

## **Supervisory board's report on the 2020 financial year of Nemetschek SE**

The supervisory board of Nemetschek SE involved itself extensively with the situation and development of the Nemetschek Group during the 2020 financial year. Over the course of the financial year, the committee followed the executive board closely, advised it with regard to important issues and monitored it in addition to carrying out the tasks assigned to the supervisory board by law, the Articles of Incorporation and the Articles of Association with the utmost care.

The supervisory board was involved directly and at an early stage in all decisions of fundamental importance to the company, and debated these intensively and in detail with the executive board.

### **Constructive deliberations between supervisory board and executive board**

The collaboration between the supervisory board and the executive board was always constructive and marked by open and trustful discussions. The executive board instructed the supervisory board regularly, promptly and comprehensively, as well as orally and in writing, about all relevant topics pursuant to corporate development and corporate strategy. Inherent opportunities and risks, corporate planning and the development of revenues, earnings and liquidity were extensively debated. Moreover, the supervisory board obtained information on planned and current investments, the implementation of the planning of the Group, of the segments and of the individual brands as well as on risk management and compliance.

The supervisory board regularly and intensively discussed the developments in the respective months and reporting quarters, the short-term and medium-term prospects and the long-term growth and earnings strategy internally and with the executive board. This also included information on deviations in business development vis-à-vis planning as well as the impacts of the Covid-19 pandemic on business development. Outside the regularly scheduled sessions as well, the supervisory board and the executive board maintained close contact.

On the basis of the executive board's reports, the supervisory board supported the executive board's work in an advisory capacity and made decisions on actions requiring approval. On the basis of the extensive information provided by the executive board as well as independent audits, the supervisory board was able to completely fulfill its monitoring and advisory role at all times.

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

In the financial year 2020, four regular supervisory board meetings were held, at which the executive board informed the supervisory board of the economic situation and business development. The complete supervisory board was in attendance at all meetings, which were held in hybrid mode and thus also as video conferences as a result of contact restrictions. In addition to the meetings, there were further resolutions on current topics, for which the written circular procedure was used. As a result of its composition with four members, the supervisory board formed no committees.

The deliberation also focused in particular on the impacts of the Covid-19 pandemic on short-term business performance and the long-term alignment of the enterprise, further internationalization of company business, potential acquisition targets, strategic projects at holding and segment levels and the further development of the Nemetschek Group's solution portfolio. Detailed reports concerning the four segments and the brand companies were received by the supervisory board. Business performance which deviated from the corresponding annual targets was discussed in detail at the supervisory board meetings and analyzed. The executive board presented its planning for acquisitions and corresponding actual

projects and decided on them in close collaboration with the supervisory board. In addition, in the 2020 financial year, the supervisory board again dealt with corporate governance topics.

The members of the supervisory board are responsible for the training and development measures required for their tasks, such as changes in the legal framework, new solutions and forward-looking technologies, and are supported in this by the company. In the reporting period, the company held information meetings on the expansion of the compliance management and risk management system and on the topics of executive board compensation systems. In addition, the members of the Supervisory Board are informed about current changes in legislation, new accounting and auditing standards, and innovations in corporate governance issues.

In all plenary sessions, the supervisory board was provided with information on the current course of business – also taking the impacts of the Covid-19 pandemic into account –, the internal control and early stage risk detection systems and the audit and compliance report. Moreover, in the meetings, there was debate in particular on the following topics:

Meeting on March 27, 2020:

- Annual financial statements and the consolidated financial statements as well as the combined management report for the 2019 financial year including the non-financial declaration
- Proposal on the appropriation of profits for the 2019 financial year
- Supervisory board's report for the 2019 financial year
- Invitation and agenda items for the regular 2020 annual general meeting with proposed resolutions to the annual general meeting
- Executive board and general managers' specification of targets reached and release of payment of variable remuneration shares for the 2019 financial year
- Definition of target agreements for the 2020 financial year and nominations for participation in the "Long-Term Incentive Plan" (LTIP)
- Strategic projects at brand level, segment level and Group level, including M&A activities
- Financial market communication, including outlook for the 2020 financial year

Meeting on July 29, 2020:

- Half-year financial reporting for the 2020 business year
- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Current M&A activities

Meeting on October 28, 2020:

- Planning process and planning premises for the 2021 financial year

- Strategic projects on segment level and Group level, including cross-brand and cross-segment initiatives
- Current M&A activities

Meeting on December 18, 2020:

- Discussion of planned projects and initiatives on brand level, segment level and holding level
- Current M&A activities and M&A planning on brand level, segment level and holding level
- Business planning on brand level, segment level and Group level for the 2021 financial year, also with consideration of the impacts resulting from the Covid-19 pandemic
- Business planning, including investment planning, on Group level for the 2021 financial year, also with consideration of the impacts resulting from the Covid-19 pandemic
- Cash flow and liquidity planning for the financial years 2021 to 2023, also with consideration of the impacts resulting from the Covid-19 pandemic
- Passing of resolution on the remuneration system of members of the executive board in connection with ARUG II (German Act Implementing the Second Shareholder Rights Directive)
- Passing of resolution on Declaration of Conformity in accordance with the “German Corporate Governance Code”

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

On June 19, 2020, the regular annual general meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the audit of the individual financial statements and the consolidated financial statements for 2020 as well as the corresponding consolidated management report. The supervisory board was convinced as to the independence of the auditor and obtained a written declaration from the auditor.

The annual financial statements of Nemetschek SE for the 2020 financial year prepared by the executive board according to the German Commercial Code (HGB), as well as the consolidated financial statements prepared according to the International Financial Reporting Standards (IFRS), as applicable in the EU, and also according to § 315e (1) of the German Commercial Code (HGB), and the consolidated management report for Nemetschek SE and the Group for the 2020 financial year were audited and approved without qualification by auditing firm Ernst & Young GmbH, Munich.

The specified final documents of the SE, the Group and the executive board's proposal on the appropriation of profits as well as the auditor's reports were available to the members of the supervisory board sufficiently in advance of the balance sheet meeting on March 18, 2021. The auditor took part in the meeting, reported extensively on his auditing activities and the main audit results, explained the audit report and provided detailed answers to all of the supervisory board members' questions.

Taking the auditor's reports into consideration, the supervisory board has examined the annual financial statements, the consolidated financial statements and the consolidated management report for Nemetschek SE and the Group and is convinced of the correctness and completeness of the actual information. The supervisory board concurs with the result of the audit performed by the auditor and has determined that there are no reservations to be raised. The supervisory board approved the 2020 financial statements and consolidated financial statements of Nemetschek SE at the balance sheet meeting of

March 18, 2021. The 2020 annual financial statements are thus final within the scope of § 172 of the German Stock Corporation Act (AktG).

Furthermore, the supervisory board assessed the services rendered by the auditor and resolved on evaluating the quality of the year-end audit. The current situation of auditing firm Ernst & Young GmbH as the auditor was debated and possible effects on the Nemetschek SE year-end audit were evaluated. No obstacles were ascertained which would be in opposition of a year-end audit performed by auditing firm Ernst & Young GmbH.

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

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

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

### **Conflicts of interest / Self-assessment**

In the reporting year, there were no conflicts of interest on the part of the supervisory board members. In addition, no conflicts of interest involving members of the executive board were reported to the chairman of the supervisory board.

The supervisory board regularly assesses how effectively it discharges its duties. General subject areas include the conducting of supervisory board meetings, collaboration of supervisory board members, working together with the executive board as well as the quality of the provision of information to the supervisory board. In the 2020 financial year, no self-assessment of the supervisory board was made. This is, however, planned for the year 2021.

### **Corporate Governance**

The supervisory board was continuously occupied with the principles of good corporate governance in the 2020 financial year. On December 18, 2020, the executive board and supervisory board resolved to submit a Declaration of Conformity as per §161 of the German Stock Corporation Act (AktG), in accordance with which the company has, since submission of the previous Declaration of Conformity of December 19, 2019, conformed and in future will also conform to the recommendations of the German Corporate Governance Code in the versions of February 7, 2017 (published in the Federal Gazette on April 24, 2017) and December 16, 2019 (published in the Federal Gazette on March 20, 2020) with the exception of the justified deviations specified in the Declaration of Conformity. The formulation of the Declaration of Conformity of December 18, 2020 is part of the consolidated management report and included in the >> Corporate Governance Declaration<< section in the "To our shareholders" part of the annual report for the 2020 financial year. The Declaration of Conformity was made permanently available to shareholders on the company website under [ir.nemetschek.com/en/corporate-governance](http://ir.nemetschek.com/en/corporate-governance).

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

As in the previous year, the executive board consisted of three members. As of January 1, 2020, Dr. Axel Kaufmann was appointed Spokesman of the Executive Board and CFO of Nemetschek SE. In addition to these roles, he is responsible for the growth-intensive Media & Entertainment business unit. Dr. Kaufmann takes on these important roles in Nemetschek SE as a very competent manager with many years of international industry experience and a great deal of financial expertise. The supervisory board is

convinced that, together with the existing, very experienced and international Nemetschek SE executive board team, Dr. Kaufmann will lead the company into the next phase of innovation and growth.

The supervisory board consisted of four members in the 2020 financial year. In 2020, the composition of the supervisory board in terms of personnel remained unchanged vis-à-vis the previous year.

### **Thanks for dedicated performance**

In the year 2020, which was marked by the effects of the Covid-19 pandemic, the Nemetschek Group again demonstrated its operational strength and resilience. Likewise, the business model and the strategic alignment in place proved themselves to be crisis-proof. Thus, it was possible to close a financial year which was once again very successful. In 2020, in a challenging and uncertain environment, the Nemetschek Group was again able to achieve revenue growth and simultaneously keep its profitability at a high level – which also benefited from Covid-19 measures such as strict cost management and business activities that were restricted in part. It was possible to achieve the targets, which had been raised in the course of the year.

In 2020, under difficult conditions, our employees delivered extraordinary service and consequently made a great contribution to the success of the company. The supervisory board thanks all employees for their excellent performance and personal commitment. At the same time, the supervisory board would like to express its recognition and high level of appreciation to the executive board and the CEOs of all the brands for their performance.

Munich, March 18, 2021

Kurt Dobitsch  
Chairman of the supervisory board