of Group companies that use research and development facilities in the country, the work of which is impaired as a result. Overall, however, these immediate effects on the business performance of the Nemetschek Group in the 2022 financial year were not significant.

In addition to the immediate effects on the Nemetschek Group, the Russian war of aggression also influenced the global economy << [3.1 Macroeconomic and Industry-Specific Conditions](#) >>.

In financial year 2022, the Covid-19 pandemic had only a small impact on business operations and development. The general business operation has largely normalized over the course of the year, so physical trade fairs were held again, and the Nemetschek Group was present.

Overall, the business model, which features a broad solution portfolio, strong regional diversification in multiple customer segments and a rising proportion of recurring revenues, proved to be very resistant during the current crises. In addition to actively dealing with the two prevailing global crises, the Nemetschek Group continued to drive forward the strategic initiatives launched in the 2022 financial year to reach key milestones. The focus of the work was on increased internationalization, the expansion of subscription and SaaS, the continuous development of solutions and the acquisition of new customers. The new “Start-ups and Venture Investments” strategic initiative, introduced in the previous year at holding company level, strengthens the growth focus of the Nemetschek Group on new technologies and investments in young companies << [1.2 Targets and Strategy](#) >>.

## Acquisitions/Divestments

### Holding Company Level

The strategic objective of increasing participation in start-up companies and thereby speeding up our own innovative capabilities was successfully continued in the financial year 2022. The Nemetschek Group took a share in a company from the British start-up scene for the first time in the course of the past financial year. The investment in SymTerra, a digital platform for construction site communication, supports the strategic thrust of digitalization and efficiency in the construction industry.

### Segment Level

With the purchase agreement concluded on December 20, 2022 with AV-Tech Group, Graphisoft SE, a Nemetschek Group subsidiary headquartered in Budapest (Hungary), acquired its distributor, Abvent. Abvent has been an important distributor of Graphisoft in France and French-speaking Switzerland for many years. The acquisition will strengthen the Design segment's presence in two of the most important markets in the AEC/O sector in Europe, thus further expanding its market and sales expertise. The subsidiary Frilo Software GmbH, which also belongs to the Design segment, was strengthened in the 2022 financial year by the acquisition of DC-Software Doster & Christmann GmbH. With the acquisition, which was successfully completed on April 1, 2022, Frilo expands its product portfolio in the field of foundation engineering and further strengthens its position as a provider of structural design programs.

Both of these acquisitions in the Design segment had no material impact on revenue and income development in 2022.

Details of these smaller transactions are explained in the notes to the consolidated financial statements under << [Acquisition of Subsidiaries](#) >>.

### Divestments

There were no divestments in the portfolio in the 2022 financial year.

### Cooperation and Partnerships

In order to expand its market position and meet the diverse customer requirements, the Nemetschek Group also relies on cooperation and collaboration with partners from the AEC/O industry or with scientific institutions. These cooperations and partnerships exist both within the Group among the brand companies and between brand companies and external parties. In the 2022 financial year, the partnership with the Technical University of Munich (TUM), which was formed in the previous year in connection with the funding of the TUM Venture Labs Built Environment, was further extended, as were activities in the Madastar Kennedy Network, which also began in the previous year.

### 3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group

#### Results of Operations

##### Revenue Development

In the 2022 financial year, Group revenues increased significantly by 17.7% (previous year: 14.2%) to EUR 801.8 million (previous year: EUR 681.5 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would have been as high as 12.1% (previous year: 15.6%). The 2022 financial year was therefore influenced by positive currency effects, in particular the US dollar. The ARR (annual recurring revenue) key indicator introduced in the course of the 2022 financial year [« 1.3 Corporate Management »](#) also developed very positively. In the 2022 financial year, ARR rose by 27.4% (currency-adjusted: 22.0%) to €581.7 million (previous year: €456.5 million) and thus showed significantly higher growth momentum than total revenues.

The currency-adjusted revenue growth achieved was therefore slightly above the forecast range communicated in March 2022. [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

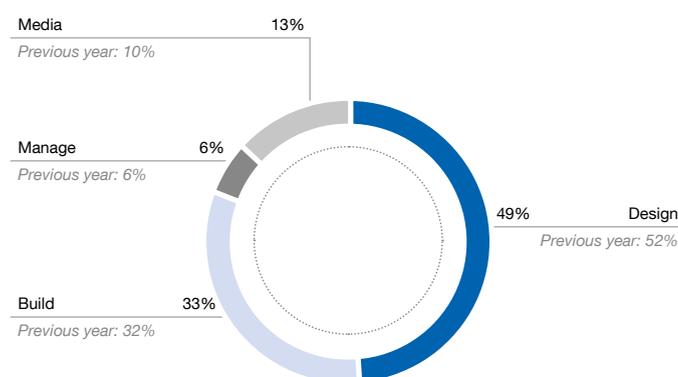
In an economically uncertain environment, the Nemetschek Group saw year-on-year growth during all four quarters and therefore continues its sustainable growth path. Particularly in the first half of the year, revenue developed above average with nominal growth of over 20%, which was partially supported by positive currency effects relating to the declining effects of the Covid-19 pandemic. In the second half of the year, growth slowed at Group level, in particular due to the switch to subscription and SaaS models initiated by the US subsidiary Bluebeam, as well as a slowdown in the economy as a whole, especially in the markets in Germany and Europe, which are significant for the American subsidiary Bluebeam.

#### DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
<b>Total year</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>	<b>12.1%</b>
Q1	192.2	158.4	21.3%	17.5%
Q2	203.8	165.9	22.9%	16.4%
Q3	202.8	169.3	19.8%	11.8%
Q4	203.0	187.9	8.0%	3.9%

The growth of the Nemetschek Group was primarily driven by the Media and Build segments, which grew disproportionately to Group revenues. From a regional perspective, the Americas region contributed significantly to this disproportionate growth, while growth momentum in Germany and parts of Europe was slowed primarily by the macroeconomic effects of the Russian war of aggression on Ukraine. The favorable development of recurring revenues in the 2022 financial year was very positive. The transformation of the business model away from the classic license business and towards a model with high recurring revenues, in particular through the introduction of rental models, was successfully pursued in 2022. This transformation will enable us to generate significantly higher revenues over the customer's lifetime in the future. At the same time, these revenue streams are more resilient and more predictable. In the short term, however, the switch to rental models has a temporary dampening effect on revenue growth due to accounting effects.

#### Revenues by Segment



The distribution of revenues by segment changed only slightly in the 2022 financial year, compared with the previous year.

The Design segment, of which the business focus is on Europe, still has the highest revenues. However, the share of total revenues fell to 49% (previous year: 52%) in the 2022 financial year.

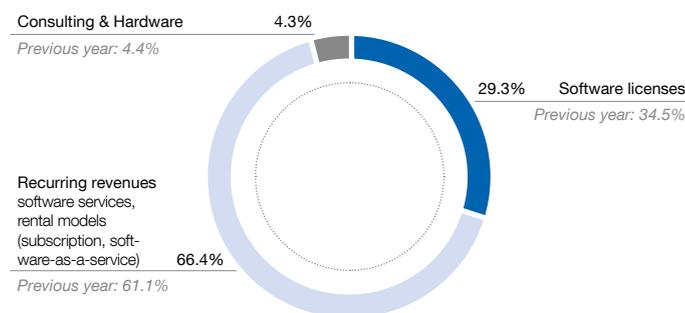
The Build segment achieved a 33% revenue share in the 2022 financial year, which is a slight increase in the 32% share of the previous year.

At just under 6% of total revenues, the revenue share of the Manage segment remained at the level of the previous year (6%).

The Media segment also achieved the highest growth rates throughout the Group in the 2022 financial year, thus expanding its revenue share to 13% (previous year: 10%).

The [« Segment Developments »](#) section provides a detailed explanation of the revenue and earnings development of each of the segments.

#### REVENUE DEVELOPMENT BY TYPE



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

Pure “software revenues” are divided between software rental models, software services and software licenses.

In the case of software rental models, a distinction is made between subscription and SaaS offerings. In subscription models, the software continues to be on the customers’ own local systems as standard, and in the case of SaaS models, the current version of the software is normally on the Nemetschek brands’ servers, which the customers can then access.

Revenues from software rental models are recognized over the agreed term of the contract or partly also at the time of the sale in accordance with the IFRS 15 accounting standard. Similarly, revenues from software service contracts are recognized evenly over the entire term of the contract.

In contrast to software rental models, all revenues from software licenses are recognized at the time of sale (i.e. when ownership is transferred to the customer). The strategic goal is to successively increase the proportion of recurring revenues. This goal is to be achieved by offering more software rental models, which will lead to a more resilient and stable business model for the Nemetschek Group.

In the 2022 financial year, the Nemetschek Group’s **recurring revenues from service contracts and rental models** rose by 27.8% (currency-adjusted: 21.7%) to EUR 532.6 million (previous year: EUR 416.7 million). As a result, the growth momentum of recurring revenues increased significantly compared to the previous year 16.1% or 17.5% adjusted for currency effects).

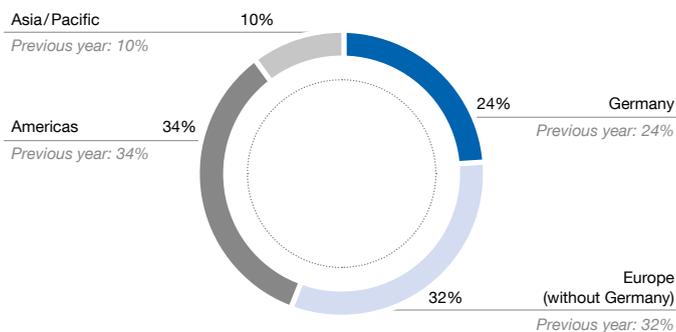
The growth rate of recurring revenues was also significantly above the growth of Nemetschek Group at 17.7% (currency-adjusted: 12.1%), which increased the share of total revenues to 66.4% (previous year: 61.1%). In the financial year 2022, around two thirds of Group revenues were therefore based on recurring revenues. The ARR (annual recurring revenue) indicator, which was introduced in the third quarter of the 2022 financial year, increased in the financial year 2022 by 27.4% (currency-adjusted: 22.0%) to EUR 581.7 million (previous year: €456.5 million) and reflects the sustainable implementation of the strategic transformation of the business model to rental models. A higher proportion of plannable and recurring revenues increases the Nemetschek Group’s resilience, including in times of crisis.

Revenues from **rental models (subscription and SaaS)**, which is attributed to recurring revenues, also increased by 54.7% (currency-adjusted: 46.8%) to EUR 204.2 million (previous year: EUR 132.0 million) in the last financial year, significantly outstripping the growth of the Group. It is encouraging that all segments were able to contribute to this growth. The Media and Build segments made the most significant contribution to the positive development.

The rental models’ share of total revenues rose substantially again from 19.4% to 25.5% in the 2022 financial year. This is an encouraging development, as it further increases the company’s resilience and ability to plan reliably. Revenues from service contracts rose by 15.3% (currency-adjusted: 10.1%) from EUR 284.8 million to EUR 328.4 million in the 2022 financial year.

At EUR 235.0 million, revenues from **software licenses** remained at the level of the previous year EUR 234.8 million). Growth therefore stood at 0.1% (currency-adjusted: -5.3%). The share of total revenues attributable to software licenses fell accordingly and in line with strategy from 34.5% in the previous year to 29.3% in the 2022 financial year. This trend is in line with management expectations on account of consistent implementation of the long-term strategy of increasing the share of recurring revenues. In the previous year, revenues generated through software licenses increased by a further 11.8% (currency-adjusted: 13.4%).

## REVENUES BY REGION



A strategic goal of the Nemetschek Group is the further internationalization of the business alongside the development of markets with a high growth potential. Internationalization has also progressed in financial year 2022.

Overall, **foreign revenues** increased significantly more strongly in the financial year 2022 than revenues in Germany. Revenues generated in Germany rose by around 4,0% in 2022, while foreign revenues climbed by almost 21,9%. As a result, the proportion of revenues generated abroad increased to 79% (previous year: 76%).

In the 2022 financial year, the focus regions of North America and Asia/Pacific, but also Europe (excluding Germany) made a double-digit contribution to the Nemetschek Group's revenue growth. In Europe, and in Germany in particular, the current geopolitical challenges and their impact on the macroeconomic framework led to a slowdown in growth momentum, which particularly influenced development in the second half of the year.

**Europe** has been severely affected by the effects of the Covid-19 pandemic in recent years and was also most influenced in the

2022 financial year by the macroeconomic consequences of the current geopolitical challenges. After growing by around 15% in the previous year, growth slowed to around 12% in the 2022 financial year. As a result of the slightly below-average growth, Europe's share (excluding Germany) in total revenues fell to around 31% (previous year: 32%).

In contrast, the **Americas region** was able to significantly increase its growth momentum again in the 2022 financial year and grew at around 32% year-on-year, where revenue growth stood at around 16%. This disproportionate increase in revenue led to a further increase in the revenue share to almost 39% in the 2022 financial year (previous year: 34%). This means that the Americas region continues to be the Group's strongest individual region in terms of sales.

The **Asia/Pacific** region continued its growth trend and generated an increase in revenues of around 17% (previous year: 15%) in the 2022 financial year. Its share of revenues remained almost unchanged against the previous year at around 10%.

### Segment Developments

The strategic and operational management of the Nemetschek Group is carried out via the four segments: Design, Build, Manage and Media. The individual brands and their companies are allocated to the respective segments; see [<< 1.1 Group Business Model >>](#). The segments are particularly managed based on the financial performance indicators of revenues, year-on-year revenue growth, and EBITDA as the measure of operating profit. In the 2022 financial year, due to the strategic reorganization, there were shifts in the brands between the Design and Build segments [<< 1.1 Group Business Model >>](#). In order to present the development of the segments transparently, the previous year's figures for the two affected segments were adjusted and thus made comparable.

### Design Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	391.6	357.4	9.6%	6.0%
EBITDA	126.9	120.5	5.3%	1.9%
EBITDA margin	32.4%	33.7%	-1,3pp	-1,3pp

<sup>1)</sup> Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 351.8 million, EBITDA: EUR 118.9 million, EBITDA margin: 33.8%.

In the **Design segment**, of which the regional focus is on Europe, revenues of EUR 391.6 million (previous year: EUR 357.4 million) were achieved in the 2022 financial year. This allowed the segment to grow at 9.6% (currency-adjusted: 6.0%). However, the pace of growth slowed compared to the previous year, when the growth rate was 11.7% (currency-adjusted: 12.7%). While revenue development in the previous year was also characterized by catch-up effects from the reluctance to invest caused by the Covid-19 pandemic, growth slowed in the 2022 financial year. This is also due to the macroeconomic impact of the Russian war of aggression on Ukraine, which are particularly noticeable in the Europe region. In addition, the sharp rise in interest rates in the Eurozone had a dampening effect on new construction activity in the private and commercial construction sectors. In the Americas region, the Design segment recorded significantly disproportion-

ate growth compared to the Europe region. Growth in the Asia/Pacific region matched that of the segment.

EBITDA for the segment increased from EUR 120.5 million in the previous year to EUR 126.9 million, which corresponds to a nominal increase in earnings of 5.3%. When adjusted for currency effects and thus comparable to the previous year, the increase would have been 1.9%. The below-average growth in EBITDA compared to revenue growth led to a slight decrease in the EBITDA margin from 33.7% in the 2021 financial year to 32.4% in the 2022 financial year. This decline is mainly based on the significant increase in subscription revenues and the associated margin effect at the time of the changeover. In addition, personnel costs also increased due to new hires and wage inflation.

## Build Segment

In EUR million	FY 2022	FY 2021 <sup>1)</sup>	Δ nominal	Δ currency-adjusted
Revenue	268.3	216.2	24.1%	14.6%
EBITDA	103.2	89.3	15.6%	6.1%
EBITDA margin	38.5%	41.3%	-2,8pp	-3,1pp

1) Due to the strategic reorganization of the brands between the Design and Build segments, the prior-year figures have been adjusted and made comparable to the current segment structure. Prior-year figures before adjustment: sales: EUR 221.8 million, EBITDA: EUR 91.8 million, EBITDA margin: 41.4%.

The **Build segment**, which primarily addresses construction companies in the US and in German-speaking countries, was able to continue its encouraging levels of organic growth in 2022, thereby significantly increasing its growth momentum once again. In the 2022 financial year, revenues rose to EUR 268.3 million (previous year: EUR 216.2 million). Growth was 24.1%. When adjusted for currency effects arising in the financial year, growth would have been 14.6%. The significant currency influence is mainly due to the segment's strong presence in the US and the development of the US dollar in the past financial year.

In principle, the Nemetschek Group benefits in the Build segment from a continued low level of digitalization in the construction sector and a correspondingly good demand, especially in the Americas region. In terms of growth, the segment benefited from digitalization in the construction sector, which gained considerable momentum in the 2021 and 2022 financial years, also due to the Covid-19 pandemic. The US brand Bluebeam – which is still the brand with the highest sales within the Nemetschek Group – was also an important driver of revenue growth in the Build segment in

the 2022 financial year with its innovative technology solutions for the construction industry. In addition to very encouraging and above-average growth in the USA, the Europe and Asia/Pacific regions also continued on their growth path in the 2022 financial year. However, this very high growth momentum slowed slightly in the second half of 2022 due to the start of the switch to Bluebeam subscription and SaaS models and the associated short-term accounting effects.

EBITDA rose at a slightly lower rate than revenues this year. With an upturn of 15.6% (adjusted for currency effects: 6.1%), EBITDA rose to EUR 103.2 million (previous year: EUR 89.3 million), corresponding to an EBITDA margin of 38.5% (previous year: 41.3%). The decline in margin is particularly influenced by the scheduled push for the switch to subscriptions and SaaS and the associated changeover effect. In addition, higher expenses in the Build segment as part of personnel increases and in connection with the implementation of the go-to-market approach (e-commerce, for example) also had an impact on the margin.

## Manage Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	46.7	43.7	6.8%	7.1%
EBITDA	3.8	4.1	-5.6%	6.3%
EBITDA margin	8.2%	9.3%	-1,1pp	-0,1pp

The **Manage Segment**, comprising activities relating to facility management, generated revenues of EUR 46.7 million in the past financial year (previous year: EUR 43.7 million). Growth thus amounted to 6.8% (previous year: 6.2%) or 7.1% adjusted for currency effects (previous year: 6.9%).

In the Manage segment, the effects of the overall uncertain macro-economic situation coupled with the experiences from the Covid-19 pandemic are noticeable, and the client group of building managers, which is important for the segment, particularly in commercial construction, was reluctant to invest in the 2022 financial year. However, the market situation is increasingly stabilizing. As the degree of digitalization is particularly low in this segment and the importance of energy efficiency and savings in

existing and operated buildings is also steadily increasing, there may be catch-up effects once the reluctance to invest has ended. In order to be able to use the potential in the best possible way, the segment-wide solution portfolio was further harmonized and standardized in the past financial year, and the acquisition-related integration processes were driven forward. In addition, a new segment manager was appointed for the division.

Segment EBITDA fell by 5.6% from EUR 4.1 million in the previous year to EUR 3.8 million. This led to a decline in the EBITDA margin from 9.3% in the previous year to 8.2% in the 2022 financial year. The aforementioned integration and harmonization activities also contributed to the development.

## Media Segment

In EUR million	FY 2022	FY 2021	Δ nominal	Δ currency-adjusted
Revenue	104.7	70.5	48.5%	41.2%
EBITDA	45.9	25.5	79.9%	72.0%
EBITDA margin	43.8%	36.2%	+7,6pp	+7,9pp

The **Media Segment** was further strengthened by the acquisition of the business operations of Pixologic Inc. at the end of 2021. Revenues in the 2022 financial year increased from EUR 70.5 million to EUR 104.7 million. The significant growth of 48.5% (currency-adjusted: 41.2%) is based on strong organic growth, driven by the already well advanced switch to subscription models and the acquisition-related growth effects caused by the acquisition of Pixologic Inc.'s business operations at the end of the 2021 financial year.

The segment's EBITDA grew considerably faster than revenues to EUR 45.9 million (previous year: EUR 25.5 million). The EBITDA margin climbed significantly from 36.2% to 43.8%. In the 2022 financial year, the profitability of the segment also benefited from the more advanced integration of the company acquisitions completed in recent years. Successful transactions can now be marketed via the globally

## Earnings Performance

### OVERVIEW OF GROUP KEY FIGURES

In EUR million	FY 2022	FY 2021	Δ nominal in %
<b>Revenue</b>	<b>801.8</b>	<b>681.5</b>	<b>17.7%</b>
<b>EBITDA</b>	<b>257.0</b>	<b>222.0</b>	<b>15.8%</b>
EBITDA margin	32.0%	32,6%	-0,6pp
<b>EBIT</b>	<b>198.1</b>	<b>172.0</b>	<b>15.2%</b>
EBIT margin	24.7%	25,2%	-0,5pp
<b>Net income for the year (equity holders of the parent company)</b>	<b>161.9</b>	<b>134.6</b>	<b>20.3%</b>
Earnings per share in EUR	1.40	1.17	20.3%
<b>Net income before PPA depreciation</b>	<b>188.9</b>	<b>153.9</b>	<b>22.7%</b>
Earnings per share before PPA depreciation in EUR	1.64	1.33	22.7%

**EBITDA** (Group earnings before interest, taxes, depreciation and amortization) rose by 15.8% (currency-adjusted: 9.3%) to EUR 257.0 million (previous year: EUR 222.0 million). The EBITDA margin fell slightly by 0.6 percentage points to 32.0% (previous year: 32.6%) and was thus at the lower limit of the March 2022 forecast range of 32.0% to 33.0% [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#). The Media and Build segments especially continued to contribute to this stable EBITDA development in the 2022 financial year, both of which were above the level of the Nemetschek Group in terms of both growth and the EBITDA margin. Further information on EBITDA development in the segments can be found under [« Segment Developments »](#).

The past financial year 2022 has shown that even in turbulent and challenging times, the Nemetschek Group can continue on its profitable growth course with continued high momentum. At Group level, EBITDA growth was slightly below revenue growth.

The slight decline in margins is based in particular on the switch in the business model from license models to rental models such as subscriptions and Software as a Service, which at the time of conversion have a margin-diluting effect. Added to this was the economic headwind in the second half of 2022, which was particularly noticeable in some of our markets, such as Europe.

Operating expenses increased by a total of 18.7% to EUR 616.2 million (previous year: EUR 519.3 million). The increase in operating expenses was therefore slightly higher than the revenue growth of 17.7%. Staff costs contribute the most to operating expenses. In the 2022 financial year, they rose at a slightly lower rate of 15.5% compared to revenue at EUR 337.2 million (previous year: EUR 292.0 million). This reflects the increase in the workforce as well as higher wages and salaries [« Nemetschek Group Employees »](#). Other operating expenses increased significantly, also due to inflation, by 24.0% to EUR 188.4 million (previous year: EUR 152.0 million). This item reflects investments in IT systems, expenses for external personnel as well as legal

and consulting costs. At EUR 58.8 million, depreciation of fixed assets was at the previous year's level (EUR 50.0 million). This increase also reflects the Group's growth and investment behavior. Depreciation from the purchase price allocation included in depreciation increased from EUR 25.4 million to EUR 31.8 million as a result of acquisitions. Depreciation of leased assets in accordance with IFRS 16 fell slightly by EUR -1.4 million to EUR 16.3 million. Excluding depreciation and amortization, operating expenses increased 18.8% to EUR 557.4 million (previous year: EUR 469.3 million).

Overall, the net finance cost in the 2022 financial year amounted to EUR 1.3 million (previous year: EUR -1.7 million). Interest expenses for acquisition loans and leasing liabilities in accordance with IFRS 16, which affect the financial result, fell slightly overall in the 2022 financial year, from EUR 2.7 million in the previous year to EUR 2.6 million. Interest expenses in the 2022 financial year were countered by interest revenue of EUR 0.5 million (previous year: EUR 0.1 million). In addition, there was other financial income of EUR 3.4 million in the financial year (previous year: EUR 0.9 million), resulting primarily from foreign currency valuations.

EBIT rose by 15.2% to EUR 198.1 million, significantly above the previous year's figure of EUR 172.0 million.

Income taxes increased from EUR 33.7 million in the 2021 financial year to EUR 34.4 million in the financial year 2022. At 17.3%, the Group tax rate was below the level of the previous year (19.8%). This was due to loss carryforwards recognized in 2022, which were classified as not recoverable in the previous year.

Net income (Group earnings after taxes) increased sharply by 20.6% from EUR 136.9 million to EUR 165.1 million in the 2022 financial year. Net income (shareholders of the parent company) climbed from EUR 134.6 million to EUR 161.9 million, a growth of 20.3%.

Earnings per share amounted to EUR 1.40, up 20.3% on the previous year's figure of EUR 1.17. EPS adjusted for the effects of PPA depreciation increased by 22.7% from EUR 1.33 in the 2021 financial year to EUR 1.64 in 2022.

## Financial position

### Main features and objectives of financial management

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

Financial stability of the Group is represented by a balanced ratio between debt and equity. As of December 31, 2022, the Group's balance sheet structure showed an equity ratio of 57.5% (previous year: 52.2%). The renewed increase compared to the previous year is mainly attributable to the Group's good result for the 2022 financial year and the reduction of financial debt. Liabilities to banks fell significantly compared to the previous year. They were reduced by repayments as of December 31, 2022 by EUR 56.8 million to EUR 71.9 million.

Due to the positive business expectations and the very solid financing structure, the Nemetschek Group is able to obtain liquidity on the debt capital markets in the short term and to a considerable extent in excess of the existing lines, and, if necessary, to finance investments on a significant scale with the use of equity instruments.

### Liquidity analysis

#### Net liquidity/net financial liabilities in EUR million

	<b>December 31, 2022</b>	December 31, 2021
Current liabilities and current maturities of non-current liabilities	65.1	93.8
+ non-current liabilities	6.9	34.9
<b>Total liabilities</b>	<b>71.9</b>	<b>128.7</b>
Cash and cash equivalents	196.8	157.1
<b>Total liquidity</b>	<b>196.8</b>	<b>157.1</b>
<b>Net liquidity/net liabilities (-)</b>	<b>124.9</b>	<b>28.4</b>

As of December 31, 2022, the Group held cash and cash equivalents of EUR 196.8 million (previous year: EUR 157.1 million). The increase of EUR 39.7 million or 25.3% compared to the previous year is based on the continued high cash flow generation of the Nemetschek Group. When investing the surplus liquidity, short-term, risk-free availability is generally more important than maximizing earnings in order to be able to fall back quickly on available funds in the event of possible acquisitions and to keep the risk profile of the Group low.

As of the balance sheet date, financial debts (bank loans) stood at EUR 71.9 million, well below the level of the previous year (previous year: EUR 128.7 million). These financial debts serve almost exclusively to finance company acquisitions carried out in the past. The interest rates on the loans range between 0.49% p.a. and 2.87% p.a.

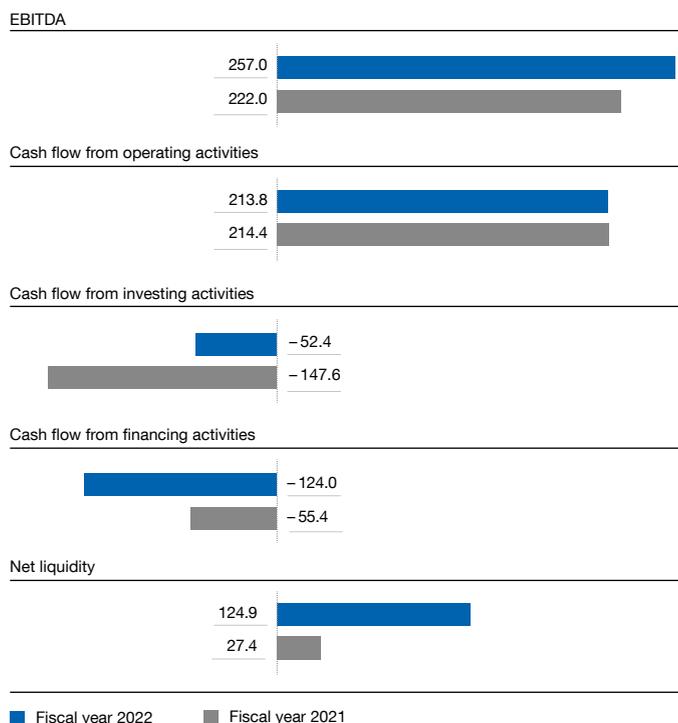
The decrease in non-current financial debt by EUR 28.1 million over the course of the 2022 financial year is due to reclassifications to current financial debt. In the area of current financial debt, acquisition loans and other short-term current portions of financial debt totaling EUR 98.7 million were repaid in the 2022 financial year and bank loans in the amount of EUR 40.8 million were taken out.

From the existing credit lines totaling EUR 284.5 million (previous year: EUR 207 million), EUR 17.0 million had been utilized as of December 31, 2022. A further EUR 267.5 million (previous year: EUR 197.0 million) is therefore readily available and can be used in addition to internal financing to continue the profitable growth strategy.

The Group's net liquidity as of the reporting date of December 31, 2022, increased to EUR 124.9 million (previous year's reporting date: net liquidity of EUR 28.4 million).

Based on the high earnings power of the Group and the excess of net liquidity, the Nemetschek Group is in a position to secure a substantial amount of liquidity for investment purposes.

With regard to dividend payments, the Executive Board pursues a sustainable dividend policy that provides for a distribution of around 25% of the operating cash flow. The dividend payout always takes into account the overall economic development and the economic and financial situation of the company. During the financial year 2022, dividends in the total amount of EUR 45.0 million (previous year: EUR 34.7 million) were paid.

**DEVELOPMENT OF CASH FLOW**

The Group's cash flow for the period increased by 16.4% to EUR 258.5 million in 2022 (previous year: EUR 222.1 million), mainly due to the significantly increased EBITDA and thus in line with the Group's economic development in the 2022 financial year.

**Cash flow from operating activities** in 2022 was almost at the level of the previous year at EUR 213.8 million (previous year: EUR 214.4 million). Besides the positive impact from the increased EBITDA (EUR 35.0 million in comparison to the previous year) the trade working capital contributed positively. The cash flow contribution from trade working capital amounts to EUR 26.7 million (previous year: EUR 18.6 million). The development was driven by prepayment business models from software service and the software subscription contracts with the corresponding recurring revenues. Compared to the previous year the cash flow impact was significant and driven by the very positive business development. The development of other working capital, which was characterized by higher payments compared to the previous year, had the opposite effect.

The cash outflows from taxes paid (net) increased from EUR 37.1 million in 2021 by EUR 22.6 million to EUR 59.6 million in 2022, or 60.8%. The reason for this significant increase is the introduction of taxation of development expenses in the USA and back-payments for taxes from previous years.

**Cash flow from investing activities** amounted to EUR -52.4 million in the 2022 financial year (previous year: EUR -147.6 million).

In the previous year, payments for business acquisitions amounted to approx. EUR 127.1 million. In the 2022 financial year, these payments were significantly lower at EUR 21.0 million. Below is an overview of payments relating to business operations acquisitions:

**BUSINESS ACQUISITIONS (IN EUR MILLION)**

company	segment	2022	2021
Abvent	Design	16.4	
DC Software	Design	4.6	
Pixologic	Media		121.6
Vectorworks (Australia)	Design		3.3
Maxon (Japan and Spain)	Media		2.2
<b>Total</b>		<b>21.0</b>	<b>127.1</b>

In addition, payments of EUR 4.8 million (previous year: EUR 9.2 million) were made for the investments in start-up companies acquired during the financial year, such as Synterra, [« 3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance »](#).

Cash flow from investing activities also includes expansion and replacement investments in fixed assets of EUR 19.0 million (previous year: EUR 9.9 million). The increase is mainly due to expansion-related investments in IT server equipment and investments in modernizing office space.

**Cash flow from financing activities** was EUR -124.0 million (previous year: EUR -55.4 million). The significant increase in payments is mainly attributable to significantly lower borrowing compared to loan repayment. Cash and cash equivalents of EUR 40.8 million were recorded in 2022 (previous year: EUR 75.6 million).

This was offset by the repayment of bank loans drawn down in previous years amounting to EUR 98.7 million (thereof EUR 35.7 million for long-term acquisition loans). In the previous year, repayments in the amount of EUR 77.5 million (EUR 59.5 million thereof being for long-term acquisition loans) were made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for the 2021 financial year in the amount of EUR 45.0 million (previous year: EUR 34.7 million) as well as by interest and redemption payments for lease liabilities, with the major portion of EUR 16.0 million (previous year: EUR 15.1 million) relating to redemption in the 2022 financial year.

### Management of liquidity risks

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

The high creditworthiness (for example, through internal bank ratings) of the Nemetschek Group allows sufficient liquid funds to be procured. As of December 31, 2022, there were also unutilized credit lines of EUR 267.5 million (previous year: EUR 197.0 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyzes and planning. Maturities of financial assets (receivables, fixed-term deposits, etc.) and expected cash flows from operating activities are taken into account. The objective is to continuously cover the ongoing need for financial resources while maintaining flexibility in financing. Further information on the management of financial risks is also contained in the opportunity and risk report [« 5 Opportunities and Risk Report – Financial Risks »](#).

### Investment analysis

In order to continue to secure the market position in the AEC/O and Media markets and to continuously tap into new areas of application, investments in research and development and capacity expansion as well as replacement and rationalization measures are required. Company acquisitions play an important role for the Nemetschek Group. Such company acquisitions are largely financed by bank loans, with own funds also being utilized. The acquisitions in 2022 were financed by the Group's own funds. Additional investments were financed from operating cash flows.

In total, the Nemetschek Group invested EUR 81.1 million in the 2022 financial year (previous year: EUR 138.4 million), of which EUR 14.3 million in property, plant and equipment (previous year: EUR 6.5 million) and EUR 39.4 million in intangible assets (previous year: EUR 131.9 million). The main investments here were acquisitions of businesses.

### Off-balance-sheet obligations

Information on off-balance-sheet financial obligations can be found in the explanatory notes to the consolidated financial statement under [« Note 27 Financial obligations »](#).

### Net Assets

In EUR million	Dec. 31, 2022	Dec. 31, 2021	Δ nominal in %
<b>ASSETS</b>			
Current assets	327.1	263.1	24.3%
Non-current assets	871.0	809.1	7.7%
<b>Total assets</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>
<b>EQUITY AND LIABILITIES</b>			
Current liabilities	403.8	384.5	5.0%
Non-current liabilities	105.1	128.0	-17.9%
<b>Equity, total</b>	<b>689.3</b>	<b>559.7</b>	<b>23.1%</b>
<b>Total equity and liabilities</b>	<b>1,198.1</b>	<b>1,072.2</b>	<b>11.7%</b>

The consolidated balance sheet total as of December 31, 2022 increased by EUR 125.9 million (11.7%) to EUR 1,198.1 million (previous year: EUR 1,072.2 million).

### Current assets

On the debit side of the consolidated balance sheet, current assets increased from EUR 263.1 million by EUR 64.0 million (24.3%) to EUR 327.1 million in the 2022 financial year. This was mainly due to the EUR 39.7 million increase in cash and cash equivalents and the increase in trade receivables by EUR 14.4 million or 20.6%. The percentage increase in the receivables portfolio is slightly higher than the revenue growth of 17.7% and is also due to the increasing proportion of rental models. As of December 31, 2022, tax receivables increased significantly from EUR 4.8 million to EUR 11.3 million.

### Non-current assets

Non-current assets rose by EUR 61.9 million or 7.7% to EUR 871.0 million (previous year: EUR 809.1 million).

The increase in non-current assets was primarily due to deferred tax assets and the rights of use resulting from leases. Deferred tax assets increased by EUR 13.3 million to EUR 21.5 million as at the 2022 balance sheet date (previous year: EUR 8.2 million). This was mainly due to changes to the way development expenses are taxed in the USA – these will become tax deductible in future years. In 2022, however, it led to a significant increase in taxable income. Usage rights increased by EUR 10.6 million or 17.8% to EUR 69.8 million (previous year: EUR 59.2 million). The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). In addition, goodwill increased by EUR 15.0 million or 2.8% from EUR 542.0 million to EUR 557.0 million as of December 31, 2022. As significant parts of the goodwill are not held in euros, foreign currency effects in the amount of EUR 17.5 million were incurred, which contributed to the increase. The acquisition of DC-Software Doster & Christmann GmbH, which was completed in the 2022 financial year also contributed to the increase. The effects of the reclassification of goodwill items to intangible assets had a counteracting effect on goodwill. The change in the accounting method for the acquisition of RedGiant assets, in which the minority interests in goodwill are now also recognized, increased goodwill by EUR 18.8 million. Equity attributable to non-controlling shareholders increased to the same extent. The previous year was adjusted accordingly at EUR 18.0 million. The change in the 2022 financial year exclusively includes foreign currency effects attributable to minority interests.

The increase in property, plant and equipment by EUR –5.8 million or 28.1% to EUR 26.6 million resulted primarily from expansion-related investments in IT server equipment and renewal investments in office space. Forward-looking investments in the 2022 financial year were significantly higher than the scheduled depreciations.

### Current liabilities

On the liabilities side, current liabilities increased by EUR 19.3 million (5.0%) to EUR 403.8 million (previous year: EUR 384.5 million). The greatest increase was seen in deferred revenue, primarily due to the expansion of business volume, particularly in recurring revenues. Deferred revenue increased from EUR 158.0 million in the 2021 financial year by EUR 49.0 million to EUR 206.9 million in the 2022 financial year. This expansion in business volume also led to a similarly large increase in trade payables. As at 31 December 2022, these were EUR 15.7 million above the level of the previous year (previous year: EUR 11.3 million). The aforementioned increases were counteracted mainly by the changes in current financial debt and the current portions of non-current financial debt. This portion of non-current financial debt due in the next twelve months fell by EUR 28.7 million to EUR 65.1 million (previous year: EUR 93.8 million) [«Liquidity Analysis»](#). Other current liabilities also declined, falling from EUR 7.4 million by EUR 5.9 million to EUR 1.5 million as at the 2022 balance sheet date. The decline is based on lower short-term obligations from acquisitions made compared to the previous year.

### Non-current liabilities

Non-current liabilities decreased from EUR 128.0 million by EUR 22.9 million (17.9%) to EUR 105.1 million as of December 31, 2022. Deferred tax liabilities were virtually unchanged compared to the same period in the previous year. Lease liabilities increased significantly from EUR 52.0 million by EUR 10.5 million to EUR 62.5 million as of December 31, 2022. The changes are explained in detail in the notes to the consolidated financial statements under [«Note 10 Taxes»](#) and [«Note 17 Leases»](#). This was counteracted by the reduction in long-term borrowings with no current portion. These decreased from EUR 34.9 million by EUR 28.1 million to EUR 6.9 million as of December 31, 2022. The decline is based on reclassifications from long-term to short-term borrowings.

## Equity

Equity, as of December 31, 2022, increased from EUR 559.7 million (balance sheet date 2021) by EUR 129.5 million to EUR 689.2 million. The significant increase was primarily driven by the net income for the 2022 financial year of EUR 165.1 million and the other comprehensive income (OCI) of EUR 11.2 million, in which positive exchange rate effects played a major role. This was offset in 2022 by the distribution of dividends for the financial year 2021 in the amount of EUR 45.0 million.

The equity ratio increased to 57.5% at the end of the 2022 financial year (previous year: 52.2%). The current liability ratio was 33.7% of the balance sheet total (previous year: 35.9%) and the non-current liability ratio was 8.8% (previous year: 11.9%).

### KEY BALANCE SHEET FIGURES

In EUR million	FY 2022	FY 2021	Change in %
Cash and cash equivalents	196.8	157.1	+25.3%
Goodwill	557.0	542.0	+2.8%
Equity	689.2	559.7	+23.1%
Balance sheet total	1,198.1	1,072.2	+11.7%
Equity ratio in %	57.5%	52.2%	5.3pp

As in previous years, the Nemetschek Group determined capital costs (Weighted Average Cost of Capital – WACC) for the group of cash-generating units as part of the impairment test for goodwill.

A market risk premium of 7.25% (previous year: 7.5%) was applied. This results in capital cost rates before taxes ranging from 12.0% to 19.5% (previous year: 9.8% to 10.9%). In 2022, the significantly higher interest rates, implemented in response to the sharp rise in inflation, particularly impacted the parameters that are derived from the capital market. Based on the market capitalization as of December 31, 2022 and the planning expectations, the internal rate of return before taxes is around 7.5% (previous year: 4.5%).

## Nemetschek Group Employees

In order to act appropriately and directly in the respective markets and regions, the individual brands manage HR topics themselves, working closely with the Human Resources department of Nemetschek SE. This department is responsible for the strategic development of human resources management and supports and advises the local HR departments of the individual brands.

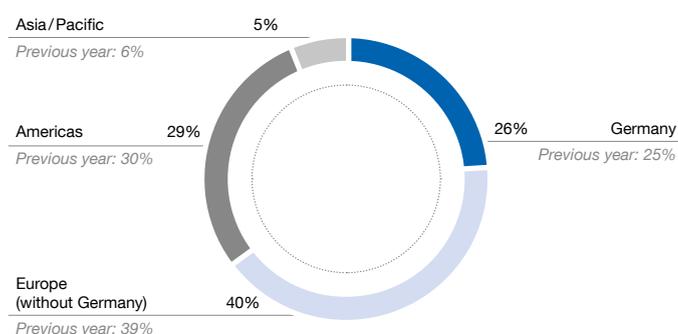
Further information on human resources work can be found in the non-financial statement under [« 2.2 Key non-financial issues – Employee and Society »»](#).

As of December 31, 2022, the Nemetschek Group had 3,448 employees worldwide (previous year: 3,180). This corresponds to an increase of 268 employees or 8.4%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

At 74% (previous year: 75%), the majority of the Nemetschek Group's employees were employed outside Germany at the end of 2022, as in the previous year.

### Employees by Region

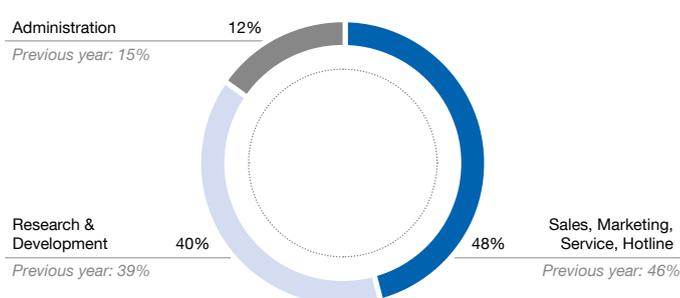
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



### Employees by Function

On average, the Nemetschek Group employed 3,291 people worldwide in 2022, an increase of 4.7% compared with the previous year (3,143). The average number of employees in research and development was 1,316 (previous year: 1,232), or 40.0% of the total workforce (previous year: 39.2%).

The number of employees in sales, marketing and hotline averaged 1,572 (previous year: 1,458). In addition, 404 employees (previous year: 453) worked in administration (including 12 trainees after 9 in the previous year). Trainees are primarily employed in the commercial departments as well as in the IT and development departments.



### Personnel Expenses

Personnel expenses increased by 15.5% to EUR 337.2 million in 2022 (previous year: EUR 292.0 million), resulting in a personnel expense ratio (personnel expenses/revenues) of 42.1% (previous year: 42.9%).

## 3.4 Results of Operations, Financial Position and Net Assets of Nemetschek SE

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

### Revenue Development and Earnings Situation

Nemetschek SE's revenues of EUR 8.7 million in the 2022 financial year (previous year: EUR 7.6 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company".

Other operating income increased to EUR 13.2 million (previous year: EUR 6.0 million). In the past financial year, it included, among other things, income from currency conversion in the amount of EUR 7.0 million (previous year: EUR 0.3 million) and income from charging out to subsidiaries amounting to EUR 5.2 million (previous year: EUR 5.6 million). The operating expenses of EUR 23.6 million (previous year: EUR 16.1 million) include personnel expenses, consulting costs and other operating expenses. Personnel expenses increased due to the expansion of the central functions of Nemetschek SE and due to an increase in performance-related variable components from EUR 12.2 million to EUR 15.2 million. Other operating expenses increased in line with other operating income, mainly due to expenses from exchange rate differences (EUR 6.5 million compared to EUR 1.6 million in the previous year).

Depreciation on financial assets amounting to EUR 34.8 million was recognized for an impairment loss on associated companies.

Income from interests of EUR 53.0 million (previous year: EUR 67.4 million) includes EUR 52.9 million in dividends from subsidiaries (previous year: EUR 67.3 million). Income from profit transfer agreements in the amount of EUR 32.4 million (previous year: EUR 34.7 million) came as a result of profit transfers from Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. Net income for the year amounted to EUR 29.8 million (previous year: EUR 81.0 million).

### Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 569.9 million (previous year: EUR 609.3 million). Affiliates accounted for by far the largest share at EUR 531.5 million (previous year: EUR 568.3 million). The decrease is mainly due to the extraordinary write-down of associated companies in the amount of EUR 34.7 million. Owing to

repayments amounting to EUR 4.8 million, loans to affiliates fell to EUR 34.3 million (previous year: EUR 39.1 million). With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 183.3 million as of the balance sheet date (previous year: EUR 160.8 million). At the end of the 2022 financial year, receivables from the tax office amounting to EUR 7.1 million (previous year: EUR 1.4 million) were reported under other assets.

At the end of 2022, cash and cash equivalents amounted to EUR 3.6 million (previous year's reporting date: EUR 1.6 million).

The liabilities side of the company's balance sheet is dominated by liabilities to banks and Group companies. As a result of scheduled repayments and new loans, bank liabilities fell to EUR 71.3 million (previous year: EUR 118.2 million). Equity decreased by EUR 15.3 million to EUR 462.0 million. Net income for 2022 of EUR 29.8 million was offset by the dividend payment for the 2021 financial year (EUR 45.0 million). The equity ratio of Nemetschek SE was 60.0% as of the balance sheet date (previous year: 61.3%).

Provisions increased by EUR 1.3 million to EUR 9.9 million, mainly resulting from the suspension of an obligation following the termination of an employment relationship.

Liabilities to affiliates resulted mainly from cash pooling (EUR 91.3 million; previous year: EUR 81.5 million) and short-term intercompany loans of EUR 127.3 million (previous year: EUR 89.0 million).

In the 2022 financial year, control agreements and profit and loss transfer agreements existed with the following subsidiaries: Allplan GmbH, Frilo Software GmbH and Nevaris Bausoftware GmbH. There were also profit and loss transfer agreements and control agreements between Allplan GmbH and Allplan Deutschland GmbH.

### **Financial Position**

Nemetschek SE's financing activities mainly comprised redemption payments of EUR 87.7 million (previous year: EUR 77.5 million), new loans in the amount of EUR 40.8 million and the dividend payment of EUR 45.0 million (previous year: EUR 34.7 million).

In 2022, Nemetschek SE extended its existing bilateral credit lines and increased them to a total of EUR 284.5 million (previous year: EUR 207 million). These lines of credit were granted with a term of up to one year. At the end of 2022, Nemetschek SE drew on these lines of credit for EUR 17 million and disclosed this accordingly as liabilities to banks in the statement of financial position.

In the 2022 financial year, interest payments of EUR 0.8 million (previous year: EUR 1.0 million) were made on loans taken out and credit lines.

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

### **Nemetschek SE Opportunity and Risk Reporting**

The Group's opportunities and risks are a significant influencing factor for Nemetschek SE. Nemetschek SE is exposed to a higher foreign currency risk than the Group, arising from intra-Group financing in foreign currencies. These foreign currency risks are mainly offset by a natural hedge. Remaining significant risk peaks are limited in individual cases by hedging transactions. There were no open hedging transactions as of the balance sheet date.

### **Nemetschek SE Employees**

On average, Nemetschek SE had 62 employees in 2022 (previous year: 57).

### **Outlook for Nemetschek SE and comparison of actual and forecast business performance**

The future development of Nemetschek SE with its significant opportunities and risks is significantly influenced by the forecasts the forecasts of the Nemetschek Group set out in the Opportunity and Risk report. Based on the group's planning Nemetschek SE expects a slight increase in the investment result in the fiscal year 2023. In the past fiscal year this was not above that of the previous year, because the financing requirements were lower than those of the year 2021 and an extraordinary write-down on financial assets in the amount of EUR 34.8 million. The reason for the higher financing requirement in 2021 was the acquisition of the Pixologic business operations. The net income for the year was also not above the 2021 result as forecast in the previous year, mainly due to lower income from investments and the write-down of financial assets amounting to EUR 34.8 million. For fiscal 2022, according to the dividend proposal, 24.3% of cash flow from operating activities will be distributed (forecast previous year: 25 %).

Nemetschek SE assumes a positive development of earnings and for 2023 an annual result above the past fiscal year. Furthermore, it is expected to report a positive gross liquidity in 2023 at the level of the previous year. The company plans to continue to distribute around 25 % of the operating cash flow to its shareholders in the future. The dividend policy is always taking into account the overall economic development as well as the economic and financial situation of the company.