



# NEMETSCHEK GROUP

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Building Software –  
Empowering The  
Entire AEC Lifecycle

QUARTERLY STATEMENT  
AS OF SEPTEMBER 30, **2019**

# To our Shareholders



**Patrik Heider,**  
Spokesman of the  
Executive Board and CFOO

*Dear Shareholders,*

The Nemetschek Group, Germany's second largest listed software company, continued on its dynamic growth course in the third quarter with an increase in revenue of 20.4% compared to the corresponding quarter in the previous year. The operating result before interest, tax and depreciation and amortization (EBITDA) clearly increased over-proportionally to revenue by 46.4%, which caused the operating margin to rise by more than five percentage points to 30.9%.

We are on a direct course to another record year. The results at the nine-month point reflect our strong positioning across the entire value chain process in the building industry, and are inherent to high growth dynamics and increased efficiency. Our Group has never been as strong and competitive as it is today.

## **Major indicators of the Group's success in Q3 and the first nine months of 2019**

- » In the third quarter, **Group revenue** rose to EUR 138.3 million. A high rate of organic growth of 15.7% and the strong development of the recently acquired Spacewell brand led to a total growth rate of 20.4% compared to the same quarter of the previous year. In the first nine months of the year, revenues increased by 22.7% compared to the same period in the previous year, organically by 17.2%.
- » With a plus of 31.5%, rising to EUR 76.6 million, **recurring revenue** from software service contracts and subscriptions remained a major growth driver in Q3. The nine-month perspective indicated similar growth dynamics (+33.9%).

Revenues from rental models (**subscriptions**) contributed in particular to this, rising by 119.0% in Q3 and by 129.6% in the first nine months. In the case of several Nemetschek brands such as dRofus, RISA and Spacewell, a large portion of business is already based on subscriptions. At the beginning of September of this year, with Maxon a further brand has strengthened the strategic alignment of the Nemetschek Group with its new product release towards a subscription-based business model, which most importantly offers new customers very attractive options since there is no longer a license fee. The growing subscription-based revenues ensure high levels of continuity and planning reliability. The growth power of Nemetschek can thus no longer be measured solely in terms of license sales.

- » The operating Group earnings (**EBITDA**) clearly increased over-proportionally compared to revenue in Q3 by 46.4%, reaching EUR 42.8 million. The EBITDA margin consequently jumped to a high 30.9% (previous year: 25.5%). In the nine months, the margin improved, rising to 29.4% (previous year's period: 26.7%).

The strong increase was positively influenced by the initial application of the new IFRS 16 concerning the accounting of leases. Adjusted for this effect, the EBITDA margin in Q3 amounted to 28.2%,

which was more than that of the previous year, and reached the previous year's level in the first nine months (26.7%).

- » The **quarterly profit** almost tripled in Q3 as a result of the strong operative business and a positive one-off effect arising from the successful sale of the non-strategic interest in DocuWare of EUR 18.2 million, rising to EUR 54.0 million. The income arising from the sale of DocuWare in the amount of EUR 29.9 million is reflected in the financial results. The earnings per share rose accordingly from EUR 0.16 to EUR 0.47. Adjusted for the positive one-off effect, the result is a quarterly profit of EUR 24.1 million (+32.4%), and earnings per share amounting to EUR 0.21. From a nine-month perspective, it was possible to increase the profit for the period by 81.3%, rising to EUR 95.4 million, which corresponds to earnings per share in the amount of EUR 0.83 (previous year: EUR 0.46).

#### Segment highlights in Q3 and in the first nine months of 2019

- » The **Build** segment continues to be a growth driver of the Nemetschek Group with an increase in revenue of 25.2% in Q3, and of 27.9% in the first nine months. The corresponding clearly over-proportional rise in EBITDA (Q3: +76.3%, 9M: +51.7%) led to peak margins in this segment of 32.0% in Q3 and 32.7% in the first nine months.
- » The **Design** segment recorded growth of 9.8% in Q3, and 11.3% in the nine-month perspective. EBITDA increased over-proportionally by 33.6% in Q3, which caused the EBITDA margin to reach 31.4% (previous year's quarter: 25.8%) and rose to 29.0% in the first nine months (previous year's period: 24.9%).
- » The **Manage** segment was considerably strengthened by the acquisition of the Spacewell brand (initial consolidation as of September 2018). As a result of organic growth and the strong contribution of Spacewell, revenues in Q3 increased from EUR 3.6 million in the previous year's period to EUR 9.7 million. In the first nine months, it was possible to increase revenue to EUR 27.2 million (previous year's period: EUR 7.7 million). In Q3, the EBITDA margin amounted to 23.1%. The margin for the first three quarters of 12.6% includes the acquisition costs of EUR 1.5 million for the acquisition of the Axserion brand from the first quarter. Adjusted for these acquisition costs, the EBITDA margin reached 18.1%.
- » In the **Media & Entertainment** segment, strong growth was achieved with the simultaneous conversion to subscription models. The subscription model was introduced in late Q3 and contributed to the highest September results in segment history. As a result of organic growth and the contribution of the acquired Redshift, revenues rose by 26.0% in Q3 and 24.3% in the first nine months. The EBITDA margin in the first nine months amounted to 35.1% (previous year's period: 41.9%) as a result of the acquisition and integration costs for Redshift as well as the conversion costs for subscriptions.

#### Targets in the upper end anticipated for the year 2019 as a whole

As a result of the strong development in the first nine months, we expect that the previously set corporate targets for the year 2019 as a whole will be comfortably achieved in terms of revenue as well as in terms of the EBITDA margin. Group revenue is thus anticipated in the upper end of the announced range of EUR 540 million to EUR 550 million, which corresponds to a growth of 17% to 19% compared to the previous year.

We see the EBITDA margin in the upper end of the target range of 27% to 29%, including the effects from the conversion to the new leasing standard IFRS 16\*.

Yours sincerely



Patrik Heider

\* For the first time, as of January 1, 2019, the new financial reporting standard IFRS 16 is to be considered, according to which leases of any kind (operating or finance leasing) are to be accounted for and recognized. As a result of this reform, the Nemetschek Group anticipates a positive effect on the EBITDA level in the range of approximately EUR 14 million to EUR 15 million. The Nemetschek Group will provide detailed information on the effects on EBITDA arising from IFRS 16 in the quarters.

# Nemetschek on the Capital Market

## Positive development of the stock markets

During the first nine months of 2019, global financial markets recovered across the board. This was mainly brought on by further decreases in interest and cash injections by the central banks – and less by the weak dynamics of the global economy, which remained unchanged. Despite ongoing declines in economic momentum and increased mid-term downside risks, macro-indicators continue to point to only a slight probability of a recession at the present time. However, without a doubt, the smoldering US-China trade conflict is making the global economy more vulnerable.

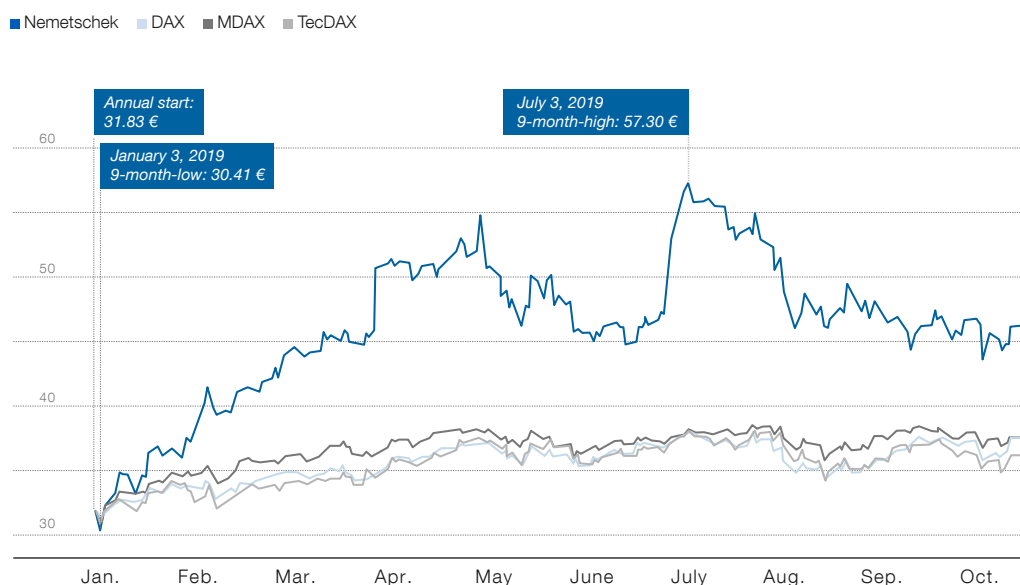
Following a favorable start of the year, German stock markets tended to be rather volatile and plateaued in the second and third quarters. All in all, it was possible to close the nine months with a clear plus: the DAX achieved gains of some 18% since the beginning of the year. The MDAX was able to grow somewhat more strongly at about 20%. The technology companies consolidated in the TecDAX achieved gains of some 15% since the beginning of the year.

## Nemetschek share price performance since the start of 2019

On January 2, 2019, the Nemetschek share started the new year at a price of EUR 31.83. Right at the start of the year, the share dropped to an all-time low of EUR 30.41 (January 3, 2019) as a result of the market environment, which remained volatile. Thereafter, the Nemetschek share was able to develop considerably more strongly than the German indexes. The favorable share price development was driven by positive company news, including the acquisition of the brand Axserion in the Manage segment on January 11, the preliminary annual figures for 2018 on February 6, the announcement of an increased dividend payout on March 21 and the complete annual figures on March 29, at which time the Nemetschek Group also published its ambitious forecast for 2019. The share also continued to rise in the second quarter, driven in particular by expressly high figures in the first quarter, which were published on April 30. This was followed by a consolidation phase. The Nemetschek share got new impetus with the stock split on June 28. With the split completed, the Nemetschek share reached its all-time high of EUR 57.30 on July 3, 2019. In spite of the favorable half-year figures announced on July 26, the Nemetschek share was unable to remain at this level. Instead, in August, there was a move toward consolidation, which continued into September. As of September 30, 2019, the Nemetschek share closed with a share price of EUR 46.65 – a rise of about 47% since the beginning of the year. The market capitalization of Nemetschek SE increased accordingly to around EUR 5.4 billion as of September 30, 2019.

The share also continued its side-stepping course after the reporting date.

## DEVELOPMENT OF THE NEMETSCHKEK SHARE AS WELL AS OF THE DAX, MDAX AND TECDAX INDEXED



### Stock split

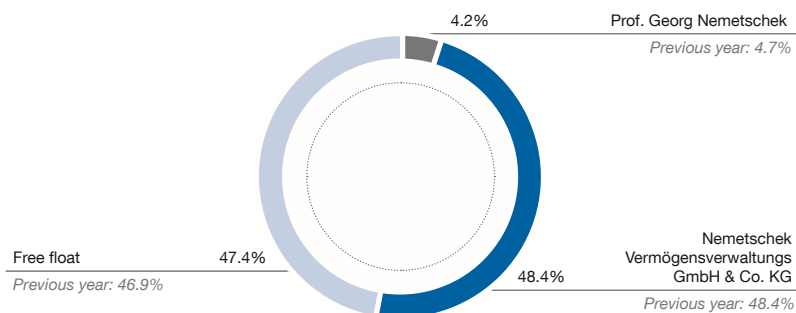
On June 28, 2019, Nemetschek SE implemented the stock split resolved on by the annual general meeting on May 28, 2019. Every shareholder received two shares for every Nemetschek share held at no further charge by means of a corresponding depot credit. The stock split was technically carried out by means of a capital increase of EUR 77,000,000 from the company's own resources from EUR 38,500,000 to EUR 115,500,000. Given that the overall value remained the same, the estimated price level of the Nemetschek share for the shareholders was accordingly divided by three. As a result of the split, the nominal capital of Nemetschek SE has tripled from 38,500,000 to 115,500,000 no-par value bearer shares.

### Shareholder structure

As of September 30, 2019, the nominal capital of Nemetschek SE was at EUR 115,500,000 and was divided into 115,500,000 no-par value bearer shares.

The free float as of September 30, 2019 was 47.4 percent.

#### SHAREHOLDER STRUCTURE\*



\* Direct shareholdings as of September 30, 2019.

# Key figures

## NEMETSCHEK GROUP

Millions of €	3rd quarter 2019	3rd quarter 2018	Change	9 month 2019	9 month 2018	Change
<b>Operative figures</b>						
<b>Revenues</b>	<b>138.3</b>	<b>114.9</b>	<b>20.4 %</b>	<b>406.0</b>	<b>330.9</b>	<b>22.7 %</b>
- thereof software licenses	55.0	52.3	5.1 %	167.3	155.8	7.4 %
- thereof recurring revenues	76.6	58.3	31.5 %	217.5	162.4	33.9 %
- subscription (as part of the recurring revenues)	13.1	6.0	119.0 %	34.5	15.0	129.6 %
<b>EBITDA</b>	<b>42.8</b>	<b>29.2</b>	<b>46.4 %</b>	<b>119.4</b>	<b>88.2</b>	<b>35.4 %</b>
as % of revenue	30.9 %	25.5 %		29.4 %	26.7 %	
<b>EBITDA (IFRS 16 adjusted)</b>	<b>38.9</b>	<b>29.2</b>	<b>33.2 %</b>	<b>108.2</b>	<b>88.2</b>	<b>22.7 %</b>
as % of revenue	28.2 %	25.5 %		26.7 %	26.7 %	
<b>EBITA</b>	<b>36.3</b>	<b>27.0</b>	<b>34.4 %</b>	<b>101.0</b>	<b>82.0</b>	<b>23.2 %</b>
as % of revenue	26.2 %	23.5 %		24.9 %	24.8 %	
<b>EBIT</b>	<b>32.0</b>	<b>23.2</b>	<b>38.0 %</b>	<b>88.5</b>	<b>71.4</b>	<b>23.9 %</b>
as % of revenue	23.2 %	20.2 %		21.8 %	21.6 %	
<b>Net income (group shares)</b>	<b>54.0</b>	<b>18.2</b>	<b>197.2 %</b>	<b>95.4</b>	<b>52.6</b>	<b>81.3 %</b>
per share in €*	0.47	0.16		0.83	0.46	
<b>Net income (group shares) w/o one-time-effect</b>	<b>24.1</b>	<b>18.2</b>	<b>32.4 %</b>	<b>65.5</b>	<b>52.6</b>	<b>24.5 %</b>
per share in €*	0.21	0.16		0.57	0.46	
<b>Net income (group shares) before purchase price allocation</b>	<b>57.4</b>	<b>21.1</b>	<b>172.0 %</b>	<b>105.2</b>	<b>61.1</b>	<b>72.1 %</b>
per share in €*	0.50	0.18		0.91	0.53	

Millions of €	9 month 2019	9 month 2018	Change
<b>Cash flow figures</b>			
Cash flow from operating activities	114.1	72.1	58.1 %
Cash flow from investing activities	-79.3	-71.1	11.6 %
Cash flow from financing activities	13.2	-0.2	
Free cash flow	34.8	1.1	
Free cash flow before M&A investments	132.5	64.4	105.8 %

Millions of €	September 30, 2019	December 31, 2018	Change
<b>Balance sheet figures</b>			
Cash and cash equivalents	171.5	120.7	42.0 %
Net liquidity/net debt	-15.2	-9.9	54.0 %
Balance sheet total	830.3	580.6	43.0 %
Equity ratio in %	38.7 %	43.0 %	
Headcount as of balance sheet date**	2,838	2,529	12.2 %

Millions of €	September 30, 2019	September 30, 2018	Change
<b>Share figures</b>			
Closing price (Xetra) in €*	46.65	42.00	
Market Capitalization	5,388.08	4,851.00	
Dividend per share in €*	0.27	0.25	

\* For better comparability, the figures have been presented after the share split.

\*\* Presentation of previous year as of September 30, 2018.

# Interim Management Report

## Report on the earnings, financial and asset situation

### Strong revenue growth of 22.7%, with continued high EBITDA margin of 29.4%

The Nemetschek Group increased its revenues in the first nine months by 22.7% to EUR 406.0 million (previous year: EUR 330.9 million). Purely organic growth amounted to 17.2%. Currency-adjusted on the basis of constant currency translation rates, this would result in 19.6%, revenue growth, or 14.1% purely organic growth.

EBITDA increased to EUR 119.4 million (previous year: EUR 88.2 million). The rise in the EBITDA margin of 26.7% in the previous year to 29.4% was as a result of the initial application of IFRS 16 "Leases". Adjusted for the effect as a result of the application of IFRS 16, this would result in an EBITDA margin of 26.7%.

### Marked rise in recurring revenue

During the first nine months, the Nemetschek Group's revenue from software licenses increased by 7.4% rising to EUR 167.3 million (previous year: EUR 155.8 million). Currency-adjusted, it was possible to achieve an increase of 4.2%. During the same period, recurring revenue at 33.9% rose much more strongly than software licenses to EUR 217.5 million (previous year: EUR 162.4 million). Currency-adjusted recurring revenues increased by 30.8%. The share of revenue from software licenses amounts to 41.2% (previous year: 47.1%); it was possible to increase the share of recurring revenue from 49.1% to 53.6%.

In terms of region, the growth impulses came from Germany as well as from international markets. Revenues within Germany increased by 9.7% to EUR 103.4 million (previous year: EUR 94.3 million). In markets abroad, the Nemetschek Group achieved revenues amounting to EUR 302.6 million, a plus of 27.9% compared to the previous year. The share of revenues from abroad amounted to 74.5% (previous year: 71.5%).

### Summary of segments

As a result of the new executive board structure of the Group and the corresponding, stronger focus on segments, the reporting structure was adapted as per IFRS 8. The Solibri brand was reclassified from the Build segment to the Design segment. The comparative figures were adjusted in the Interim Management Report. Please refer to the segment tables in the notes to the Interim Financial Statements for the originally reported values from the previous year.

In the Design segment, the Nemetschek Group generated revenue growth of 11.3%, rising to EUR 226.5 million (previous year: EUR 203.6 million). EBITDA increased by 29.1% to EUR 65.6 million (previous year: EUR 50.8 million). This is equivalent to an operating margin of 29.0%, following 24.9% in the previous year. In the Build segment, revenues rose with a plus of 27.9% to EUR 128.8 million, a considerable increase compared to the previous year's level (previous year: EUR 100.7 million). The EBITDA margin also rose considerably, growing to 32.7% (previous year: 27.6%). The revenues in the Manage segment rose by EUR 19.4 million to EUR 27.2 million

mainly as a result of the acquisition of Spacewell. The EBITDA margin decreased to 12.6% (previous year: 22.0%) due to acquisition costs. Revenues in the Media & Entertainment segment amounted to EUR 23.5 million at the end of the first nine months, exceeding the level of the previous year (EUR 18.9 million). The EBITDA margin, at 35.1%, decreased compared to the previous year (previous year: 41.9%).

### Earnings per share at EUR 0.83

Operating expenses rose by 22.3% from EUR 263.9 million to EUR 322.7 million. This includes material expenses, which grew to EUR 14.0 million (previous year: EUR 10.2 million). Personnel expenses increased by 22.5% from EUR 145.3 million to EUR 178.1 million. Mainly due to the initial application of IFRS 16 as well as intangible assets acquired in business combinations, the amortization and depreciation of fixed assets increased by 84.0% from EUR 16.8 million to EUR 31.0 million. Other operating expenses rose by 8.9% from EUR 91.5 million to EUR 99.6 million.

The net income for the period (Group shares) of EUR 95.4 million thus exceeded the value of the previous year of EUR 52.6 million by 81.3%. As special item, the sale of the shares in the associated company DocuWare GmbH contributed EUR 29.9 million to the net income. The earnings per share amounted to EUR 0.83 respectively adjusted for the special item EUR 0.57 (previous year, adjusted by the result of the stock split: EUR 0.46 per share). Adjusted for the amortization from the purchase price allocation after tax effects, net income for the year increased by 72.1% to EUR 105.2 million (previous year: EUR 61.1 million), and thus the earnings per share reached EUR 0.91 (previous year, adjusted by the result of the stock split: EUR 0.53 per share).

The Group's tax rate in the first nine months of 2019 amounted to 18.5% respectively adjusted for the special item 24.8% (previous year: 26.0%). The tax rate for the first nine months of 2019 is significantly impacted by the sales of the investment in DocuWare GmbH.

On May 28, 2019, the annual general meeting resolved to pay out a dividend of EUR 0.81 per share (in consideration of the stock split: EUR 0.27 per share).

### Operating cash flow at EUR 114.1 million with cash and cash equivalents of EUR 171.5 million

The high cash flow from operating activities was mainly used for dividend payments, loan payments and investments in fixed assets. Company acquisitions were financed by bank loans.

The Nemetschek Group generated an operating cash flow of EUR 114.1 million in the first nine months of 2019 (previous year: EUR 72.1 million). Due to the initial application of IFRS 16, the operating cash flow increased by EUR 9.4 million compared to the financial reporting framework applied in the previous year. The cash flow from investment activities amounted to EUR -79.3 million (previous year: EUR -71.1 million) and includes EUR 73.4 million paid for the acquisition of the Axserion Group, EUR 24.2 million paid for the acquisition of Redshift Rendering Technologies, Inc. as well as

EUR 33.3 million received from the sale of the shares in the associated company DocuWare GmbH. The cash flow from financing activities of EUR 13.2 million (previous year: EUR –0.2 million) primarily includes dividends paid out in the amount of EUR 31.2 million, bank loans taken out in the amount of EUR 100.0 million, the repayment of bank loans in the amount of EUR 43.6 million and leasing liabilities in the amount of EUR 8.3 million.

At the end of the quarter, the Nemetschek Group held cash and cash equivalents of EUR 171.5 million (December 31, 2018: EUR 120.7 million).

#### **Equity ratio at 38.7 %**

Compared to December 31, 2018, the balance sheet total increased considerably from EUR 580.6 million to EUR 830.3 million. The cause of this rise was in particular the application of IFRS 16, which, as of September 30, 2019, affected fixed assets in the amount of EUR 66.0 million and leasing liabilities in the amount of EUR 69.8 million. Further, the acquisitions of the Axxerion Group and Redshift Rendering Technologies, Inc., and the financing of these acquisitions, contributed to the increase in the balance sheet total.

Deferred revenues increased by EUR 32.0 million to EUR 127.3 million in line with software service and subscription contracts invoiced. Mainly due to acquisitions and the initial application of IFRS 16, non-current liabilities increased by EUR 115.3 million to EUR 223.9 million. Equity amounted to EUR 321.3 million (December 31, 2018: EUR 249.6 million), thus the equity ratio was 38.7 % after 43.0% as of December 31, 2018. Adjusted by the effects of IFRS 16 the equity ratio was about 42,3% as of September 30, 2019.

### **Events after the end of the interim reporting period**

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

### **Employees**

As of the reporting date, September 30, 2019, the Nemetschek Group employed a staff of 2,838 (September 30, 2018: 2,529). The increase is mainly attributable to recruitment in several Group companies as well as to the acquisition of Axxerion Group B.V. and Redshift Rendering Technologies, Inc.

### **Report on significant transactions with related parties**

There are no significant changes compared to the information provided in the consolidated financial statements as of December 31, 2018.

### **Opportunity and risk report**

Please see the opportunities and risks described in the Group management report for the year ended December 31, 2018 for details on significant opportunities and risks for the prospective development of the Nemetschek Group. In the interim period there were no material changes.

### **Report on forecasts and other statements on prospective development**

Following the strong first nine months of the year, the Nemetschek Group confirms the previously set corporate targets for the year 2019 as a whole. It anticipates Group revenue on the upper end of the range of EUR 540 million to EUR 550 million, which corresponds to growth of 17% to 19% compared to the previous year.

The EBITDA margin is also expected to be on the upper end of the range between 27% and 29%. The expectation considers the effects of the first-time adoption of the new leasing standard IFRS 16.



# Consolidated Statement of Comprehensive Income

for the period from January 1 to September 30, 2019 and 2018

## STATEMENT OF COMPREHENSIVE INCOME

Thousands of €	3rd quarter 2019	3rd quarter 2018	9 month 2019	9 month 2018
<b>Revenues</b>	<b>138,300</b>	<b>114,862</b>	<b>406,032</b>	<b>330,904</b>
Other operating income	2,357	1,203	5,112	4,346
<b>Operating income</b>	<b>140,657</b>	<b>116,065</b>	<b>411,143</b>	<b>335,250</b>
Cost of materials / cost of purchased services	-4,738	-3,571	-13,999	-10,201
Personnel expenses	-60,539	-51,247	-178,070	-145,306
Depreciation of property, plant and equipment and amortization of intangible assets	-10,753	-6,022	-30,981	-16,838
<i>thereof depreciation of right-of-use-assets</i>	-3,815	0	-10,829	0
<i>thereof amortization of intangible assets due to purchase price allocation</i>	-4,252	-3,783	-12,506	-10,586
Other operating expenses	-32,584	-32,012	-99,632	-91,530
<b>Operating expenses</b>	<b>-108,614</b>	<b>-92,852</b>	<b>-322,683</b>	<b>-263,875</b>
<b>Operating result (EBIT)</b>	<b>32,044</b>	<b>23,213</b>	<b>88,461</b>	<b>71,375</b>
Interest income	202	122	566	280
Interest expenses	-751	-269	-2,175	-621
<i>thereof right-of-use-assets</i>	-417	0	-1,142	0
Share of net profit of associates	27	0	361	0
Gain on disposal of shares in associates	29,927	0	29,927	0
Other financial expenses/income	1	4	-3	336
<b>Earnings before taxes (EBT)</b>	<b>61,449</b>	<b>23,070</b>	<b>117,137</b>	<b>71,370</b>
Income taxes	-7,436	-6,065	-21,630	-18,553
<b>Net income for the year</b>	<b>54,013</b>	<b>17,005</b>	<b>95,507</b>	<b>52,817</b>
<b>Other comprehensive income:</b>				
Difference from currency translation	6,566	2,218	7,805	4,633
<b>Subtotal of items of other comprehensive income that will be reclassified to income in future periods</b>	<b>6,566</b>	<b>2,218</b>	<b>7,805</b>	<b>4,633</b>
Gains/losses from the revaluation of defined benefit pension plans	-239	47	-533	118
Tax effect	39	-14	160	-34
<b>Subtotal of items of other comprehensive income that will not be reclassified to income in future periods</b>	<b>-199</b>	<b>33</b>	<b>-373</b>	<b>84</b>
<b>Subtotal other comprehensive income</b>	<b>6,366</b>	<b>2,251</b>	<b>7,432</b>	<b>4,717</b>
<b>Total comprehensive income for the year</b>	<b>60,380</b>	<b>19,256</b>	<b>102,938</b>	<b>57,534</b>
<b>Net profit or loss for the period attributable to:</b>				
Equity holders of the parent	53,981	18,163	95,428	52,623
Non-controlling interests	31	-1,158	78	194
<b>Net income for the year</b>	<b>54,013</b>	<b>17,005</b>	<b>95,507</b>	<b>52,817</b>
<b>Total comprehensive income for the year attributable to:</b>				
Equity holders of the parent	60,345	20,366	102,857	57,253
Non-controlling interests	34	-1,110	82	281
<b>Total comprehensive income for the year</b>	<b>60,379</b>	<b>19,256</b>	<b>102,938</b>	<b>57,534</b>
Earnings per share (undiluted) in euros*	0.47	0.16	0.83	0.46
Earnings per share (diluted) in euros*	0.47	0.16	0.83	0.46
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

\* For better comparability, earnings per share has been presented after the stock split.

# Consolidated Statement of Financial Position

as of September 30, 2019 and December 31, 2018

## STATEMENT OF FINANCIAL POSITION

<b>ASSETS</b>	Thousands of €	<b>September 30, 2019</b>	December 31, 2018
<b>Current Assets</b>			
Cash and cash equivalents		171,454	120,747
Trade receivables		64,484	55,758
Inventories		1,468	1,156
Tax refunded claims for income taxes		4,311	4,239
Other current financial assets		1,311	4,209
Other current assets		20,501	16,140
<b>Current assets, total</b>		<b>263,531</b>	<b>202,249</b>
<b>Non-current assets</b>			
Property, plant and equipment		26,474	17,574
Right-of-use assets		66,047	0
Intangible assets		134,613	102,085
Goodwill		327,699	244,349
Investments in associates		933	3,964
Deferred tax assets		3,959	3,157
Non-current financial assets		5,599	5,315
Other non-current assets		1,399	1,865
<b>Non-current assets, total</b>		<b>566,722</b>	<b>378,309</b>
<b>Total assets</b>		<b>830,252</b>	<b>580,558</b>

<b>EQUITY AND LIABILITIES</b>	Thousands of €	<b>September 30, 2019</b>	December 31, 2018
<b>Current liabilities</b>			
Short-term borrowings and current portion of long-term loans		71,266	56,348
Trade payables		9,145	12,878
Provisions and accrued liabilities		41,430	40,647
Deferred revenue		127,247	95,113
Income tax liabilities		10,435	5,441
Other current financial obligations		2,168	1,698
Current lease liability		12,027	0
Other current liabilities		11,330	10,180
<b>Current liabilities, total</b>		<b>285,049</b>	<b>222,305</b>
<b>Non-current liabilities</b>			
Long-term borrowings without current portion		115,405	74,280
Deferred tax liabilities		27,005	17,198
Pensions and related obligations		2,269	1,677
Non-current deferred revenue		91	262
Non-current financial obligations		8,676	4,115
Non-current lease liability		57,781	0
Other non-current liabilities		12,719	11,124
<b>Non-current liabilities, total</b>		<b>223,947</b>	<b>108,656</b>
<b>Equity</b>			
Subscribed capital		115,500	38,500
Capital reserve		12,485	12,485
Retained earnings		198,955	212,084
Other comprehensive income		-5,765	-13,566
<b>Equity (Group shares)</b>		<b>321,175</b>	<b>249,503</b>
Non-controlling interests		82	94
<b>Equity, total</b>		<b>321,257</b>	<b>249,597</b>
<b>Total equity and liabilities</b>		<b>830,252</b>	<b>580,558</b>

# Consolidated Cash Flow Statement

for the period from January 1 to September 30, 2019 and 2018

## CONSOLIDATED CASH FLOW STATEMENT

Thousands of €	9 month 2019	9 month 2018
Profit (before tax)	117,137	71,370
Depreciation and amortization of fixed assets	30,981	16,838
Change in pension provision	59	56
Other non-cash transactions	1,362	4
Share of net profit of associates	-361	0
Gain on disposal of shares in associates	-29,927	0
Result from disposal of fixed assets	245	46
<b>Cash flow for the period</b>	<b>119,496</b>	<b>88,314</b>
Interest income	-566	-280
Interest expenses	2,175	621
Change in other provisions	-763	962
Change in trade receivables	-4,940	-6,102
Change in other assets	719	-6,663
Change in trade payables	-4,158	-1,658
Change in other liabilities	19,706	16,900
Distributions received from associates	22	28
Interests received	565	278
Income taxes received	1,244	844
Income taxes paid	-19,428	-21,102
<b>Cash flow from operating activities</b>	<b>114,071</b>	<b>72,142</b>
Capital expenditure	-15,014	-7,755
Cash received from disposal of shares in associate	33,345	0
Changes in liabilities from acquisitions	0	-40
Cash received from disposal of fixed assets	60	5
Cash paid for acquisition of subsidiaries, net of cash acquired	-97,698	-63,264
<b>Cash flow from investing activities</b>	<b>-79,307</b>	<b>-71,054</b>
Dividend payments	-31,185	-28,875
Dividend payments to non-controlling interests	-93	-1,711
Repayment of borrowings	-43,610	-29,500
Changes in bank liabilities due to company acquisitions	100,000	86,000
Principal elements of lease payments	-8,285	0
Interests paid	-2,111	-572
Payments for acquisition of non-controlling interests	-1,500	-25,500
<b>Cash flow from financing activities</b>	<b>13,216</b>	<b>-158</b>
<b>Changes in cash and cash equivalents</b>	<b>47,980</b>	<b>930</b>
<b>Effect of exchange rate differences on cash and cash equivalents</b>	<b>2,727</b>	<b>1,874</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>120,747</b>	<b>103,957</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>171,454</b>	<b>106,761</b>

## Consolidated Statement of Changes in Equity

for the period from January 1 to September 30, 2019 and 2018

### EQUITY

Thousands of €	Equity attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Currency conversion			
<b>As of January 1, 2018</b>	<b>38,500</b>	<b>12,485</b>	<b>193,179</b>	<b>-18,691</b>	<b>225,473</b>	<b>2,472</b>	<b>227,945</b>
Difference from currency translation	-	-	-	4,727	4,727	-94	4,633
Gains/losses from the revaluation of defined benefit pension plans	-	-	-96	-	-96	181	85
Net income for the year	-	-	52,623	-	52,623	194	52,817
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>52,527</b>	<b>4,727</b>	<b>57,254</b>	<b>281</b>	<b>57,535</b>
Transition effects of IFRS 15	-	-	538	-	538	-	538
Transactions with non-controlling interests	-	-	-27,686	-	-27,686	-813	-28,499
Dividend payments to non-controlling interests	-	-	-	-	0	-1,711	-1,711
Dividend payment	-	-	-28,875	-	-28,875	-	-28,875
<b>As of September 30, 2018</b>	<b>38,500</b>	<b>12,485</b>	<b>189,683</b>	<b>-13,964</b>	<b>226,704</b>	<b>229</b>	<b>226,933</b>
<b>As of January 1, 2019</b>	<b>38,500</b>	<b>12,485</b>	<b>212,084</b>	<b>-13,566</b>	<b>249,503</b>	<b>94</b>	<b>249,597</b>
Difference from currency translation	-	-	-	7,801	7,801	3	7,805
Gains/losses from the revaluation of defined benefit pension plans	-	-	-373	-	-373	-	-373
Net income for the year	-	-	95,428	-	95,428	78	95,507
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>95,055</b>	<b>7,801</b>	<b>102,857</b>	<b>82</b>	<b>102,938</b>
Capital increase from the company's funds	77,000	-	-77,000	-	0	-	0
Dividend payments to non-controlling interests	-	-	-	-	0	-93	-93
Dividend payment	-	-	-31,185	-	-31,185	-	-31,185
<b>As of September 30, 2019</b>	<b>115,500</b>	<b>12,485</b>	<b>198,954</b>	<b>-5,765</b>	<b>321,175</b>	<b>82</b>	<b>321,257</b>

## Notes to the interim financial statements based on IFRS

The condensed consolidated interim financial statements of the Nemetschek Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as required to be applied in the European Union, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC). These interim financial statements have been prepared in accordance with the requirements of IAS 34.

The interim financial statements as of September 30, 2019 have not been audited. Significant changes to the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated cash flow statement are detailed in the report on the earnings, financial and asset situation.

### Information on the quarterly statement

The accounting and valuation policies applied in the condensed consolidated interim financial statements are generally based on the same accounting and valuation policies used as a basis for the consolidated financial statements for the 2018 financial year. One exception is IFRS 16 "Leases", which has been applied in the Group since January 1, 2019.

#### Leases

Modified retrospective application of the provisions of IFRS 16 is used in the Group, i.e. the comparative figures for the periods of the previous year were not adjusted.

The lease liabilities arising from leasing arrangements recorded as of January 1, 2019 which were classified as operating leases as per IAS 17 were recognized at the present value of the lease payments remaining, discounted using the incremental borrowing rate applicable at this time. The weighted average of the incremental borrowing rate as of January 1, 2019 was 2.13%.

In the following, the operating lease obligations as of December 31, 2018 are transferred to the lease obligations as of January 1, 2019:

<b>RECONCILIATION</b>		<b>Balance Sheet as of January 1, 2019</b>
	Millions of €	
<b>Operating lease obligations as of December 31, 2018</b>		<b>78.4</b>
Relief option for short-term leases		-0.5
Relief option for leases of low-value assets		-0.1
FX-Effects		0.2
Other		-2.9
Gross lease liabilities as of January 1, 2019		75.1
Discounting		-6.8
<b>Lease liabilities at January 1, 2019</b>		<b>68.3</b>

In the Group, as of December 31, 2018, there were no finance leases as per IAS 17.

Right-of-use assets were recognized at the amount of the lease liability, adjusted for lease payments made or accrued in advance. The right-of-use assets relate to following asset classes:

<b>RIGHT-OF-USE ASSETS</b>		
Millions of €	<b>September 30, 2019</b>	January 1, 2019
Right-of-use assets - Property	62.0	63.9
Right-of-use assets - Office Equipment	0.2	0.4
Right-of-use assets - Vehicles	3.8	3.5

Within the scope on the first-time application of IFRS 16, the Group exercised the following exemptions:

- » No new evaluation for existing contracts as to whether the definition of a lease applies
- » There is no recognition in the balance sheet for leases with a remaining term of less than 12 months as of January 1, 2019. The practical expedient was exercised in accordance with the transitional provisions on the basis of the individual lease
- » No recognition in the balance sheet of leases for which the underlying asset is of low value
- » Initial direct costs are not taken into account in the valuation of the right-of-use assets
- » Use of "hindsight"

The effect on diluted and undiluted earnings per share is encumbered by EUR 0.006 as of September 30, 2019.

## Acquisitions

Under the purchase agreement of January 11, 2019, Spacewell (formerly: FASEAS/MCS Solutions Group) acquired 100% of the shares of Axserion Group B.V., MR Heteren, Netherlands. For this acquisition of shares, there were payments amounting to EUR 76.8 million in the 2019 financial year. The transfer of benefits and encumbrances was completed as of the end of January 19, 2019. Within the scope of a preliminary allocation of the purchase price, the amount of EUR 33.1 million was allocated to intangible assets (technology, customer base, brand name, non-compete agreement). In addition, the amount of EUR 53.3 million was recorded as goodwill and EUR 3.4 million as cash and cash equivalents. Since joining the Group, the company has generated revenues of EUR 8.7 million. Axserion Group B.V. is one of the leading providers of cloud-based software solutions for facility management and property management. The company develops products for the optimization of operations in facility management, systems management and maintenance management as well as property management and contract management.

With the purchase contract of April 5, 2019, Maxon Computer, Inc., Newbury Park, USA, acquired 100% of the shares of Redshift Rendering Technologies, Inc., Newport Beach, USA at a purchase price of EUR 27.3 million. Further, subsequent purchase price payments of up to EUR 7.6 million were agreed to. The subsequent purchase price payments are mainly dependent on revenue targets and earnings targets as well as technical milestones. As part of the preliminary purchase price allocation, the amount of EUR 9.1 million was allocated to intangible assets (technology, customer base, brand name). The allocation of goodwill is not yet finalized. Cash and cash equivalents acquired amounted to EUR 3.1 million. Since joining the Group, the company has generated revenues of EUR 2.5 million. Redshift offers an extremely powerful and flexible GPU-based rendering solution that functions with extreme speed, economy and reliability for the creation of visual effects, animations and animated graphics.

## Divestiture

On June 28, 2019, Nemetschek concluded the sale of its 22.41% share in the associate DocuWare GmbH to a company belonging to the Ricoh Group. The sale was completed on August 5, 2019, after approval was granted by antitrust authorities.

## Revenues

<b>REVENUES</b>		
Thousands of €	<b>September 30, 2019</b>	September 30, 2018
Software and licenses	167,307	155,764
Recurring revenues (software service contracts and rental models)	217,513	162,417
Services (consulting and training)	20,570	12,659
Hardware	642	64
	<b>406,032</b>	<b>330,904</b>

<b>REVENUES BY REGION</b>		
Thousands of €	<b>September 30, 2019</b>	September 30, 2018
Germany	103,356	94,308
Non-Germany	302,676	236,596
<b>Total</b>	<b>406,032</b>	<b>330,904</b>

# Consolidated Segment Reporting

for the period from January 1 to September 30, 2019 and 2018

## SEGMENT REPORTING

2019	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
Revenue, external		406,032	–	226,521	128,808	27,185	23,518
Intersegment revenue		–	–2,392	2	1,102	63	1,226
<b>Total revenue</b>		<b>406,032</b>	<b>–2,392</b>	<b>226,523</b>	<b>129,910</b>	<b>27,248</b>	<b>24,744</b>
<b>EBITDA</b>		<b>119,441</b>	<b>–</b>	<b>65,580</b>	<b>42,184</b>	<b>3,433</b>	<b>8,244</b>
Depreciation/ amortization		–30,981	–	–13,803	–12,409	–3,843	–926
<b>Segment operating result (EBIT)</b>		<b>88,461</b>	<b>–</b>	<b>51,777</b>	<b>29,775</b>	<b>–410</b>	<b>7,318</b>

The following table shows the adjusted values after segment reclassification of the Solibri brand:

## SEGMENT REPORTING

2018	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
Revenue, external		330,904	–	203,573	100,681	7,737	18,913
Intersegment revenue		–	–2,061	1	900	0	1,160
<b>Total revenue</b>		<b>330,904</b>	<b>–2,061</b>	<b>203,574</b>	<b>101,581</b>	<b>7,737</b>	<b>20,073</b>
<b>EBITDA</b>		<b>88,213</b>	<b>–</b>	<b>50,784</b>	<b>27,800</b>	<b>1,699</b>	<b>7,930</b>
Depreciation/ amortization		–16,838	–	–7,871	–8,456	–173	–338
<b>Segment operating result (EBIT)</b>		<b>71,375</b>	<b>–</b>	<b>42,913</b>	<b>19,344</b>	<b>1,526</b>	<b>7,592</b>

The following table shows the segment reporting prior to segment reclassification of the Solibri brand (version reported in Q3/2018):

## SEGMENT REPORTING

2018	Thousands of €	Total	Elimination	Design	Build	Manage	Media & Entertainment
Revenue, external		330,904	–	198,052	106,202	7,737	18,913
Intersegment revenue		–	–2,894	33	1,700	0	1,160
<b>Total revenue</b>		<b>330,904</b>	<b>–2,894</b>	<b>198,085</b>	<b>107,902</b>	<b>7,737</b>	<b>20,074</b>
<b>EBITDA</b>		<b>88,213</b>	<b>–</b>	<b>49,572</b>	<b>29,011</b>	<b>1,699</b>	<b>7,930</b>
Depreciation/ amortization		–16,838	–	–7,016	–9,312	–173	–338
<b>Segment operating result (EBIT)</b>		<b>71,375</b>	<b>–</b>	<b>42,556</b>	<b>19,700</b>	<b>1,526</b>	<b>7,593</b>

Munich, October 2019

  
Patrik Heider

  
Viktor Várkonyi

  
Jon Elliott



## Financial calendar 2019

<p>November 13.–14, 2019</p> <p>Morgan Stanley European TMT Conference, Barcelona</p>	<p>November 25.–27, 2019</p> <p>German Equity Forum, Frankfurt / Main</p>	<p>December 2.–5, 2019</p> <p>Berenberg European Conference, Pennyhill</p>
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