

3 Economic Report

3.1 Macroeconomic and Industry-Specific Conditions

General Economic Conditions

Global Economy and the Covid-19 Pandemic

Overall, the year 2021 and economic developments continued to be shaped significantly by the Covid-19 pandemic and its impacts. The recovery of the global economy remained hampered by the Covid-19 pandemic in the first half of 2021, while growth weakened compared with the strong growth in the second half of 2020. However, a recovery set in as of the second quarter in the wake of a decline in new infections and progress with vaccination, particularly in the advanced economies. Nevertheless, the recovery was negatively affected by increasing supply and capacity bottlenecks, leading to disruption in the global value chains in many countries and different industries and also resulting in considerable price rises, particularly in the energy sector.

Based on its Annual Report 2021/2022 published on November 10, 2021, the German Council of Economic Experts expected global gross domestic product (GDP) to climb by 5.7% in 2021. The International Monetary Fund (IMF) forecast growth of 5.9% for 2021 in its latest World Economic Outlook Update published on January 25, 2022. The global economy was in recession in 2020, shrinking by 3.3% due primarily to the Covid-19 pandemic (German Council of Economic Experts, November 10, 2021) or 3.1% (IMF, January 25, 2022).

Both the German Council of Economic Experts (Annual Report 2021/2022) and the IMF (World Economic Outlook Update) assumed that all key economic areas would return to growth in 2021. The growth of the emerging markets is expected to exceed the growth of the advanced economies.

Eurozone

At the beginning and end of 2021, many member states of the eurozone were affected by a new rise in the Covid-19 infection rate. This made restrictions necessary, although these did not affect all public and economic domains as in spring 2020 and primarily had a negative impact on parts of the services sector. The situation with the pandemic eased in the second and third quarters and the associated lifting of restrictions led to an upswing in the eurozone.

All in all, economic developments in the eurozone were very heterogeneous over the course of 2021 and depended on the course of the pandemic in the individual member states of the eurozone.

2021 was also shaped by increasing bottlenecks in the supply of raw materials and intermediate products, which was also reflected in steep rises in energy and raw material prices as well as increasing logistics costs over the course of the year, leading to an overall rise in inflation in the eurozone. Up to now, European monetary policy has responded cautiously to the rise in consumer price inflation and it can be assumed that the broad orientation of monetary policy will continue to be expansive, at least in 2021 and 2022, with interest rates at a low level.

Despite – in some cases – significant slumps in added value due to the pandemic, employment and unemployment remained stable in the eurozone. This can be attributed, in particular, to the stabilizing influence of short-time working and short-time working allowances. Therefore, according to the Annual Report of the German Council of Economic Experts, the unemployment rate in August 2021 was only slightly above the pre-crisis level of 7.4% in February 2020, namely at 7.5%.

Overall, in its Annual Report 2021/2022 published on November 10, 2021, the German Council of Economic Experts assumed economic growth of 5.2% for 2021. In its World Economic Outlook Update published in January 2022, the IMF also forecast growth of 5.2% for 2021.

USA

The economic recovery in the USA continued in the first half of 2021. The recovery was led by private consumer spending, particularly in the services sector. A high level of consumer price inflation was also recorded in the USA in 2021. Here, too, high prices for energy and transport services were among the factors contributing to the price increases. Consumer sentiment fell appreciably in the summer. This was attributable, in particular, to the renewed spread of the Covid-19 virus and the discontinuation of unemployment benefit top-ups in all US states.

The US labor market also continued to recover. Unemployment and employment rates improved steadily, but are not yet back to pre-crisis levels. Individual sectors are also performing very differently.

Overall, in its Annual Report 2021/2022, the German Council of Economic Experts assumed economic growth of 5.5% for 2021. In its World Economic Outlook Update published in January 2022, the IMF forecast growth of 5.6% for the same period.

Asia

Within Asia, Japan is currently the Nemetschek Group's strongest regional single market in terms of revenues. The Covid-19 pandemic also dampened economic development there once again in the first half of 2021. Even the summer Olympics held in Tokyo

in July and August 2021 failed to provide any notable impetus, as they took place with virtually no audience. The economy was expected to recover in the fourth quarter of 2021 following a decline in the infection rate.

Overall, the German Council of Economic Experts expected the Asia region's gross domestic product to grow by 6.1% in 2021, and Japan's gross domestic product to grow by 2.0%. In the previous year, Asia's economy contracted by 0.9% and Japan's contracted by 4.6%. The IMF anticipated growth of 1.6% for Japan in 2021. In the previous year, the IMF put the contraction at 4.5%.

Emerging Markets

The emerging markets also continue to be affected by the Covid-19 pandemic. The number of registered infections and deaths rose sharply in spring and summer 2021, particularly in India and other South-East Asian and Latin American emerging markets where the number of registered infections had previously been comparatively low. While, on the one hand, severe Covid-19 outbreaks are likely to be less frequent in the emerging markets due to the tendency of their populations to be younger, on the other hand, the vaccination rate in most emerging markets is considerably lower than in the advanced economies and their health systems are also less resilient.

Economic development was also limited in the emerging markets owing to global raw material supplies and regional energy shortages.

Overall, in its Annual Report 2021/2022, the German Council of Economic Experts assumed economic growth of 7.2% in the emerging markets for 2021.

Sources: German Council of Economic Experts, Annual Report 2021/2022 dated November 10, 2021 and International Monetary Fund, World Economic Outlook Update dated January 25, 2022.

Development of the Construction Industry

Europe

Almost two years after the outbreak of the Covid-19 pandemic, it can be said that the construction industry was not affected severely by the crisis and has contributed to stabilizing the overall economic situation. While the construction industry ended 2020 with a smaller decline than initially feared, there was record growth in investments in 2021. Drivers behind these developments include state infrastructure investments, incentives for renovating buildings and growth in the residential sector due to low interest rates. According to current estimates (as of November 2021), the European construction industry recorded growth of 5.6% in 2021 and was thus able to return to the level of revenues achieved in 2019.

The individual European markets recovered at very different rates. Italy (+15.1%), the UK (+13.4%) and Belgium (+10.3%) recorded the strongest growth in 2021. However, Sweden (+8.3%), France (+6.7%) and Spain (+6.5%) also reported above-average growth. Construction output stagnated in Germany (-0.7%), the Netherlands (+0.8%) and Portugal (+0.4%) in 2021.

Residential construction was the segment with the highest growth rates in 2021 at 7.1%, followed by infrastructure construction at 5.1%. Non-residential construction (commercial and public buildings) grew by 3.7% in 2021.

North America

The construction industry in the **USA** closed 2021 with an upturn of 3% (as of October 2021), compared with 6% in 2020. The residential sector was a key driver (+12%), particularly single-family homes (+14%) and renovations (+13%). Some segments of the non-residential construction sector (-5%), including accommodation (-23%), recorded significant declines, while office buildings (-6%) and educational institutions (-6%) also recorded moderate declines. The USD 550 billion infrastructure package adopted in November 2021 will boost infrastructure construction in the USA in the coming years.

Although the construction industry in **Canada** stagnated in 2020, it realized record growth of +5% in 2021. Residential construction (+7%) was also key to the growth seen here. However, at +4%, civil engineering also performed significantly more positively than in the previous year (-5%).

Emerging Markets

There was a catch-up effect in the **Chinese** construction sector in 2021: in the first half of the year, production value climbed +19% against the comparative period of the previous year.

The **Russian** construction industry also recovered in 2021 thanks to state investments in the construction of housing and transport infrastructure. Construction output in Russia climbed 7% from January to August 2021.

Sources: ifo (Nov. 2021) – 92nd Euroconstruct Summary Report; FMI (Oct. 2021) – 2021 North American Engineering and Construction Outlook Fourth Quarter Edition; GTAI (Nov. 13, 2021) – Tiefbau erfüllt in den USA die Erwartungen; GTAI (July 1, 2021) – In China wird 2021 kräftig weitergebaut; GTAI (Sept. 27, 2021) – Indien stockt Investitionen im Infrastruktursektor auf; GTAI (Sept. 28, 2021) – Indiens Baubranche erwartet weitere Erholung für 2022; GTAI (Oct. 29, 2021) – Russlands Bauwirtschaft bleibt auf Wachstumskurs; GTAI (Oct. 18, 2021) – China will Infrastruktur weiter kräftig ausbauen; GTAI (July 30, 2021) – Japans Bauwirtschaft hofft auf neue konjunkturelle Impulse, um die Auftragsbücher füllen zu können; GTAI (Sept. 14, 2021) – Smart Cities sind langfristige Investitionsprojekte; RICE (Dec. 2021) – Quarterly Outlook of Construction and Marco Economy; IBEF (Dec. 2021) – Indian Infrastructure Industry Analysis.

Digitalization in Construction

In addition to the general development of the construction industry, the advancing digital transformation of the construction sector is an important structural growth driver for the Nemetschek Group. The construction industry has a below-average level of

digitalization compared with other industries and therefore offers further growth potential for the Nemetschek Group. Even if the Covid-19 pandemic represents a challenge for the economic development of the construction industry, it is considered an accelerator for the digital transformation. In a study from spring 2021, over 70% of the construction industry companies surveyed stated that the digital transformation represented the greatest opportunity for growth for their company in the coming years.

Building Information Modeling (BIM) is considered one of the fastest growing disruptive technology trends within the construction industry. BIM describes a networked working method in which all relevant building data is digitally captured using software as part of the planning, execution and management process. The use of the BIM methodology has progressed to varying degrees in different countries. The pioneers here are the USA and Singapore and, in Europe, the Scandinavian countries, the Netherlands and Great Britain.

In 2016, the UK took a decisive step toward the nationwide establishment of BIM with the entry into effect of the BIM Level 2 mandate, which makes the use of BIM Level 2 mandatory for public construction projects. In 2021, the share of companies using the BIM method was over 70%. Due to the proven benefits of using BIM software, the UK government plans to make further investments in the coming years to further advance the use of BIM Level 3.

Since 2014, there has also been a new directive for the EU that recommends the use of computer-based methods such as BIM in the awarding of public works contracts and tenders. In the meantime, many European countries have implemented the EU recommendations on a national level.

In Germany, BIM is being boosted by the “Digital Planning, Building and Operation” step-by-step plan. Since 2015, experience has been gathered and skills have been pooled in pilot projects funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI) in order to define the necessary quality standards. Since 2017, BIM has been used in an extended pilot phase in numerous transport infrastructure projects. As of December 31, 2020, the use of BIM is mandatory in all new public sector infrastructure projects that are in the planning stage. It is evident from surveys of civil engineering companies that the new regulations have led many companies to introduce BIM.

Sources: BIM World (Oct. 13, 2020) – Der BIM-Stufenplan – wie Deutschland sich vernetzt; BMVI (Dec. 2015) – Stufenplan Digitales Bauen; IFS (Oct. 2020) – Understanding construction and engineering spending on digital transformation; McKinsey (Oct. 2020) – Rise of the platform era; McKinsey (Feb. 17, 2017) – Reinventing construction through a productivity revolution; NBS (Oct. 2021) – Digital Construction Report 2021; USP Marketing Consultancy (Mar. 2020) – Digitalisierung im Bau.

3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance

Covid-19 Pandemic

In 2020, the Covid-19 pandemic threw the world into turmoil and ultimately led to a global recession, although this had very different impacts on different industries. The 2021 financial year was also affected by the continuation of the pandemic and its impact; see [<< 3.1 Macroeconomic and Industry-Specific Conditions >>](#). For the Nemetschek Group, the health and safety of our workforce and business partners is the utmost priority. Therefore, in the 2021 financial year the crisis management team, installed in 2020 under the leadership of the Spokesman and Chief Financial & Operations Officer (CFOO), continued to work on protecting the health and safety of our own employees and business partners, maintaining business operations and ensuring a healthy financial situation. The processes and solutions established in 2020, such as hygiene concepts, virtual support and training activities, and the possibility to work outside the business premises, were retained but regularly reviewed and adapted in line with the course of the pandemic. The experience gained in the 2020 financial year, namely that the pandemic is, in particular, also driving digitalization, led to the decision to soften the cautious investment and hiring policy pursued in the 2020 financial year and to continue the well-established and profitable growth strategy as well as increase investment in the required resources again, even during the ongoing Covid-19 pandemic.

General Statement on the Economic Position of the Group

In an ongoing uncertain macroeconomic environment, which continued to be characterized by the Covid-19 pandemic during the past financial year, the Nemetschek Group continued to develop very well, achieving revenue growth of 14.2% (currency-adjusted: 15.6%) and an EBITDA margin of 32.6% (previous year: 28.9%). In the previous year, revenue growth was 7.2% (adjusted for foreign currencies: 8.3%).

Revenues increased to EUR 681.5 million in the 2021 financial year (previous year: EUR 596.9 million), while EBITDA rose to EUR 222.0 million (previous year: EUR 172.3 million). The path of profitable growth thus also continued in the 2021 financial year.

Revenue growth was based exclusively on organic growth (before synergy effects) in this year. Acquisitions did not have any impact on revenues in the 2021 financial year.

The Group's growth and EBITDA margin targets, which were communicated in March 2021 and already took into account the continuing uncertainties surrounding Covid-19, were exceeded. The forecasts that had been raised in July due to good business performance were also exceeded. Nemetschek was thus able to

continue the profitable growth course it has sustained over many years, including in a second year characterized by the Covid-19 pandemic; see [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

The Covid-19 pandemic continued to have a direct influence on business performance in the 2021 financial year, albeit to a far lesser degree than in the previous year. As a result of the ongoing uncertainties caused by the undulating course of the pandemic, the management of the Nemetschek Group retained its focus on cost management. However, the investment and hiring restraint that prevailed during the first year of the Covid-19 pandemic was eased. This was firstly because the trend toward digitalization was strengthened due to the effects of the pandemic and secondly because the long-term growth prospects of the sectors in which the Nemetschek Group assumes a leading role are intact. Due to ongoing partially restricted business operations, costs such as travel and marketing expenses were also saved. The development of business operations and the measures and effects described made it possible to safeguard the existing financial position during the continued course of the crisis without jeopardizing the growth path we aspire to over the long term. The positive revenue development of the Nemetschek Group was supported by the existing stable customer base and also by the measures put in place in the 2020 financial year to manage the changed situation. For example, virtual sales and support as well as online tutorials enabled close customer contact to be maintained even during the crisis.

Overall, the business model, which is characterized by a broad portfolio of solutions, strong diversification in target industries and regions, and an increasing proportion of recurring revenues, proved resilient during the ongoing crisis. In addition to actively dealing with the crisis, Nemetschek continued to drive forward the strategic initiatives launched in the 2021 financial year and reached key milestones. The focus of the work was on further internationalization, the expansion of software rental models, the continuous development of solutions, and the acquisition of new customers. For example, the newly established Start-up & Venture Investments function at holding company level aims to strengthen the Nemetschek Group's growth focus on new technologies and advance investments in young companies; see [« 1.2 Targets and Strategy »](#).

Acquisitions/Divestments

Holding Company Level

The strategic aim to increase investments in start-up companies in the future and thereby also accelerate the company's own innovative strength was pursued during the financial year. Nemetschek invested in three young companies over the course of the last financial year.

The investment in German company Sablono GmbH, which the Nemetschek Group has supported right from its foundation, was expanded in the second quarter as part of a series A financing round. Sablono is a digital lean technology company for construction.

In the third quarter of 2021, the Nemetschek Group invested in US start-up Reconstruct Inc. as part of a series B financing round. Reconstruct is a technology provider for remote quality control and remote progress monitoring on the US market.

Furthermore, in the fourth quarter the Nemetschek Group invested in the Norwegian company Imeraso AS as part of a financing round. The young technology company offers a platform for automating construction quality monitoring while combining artificial intelligence, reality capture and BIM technologies.

Segment Level

Maxon Computer GmbH (Maxon), Friedrichsdorf, Germany, acquired, as part of an asset deal, assets and business operations of Pixologic Inc. (Pixologic), Los Angeles, USA, in a purchase agreement dated November 23, 2021. The purchase price amounted to EUR 121.6 million. The acquisition of the Pixologic business operations, provider of the ZBrush software for digital sculpting and 3D modeling, will further strengthen and expand the Media & Entertainment segment. The company's global customer base includes film studios, games developers, designers, advertising specialists, illustrators and artists. The business operations were transferred on December 29, 2021.

Details of this and other 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 2021 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 industry or with scientific institutions. These cooperations and partnerships exist both within the Group among the brand companies and between brand and external companies. For example, in the 2021 financial year, the Nemetschek Group signed a contract to support the TUM Venture Lab Built Environment. The aim of this collaboration with the Technical University of Munich is to advance the pathway from research findings to marketable innovations and shorten it significantly. In addition, the Nemetschek Group joined Madaster's Kennedy network in the 2021 financial year to help make the lifecycle of buildings more sustainable.

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

Results of Operations

Revenue Development

For the 2021 financial year, Group revenues increased significantly by 14.2% (previous year: 7.2%) to EUR 681.5 million (previous year: EUR 596.9 million). Adjusted for currency effects (i.e. on the basis of constant exchange rates compared with the previous year), revenue growth would even have been as high as 15.6% (previous year: 8.3%). The 2021 financial year was also impacted by slightly negative currency effects, particularly from the US dollar. These decreased considerably in the second half of the year, when there were even positive currency effects. The growth is due to a significant recovery in demand in the AEC/O as well as the media industry after the Covid-19 pandemic and catch-up effects from 2020.

The revenue growth achieved was thus higher than both the original forecast communicated in March 2021 and the increased expectations communicated in July 2021 [<< 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group >>](#).

As there were no changes in revenues due to acquisitions or divestments, pure organic growth (before synergy effects) also amounted to 15.6% in the 2021 financial year. In the previous year, which was affected by the revenue contribution from the consolidation of Red Giant (Media & Entertainment segment) as of January 2020, pure organic growth amounted to 5.6%.

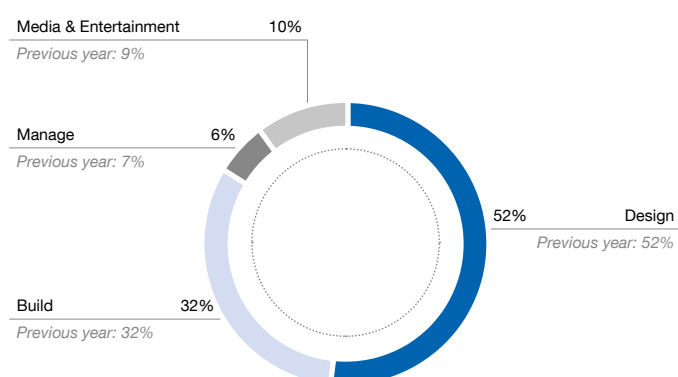
In what continued to be an uncertain economic environment, the Nemetschek Group was able to grow across all four quarters and continued to make progress on its sustainable growth path, even during the Covid-19 pandemic. Growth momentum also increased considerably again compared to the previous year, reaching the long-term double-digit growth corridor once again.

DEVELOPMENT OF REVENUE AND GROWTH OF REVENUE

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison ¹⁾
Total year	681.5	596.9	14.2%	15.6%	15.6%
Q1	158.4	146.6	8.1%	12.1%	12.1%
Q2	165.9	141.6	17.2%	21.5%	21.5%
Q3	169.3	148.6	13.9%	13.8%	13.8%
Q4	187.9	160.1	17.4%	15.2%	15.2%

¹⁾ Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

Revenues by Segment



In the 2021 financial year, the Build segment achieved a 32% share of revenues, which thus also corresponded to the previous year's level.

The Manage segment's share of revenues declined slightly to 6% of total revenues (previous year: 7%). This segment felt the effects of the Covid-19 pandemic and its revenue growth of 7.0% was lower than the Group's growth of 14.2%.

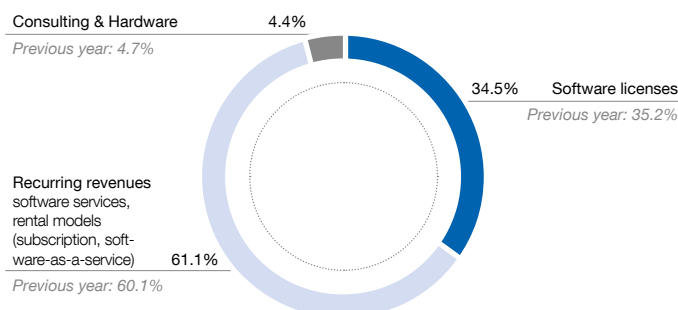
The Media & Entertainment segment achieved the highest growth rates again in the 2021 financial year, thus expanding its share of revenues to just over 10% (previous year: 9%).

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

The distribution of revenues by segment changed only slightly in the 2021 financial year compared with the previous year.

The Design segment, whose business focus is on Europe, still has the highest revenues. Its share of total revenues remained at 52% (previous year: 52%).

REVENUE DEVELOPMENT BY TYPE



The Nemetschek Group divides its revenues into three revenue types: recurring revenues from software service contracts and rental models, 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.

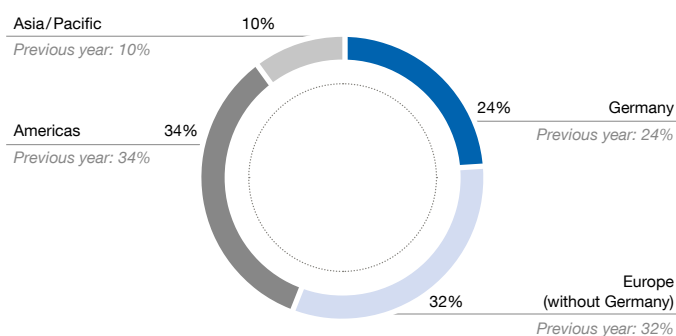
In the 2021 financial year, the Nemetschek Group’s **recurring revenues from service contracts and rental models** rose by 16.1% (currency-adjusted: 17.5%) to EUR 416.7 million (previous year: EUR 359.0 million). The growth momentum of recurring revenues thus decreased slightly compared with the previous year (19.9%; currency-adjusted: 21.1%), but continued to exceed the Nemetschek Group’s growth of 14.2% (currency-adjusted: 15.6%), thus increasing their share of total revenues slightly to 61.1% (previous year: 60.1%). The substantially increased share in the previous year was partly due to the positive effect from the Covid-19 pandemic. The new rise in the share attributable to recurring revenues reflects the sustained implementation of the strategic shift in the business model toward increasingly also

offering rental models in addition to the traditional licensing model. A higher proportion of plannable and recurring revenues increases the Nemetschek Group’s robustness, including in times of crisis.

Revenues from rental models (subscription and SaaS), which is attributed to recurring revenues, also increased by 46.0% (currency-adjusted: 47.7%) to EUR 132.0 million (previous year: EUR 90.4 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 Design and Media & Entertainment segments made the largest contribution to this positive development. In particular, rental models’ sharp rise of 79.6% (currency-adjusted: 82.2%) in the previous year was based on increased customer demand as a result of the Covid-19 pandemic as well as the inorganic growth effect of the Red Giant acquisition, which was fully reflected in the Nemetschek Group’s revenues for the first time in the 2020 financial year. The rental models’ share of total revenues rose substantially again from 15.1% to 19.4% in the 2021 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 6.0% (currency-adjusted: 7.3%) from EUR 268.6 million to EUR 284.8 million in the 2021 financial year.

Revenues generated through **software licenses** climbed by 11.8% (currency-adjusted: 13.4%) to EUR 234.8 million (previous year: EUR 210.0 million), well below the rate of overall revenue growth. Accordingly, the share of total revenues attributable to software licenses fell from 35.2% in the previous year to 34.5% in the 2021 financial year. This trend is in line with expectations on account of sustained implementation of the long-term strategy of increasing the share of recurring revenues. In the previous year, revenues generated through software licenses decreased by a further 8.0% (currency-adjusted: 6.9%). This development was also attributable to the reluctance of customers to invest and the substantial shift toward rental models owing to the high degree of uncertainty regarding the impact of the Covid-19 pandemic at the time.

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. Progress was made in internationalization again in the past financial year.

Overall, foreign revenues in the 2021 financial year increased more sharply than revenues in Germany, where the Nemetschek Group already has a very strong market position. Revenues generated in Germany rose by around 10% in 2021, while foreign revenues climbed by a good 15%. The share of revenues generated abroad was thus maintained at a high level of 76% (the previous year: 76%).

In the 2021 financial year, all focus regions – Europe, the Americas and Asia/Pacific – contributed to the growth of the Nemetschek Group with double-digit revenue growth.

Design Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison ¹⁾
Revenue	351.8	314.9	11,7%	12,7%	12.7%
EBITDA	118.9	95.9	24,1%	24.6%	24.6%
EBITDA margin	33.8%	30.4%	3,4 PP	3,2 PP	–

¹⁾ Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

In the **Design segment**, whose regional focus is on Europe, revenues of EUR 351.8 million (previous year: EUR 314.9 million) were achieved in the 2021 financial year. The segment thus experienced significant growth of 11.7% (currency-adjusted: 12.7%) again, following growth of only 0.1% (currency-adjusted: 0.9%) in the previous year. After the European business, in particular, had been impacted by the Covid-19 pandemic in the previous financial year, the recovery that started as of the second half of 2021 continued and revenues rose considerably, partly as a result of catch-up effects following the investment restraint of the previous year. The Americas region also posted significant growth, while growth in the Asia/Pacific region remained below that of the segment.

In the previous year, the greatest impact of the Covid-19 pandemic was felt in the Europe region. After a brief dip in the winter of 2020/2021, the recovery that began in the second quarter of the previous year continued in financial year 2021 and the region increased its revenues by around 15% year on year (previous year: around 8%). At around 32%, the share of total revenues was slightly higher than in the previous year (32%).

Growth momentum also increased considerably in the Americas region again in the 2021 financial year. It experienced growth of around 16% compared to the previous year, when revenue growth amounted to around 7%, partly due to the pandemic. With a virtually unchanged revenue share of around 34% compared with the previous year, the Americas region remains the Group's strongest individual region in terms of revenues.

The Asia/Pacific region continued its growth trend and generated an increase in revenues of around 15% (previous year: 14%) in the 2021 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 & Entertainment. 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.

Segment EBITDA rose considerably from EUR 95.9 million in the previous year to EUR 118.9 million. The nominal rise in earnings was 24.1% (previous year: -2.2%). Adjusted for currency effects and thus comparable to the previous year, the rise would have been 24.6% (previous year: -3.0%). The above-average rise in EBITDA is attributable to the strong increase in revenues and the resulting volume effects and efficiency gains. In addition, fewer personnel were hired due to the tightness of the job market.

Build Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison ¹⁾
Revenue	221.8	193.0	14,9%	17.1%	17.1%
EBITDA	91.8	70.1	31.0%	32.9%	32.9%
EBITDA margin	41.4%	36.3%	5,1 PP	4,9 PP	–

¹⁾ Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Build segment**, which primarily targets construction companies in the USA and the German-speaking countries, was able to continue its good organic growth, thereby significantly increasing its growth momentum once again. In the 2021 financial year, revenues rose to EUR 221.8 million (previous year: EUR 193.0 million). Growth was 14.9%. Adjusted for negative currency effects arising in the financial year, growth would have been 17.1%. There were no portfolio effects from acquisitions or divestments in the 2021 financial year.

In the Build segment, the Nemetschek Group benefits from a favorable environment and the still low level of digitalization in the construction sector. In terms of growth, the segment benefited from digitalization in the construction sector, which gained considerable momentum in the past financial year, also due to the Covid-19 pandemic. The US company Bluebeam – currently the

strongest brand in terms of revenues within the Nemetschek Group – with its innovative technology solutions for the construction industry, was once again a key driver of revenue growth in the Build segment in the 2021 financial year. In addition to the encouraging growth in the USA, the regions of Europe and Asia/Pacific, in particular, experienced very high growth and made an above-average contribution to the growth of the segment in the 2021 financial year.

EBITDA again rose at an above-average rate compared with revenue growth this year. With an upturn of 31.0% (adjusted for currency effects: 32.9%), EBITDA rose to EUR 91.8 million (previous year: EUR 70.1 million), corresponding to an EBITDA margin of 41.4% (previous year: 36.3%). The significantly improved margin is due to the high level of growth and increased efficiency in the operational business.

Manage Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison ¹⁾
Revenue	43.7	40.9	7.0%	6.9%	6.9%
EBITDA	4.1	3.7	10.1%	4.8%	4.8%
EBITDA margin	9.3%	9.0%	0,3 PP	-0,2 PP	–

¹⁾ Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Manage Segment**, comprising activities relating to facility management, generated revenues of EUR 43.7 million in the past financial year (previous year: EUR 40.9 million). Growth thus amounted to 7.0% (previous year: 6.2%) or 6.9% adjusted for currency effects (previous year: 6.3%).

The impact of the Covid-19 pandemic was also felt in the Manage segment in the 2021 financial year. Building managers, a key customer group of the segment, particularly in commercial construction, remained cautious on account of the uncertain situation

regarding investments. However, as there is a low level of digitalization in this segment, there may be catch-up effects when the investment restraint comes to an end.

Segment EBITDA rose by 10.1% from EUR 3.7 million in the previous year to EUR 4.1 million. The EBITDA margin thus improved from 9.0% in the previous year to 9.3% in the 2021 financial year.

Media & Entertainment Segment

In EUR million	FY 2021	FY 2020	Δ nominal	Δ currency-adjusted	Δ comparison ¹⁾
Revenue	70.5	55.2	27.7%	29.8%	29.8%
EBITDA	25.5	15.5	64.3%	64.8%	64.8%
EBITDA margin	36.2%	28.1%	8,1 PP	7,6 PP	–

¹⁾ Growth comparable to previous year, i.e. adjusted for currency and portfolio effects.

The **Media & Entertainment Segment** was further strengthened by the acquisition of the Pixologic business operations at the end of the financial year. As control of the company was obtained as late as December 29, 2021, the acquisition did not have any effect on the financial performance of the segment in the 2021 financial year. The segment was able to continue its profitable growth course in the 2021 financial year, even without the acquisition. Revenues in the 2021 financial year increased from EUR 55.2 million to EUR 70.5 million. The substantial growth of 27.7% (currency-adjusted: 29.8%) was based exclusively on organic growth, which was considerably higher than in the previ-

ous year, when the acquisition of Red Giant made a significant contribution to overall growth. The strong increase is mainly due to volume effects, as the acquisition of Red Giant enabled us to address a significantly larger customer base.

The segment's EBITDA grew considerably faster than revenues to EUR 25.5 million (previous year: EUR 15.5 million). The EBITDA margin climbed significantly from 28.1% to 36.2%. The integration of Red Giant contributed to the improved result for the first time. Furthermore, the previous year was affected by integration costs and the costs of switching to subscription models.

Earnings Performance

OVERVIEW OF GROUP KEY FIGURES

In EUR million	FY 2021	FY 2020	Δ nominal in %
Revenue	681.5	596.9	14.2%
EBITDA	222.0	172.3	28.8%
EBITDA margin	32.6%	28,9%	+3,7 PP
EBIT	172,0	122.5	40,4%
EBIT margin	25.2%	20,5%	+4,7 PP
Net income for the year (equity holders of the parent company)	134.6	96.9	38.9%
Earnings per share in EUR	1.17	0.84	38.9%
Net income before PPA depreciation	153.9	115.2	33.6%
Earnings per share before PPA depreciation in EUR	1.33	1.00	33.6%

EBITDA (Group earnings before interest, taxes, depreciation and amortization) rose by 28.8% (currency-adjusted: 30.4%) to EUR 222.0 million (previous year: EUR 172.3 million), outstripping revenue development. The EBITDA margin increased considerably by 3.7 percentage points to 32.6% (previous year: 28.9%), thus exceeding both the forecast published in March 2021 and the forecast corridor of 30.0% to 32.0% that was raised in July; see << [4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group](#) >>. The Build and Media & Entertainment segments especially continued to contribute to this good EBITDA development in the 2021 financial year. Both the growth and the EBITDA margins of these segments were above those of the Nemetschek Group; see << [Segment Developments](#) >>.

The 2021 financial year showed that the Nemetschek Group is managing well through the Covid-19 pandemic and continued its profitable growth course with great momentum. The above-average rise in EBITDA compared to revenue growth is based not only on the strong revenue growth associated with the sales success, but also in particular on efficiency gains as well as from a leaner cost base, which is attributable to lower travel and trade fair expenses, for example. However, fewer new employees were hired in the past financial year than planned, which, in particular, resulted in personnel expenses developing at a below average rate compared to revenues. Investments were made in strategic growth projects such as further internationalization, the development of the solutions portfolio and cross-brand strategic initiatives despite the challenges of the pandemic and even during the

course of the crisis to date. These investments should ensure the sustainable growth path of the Nemetschek Group and enable double-digit percentage growth above the market average.

Operating expenses increased by a total of 7.2% to EUR 519.3 million (previous year: EUR 484.6 million). The rise in operating expenses was thus significantly below revenue growth at 14.2% and was a key driver for the above-average rise in EBITDA amounting to 28.8%. At 9.3%, personnel expenses were the largest item under operating expenses and rose at a slower rate than revenues to EUR 292.0 million in the 2021 financial year (previous year: EUR 267.1 million). This reflects the increase in the number of employees as well as higher variable salary components. Other operating expenses increased by 5.5% to EUR 152.0 million (previous year: EUR 144.0 million), also well below the rate of revenue growth. This item reflects investments in IT systems, expenses for external personnel as well as legal and consulting costs. At EUR 50.0 million, depreciation of fixed assets was at the previous year's level (EUR 49.8 million). PPA amortization increased slightly from EUR 24.5 million to EUR 25.4 million. Depreciation of leased assets in accordance with IFRS 16 fell slightly by EUR 0.5 million to EUR 14.9 million. Excluding depreciation and amortization, operating expenses increased by 7.9% to EUR 469.3 million (previous year: EUR 434.8 million).

The net finance cost in the 2021 financial year was characterized by interest expenses for acquisition loans and lease liabilities in accordance with IFRS 16. Overall, the net finance cost amounted to EUR -1.7 million (previous year: EUR -2.8 million). Interest expenses affecting the financial result decreased slightly in the 2021 financial year, from EUR 3.0 million in the previous year to EUR 2.7 million. This was mainly due to continued loan repayments in 2021. This was offset by commitment interest for the new loan lines concluded in the previous year.

EBIT rose to EUR 172.0 million, significantly above the previous year's figure of EUR 122.5 million.

Income taxes increased from EUR 22.3 million in the 2020 financial year to EUR 33.7 million in 2021. At 19.8%, the Group tax rate was slightly above the level of the previous year (18.6%). A change in the determination of state tax for the US state of California resulted in a positive impact in the previous year. Adjusted for this effect, the tax rate would have been 20.4% in the previous year.

Net income (Group earnings after taxes) increased sharply by 40.2% from EUR 97.7 million to EUR 136.9 million in the 2021 financial year. Net income (shareholders of the parent company) climbed from EUR 96.9 million to EUR 134.6 million.

Earnings per share amounted to EUR 1.17, up 38.9% on the previous year's figure of EUR 0.84. EPS adjusted for the effects of PPA depreciation increased by 33.6% from EUR 1.00 in the 2020 financial year to EUR 1.33 in 2021.

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. The Group's balance sheet structure showed an equity ratio of 51.4% (previous year: 46.9%). The significant increase to the previous year is due to the consolidated result for financial year 2021. Bank liabilities remained almost flat. Repayments and drawings reduced the balance of bank liabilities by EUR 1.6 million to EUR 128.7 million.

The Nemetschek group is based on the expectations on the business development and the financing structure able to raise liquidity beyond the existing lines from the debt markets. Combined with a possible issue of equity instruments significant investments can be financed.

Liquidity analysis

Net liquidity/net financial liabilities in EUR million

	December 31, 2021	December 31, 2020
Current liabilities and current maturities of non-current liabilities	93.8	59.6
+ non-current liabilities	34.9	70.7
Total liabilities	128.7	130.3
Cash and cash equivalents	157.1	139.3
Total liquidity	157.1	139.3
Net liquidity/net liabilities (-)	28.4	9.0

As of December 31, 2021, the Group held cash and cash equivalents of EUR 157.1 million (previous year: EUR 139.3 million). The increase of EUR 17.8 million or 12.8% is based on the high quality of cash flows 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, there were financial debts (bank loans) of EUR 128.7 million outstanding, almost exclusively due to financing company acquisitions (previous year: EUR 130.3 million). The interest rates on the loans range between 0.25% p.a. and 0.58% p.a.

Within financial debt, there were reclassifications with regard to the maturity categories. The decrease in non-current financial debt with EUR 35.7 million is attributable to the reclassification of liabilities due in 2022. In the area of current financial debt, acquisition loans in the amount of EUR 59.5 million and other short-term current portions of financial debt in the amount of EUR 18.0 million were repaid and EUR 75.6 million were newly raised.

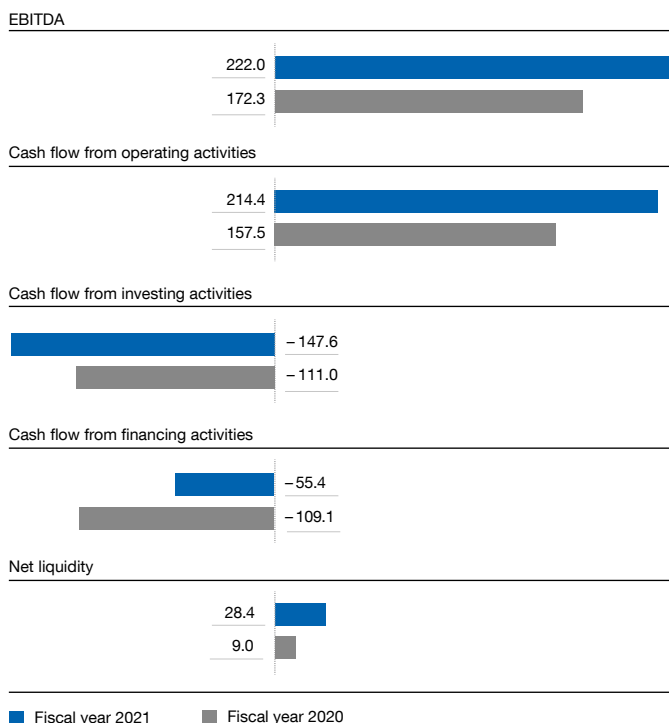
From the existing credit lines in the amount of EUR 207 million a portion of EUR 10 million was utilized as of December 31, 2021. So, a remaining portion of EUR 197.0 million is readily available and can be, in addition to the cash on hand, utilized to fund the profitable growth strategy.

The Group's net liquidity as of the reporting date of December 31, 2021, increased to EUR 28.4 million (previous year: net liquidity of EUR 9.0 million).

Based on the high earnings power of the Group and the access in 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 dividends in the total amount of EUR 34.7 million (previous year: EUR 32.3 million were paid).

DEVELOPMENT OF CASH FLOW



The Group's cash flow for the period increased by 25.1% to EUR 222.1 million in 2021 (previous year: EUR 177.5 million), mainly due to the significantly increased EBITDA and thus in line with the Group's economic development in the 2021 financial year.

Cash flow from operating activities increased significantly by EUR 56.9 million, 36.1% to EUR 214.4 million in 2021 (previous year: EUR 157.5 million). Besides the positive impact from the increased EBITDA (EUR 49.7 million in addition to the level of 2020) the trade working capital contributed positively. The cash flow contribution from trade working capital amounts to EUR 18.6 million (previous year: EUR 6.8 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 cash outflows from taxes paid (net) increased from EUR 36.3 million in 2020 by EUR 0.8 million to EUR 37.1 million in 2021.

Cash flow from investing activities amounted to EUR –147.6 million in the 2021 financial year (previous year: EUR –111.0 million). Main drivers are payments for the acquisition of businesses about EUR 127.1 million.

OVERVIEW: ACQUISITIONS OF BUSINESS OPERATIONS

Company	Segment	2021	2020
Pixologic	Multimedia & Entertainment	121.6	
Vectorworks (Australia)	Design	3.3	
Maxon (Japan and Spain)	Multimedia & Entertainment	2.2	
Red Giant	Multimedia & Entertainment		132.2 ¹⁾
ADAPT	Design		4.2
DEXMA	Manage		19.2 ²⁾
Total		127.1	155.6

¹⁾ Thereof EUR 79.0 million paid out.

²⁾ Thereof EUR 18.5 million paid out.

In addition, payments of EUR 9.2 million (previous year: EUR 0.0 million) for the acquired start-up investments Reconstruct, Sablono and Imeroso << [3.2 Business Performance in 2021 and Key Events Influencing the Company's Business Performance](#) >> were made.

Cash flow from investing activities also includes expansion and replacement investments in fixed assets of EUR 9.9 million (previous year: EUR 9.1 million).

Cash flow from financing activities was EUR –55.4 million (previous year: EUR –109.1 million). The significant decrease in payments is mainly due to borrowing from existing credit lines in the amount of EUR 75.6 million (thereof EUR 49.0 million for acquisition loans). In the previous year, loans of EUR 6.9 million were taken out.

This was offset by the repayment of bank loans taken up in previous years amounting to EUR 77.5 million (thereof EUR 59.5 million for acquisition loans). In the previous year, repayments in the amount of EUR 65.4 million (thereof EUR 56.3 million for acquisition loans) were made.

Furthermore, the cash flow from financing activities was impacted by the dividend payment for the 2020 financial year in the amount of EUR 34.7 million (previous year: EUR 32.3 million) as well as by interest and redemption payments for lease liabilities, with the major portion of EUR 15.1 million (previous year: EUR 13.2 million) relating to redemption in the 2021 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 of the Nemetschek Group allows sufficient liquid funds to be procured. As of December 31, 2021, there were also unutilized credit lines of EUR 197.0 million (previous year: EUR 224.5 million). Nemetschek continually monitors the risk of a liquidity shortage using regular liquidity analyses and planning. Maturities of financial assets (receivables, fixed-term deposits, etc.) and expected cash flows from operating activities are taken into account. The objective is to continuously cover the ongoing need for financial resources while maintaining flexibility in financing.

Investment analysis

In order to secure a leading position in the AEC/O market and continue tapping new areas of application, investments in capacity expansions as well as replacement and rationalization measures are necessary. In this respect, acquisitions are a key driver for the Nemetschek Group. Such company acquisitions are largely financed by bank loans, with own funds also being utilized. So, company acquisitions in 2021 were financed by the Group's own funds as well as debt. Additional investments were financed from operating cash flows.

In total, the Nemetschek Group invested EUR 138.4 million in the 2021 financial year (previous year: EUR 162.6 million), of which EUR 6.5 million in property, plant and equipment (previous year: EUR 6.2 million) and EUR 131.9 million in intangible assets (previous year: EUR 156.4 million). The main investments here were acquisitions of businesses.

Net Assets

In EUR million	Dec. 31, 2021	Dec. 31, 2020	Δ nominal in %
ASSETS			
Current assets	263.1	236.4	11.3%
Non-current assets	791.1	653.3	21.1%
Total assets	1,054.2	889.7	18.5%
EQUITY AND LIABILITIES			
Current liabilities	384.5	295.8	30.0%
Non-current liabilities	128.0	176.6	-27.5%
Equity, total	541.7	417.3	30.2%
Total equity and liabilities	1,054.2	889.7	18.5%

The consolidated balance sheet total as of December 31, 2021 increased by EUR 164.5 million (18.5%) to EUR 1,054.2 million (previous year: EUR 889.7 million). For the first time in companies' history the balance sheet total hit the EUR 1 billion mark.

Short-term assets

On the debit side of the consolidated balance sheet, current assets increased from EUR 236.4 million by EUR 26.8 million (11.3%) to EUR 263.1 million in the 2021 financial year. This was mainly due to the EUR 17.8 million increase in cash and cash equivalents and the increase in trade receivables by EUR 5.5 million or 8.6%. The increase in trade receivables is below the revenue growth of 14.2%. The under-proportionate increase is due to the expansion of the prepayment business. Tax receivables decreased slightly from EUR 6.0 million to EUR 4.8 million.

Non-current assets

Non-current assets rose by EUR 137.8 million or 21.1% to EUR 791.1 million (previous year: EUR 653.3 million). Goodwill increased from EUR 416.7 million by EUR 107.3 million or 25.7% to EUR 524.0 million. In the 2021 financial year, this development was mainly driven by the Pixologic purchase. As significant parts of the goodwill are not held in euros, there were foreign currency effects of EUR 18.0 million. Intangible assets also increased by EUR 20.7 million to EUR 158.9 million (previous year: EUR 138.2 million), mainly due to acquisitions. Other financial assets increased from EUR 4.8 million by EUR 9.0 million to EUR 13.8 million and investments in associated companies from EUR 1.3 million to EUR 4.1 million. The increase is based on the investments in start-up and ventures businesses. The slight decrease in property, plant and equipment by EUR 0.9 million to EUR 20.7 million resulted from scheduled depreciation, which was almost entirely offset by expansion and replacement investments.

Current liabilities

On the liabilities side, current liabilities increased by EUR 88.7 million (30.0%) to EUR 384.5 million (previous year: EUR 295.8 million). This item includes trade payables as well as provisions and accruals due within one year. The item "current loans" includes EUR 93.8 million (prior-year reporting date: EUR 59.6 million) of the repayment amount of the non-current acquisition loans due in the next 12 months. See [« Liquidity analysis »](#). Trade payables remained flat compared with the previous year's reporting date at EUR 11.3 million (previous year: EUR 11.2 million), which resulted from higher variable salary components and the increase in the number of employees. The increase in other provisions by EUR 15.5 million to EUR 71.7 million (previous year: EUR 56.3 million) is due in particular to the year-on-year increase in personnel costs (increase of EUR 12.1 million). Furthermore, primarily due to the expansion of business volume, deferred revenue increased from EUR 129.5 million in the 2020 financial year end by EUR 28.5 million to EUR 158.0 million in the 2021 financial year end. The change in short term financial liabilities from EUR 1.6 million by EUR 5.8 million to EUR 7.4 million as of end of 2021 is based on reclasses from long to short term liabilities for prior year business acquisitions.

Non-current liabilities

Non-current liabilities decreased from EUR 176.6 million by EUR 48.6 million (27.5%) to EUR 128.0 million, mainly due to the reclassification of non-current to current loans. Deferred tax liabilities decreased from EUR 25.2 million by EUR 4.6 million to EUR 20.6 million. The main driver for this development was the amortization of intangibles acquired in business combinations. The acquisition of the Pixologic assets was structured as an asset deal and therefore no deferred taxes in the 2021 financial year were recognized. The main reason for the increase in the previous year was the acquisition of Red Giant amounting to EUR 8.3 million.

Other non-current financial liabilities decreased from EUR 8.7 million by EUR 7.5 million to EUR 1.2 million as of end of 2021. This item mainly includes the subsequent purchase price obligations from business acquisitions. The development is based on reclassifications to short term financial liabilities and payments made in an amount of EUR 1.7 million. In addition, non-current lease liabilities decreased by EUR 2.3 million from EUR 54.3 million to EUR 52.0 million.

Equity

Equity, as of December 31, 2021, increased from EUR 417.3 million by EUR 124.4 million to EUR 541.7 million. The significant increase is driven by the net income of EUR 136.9 million and positive foreign exchange effects of EUR 23.3 million. This was offset by the distribution of dividends in the amount of EUR 34.7 million.

The equity ratio increased to 51.4% at the end of the 2021 financial year (previous year: 46.9%). The current liability ratio was 36.5% of the balance sheet total (previous year: 33.3%) and the non-current liability ratio was 12.1% (previous year: 19.8%).

KEY BALANCE SHEET FIGURES

In EUR million	FY 2021	FY 2020	Change in %
Cash and cash equivalents	157.1	139.3	12,8%
Goodwill	524.0	416.7	25,7%
Equity	541.7	417.3	29,8%
Balance sheet total	1,054.2	889.7	18,5%
Equity ratio in %	51.4%	46.9%	+4.5 PP

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

A market risk premium of 7.5% (previous year: 7.5%) was applied. This results in capital cost rates before taxes ranging from 9.8% to 10.9% (previous year: 8.3% to 10.2%). Compared to 2020 the parameters derived from capital markets are not that significantly impacted by the Covid-19 pandemic and turned in the direction of the level of 2019. Based on the market capitalization as of December 31, 2021 and the planning expectations, the internal rate of return before taxes is around 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. The Human Resources department of Nemetschek SE is responsible for the strategic development of human resources management and supports and advises the local HR departments of the individual brands.

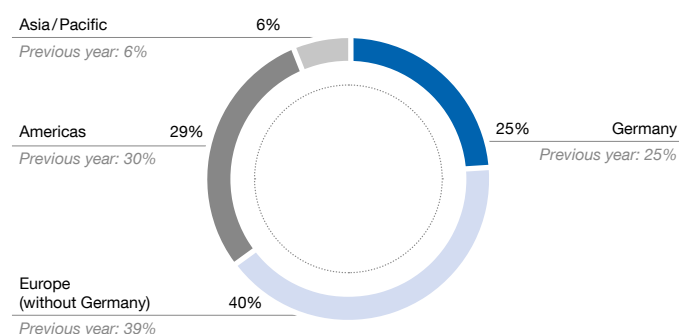
Further information on human resources work can be found in the non-financial statement under [« 2.2 Key non-financial issues – Employee and Society »»](#).

As of December 31, 2021, the Nemetschek Group had 3,180 employees worldwide (previous year: 3,074), representing an increase of 106 people, or 3.4%. This does not include employees on parental leave, freelancers and those on long-term sick leave.

At 75% (previous year: 75%), the majority of the Nemetschek Group's employees were employed outside Germany at the end of 2021, as in the previous year.

Employees by Region

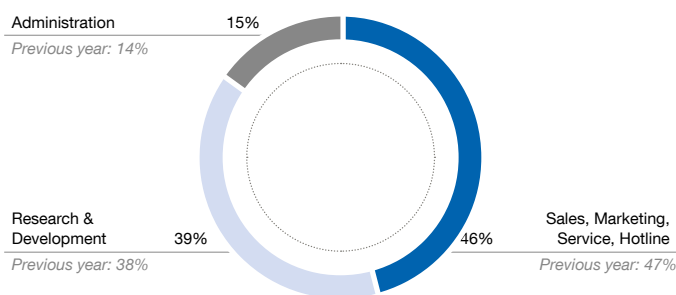
The following table shows the distribution of employees across the Nemetschek Group's key regions and Germany as the country in which the company has its headquarters.



Employees by Function

On average, the Nemetschek Group employed 3,143 people worldwide in 2021, an increase of 4.5% compared with the previous year (3,008). The average number of employees in research and development was 1,232 (previous year: 1,158), or 39.2% of the total workforce (previous year: 38.5%).

The number of employees in sales, marketing and hotline averaged 1,457 (previous year: 1,403). In addition, 453 employees (previous year: 446) worked in administration (including 9 trainees after 12 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 9.3% to EUR 292.0 million in 2021 (previous year: EUR 267.1 million), resulting in a personnel expense ratio (personnel expenses/revenues) of 42.9% (previous year: 44.7%). The below average development of personnel expenses compared to revenues is partly attributable to the tight situation in the market for skilled workers in the IT environment.

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 7.6 million in the 2021 financial year (previous year: EUR 7.2 million) resulted primarily from income from licensing the umbrella brand "A Nemetschek Company."

Other operating income increased to EUR 5.9 million (previous year: EUR 2.5 million). In the past financial year, it included among other things, income from recharges to subsidiaries amounting to EUR 5.6 million (previous year: EUR 1.2 million) as a result of more centralized license purchasing and a back-charge for the financial years 2016 to 2021. The operating expenses of EUR 27.2 million (previous year: EUR 17.7 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 7.3 million to EUR 12.2 million.

Income from interests of EUR 67.4 million (previous year: EUR 60.3 million) includes EUR 67.3 million in dividends from subsidiaries (previous year: EUR 60.3 million). Income from profit transfer agreements in the amount of EUR 34.8 million (previous year: EUR 29.4 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 81.0 million (previous year: EUR 74.0 million).

Net Assets

Nemetschek SE's balance sheet is mainly characterized by financial assets amounting to EUR 609.3 million (previous year: EUR 612.6 million). Affiliates accounted for by far the largest share at EUR 568.3 million (previous year: EUR 568.1 million). Owing to repayments amounting to EUR 5.3 million, loans to affiliates fell to EUR 39.1 million (previous year: EUR 44.4 million). With regard to current assets, current loan receivables from affiliates, trade receivables from affiliates and profit and loss transfer agreements amounted to EUR 160.8 million as of the balance sheet date (previous year: EUR 47.1 million).

The increase in receivables from and payables to affiliated companies results from the financing of the acquisition of the Pixologic business. Intra-group loans of USD 71 million were taken out or extended and passed on as a loan to the acquiring Maxon Group in the amount of USD 117 million. In addition, liquidity was raised through new debt financing. The open foreign currency position was partially hedged. The entire financing is short-term in nature.

At the end of 2021, cash and cash equivalents amounted to EUR 1.6 million (previous year's reporting date: EUR 8.5 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 118.2 million (previous year: EUR 129.5 million). Equity increased by EUR 46.4 million to EUR 477.3 million. Net income for 2021 of EUR 81.0 million was offset by the dividend payment for the 2020 financial year (EUR 34.7 million). The equity ratio of Nemetschek SE was 61.3% as of the balance sheet date (previous year: 64.2%).

Provisions rose by EUR 3.6 million to EUR 8.6 million. The main reason for this was the increase in provisions for employee remuneration associated with the good business performance (EUR 5.7 million; previous year's reporting date: EUR 2.1 million).

Liabilities to affiliates resulted mainly from cash pooling (EUR 81.5 million; previous year: EUR 70.1 million) and short-term intercompany loans of EUR 89.0 million (previous year: EUR 32.0 million).

In the 2021 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 77.5 million (previous year: EUR 56.3 million), new loans in the amount of EUR 66.2 million and the dividend payment of EUR 34.7 million (previous year: EUR 32.3 million). In July 2020 and September 2021, Nemetschek SE increased its financial scope through additional bilateral credit lines in the amount of EUR 207 million. These credit lines were granted with a term of up to two years. At the end of 2021, Nemetschek SE drew down EUR 10 million from these credit lines and accordingly disclosed them as liabilities to banks in its balance sheet.

In the 2021 financial year, interest payments of EUR 1.0 million (previous year: EUR 1.1 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, intercompany loans and dividends from selected subsidiaries.

Nemetschek SE Employees

On average, Nemetschek SE had 57 employees in 2021 (previous year: 51).

Outlook for Nemetschek SE

The future development of Nemetschek SE with its significant opportunities and risks is strongly influenced by the forecasts of the Nemetschek Group set out in the Opportunity and Risk Report. Based on the Group's planning, Nemetschek SE also expects a slight increase in net investment income in the 2022 financial year. Accordingly, Nemetschek SE is assuming that earnings will continue to develop positively and that the annual result for the 2022 financial year will exceed that of the past financial year. The company plans to continue to distribute around 25% of the operating cash flow to its shareholders in the future. The dividend policy always takes into account the overall economic development and the economic and financial situation of the company.