

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.