

## 1.3 Corporate Management and Governance

### General information

A key success factor in the Nemetschek Group's structure of a holding company with customer and market-oriented operating segments and brand companies lies in the combination of a flat group structure with the associated processes and synergies on the one hand and the flexibility and entrepreneurial independence of the brands on the other.

Strategic and operational corporate management is carried out by the Executive Board respectively the segment manager of Nemetschek SE. This includes the strategic positioning of the Nemetschek Group on the global sales markets and its short and medium-term revenues and earnings planning. This also orients the company toward the competitive and market environment.

The company is managed at the level of the four operating segments. In this process, the targets and annual objectives of the segments and respective brand companies are derived from the strategic targets. In the annual planning process, these are coordinated with the brand companies, specified by the brand companies and recorded with quantitative and qualitative sub-targets for marketing, sales and development. The annual planning, sub-targets and medium-term planning are coordinated between the managing directors of the respective brands and the member of the Executive Board or manager responsible for the segment. The Supervisory Board monitors and advises the Executive Board throughout all processes mentioned above.

Throughout the year, Group targets are monitored monthly using a Group-wide management information system with detailed reporting of key performance indicators on revenues, growth and earnings. These indicators are compared with previous year and plan data. The respective managers of the brands and the Executive Board discuss any deviations from the plan on a monthly basis and decide on any possible measures.

### Financial Performance Indicators

The key financial performance indicators (core management ratios) of the Nemetschek Group have not changed from the previous year. At both the holding company and segment level, these are absolute sales revenues, year-on-year revenue growth and the operating result (EBITDA). EBITDA provides information on profitability and includes all items of the income statement relating to operating performance. Because of their importance for the financial success of the business, the key performance indicators of revenues and EBITDA are also essential components of the performance management system.

The achievement of corporate targets is also assessed based on the development of financial performance indicators that are set for the purposes of managing the company and also form part of the short and medium-term remuneration of the Executive Board.

Information on the remuneration of members of the Executive Board and Supervisory Board is provided in a separate remuneration report that is available on Nemetschek SE's website at [ir.Nemetschek.com/en/corporate-governance](http://ir.Nemetschek.com/en/corporate-governance).

Information on the detailed development of the Nemetschek Group and its segments in the 2021 financial year and in comparison to the previous year can be found under [« 3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group »](#). In addition, a comparison of current and forecast business development can be found under [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

## 1.4 Research and Development

Research and development are of high priority for Nemetschek. Around 22% of Group revenues flowed into research and development in the 2021 financial year (previous year: around 24%) and thus into new and further developments of the solution portfolio. The decrease in 2021 is mainly due to the fact that the recruitment of software developers and employees in research and development could not be implemented as planned due to a lack of IT specialists.

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

In addition, there are cross-brand development projects in the respective segments designed to leverage synergies, address new customer segments and expand the portfolio. Key strategic and cross-brand projects are managed by the respective Segment Manager and developed further in cooperation with the brands. In foreign markets, adapting solutions to national standards and regulations remains important.

All brands focusing on the AEC/O markets contribute to the OPEN BIM approach with their solutions and support open interfaces to promote the exchange of information and data along the construction process value chain. Together with partners in the global buildingSMART initiative promoting the further development and standardization of open exchange standards – also software solutions from external companies – in BIM projects Nemetschek is involved in the further development and implementation of corresponding standards, in particular the Industry Foundation Classes (IFC). IFC is a manufacturer-independent, freely available and particularly powerful format for the exchange