

QUARTERLY STATEMENT AS OF SEPTEMBER 30 2023

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Key Figures

NEMETSCHEK GROUP

in EUR million	3rd quarter 2023	3rd quarter 2022	Change	9 months 2023	9 months 2022	Change
Operative figures						
Revenues	219.8	202.8	8.4%	632.0	598.9	5.5%
– thereof software licenses	44.0	56.6	–22.2%	132.0	186.7	–29.3%
– thereof recurring revenues	166.0	137.7	20.6%	473.0	387.2	22.2%
– subscription + SaaS (as part of the recurring revenues)	77.4	54.4	42.3%	209.3	146.8	42.6%
Annual Recurring Revenue (ARR)	664.0	550.6	20.6%	664.0	550.6	20.6%
EBITDA	71.4	62.9	13.6%	188.5	201.3	–6.4%
as % of revenue	32.5%	31.0%		29.8%	33.6%	
EBIT	56.6	48.0	17.9%	143.9	157.6	–8.7%
as % of revenue	25.7%	23.7%		22.8%	26.3%	
Net income (group shares)	45.0	38.8	16.1%	114.1	127.9	–10.8%
per share in €	0.39	0.34		0.99	1.11	
Net income (group shares) before purchase price allocation	50.9	45.5	11.9%	131.8	146.1	–9.8%
per share in €	0.44	0.39		1.14	1.26	
Cash flow figures						
Cash flow from operating activities	64.7	59.3	9.1%	186.9	173.9	7.5%
Cash flow from investing activities	–1.4	–6.0		–23.3	–27.7	
Cash flow from financing activities	–26.9	–67.9		–113.1	–124.3	
Free cash flow	63.3	53.3		163.5	146.2	
Balance sheet figures						
Cash and cash equivalents*				248.0	196.8	26.0%
Net liquidity/net debt*				223.1	124.9	
Balance sheet total*				1,270.7	1,198.1	6.1%
Equity ratio in %*				59.5%	57.5%	
Headcount as of balance sheet date				3,406	3,359	1.4%
Share figures						
Closing price (Xetra) in €				57.94	49.23	
Market Capitalization				6,692.07	5,686.07	

* Presentation of previous year as of December 31, 2022.

Interim Group Management Report (Q3 2023)

Results of Operations, Financial Position, and Net Assets

Results of Operations

Strong, profitable growth in Q3 – favorable development in first nine months of 2023: Revenue growth of 5.5%, EBITDA margin at 29.8%

Group revenues increased by 5.5% to EUR 632.0 million in the first nine months of 2023 (same period of previous year: EUR 598.9 million) despite the simultaneous transition to subscription and SaaS models. Adjusted for currency effects, i.e. on the basis of constant exchange rates, revenue growth would have amounted to 7.1%. The third quarter in particular contributed to this pleasing development. With a high revenue growth of 8.4% (currency-adjusted: 12.6%), revenues in Q3 increased to EUR 219.8 million.

The transition to subscription and SaaS models and its accounting-related effects had the expected short-term dampening effect on the Group's earnings. Accordingly, EBITDA decreased by -6.4% to EUR 188.5 million (same period of previous year: EUR 201.3 million). This led to the expected reduction of the EBITDA margin from 33.6% in the first nine months of 2022 to 29.8% in the first nine months of 2023. In Q3 2023, on the other hand, EBITDA increased significantly by 13.6% (currency-adjusted: 20.2%) to EUR 71.4 million, which corresponds to an EBITDA margin of 32.5% (prior-year quarter: 31.0%).

Revenue development

Revenues by type – Subscription and SaaS remain growth drivers

In alignment with our strategy, revenues increased in the first nine months of 2023 while simultaneously transitioning the business model towards subscription and SaaS. The Group made further progress toward its strategic objective of increasing the share of recurring revenues – especially subscription and SaaS – in total revenues. In total, recurring revenues rose to EUR 473.0 million (same period of previous year: EUR 387.2 million), corresponding to revenue growth of 22.2% (currency-adjusted: 24.0%). Subscription and SaaS revenues alone increased significantly by a further 42.6% (currency-adjusted: 45.2%), from EUR 146.8 million in the same period of the previous year to EUR 209.3 million. The ARR (Annual Recurring Revenue) increased by 20.6% (currency adjusted: 25.4%) to EUR 664.0 million in the first nine months of 2023, which was significantly stronger than the total revenue growth. Consequently, the share of recurring revenues in total revenues increased significantly to 74.8% (same period of previous year: 64.6%).

In line with this development, revenues from software licenses amounted to EUR 132.0 million in the first nine months of the financial year, an expected decline of -29.3% compared to the same period of the previous year (EUR 186.7 million). Adjusted for currency effects, the decrease amounted to -28.3%. The share of total revenues attributable to revenues from software licenses declined to 20.9% (same period of previous year: 31.2%).

Revenues by region – Internationalization

The increasingly global alignment of the Group is an important factor in its diversification. In the first nine months of 2023, domestic revenues increased by 5.2% to EUR 130.9 million (same period of previous year: EUR 124.4 million). In its foreign markets, the Nemetschek Group generated revenues of EUR 501.1 million (same period of previous year: EUR 474.4 million), corresponding to an increase of 5.6% compared to the previous year period. Foreign markets accounted for 79.3% of total revenues in the first nine months of 2023 (same period of previous year: 79.2%). The business development in Europe stabilized in the first nine months of 2023 and contributed above average to the Group's growth. On the other hand, revenue growth in the USA was burdened as expected by the business model transition of Bluebeam to subscription and SaaS and its accounting-related effects.

Overview of segments

The **Design segment**, whose business activities are mainly focused on Europe, generated revenues of EUR 311.9 million in the first nine months of 2023 (same period of previous year: EUR 286.1 million). This corresponds to a growth of 9.0% (currency-adjusted: 9.9%). The difficult market environment, marked especially by the higher interest rate level and the geopolitical challenges in Europe, led to longer sales cycles among customers. The recurring revenues, however, showed a significantly above average growth with a plus of 15.7%, mainly coming from the subscription and SaaS models, contributing to the stabilization of the revenue base. This is mainly a reflection of the transition to subscription and SaaS at the brands Vectorworks, Scia and Frilo.

EBITDA decreased by -1.2%, from EUR 86.8 million in the first nine months of 2022 to EUR 85.8 million in the first nine months of 2023. This led to a margin of 27.5%, (same period of previous year: 30.3%). The EBITDA decrease was mainly caused by the accounting-related effects of the transition to subscription and SaaS models, but was also impacted as expected by planned one-time personnel expenses and one-time higher trade fair and exhibition expenses as a result of the implementation of our intensified and harmonized go-to-market approach.

In the **Build segment**, which primarily targets construction companies in the USA and the German-speaking countries, Bluebeam's transition to subscription and SaaS models continued to progress as planned. The majority of new customers are opting for the high-value subscription and SaaS packages with more extensive cloud features. As a result of the transition, the revenue declined slightly by –0.5% in the first nine months of 2023 (currency-adjusted: 1.7%) to EUR 201.5 million (same period of previous year: EUR 202.5 million).

EBITDA decreased because of the transition by –12.1% to EUR 72.3 million in the first nine months of 2023 (same period of previous year: EUR 82.2 million). At 35.9%, the EBITDA margin in the first nine months of 2023 was as expected below the previous year's level of 40.6%.

In the **Manage segment**, which focuses on European commercial construction, the market situation stabilized, even though the volume of investments by facility managers remains below pre-crisis levels. Revenues totaled to EUR 42.1 million in the first nine months of 2023. This represents a growth of 5.6% (currency-adjusted: 7.4%) compared with the first nine months of 2022, when revenues amounted to EUR 39.9 million. Since January 1, 2023, the dRofus brand has been consolidated in the Manage segment, being moved from the Build segment to the newly created Digital Twin business unit.

Segment EBITDA, influenced by investments in the Digital Twin business unit, amounted to EUR 0.0 million in the first nine months of 2023 (same period of previous year: EUR 2.8 million), with the result that the margin declined from 7.0% in the first nine months of 2022 to –0.1% in the first nine months of 2023.

In the **Media segment** revenues rose by 8.5% (currency-adjusted: 10.4%) to EUR 82.2 million (same period of previous year: EUR 75.8 million) in the first nine months of 2023. The lower growth compared to the previous year's quarters is attributable to the particularly high comparison base from the previous year. The first nine months of 2022 profited from an inorganic growth contribution as well as from a strong, positive one-time effect from the sale of perpetual licenses in China for the last time. In 2023, the strikes in the film and TV industry in Hollywood also affects the industry.

Segment EBITDA amounted to EUR 30.5 million in the first nine months of 2023 (same period of previous year: EUR 29.6 million). Accordingly, the EBITDA margin declined from 39.0% in the first nine months of 2022 to 37.1% in the first nine months of 2023 as a result of the continued transition to subscription.

Earnings performance – Earnings per share at EUR 0.99

Operating expenses increased by 8.7% in the first nine months of 2023 from EUR 454.8 million to EUR 494.5 million. The cost of materials included in this item increased to EUR 25.0 million (same period of previous year: EUR 22.4 million). Personnel expenses rose by 9.1% from EUR 248.5 million in the first nine

months of 2022 to EUR 271.2 million. Other expenses increased by 9.7% from EUR 140.2 million to EUR 153.8 million. Depreciation and amortization of fixed assets increased by 2.0% from EUR 43.7 million to EUR 44.6 million.

The net income (group shares) decreased by –10.8% to EUR 114.1 million in the first nine months (same period of previous year EUR 127.9 million), mainly driven by the transition to subscription and SaaS. The corresponding earnings per share amounted to EUR 0.99 (same period of previous year: EUR 1.11). Adjusted for amortization from the purchase price allocation after tax, net income declined by –9.8% to EUR 131.8 million (same period of previous year: EUR 146.1 million), resulting in an adjusted earnings per share of EUR 1.14 (same period of previous year: EUR 1.26).

The Group's tax rate amounted to 19.6% in the nine months of 2023 (same period of previous year: 20.0%).

Financial position

Development of cash flow – Operating cash flow at EUR 186.9 million – Cash and cash equivalents at EUR 248.0 million

Cash flow from operating activities was mainly used for investments in fixed assets and intangible assets, investments in start-ups, dividend payments, repayments of loans and repayments of lease liabilities.

The Nemetschek Group generated a **cash flow from operating activities** of EUR 186.9 million in the first nine months of 2023 (same period of previous year: EUR 173.9 million). The increase is mainly attributable to increased recurring sales invoiced and the corresponding advance payments resulting from those.

Cash flow from investing activities amounted to EUR –23.3 million in the first nine months of 2023 (same period of previous year: EUR –27.7 million) and includes payments for investments in start-ups of EUR 13.4 million (same period of previous year: EUR 3.9 million) and capital expenditures of EUR 8.9 million (same period of previous year: EUR 11.4 million).

The **cash flow from financing activities** amounted to EUR –113.1 million (same period of previous year: EUR –124.3 million) and primarily consisted of dividend payments of EUR 52.0 million (same period of previous year: EUR 45.0 million), repayments of bank loans of EUR 65.6 million (same period of previous year EUR 91.4 million) and payments of lease liabilities in the amount of EUR 12.7 million (same period of previous year EUR 12.6 million). These payments were offset by cash inflows from bank loans in the amount of EUR 21.2 million (same period of previous year: EUR 27.8 million).

As at September 30, 2023, the Nemetschek Group held cash and cash equivalents of EUR 248.0 million (December 31, 2022: EUR 196.8 million).

Net assets

Equity ratio stable at 59.5%

Total assets increased from EUR 1,198.1 million as at December 31, 2022 to EUR 1,270.7 million as at September 30, 2023. With equity amounting to EUR 755.6 million (December 31, 2022: EUR 689.2 million), the equity ratio was 59.5% compared to 57.5% as at December 31, 2022. Net income for the first nine months of 2023 (EUR 116.1 million) and the EUR 2.0 million increase in the carrying amount of Group assets due to foreign currency effects served to increase equity, while the dividend payments (EUR 52.0 million) had an opposing effect. The dividend increased by 15% from EUR 0.39 per share to EUR 0.45 per share.

Related party transactions and significant events after the interim reporting period

There were no significant events after the end of the interim reporting period.

Employees

The Nemetschek Group had 3,406 employees as at September 30, 2023 (September 30, 2022: 3,359), representing an increase of 1.4% compared to the prior-year period. The Nemetschek Group is planning to recruit additional employees over the next few quarters in order to ensure its future growth.

Report on opportunities and risks

With regard to the main opportunities and risks of the anticipated development of the Nemetschek Group, we refer in principle to the opportunities and risks described in the group management report as of 31 December 2022.

In the course of the fiscal year 2023, the opportunities and risks of the Group have changed slightly. Changes may occur in the competitive environment, particularly as a result of the rapidly increasing importance of artificial intelligence (AI) and its rapid further development. In addition to the development and introduction of AI solutions by established companies, including in the AEC/O and media industry, the increasing importance of AI is also supported by a high willingness to invest in corresponding start-ups.

The Nemetschek Group sees both opportunities and risks in this development, which are closely monitored and actively addressed in the company. In order to make the best possible use of the opportunities arising from this, Nemetschek has already been investing more heavily in innovations for years, with a significant focus of activities on AI. To this end, Nemetschek also works together with experts from the university environment in its internal research and development activities. At the same time, Nemetschek invests in start-ups in the AI environment in order to be as close as possible to the pulse of the times and to take on a pioneering role in this area. The focus is also on linking the start-ups to the Nemetschek brands.

Furthermore, information security risks have also increased slightly. Overall, the existing risks for the Nemetschek Group do not pose a threat to the company as a going concern, either individually or in their entirety.

Increase in revenue guidance for 2023 and other statements on expected development

Based on the very positive business development, the Executive Board has increased the revenue guidance for fiscal year 2023 as already announced in the ad hoc release of October 23, 2023. The currency-adjusted revenue growth is now expected to be in a range between 6% and 8% (previously: 4% and 6%). The Executive Board expects the EBITDA margin to be at the upper end of the previously communicated range of 28% to 30%.

Furthermore, it is still expected that the ARR growth will exceed 25% compared to the previous year, resulting in a share of recurring revenues in total revenues of more than 75% in 2023 (previous year: 66%).

The guidance is based on the assumption that the global macro-economic or sector-specific conditions will not deteriorate significantly in 2023. Furthermore, no additional potential negative effects from the current developments in the Middle East conflict and the ongoing war in Ukraine are reflected in the outlook.

Consolidated statement of comprehensive income

for the period from January 1 to September 30, 2023 and 2022

STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	3rd quarter 2023	3rd quarter 2022	9 months 2023	9 months 2022
Revenues	219,844	202,782	631,981	598,851
Other income	2,782	6,391	6,430	13,537
Operating income	222,626	209,173	638,411	612,388
Cost of goods and services	-7,982	-7,853	-24,960	-22,411
Personnel expenses	-88,821	-85,008	-271,197	-248,517
Depreciation of property, plant and equipment and amortization of intangible assets	-14,879	-14,940	-44,592	-43,709
<i>thereof amortization of intangible assets due to purchase price allocation</i>	-7,655	-8,182	-23,095	-23,721
Other expenses	-54,393	-53,409	-153,761	-140,152
Operating expenses	-166,074	-161,209	-494,509	-454,790
Operating result (EBIT)	56,551	47,964	143,902	157,598
Interest income	1,072	107	2,114	179
Interest expenses	-906	-560	-2,470	-1,797
Other financial expenses/income	-306	2,980	1,174	6,883
Net finance costs	-140	2,527	817	5,265
Share of net profit of associates	0	-263	-176	-263
Earnings before taxes (EBT)	56,411	50,228	144,543	162,600
Income taxes	-10,472	-10,939	-28,395	-32,477
Net income for the year	45,940	39,289	116,148	130,123
Other comprehensive income:				
Difference from currency translation	10,453	18,563	1,996	40,900
Items of other comprehensive income that are reclassified subsequently to profit or loss	10,453	18,563	1,996	40,900
Gains/losses from the revaluation of defined benefit pension plans	0	-51	0	722
Tax effect	0	15	0	-211
Items of other comprehensive income that will not be reclassified to profit or loss	0	-36	0	510
Subtotal other comprehensive income	10,453	18,527	1,996	41,411
Total comprehensive income for the year	56,393	57,816	118,144	171,534
Net profit or loss for the period attributable to:				
Equity holders of the parent	45,036	38,778	114,114	127,884
Non-controlling interests	904	511	2,035	2,239
Net income for the year	45,940	39,289	116,148	130,123
Total comprehensive income for the year attributable to:				
Equity holders of the parent	54,839	55,705	115,921	165,677
Non-controlling interests	1,554	2,111	2,223	5,857
Total comprehensive income for the year	56,393	57,816	118,144	171,534
Earnings per share (undiluted) in euros	0.39	0.34	0.99	1.11
Earnings per share (diluted) in euros	0.39	0.34	0.99	1.11
Average number of shares outstanding (undiluted)	115,500,000	115,500,000	115,500,000	115,500,000
Average number of shares outstanding (diluted)	115,500,000	115,500,000	115,500,000	115,500,000

As a result of rounding, it is possible that the individual figures in this quarterly report do not exactly add up to the totals shown and that the percentage disclosures do not reflect the absolute values to which they relate.

Consolidated statement of financial position

as of September 30, 2023 and December 31, 2022

STATEMENT OF FINANCIAL POSITION

Assets	Thousands of €	September 30, 2023	December 31, 2022
Current assets			
Cash and cash equivalents		247,988	196,821
Trade receivables		106,504	84,520
Inventories		1,471	890
Income tax receivables		15,339	11,289
Other financial assets		1,260	2,492
Other non-financial assets		33,254	31,120
Current assets, total		405,815	327,132
Non-current assets			
Property, plant and equipment		25,229	26,568
Intangible assets		149,949	171,703
Goodwill		558,301	557,047
Right-of-use assets		64,617	69,795
Investments in associates		3,666	4,010
Deferred tax assets		30,489	21,465
Other financial assets		29,973	18,377
Other non-financial assets		2,673	2,031
Non-current assets, total		864,897	870,996
Total assets		1,270,712	1,198,128

Equity and liabilities	Thousands of €	September 30, 2023	December 31, 2022
Current liabilities			
Short-term borrowings and current portion of long-term loans		23,466	65,072
Trade payables		12,372	15,712
Provisions and accrued liabilities		68,053	70,251
Deferred revenue		271,468	206,939
Income tax liabilities		8,595	10,660
Other financial liabilities		2,858	1,494
Lease liabilities		16,913	14,854
Other non-financial liabilities		20,565	18,858
Current liabilities, total		424,290	403,841
Non-current liabilities			
Long-term borrowings without current portion		1,419	6,873
Deferred tax liabilities		15,699	19,802
Pensions and related obligations		2,609	2,455
Provisions		2,195	1,582
Deferred revenue		3,714	2,631
Income tax liabilities		6,126	6,035
Other financial liabilities		33	390
Lease liabilities		56,648	62,443
Other non-financial liabilities		2,420	2,853
Non-current liabilities, total		90,863	105,065
Equity			
Subscribed capital		115,500	115,500
Capital reserve		12,485	12,485
Retained earnings		597,777	533,871
Other reserves		-6,778	-8,586
Equity (group shares)		718,984	653,270
Non-controlling interests		36,575	35,953
Equity, total		755,559	689,223
Total equity and liabilities		1,270,712	1,198,128

Consolidated cash flow statement

for the period from January 1 to September 30, 2023 and 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	9 months 2023	9 months 2022
Profit (before tax)	144,543	162,600
Depreciation and amortization of fixed assets	44,592	43,709
Net finance costs	-817	-5,265
Share of net profit of associates	176	263
EBITDA	188,494	201,307
Other non-cash transactions	4,292	1,321
Cash flow for the period	192,786	202,628
Change in trade working capital	37,339	28,990
Change in other working capital	1,932	-9,498
Dividends received from associates	168	134
Financing effects	2,063	182
Financing effects and tax cash flow	-47,418	-48,545
Cash flow from operating activities	186,870	173,892
Capital expenditure	-8,873	-11,378
Changes in liabilities from acquisitions	-1,410	-7,465
Cash received from disposal of fixed assets	318	52
Cash paid for acquisition of subsidiaries, net of cash acquired	0	-5,033
Cash paid for acquisition of other investments	-13,366	-3,911
Cash flow from investing activities	-23,332	-27,735
Dividend payments	-51,975	-45,045
Dividend payments to non-controlling interests	-1,600	-1,346
Cash received from bank loans	21,237	27,800
Repayment of borrowings	-65,571	-91,389
Principal elements of lease payments	-12,684	-12,646
Interests paid	-2,503	-1,701
Cash flow from financing activities	-113,096	-124,326
Changes in cash and cash equivalents	50,442	21,831
Effect of exchange rate differences on cash and cash equivalents	725	7,687
Cash and cash equivalents at the beginning of the period	196,821	157,095
Cash and cash equivalents at the end of the period	247,988	186,614

Consolidated statement of changes in equity

for the period from January 1 to September 30, 2023 and 2022

Thousands of €	Equity attributable to the parent company's shareholders					Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Translation reserve				
As of January 1, 2022	115,500	12,485	415,410	-17,533	525,862	33,830	559,693	
Other comprehensive income	-	-	426	37,366	37,793	3,618	41,411	
Net income for the year	-	-	127,884	-	127,884	2,239	130,123	
Total comprehensive income for the year	0	0	128,311	37,366	165,677	5,857	171,534	
Dividend payments to non-controlling interests	-	-	-	-	0	-1,346	-1,346	
Share-based payments	-	-	0	-	0	0	0	
Dividend payment	-	-	-45,045	-	-45,045	-	-45,045	
As of September 30, 2022	115,500	12,485	498,677	19,833	646,495	38,341	684,836	
As of January 1, 2023	115,500	12,485	533,871	-8,586	653,270	35,953	689,223	
Other comprehensive income	-	-	-	1,808	1,808	188	1,996	
Net income for the year	-	-	114,114	-	114,114	2,035	116,148	
Total comprehensive income for the year	0	0	114,114	1,808	115,921	2,223	118,144	
Dividend payments to non-controlling interests	-	-	-	-	0	-1,600	-1,600	
Share-based payments	-	-	1,767	-	1,767	0	1,767	
Dividend payment	-	-	-51,975	-	-51,975	-	-51,975	
As of September 30, 2023	115,500	12,485	597,777	-6,778	718,984	36,575	755,559	

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GROUP

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