Notes to the consolidated financial statements

Notes to the consolidated financial statements for the fiscal year 2022

General information

Nemetschek SE is the ultimate parent company of Nemetschek Group. Its headquarters are located at Konrad-Zuse-Platz 1, 81829 Munich, Germany, and it is entered into the commercial register at the Local Court of Munich (HRB 224638). Nemetschek SE and its subsidiaries (collectively "Nemetschek Group", "Nemetschek") provide software for the AEC/O (Architecture, Engineering, Construction and Operation) and the 3D Media industry.

Nemetschek SE, as the ultimate parent has been quoted on the German stock exchange in Frankfurt am Main since March 10, 1999. Nemetschek is listed on the TecDAX and MDAX.

The consolidated financial statements of Nemetschek SE as of December 31, 2022 comprise Nemetschek SE and its subsidiaries and are prepared in compliance with International Financial Reporting Standards and the relevant interpretations (IFRS) as to be applied in the European Union (EU) as at December 31, 2022, and the additional requirements pursuant to § 315e German Commercial Code (HGB). The consolidated financial statements of the smallest and the largest consolidated group are prepared by Nemetschek SE and published in the German Electronic Federal Gazette („elektronischer Bundesanzeiger").

Nemetschek SE prepares and publishes the consolidated financial statements in Euros. Information is shown in the consolidated financial statements in EURk (€ k) unless otherwise specified. The presentation of certain prior-year information has been changed to conform to the current year's presentation.

Accounting standards applied for the first time in 2022

The Group has initially adopted the following amendments that became effective as of January 1, 2022:

- IFRS 3: Reference to the Conceptual Framework
- IAS 37: Onerous Contracts – Costs of Fulfilling a Contract
- IAS 16: PP&E – Proceeds before Intended Use
- AIP 2018–2020

Neither amendment has a material effect on the Group's financial statements.

Accounting standards that are not yet effective

The following IFRS were issued at the balance sheet date by the IASB but are not mandatorily applicable until later reporting periods or have not yet been adopted into EU law. The Nemetschek Group has decided not to exercise the possible option of early application of standards and interpretations, which are not mandatorily applicable until later reporting periods.

PUBLISHED FINANCIAL REPORTING STANDARDS THAT HAVE NOT YET BEEN APPLIED

Amendments to standards/interpretations		Mandatory application	Anticipated effects
IFRS 17	Including Amendments to IFRS 17	Jan. 1, 2023	No effects expected
IAS 1	Classification of Liabilities as Current or Non-current including Deferral of Effective Date	Jan. 1, 2023	No material effects expected
IAS 1	Disclosure of Accounting Policies	Jan. 1, 2023	No material effects expected
IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	No material effects expected
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	No material effects expected
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023	No effects expected

Summary of significant accounting policies

The consolidated financial statements are prepared in accordance with the consolidation accounting and valuation principles described below.

Consolidation principles

The consolidated financial statements include subsidiaries and associates. The financial statements of the individual consolidated companies are prepared as of the closing date of the Group financial statements.

A schedule of the shareholdings of Nemetschek SE is shown in sections [18] and [32] of the consolidated financial statements.

Subsidiaries

Subsidiaries are companies over which Nemetschek is currently able to exercise power by virtue of existing rights. Power means the ability to direct the relevant activities that significantly affect a company's profitability. Control is therefore only deemed to exist if Nemetschek is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The inclusion of an entity's accounts in the consolidated financial statements begins when the Nemetschek Group is able to exercise control over the entity and ceases when it is no longer able to do so.

Acquired businesses are accounted for using the acquisition method, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date Nemetschek obtains control. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The related valuations are based on the information available at the acquisition date. Ancillary acquisition costs are recognized as expenses in the periods in which they occur. The initial value recognized includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of the contingent consideration is recognized as part of the consideration transferred in exchange for the acquiree. According to IFRS 3, for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized immediately in the consolidated statement of comprehensive income.

Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates

Associates are companies over which Nemetschek SE has significant influence, generally through an ownership interest between 20% and 50%. They are accounted for using the equity method. The carrying amounts of companies accounted for using the equity method are adjusted annually to reflect the share of earnings, dividends distributed and other changes in the equity of the associates attributable to the investments of Nemetschek.

Unless stated otherwise, the financial statements of the associates are prepared as of the same balance sheet date as Nemetschek SE. Where necessary, adjustments are made to comply with the Group's accounting policies.

Valuation methods

The following table shows the most important subsequent valuation principles:

SUBSEQUENT VALUATION METHODS

Item	Valuation Methods
Assets	
Cash and cash equivalents	Nominal amount
Trade receivables	Amortized costs
Inventories	Lower of cost and net realizable value
Other financial assets	See separate table
Other non-financial assets	Amortized costs
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell
Property, plant and equipment	Amortized costs
Intangible assets	
With definite useful life	*Amortized costs*
With indefinite useful life	*Impairment-only approach*
Goodwill	Impairment-only approach
Right-of-use assets	Amortized costs
Equity and liabilities	
Borrowings	Amortized costs
Trade payables	Amortized costs
Provisions	Present value of future settlement amount
Deferred revenue	Expected settlement amount
Other financial liabilities	Amortized costs or fair value through profit or loss
Other non-financial liabilities	Amortized costs
Pensions and related obligations	Projected unit credit method
Accrued liabilities	Amortized costs

Financial assets are classified and measured according to IFRS 9. The purchase and sale of financial assets are recognized on the trade date and are initially measured at fair value. Subsequently, a financial asset is measured at 1) amortized cost, 2) at fair value through other comprehensive income or 3) at fair value through profit or loss. The classification and measurement of financial assets which are not equity instruments depend on two factors that are to be checked at the time of acquisition: the business model under which the financial asset is held, as well as the cash flow conditions of the instrument.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss: financial asset which is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments do not fulfill the cash flow conditions. The instruments are measured at fair value through profit or loss.

Reclassification of a financial asset between measurement categories of IFRS 9 requires a change to the business model for the corresponding group of instruments, in which case all affected financial assets are reclassified.

The subsequent measurement of financial assets is as follows:

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS ACCORDING TO IFRS 9

IFRS 9 category	Subsequent measurement principle
Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by loss allowances. Interest income, foreign exchange gains and losses and loss allowances are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. When available, management uses external resources like market studies to support the assumptions. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties on December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year, is included in the following notes:

- Note [16] – Impairment of goodwill: key assumptions underlying recoverable amounts.
- Note business combinations: fair value of the consideration transferred (including contingent consideration), fair value of intangible assets acquired as well as their useful lives.
- Note [10] – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- Notes [13] and [23] – measurement of loss allowances for trade receivables: The determination of loss allowances is based on historical values which are adjusted to account for information relating to the future. Material (special) items from the past may distort risk provisioning, which may make correction necessary.
- Note [1]: Revenue recognition for rental models using the adjusted market assessment approach includes assumptions regarding standalone selling prices and judgements about technology lifetime cycles.

Fair value estimation

IFRS 7 requires for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 a disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices), and
- Level 3: Inputs for asset or liability that are not based on observable market data (that is unobservable inputs).

On December 31, 2022 and 2021, the Group's financial instruments carried in the statement of financial position at fair value are categorized within Level 3 of the fair value hierarchy. They are reported in the statement of financial position as other financial assets and other financial liabilities. In accordance with IFRS 13, the following overview shows the valuation methods as well as the unobservable inputs used:

DETERMINATION OF FAIR VALUES

Type	Valuation method	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Other financial assets			
	Valuation based on the price of last financing round. The fair value adjustments are recognized under other financial expenses / income.	Nature and price of the last financing round	The fair value would increase if: - the price of the last financing round increases. - the held asset class would have higher liquidity preference/ special rights as a result of the last financing round.
	A market based approach is used, evaluating a variety of quantitative and qualitative factors such as actual and forecasted results, milestone achievements, cash position, recent or planned transactions, and market comparable companies (venture capital method). The fair value adjustments are recognized under other financial expenses / income.	Discounts for lack of marketability	An increase in the marketability discount would result in a decrease in the fair value.
Unlisted equity securities	Valuation based on the Net Asset Value (NAV) as reported by the respective funds. The fair value adjustments are recognized under other financial expenses / income.	NAV calculations of the respective funds	An increase in the reported NAV would result in an increase in the fair value.
Other financial liabilities			
Contingent consideration	The discounted cash flow method is applied, which considers the present value of expected payments, discounted using a risk-adjusted discount rate. The fair value adjustments are recognized under other financial expenses/income.	Probability adjusted revenues and profits	An increase in the probability adjusted revenues and profits used in isolation would result in an increase in the fair value.

The fair value of financial assets and financial liabilities that are not measured at fair value but for which fair value disclosures are required are included in Level 3 categories. The fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared in EUR, which is the Group's presentation currency.

Group companies
In the consolidated financial statements, the assets and liabilities of companies that do not use the Euro as their functional currency are translated as follows:

- Assets and liabilities are translated at the closing rate on the date of that consolidated statement of financial position. Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Equity components are translated at the historical exchange rates prevailing at the respective dates of their first-time recognition in the Group equity.
- Income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in other comprehensive income.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. There is an exception for monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents represent cash at banks, cash on hand, and short-term deposits with maturities of three months or less from the date of acquisition. Cash equivalents are highly

liquid short-term financial investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash not available from rental guarantee deposits is disclosed as other financial assets.

Trade receivables

Trade receivables are recognized at the transaction price, which represents the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Subsequently, these are measured at amortized cost.

Inventories

Inventories are mainly comprised of hardware, third party licenses, as well as marketing materials, which are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Other financial assets

Other financial assets mainly relate to security deposits carried at amortized cost and equity instruments recognized at fair value through profit or loss.

Impairment of financial assets

Impairment losses for debt instruments measured at amortized cost or at fair value through other comprehensive income are recognized in accordance with IFRS 9 *Financial Instruments*. The standard requires that not only historical data but also future expectations and projections are taken into consideration when accounting for impairment losses (expected credit loss model).

For trade receivables and contract assets as per IFRS 15, Nemetschek consistently applies the simplified approach and recognizes lifetime expected credit losses. In order to calculate the collective loss allowance, the Nemetschek Group determines a default rate on the basis of historical defaults and then adjusts these with forward looking information if appropriate. The rates are reviewed on a regular basis to ensure that they reflect the latest data on credit risk. For contract assets as per IFRS 15 no impairments were recognized due to materiality. In case objective evidence of credit impairment is observed for trade receivables from a specific customer, a detailed analysis of the credit risk is performed, and an appropriate individual loss allowance is recognized for this customer. Trade receivables are considered to be in default when it is expected that the debtor will not fulfill its credit obligations toward Nemetschek. Loss allowances on trade receivables are presented as other expenses in the consolidated statement of comprehensive income.

For other financial assets not measured at fair value through profit or loss, Nemetschek Group applies the general impairment approach according to IFRS 9. As it is the policy of Nemetschek Group to invest only in high-quality assets of issuers with a minimum internal or external rating of at least investment grade, the low credit risk exception is used. Thus, these assets are always allocated to stage 1 of the three-stage credit loss model and, if material, a loss allowance for an amount equal to 12-month expected credit losses will be recorded. Impairment losses on other financial assets are shown in the line item "Other financial expenses." The credit risk of cash and cash equivalents measured at amortized cost is insignificant due to their short-term maturity, counterparties' investment grade credit ratings and established exposure limits. Therefore, Nemetschek Group did not recognize any credit impairment losses of those financial assets.

Other non-financial assets

Accrued items and other non-financial assets are carried at amortized cost. The Group recognizes contract assets under the balance sheet position "Other non-financial assets". A contract asset is a right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Property, plant and equipment

Property, plant and equipment are measured at amortized cost. This comprises any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized for those assets, with the exception of land and construction in progress, over the estimated useful life utilizing the "straight-line method" and taking into account any potential residual value. Parts of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item are depreciated separately.

The estimated useful lives of property, plant and equipment are as follows:

TABLE OF USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

	Useful life in years
Vehicles	5
Office equipment	3 – 10
Leasehold improvements	5 – 10

Expenditure for repairs and maintenance is expensed as incurred. Renewals and improvements are capitalized and depreciated separately if the recognition criteria are met.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income / expenses".

Intangible assets and goodwill

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. For purposes of internal and external reporting, the activities of Nemetschek Group are broken down into the Design, Build, Media and Manage segments. The budget for 2023 and the medium-term planning for the subsequent years were drawn up on the basis of this reporting structure.

Intangible assets (except goodwill)

Separately acquired intangible assets are shown at historical cost less accumulated amortization. Intangible assets acquired in a business combination are recognized at fair value on the acquisition date. Intangible assets which have a finite useful life will be amortized over their estimated useful lives. Amortization is calculated using the straight-line method. Intangible assets not yet available for use are not amortized, but instead tested for impairment at least annually.

The Group's intangibles are not qualifying assets in accordance with IAS 23. Therefore, no borrowing costs are capitalized.

The useful lives of intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation. The useful lives are reviewed at each reporting date by taking into account, amongst others, technological change and adjusted if appropriate. The major part of these assets is brand names, technology and customer relationships. Intangibles acquired in a business combination are amortized as follows:

USEFUL LIFE OF INTANGIBLE ASSETS

	Useful life in years
Brand name	10 – 15
Technology	5 – 12
Customer Relationship	10 – 25

Development costs

Costs of research are expensed in the period in which they are incurred. Costs for development activities, whereby research findings are applied to a plan or design for the development of new or substantially improved intangible asset, are capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible and future economic benefits are probable. Furthermore, Nemetschek Group intends and has sufficient resources to complete development and use or sell the intangible asset. In the fiscal year 2022, as well as in the previous year, none of the development projects fulfilled the capitalization criteria. Development costs in the amount of EUR 182,568k (previous year: EUR 148,880k) and amortization of software acquired in business combinations in the amount of EUR 23,296k (previous year: EUR 17,574k) are carried as expenses.

Impairment of non-financial assets

Assets with a finite useful life

For assets with a finite useful life, an impairment test is needed if there are indications that those assets may be impaired. If such indications exist, the amortized carrying value of the asset is compared to the recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. The value in use is the discounted present value of future cash flows expected to arise from the continuing use of the asset. In the case of an impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense in profit or loss. If evidence exists that the reasons for the impairment no longer exist, the impairment loss is reversed. The reversal cannot result in an amount exceeding amortized cost.

Goodwill and intangible assets not yet ready for use
Intangible assets not yet ready for use or advance payments on such assets as well as goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired. Where the reasons for an impairment no longer exist, the impairment loss is reversed, except in the case of goodwill.

The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Nemetschek determines the recoverable amount of the relevant unit to which the goodwill is allocated based on the value in use. The value in use is calculated using a discount rate from the present value of the future cash flows from the use of this unit.

The determination of the future cash flows and their underlying parameters such as revenue growth and EBITDA margin is performed on the basis of the knowledge gained in the past, the current economic results and the budgets approved over a period of three to five years, which contains the expected future macroeconomic developments. The budgeting for the fiscal year 2023 is prepared applying certain uniform Group assumptions "from the bottom to the top" (bottom-up method). The cash flows for the further budget years follow similar premises, however they are not at the same level of detail as the first budget year. Estimates for periods beyond the budgeting horizon are made using the perpetuity method. The growth rates applied do not account for capacity expanding investments for which cash flows have not yet been incurred. These are derived from available market studies by market research institutes and do not exceed the long-term average historical growth rates of the relevant cash-generating units. In the fiscal year 2022 a growth rate of up to 2.0% (previous year: 2.0%) was assumed.

The budgets are driven by a strongly growing business during the planning period of three to five years. In the terminal value a growth rate between 1.5% and 2.0% (previous year: 1.5% and 2.0%) is estimated leading to a gap between the last year of the detail plan and the terminal value. To derive a more realistic recoverable amount, a three year convergence period is applied. Within that period the growth rate at the end of the detail planning period converges to the growth rate applied in the terminal value.

The discount rate required for discounting future cash flows is calculated from the weighted average cost of capital (WACC) of the related cash-generating unit or group of cash-generating units after tax. The relevant pre-tax WACC in accordance with IAS 36 is derived from future cash flows after tax and the after-tax WACC applying typical tax rates for each cash-generating unit. Then, the risk-free interest rate according to the Svensson method with accounting for risk premiums (with a floor applied by 0%), and the beta as well as the gearing ratio are derived from a group of comparable entities. The discount rate thus estimated reflects the current market returns as well as the specific risk of the respective cash-generating unit or group of cash-generating units. The discount rate applied to derive the present value of the cash flow forecasted ranges between 12.0% and 19.5% (previous year: 9.8% and 10.9%) before tax.

Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of vehicles and office equipment, the Group has elected not to separate non-lease components and instead account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group recognizes leasehold improvements as an item of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted by using the incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined. The interest rate is derived in relation to the currency areas.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, when the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial liabilities

Financial liabilities primarily include trade payables, borrowings and other financial liabilities. Upon initial recognition, financial liabilities are measured at fair value. In the case of all financial liabilities which are subsequently not classified at fair value through profit or loss, the transaction costs which are directly attributable to the purchase will be recognized.

Financial liabilities measured at amortized cost

After initial recognition, financial liabilities are carried at amortized cost using the effective interest method. Trade payables, borrowings and other financial liabilities are classified in this category.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss primarily include contingent consideration. Gains or losses on financial liabilities that are measured at fair value through profit or loss are included in profit or loss. Financial liabilities are derecognized when the contractual obligation is discharged, canceled or has expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or factual) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions and accrued expenses which do not already lead to an outflow of resources in the subsequent year are measured at their discounted settlement amount at the balance sheet date where the interest effect is material. Where the Group expects some or all of a provision to be reimbursed (e.g. under an insurance contract) the reimbursement is recognized as a separate asset if the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Deferred revenue

Deferred revenue relates to the consideration received in advance from customers for which revenue is recognized over time.

Employee benefits

Short-term employee benefits

Short-term employee benefits include wages, social security contributions, vacation and sickness pay. They are recognized with the undiscounted amount to be paid in exchange for the service rendered by the employee.

Share-based payments

Share-based payments are comprised of Long Term Incentive Plans and Stock Appreciation Rights. The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as personnel expense, with a corresponding increase in equity, over the vesting period.

Pensions

The Group provides company pension plans for certain employees only. The provisions are measured every year by reputable independent appraisers. Provisions for pensions are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The pension obligation less plan assets is recorded as the provision in the balance sheet. Actuarial gains and losses are recorded in other comprehensive income. Effects resulting from interests are disclosed accordingly in interest result.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognized as a liability and expense on the earlier date of:

- when the entity can no longer withdraw the offer of those benefits; or
- when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions for other long-term employee benefits

Other long-term employee benefits such as anniversary allowances are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. Gains and losses from the remeasurement are recognized in profit or loss in the period in which they are incurred.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized in the consolidated financial statement of financial position but are disclosed and explained in the Notes.

Taxes

Current income taxes

Current income taxes are calculated within the Nemetschek Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgement was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

Deferred taxes

Deferred taxes are recognized on all temporary differences between the tax and accounting bases of assets and liabilities and on consolidation procedures. No deferred tax is recognized for non-tax-deductible goodwill. The deferred taxes are measured at the applicable tax rates related to the period when the temporary differences are expected to reverse. Changes in tax rates are recognized once the rate has been substantially enacted. Deferred tax assets are not recognized if it is not probable that they will be realized in the future.

Revenues

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

Software

Software Licenses

Software licenses only include the software performance obligation. Revenue from software licenses is recognized when control of the software passes on to the customer. Control of the software passes on to the customer after the hardware is shipped to the customer or a link for downloading the software is sent to the customer.

Rental models

In the case of rental models, a distinction is made between subscription and software-as-a-Service (SaaS) offerings. The Nemetschek Group’s rental models usually include the performance obligations “Software” and “User support” or “Upgrade.” The performance obligation “User support” / “Upgrade” is a “stand-ready obligation” which is recognized straight-line over the period during which the service is rendered. For recognition of the performance obligation “Software”, the Nemetschek Group distinguishes between two different models:

- For software rental models offerings that include access to the most recent version of the corresponding application via servers provided by Nemetschek Group companies, revenue is recognized straight-line over the term of the contract.

» In case the customer runs the application directly on the customer's own system, revenue is recognized at the point in time the customer has control over the software. The allocation of revenue to "Software" and other performance obligations is based on the residual value method or on the adjusted market assessment approach. The latter include assumptions regarding standalone selling prices and judgements about technology lifetime cycles.

Advance payments received from customers for rental models are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

Software service contracts

The performance obligations in the case of software service contracts can be subdivided into two material obligations. On the one hand, user support, which is available to the customer for the entire term of the contract. On the other hand, with software service contracts, customers receive the most recent version of the corresponding Nemetschek software by getting software updates. However, it is at the discretion of the Group to decide the intervals at which new versions of the software will be provided and what functionalities and / or modules of the corresponding software will be changed, modified, reduced or extended. In the case of demand for software versions and user support which are not further defined, these are stand-ready obligations according to IFRS 15, for which revenue is recognized straight-line over the term of the contract. Advance payments received from customers for software maintenance contracts are carried as deferred revenue (contract liability) and normally lead to revenue within the next twelve months.

Consulting & Hardware

Consulting services constitute in general separate performance obligations for which revenue is recognized in the period in which they were rendered. In the case that they do not constitute separate performance obligations, consulting services are combined with other contract components to a bundle and recognized in accordance with the provisions of IFRS 15.

Revenue from hardware sales is usually recognized at the point in time of the transfer of control to the customer. Hardware revenue is of minor significance to the Nemetschek Group.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the contract term is one year or less. The capitalized assets for the incremental costs of obtaining a customer contract primarily include sales commissions earned by the sales partners of the Group and are classified as other non-financial assets. They are amortized on a straight-line basis over the contract duration, which represents the Group's expectation for the amortization period of the capitalized cost of obtaining a contract. The amortization is presented as commissions within other expenses. The Group does not capitalize the incremental cost of obtaining a contract if the amortization period of the asset is one year or less.

Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all related conditions will be complied with.

Segment reporting

The resource allocation and the measurement of profitability of the business segments are performed by the executive board as the main decision-maker. The allocation of segments and regions as well as the selection of key figures is in agreement with the internal controlling and reporting system ("management approach").

The operating business segments are organized and managed separately according to the nature of the products and services provided. Each segment represents a strategic business unit whose product range and markets differ from those of the other segments.

For the purpose of managing the company, management has organized the Group into four operational business segments: Design, Build, Media and Manage which form four reportable segments.

Post balance sheet events

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (reportable events) have been taken into account in the financial statements as required. Non-adjusting events after the balance sheet date are stated in the notes to the consolidated financial statements if they are material.

Business combinations

Acquisitions in 2022

DC-Software Doster & Christmann GmbH, Munich, Germany
With effect as of April 1, 2022, FRILO Software GmbH acquired 100% of the shares of DC-Software Doster & Christmann GmbH. The company is developing special software solutions for foundation engineering since 1989. With the acquisition, Nemetschek expects to strengthen FRILO's position as a leading provider of structural design programs within the Design segment. The consideration transferred consists of EUR 5,000k in cash. The net cash flow on acquisition amounted to EUR 4,554k.

As part of the purchase agreement, a contingent consideration of up to EUR 2,000k, depending on the achievement of revenue targets, has been negotiated. As at acquisition date, the fair value of the contingent consideration was estimated to be EUR 1,277k, which also corresponds to the fair value as at December 31, 2022. On a preliminary basis, goodwill in the amount of EUR 6,260k was recognized.

Abvent SA, Paris, France; Abvent SA, Estavayer-le-Lac, Switzerland
With purchase agreement dated December 20, 2022, Graphisoft SE acquired 100% of shares of the software distributor Abvent (part of AV-Tech Group) for France and French-speaking Switzerland. Abvent has been a strong partner for these important markets. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 30,231k in cash, which results in a net cash flow on acquisition of EUR 16,436k.

Based on preliminary purchase price allocation, customer relationships amounting to EUR 28,484k were recognized. Further, current assets in the amount of EUR 15.961k, non-current assets in the amount of EUR 1,099k and current liabilities in the amount of EUR 10,726k were recognized on a preliminary basis. Because the acquisition took place close to the balance sheet date, the amount has been measured on a preliminary basis.

The fair value of trade receivables in the amount of EUR 1,164k is also the gross amount of trade receivables. Based on the information gained in the due diligence, no significant payment defaults are expected.

If Abvent had been in the Group for the entire 2022 financial year, it would have contributed revenues and EBIT in the lower single-digit million Euro range.

Acquisitions in 2021

Maxon Computer, Inc., Newbury Park, United States
With purchase agreement dated November 23, 2021, Maxon Computer, Inc., acquired assets of Pixologic within the scope of an asset deal, meeting the criteria for a business combination. The acquisition substantially completes Maxon's product line with 3D sculpting and painting expertise. It also firmly positions the company as an industry leader in providing superior creative tools for digital artists in the 3D animation market. The Group obtained control as at December 29, 2021.

The purchase price amounted to EUR 121,649k. The net assets recognized in the December 31, 2021 financial statements were based on a preliminary assessment. In 2022, the valuation was completed, and the acquisition date fair value of intangible assets was EUR 40,032k, an increase of EUR 9,197k over the preliminary value, and that of deferred revenue was EUR 1,045k. On the basis of the purchase price allocation, technology amounting to EUR 23,950k, customer relationships amounting to EUR 8,939k and brand name amounting to EUR 7,142k were recognized. As a result, there was a corresponding reduction in goodwill of EUR 8,152k to EUR 82,662k.

The identified goodwill mainly represents future technology in the Media segment. The goodwill recognized is expected to be deductible for tax purposes. If the acquired assets had been in the Group for the entire 2021 financial year, they would have contributed revenues in the lower double-digit million Euro range.

Maxon Computer Japan KK, Tokyo, Japan
Under the purchase agreement of November 19, 2020, Maxon Computer GmbH acquired 100% of the shares of Maxon Computer KK comprising the business segment of the Japanese distributor TMS Corp. The acquisition complements the group's existing segment Media. The Group obtained control as at January 19, 2021. The purchase price amounted to EUR 919k in cash as well as a contingent consideration liability in the amount of EUR 385k. On the basis of the purchase price allocation, customer relationships amounting to EUR 1,305k were recognized. The resulting goodwill amounted to EUR 1k.

Maxon Computer GmbH, Friedrichsdorf, Germany
Under the purchase agreement of February 24, 2021, Maxon Computer GmbH acquired the technology of a developer within the scope of an asset deal, meeting the criteria for a business combination. The acquisition complements the group's existing segment Media. The purchase price amounted to EUR 1,300k in cash as well as a contingent consideration liability in the amount of EUR 205k. On the basis of the purchase price allocation, technology amounting to EUR 119k was recognized. The resulting goodwill amounted to EUR 1,387k.

Vectorworks Australia Pty Ltd, Rosebery, Australia
Under the purchase agreement of July 14, 2021, Vectorworks, Inc. acquired 100% of the shares in Vectorworks Australia Pty Ltd, which includes the business segment of the Australian distributor OzCad Pty Ltd. The acquisition complements the group's existing segment Design. The purchase price amounted to EUR 3,288k in cash. On the basis of the purchase price allocation, customer relationships amounting to EUR 2,099k were recognized. The resulting goodwill amounted to EUR 1,876k.

Notes to the consolidated statement of comprehensive income

[1] Revenue

Revenue recognized in the period related to the following:

REVENUES

Thousands of €	2022	2021
Software and licenses	235,003	234,837
Recurring revenues (software service contracts and rental models)	532,583	416,716
Consulting & Hardware	34,227	29,918
	801,813	**681,471**

Recurring revenue includes revenue from software rental models in the amount of EUR 204,157k (previous year: EUR 131,961k).

Categorized by geographic sector, the following allocation of revenues results:

REVENUES BY REGION

Thousands of €	2022	2021
Germany	167,800	161,334
Europe without Germany	245,076	218,262
Americas	309,210	233,948
Asia/Pacific	76,730	65,801
Rest of World	2,997	2,126
	801,813	**681,471**

The contract balances at December 31 are as follows:

CONTRACT BALANCES

Thousands of €	December 31, 2022	December 31, 2021
Contract assets	1,569	1,235
Deferred revenue	209,570	160,941
thereof short-term	206,939	157,975
thereof long-term	2,631	2,966

During the reporting period there have been no significant changes with regard to contract assets. Advance consideration received from customers is reported as deferred revenue. As soon as the contractual services are rendered, these are recorded as revenue.

Of the amount totaling EUR 160,941k (previous year: EUR 131,876k) reported at the beginning of the period in deferred revenue, EUR 157,975k (previous year: EUR 129,469k) was recognized as revenue in 2022.

No revenue from performance obligations fulfilled in previous years were recognized in the fiscal years 2022 and 2021. Most of the contracts have a term of one year.

The breakdown of revenues by segment can be seen under segment reporting [26].

[2] OTHER INCOME

Thousands of €	2022	2021
Income from foreign currency transactions	9,145	4,521
Subsidies	1,092	1,884
Damage	369	1,007
Income from trade fairs	354	264
Income from sale of property, plant and equipment	74	245
Other	1,533	1,908
	12,566	**9,829**

[3] COST OF GOODS AND SERVICES

Thousands of €	2022	2021
Cost of purchased software licenses and hardware	27,706	21,551
Cost of purchased services	4,078	3,792
	31,785	**25,343**

[4] PERSONNEL EXPENSES

Thousands of €	2022	2021
Wages and salaries	285,833	246,294
Social security, other pension costs and welfare	51,386	45,725
	337,219	**292,019**

Personnel expenses include social security in the amount of EUR 41,065k (previous year: EUR 37,815k) as well as expenses on pension schemes in the amount of EUR 3,600k (previous year: EUR 3,117k).

[5] AMORTIZATION AND DEPRECIATION

Thousands of €	**2022**	2021
Amortization of intangible assets other than those acquired in a business combination	2,665	2,188
Depreciation of property, plant and equipment	8,049	7,420
Depreciation of right-of-use assets	16,321	14,929
Depreciation / amortization of tangible and intangible assets	**27,035**	**24,537**
Amortization of intangible assets due to purchase price allocation	31,807	25,437
Total amortization and depreciation	**58,842**	**49,974**

[6] OTHER EXPENSES

Thousands of €	**2022**	2021
Expenses for third-party services	37,601	31,352
Commissions	33,391	30,398
Marketing expenses	31,190	24,648
EDP equipment	22,260	17,672
Legal and consulting expenses	15,910	13,912
Travel expenses and hospitality	9,400	3,047
Expenses from foreign currency transactions	9,239	4,669
Training and recruiting expenses	6,038	5,552
Ancillary rent costs	5,616	4,644
Communication expenses	2,814	2,576
Vehicle expenses	2,760	2,099
Other	12,180	11,404
	188,396	**151,974**

The item “Other” consists of various immaterial items.

[7] INTEREST INCOME / EXPENSES

Thousands of €	**2022**	2021
Other interest and similar income	490	147
Interest and similar expenses	–2,624	–2,740
	–2,134	**–2,593**

[8] Other financial income and expenses

Other financial expenses / income amount to EUR 3,446k in the reporting year (previous year: EUR 892k) and relate to the revaluation of contingent consideration liabilities and foreign currency effects of intercompany loans. For more details, reference is made to the note for business combinations and financial instruments [23].

[9] Share of profit of associates

The expenses / income from associates of EUR 82k (previous year: EUR 334k) relate to Nemetschek OOD in the amount of EUR 482k (previous year: EUR 382k), to Sablono GmbH in the amount of EUR –250k (previous year: EUR –48k) and to Imerso AS in the amount of EUR –150k (previous year: EUR 0k). For more information, see [18].

[10] Taxes

The major components of the income tax expense are as follows:

INCOME TAXES

Thousands of €	**2022**	2021
Current tax expenses	–53,990	–41,493
Deferred tax income	19,564	7,791
thereof from addition / release of temporary differences	*10,221*	*6,634*
	–34,426	**–33,702**

The tax expenses for the fiscal year 2022 include tax income from previous years amounting to EUR 1,234k (previous year: tax income EUR 1,648k). Furthermore, in the fiscal year 2022, EUR –315k (previous year: EUR –52k) deferred taxes from the revaluation of pension obligations were recorded in other comprehensive income.

The income tax rates of the individual legal entities range from 11.1% to 34.0% (previous year: from 11.1% to 34.1%).

The tax rate for the fiscal year 2022 applied by Nemetschek SE is 32.2% (fiscal year 2021: 32.3%). It is calculated as follows:

INCOME TAX RATE

in %	**2022**		2021	
Earnings before taxes	100.0		100.0	
Trade tax (weighted)	16.4	16.4	16.5	16.5
	83.6		**83.5**	
Corporate income tax	15.0	15.0	15.0	15.0
Solidarity surcharge	0.8	0.8	0.8	0.8
	67.8	**32.2**	**67.7**	**32.3**

Deferred taxes are measured on the basis of the nominal tax rate of Nemetschek SE or the tax rate applying to the respective subsidiary.

Deferred tax assets and deferred tax liabilities are offset for each tax-paying entity if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the income tax of the same taxable entity and the same taxation authority.

Deferred taxes at the balance sheet date comprise the following:

DEFERRED TAXES

	Consolidated balance sheet	
Thousands of €	**2022**	2021
Deferred tax assets resulting from		
Intangible assets	16,092	5,400
Property, plant and equipment	570	464
Financial Assets	557	251
Receivables	499	649
Deferred revenue	2,736	2,266
Pensions and related obligations	292	637
Provisions	3,542	3,320
Liabilities	1,333	582
Tax loss carryforward	7,026	4,281
Tax credit	6,205	1,623
Other	396	665
Lease liabilities	20,374	15,901
Offsetting	**–38,156**	**–27,829**
	21,465	**8,208**
Deferred tax liabilities resulting form		
Intangible assets	33,674	29,970
Property, plant and equipment	961	320
Receivables	67	585
Deferred revenue	1,080	712
Provisions	47	19
Liabilities	445	467
Other	2,910	1,879
Right-of-use assets	18,774	14,469
Offsetting	**–38,156**	**–27,829**
	19,802	**20,590**

The increase of deferred tax assets on loss carryforwards is mainly due to the write-up recognized in fiscal year 2022 as a result of a positive impairment test and higher utilization of net operating losses in following years. Furthermore, changes in US tax legislation led to high deferred tax assets.

A reconciliation between the reported income tax expense and the expected income tax expense (measured using the tax rate for 2022) for the fiscal years ending December 31, 2022 and 2021 is as follows:

INCOME TAX RECONCILIATION

Thousands of €	**2022**	2021
Earnings before taxes	**199,530**	**170,625**
Expected tax 32.2% (previous year: 32.3%)	64,309	55,197
Differences to German and foreign tax rates	–20,995	–16,314
Tax effects on:		
Change in the recoverability of deferred tax assets and tax credits	–2,224	1,754
Change of deferred taxes on permanent differences	533	382
Current and deferred taxes previous years	1,234	–1,649
Non-deductible expenses	1,991	2,256
Tax-free income and Tax Credits	–11,307	–8,454
Tax rate changes and adaptation	232	–200
Other	645	731
Effective tax expense	34,426	33,702
Effective tax rate	**17.3%**	**19.8%**

The deferred tax assets on losses carried forward are determined as follows:

DEFERRED TAX ON LOSSES CARRIED FORWARD

Thousands of €	2022	2021
Deferred tax assets, gross	15,463	15,526
Allowances on tax losses carried forward	–8,438	–11,241
Deferred tax assets on unused tax losses, net	**7,026**	**4,286**

The items contain deferred taxes on unused tax losses which are likely to be realized in the future. The deferred tax assets on tax losses carried forward were recognized on the basis of the income and expense budgets of Nemetschek SE subsidiaries for the next 3 to 5 fiscal years.

In 2022 or prior years some subsidiaries were loss making and accumulated net operating losses of EUR 6,325k (prior year: EUR 2,273k). These net operating losses were deemed to be recoverable as the subsidiaries will generate future tax profits. For the most significant entities the loss situation ended as legal restructurings were implemented during 2022.

LOSSES CARRIED FORWARD WITH LIMITED LIFE OF USAGE

Thousands of €	2022	2021
Unused tax loss carried forward		
Never expire	35,714	48,593
Expire by End of 2026	809	3,047
Expire from 2027	6,338	16,814
Sum of unused tax loss carried forward	**42,861**	**68,454**

TAX CREDITS WITH LIMITED LIFE OF USAGE

Thousands of €	2022	2021
Unused tax credits		
Never expire	13,928	12,862
Expire	-	-
Sum of unused tax credits	**13,928**	**12,862**

The temporary differences associated with investments in the Group's subsidiaries for which no deferred tax liabilities were recognized, amount to EUR 4,045k (previous year: EUR 353k).

There are no income tax consequences attached to the payment of dividends by Nemetschek SE to its shareholders neither in 2022 nor 2021.

[11] Earnings per share

Basic undiluted earnings per share are calculated by dividing the net income for the period attributable to shares by the average number of shares during the period. No diluting effects existed as of the reporting date.

EARNINGS PER SHARE

	2022	2021
Net income attributable to the parent (in thousands of EUR)	161,899	134,618
Weighted average number of ordinary shares outstanding as of December 31	115,500,000	115,500,000
Weighted average number of ordinary shares to be included in the calculation of diluted earnings per share as of December 31	115,500,000	115,500,000
Earnings per share in EUR, undiluted	**1.40**	**1.17**
Earnings per share in EUR, diluted	**1.40**	**1.17**

The 400,000 Stock Appreciation Rights granted on June 30, 2022 as well as the Long Term Incentive Plans starting 2022 are not included in the calculation of diluted earnings per share. They could potentially dilute basic earnings per share in the future.

For more details reference is made to note [24] and note [25].

Notes to the consolidated statement of financial position

[12] CASH AND CASH EQUIVALENTS

Thousands of €	**December 31, 2022**	December 31, 2021
Bank balances	195,225	154,986
Fixed term deposits (contract period up to 3 months)	1,596	2,109
	196,821	**157,095**

[13] TRADE RECEIVABLES

Thousands of €	**December 31, 2022**	December 31, 2021
Trade receivables (before allowances)	87,702	75,453
Lifetime expected credit loss allowance	−3,182	−5,345
	84,520	**70,108**

Trade receivables are non-interest bearing and are generally due within 30- to 90-day terms customary for the industry. Bad debt allowances developed as follows:

DEVELOPMENT OF EXPECTED CREDIT LOSS ALLOWANCES

Thousands of €	January 1	Net remeasurement	Amounts written off	**December 31**
Lifetime expected credit loss allowance 2022	−5,345	1,974	189	−3,182
Lifetime expected credit loss allowance 2021	−5,736	55	336	−5,345

The aging structure of trade receivables together with the respective loss allowances recognized is as follows:

AGING STRUCTURE OF TRADE RECEIVABLES

2022 Thousands of €	not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by > 360 days)	**December 31, 2022**
Gross Trade receivables	66,028	14,551	2,408	2,194	2,520	87,702
Expected credit loss allowance	−259	−231	−178	−466	−2,047	−3,182
Net Trade receivables	65,769	14,320	2,230	1,728	473	84,520
Expected credit loss rate (weighted average)	0.39%	1.59%	7.40%	21.25%	81.22%	

AGEING STRUCTURE OF TRADE RECEIVABLES

2021 Thousands of €	not past due	Past due (by < 90 days)	Past due (by 90–180 days)	Past due (by 180–360 days)	Past due (by > 360 days)	**December 31, 2021**
Gross Trade receivables	51,274	17,414	2,102	1,603	3,059	75,453
Expected credit loss allowance	−1,594	−733	−275	−497	−2,246	−5,345
Net Trade receivables	49,680	16,681	1,828	1,107	813	70,108
Expected credit loss rate (weighted average)	3.11%	4.21%	13.06%	30.98%	73.41%	

[14] **ASSETS**

Thousands of €	December 31, 2022	December 31, 2021
Inventories	890	949
Other financial assets	20,869	15,036
Other non-financial assets	33,151	31,148
	54,910	**47,132**

Inventories consist of third party licenses amounting to EUR 192k (previous year: EUR 86k) as well as hardware amounting to EUR 212k (previous year: EUR 493k). As in the previous year, no write-downs or reversals of write-downs were recognized. On December 31, 2022 and 2021, the inventories were not pledged.

Other financial assets mainly include the shares in Reconstruct Inc., Foundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Foundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH amounting to EUR 12,295k. The remaining other financial assets (EUR 8,574k) relate primarily to security deposits from office rental agreements, which are mainly held until the end of the rental term.

Other non-financial assets mainly consist of prepaid expenses in the amount of EUR 26,921k (previous year: EUR 21,894k) as well as contract assets according to IFRS 15 in the amount of EUR 1,569k (previous year: EUR 1,235k).

[15] Property, plant and equipment

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment developed as follows:

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

Thousands of €	2022	2021
Cost		
As of January 1	61,190	56,791
Additions	14,062	6,509
Additions from business combinations	195	4
Disposals	–2,589	–3,556
Reclassifications	10	–504
Foreign currency translation difference	516	1,947
As of December 31	73,384	61,190
Depreciation and impairment		
As of January 1	40,454	35,163
Additions	8,049	7,420
Disposals	–2,050	–3,329
Reclassifications	–1	–1
Foreign currency translation difference	365	1,201
As of December 31	46,816	40,454
Carrying amount December 31	**26,568**	**20,735**

The carrying amount of 26.6m EUR (previous year: 20.7m EUR) includes furniture, fixtures and other equipment in the amount of 24.3m EUR (previous year: 18.8m EUR).

No material impairment and no material write-ups were recognized on property, plant and equipment in 2022 and 2021. On December 31, 2022 and 2021, property, plant and equipment were not pledged.

[16] Intangible assets and goodwill

The acquisition costs as well as accumulated amortization and impairment of intangible assets consist of the following:

DEVELOPMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

	2022					2021				
In EUR million	**Goodwill**	**Software and similar rights**	**Customer Relation-ship**	**Brand name**	**Non-com-pete agree-ments**	Goodwill	Software and similar rights	Customer Relationship	Brand name	Non-compete agreements
Cost										
As of January 1	541,998	193,754	125,579	23,188	2,146	434,736	160,652	109,128	19,669	2,146
Additions	–	4,638	–	–	–	–	3,416	–	–	–
Additions from business combinations	6,260	–	28,484	–	–	94,078	23,958	8,566	1,833	–
Disposal	–	−327	–	–	–	–	−1,077	–	–	–
Reclasses	−8,750	112	4,054	5,699	–	−4,838	2,145	3,598	962	–
Foreign currency translation difference	17,539	3,857	3,390	649	–	18,021	4,660	4,287	722	–
As of December 31	557,047	202,034	161,506	29,535	2,146	541,998	193,754	125,579	23,188	2,146
Amortization and impairment										
As of January 1	–	107,113	64,776	11,747	2,146	–	85,237	56,942	9,873	1,368
Additions	–	25,961	6,531	1,981	–	–	19,761	5,472	1,614	777
Disposal	–	−15	–	–	–	–	−546	–	–	–
Reclasses	–	–	–	–	–	–	–	–	–	–
Foreign currency translation difference	–	1,319	1,720	241	–	–	2,660	2,362	260	–
As of December 31	0	134,377	73,026	13,969	2,146	0	107,113	64,776	11,747	2,146
Carrying amount December 31	**557,047**	**67,657**	**88,480**	**15,566**	**0**	**541,998**	**86,641**	**60,803**	**11,440**	**0**

On December 31, 2022 and 2021, the intangibles were not pledged.

As a result of an accounting method change for the acquisition of the Red Giant assets, the goodwill allocated to non-controlling interests amounting to EUR 18.8m is now capitalized with a corresponding increase of the equity allocated to non-controlling interests. The previous year has been accordingly adjusted by EUR 18.0m. The change in 2022 is attributable to the non-controlling interests.

Goodwill

Nemetschek is organized into divisions, which is also the organization level where goodwill is monitored. The divisions represent the operating segments Design, Build, Manage and Media. Please refer to note [26] for more information regarding the segment disclosures.

Goodwill is allocated as follows:

GOODWILL

Thousands of €	Carrying Amount per balance sheet Dec. 31, 2022	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	101,183	11.44%	14.31%	1.50%
Build	117,554	11.39%	14.56%	1.50%
Media	231,824	13.93%	19.49%	2.00%
Manage	106,486	9.80%	11.99%	2.00%
Total group	**557,047**			

GOODWILL

Thousands of €	Carrying Amount per balance sheet Dec. 31, 2021	Discount rate after tax	Discount rate before tax	Terminal value growth rate
Division				
Design	98,436	8.39%	10.43%	1.50%
Build	110,030	8.39%	10.86%	1.50%
Media	227,045	7.38%	9.84%	2.00%
Manage	106,486	8.59%	10.73%	2.00%
Total group	**541,998**			

The main assumptions for the business plan, also used for impairment test purposes, are revenue and personnel cost. The development of sales volumes and prices is based on the expectations of market developments considering general economic factors as well as AEC/O and Media & Entertainment sector specific factors. The development of personnel cost is a key driver to revenue because employees enable the development of successful products as well as addressing markets. Both parameters combined are the significant drivers of the EBITDA.

As in the previous years, the impairment test carried out as at the valuation date, December 31, 2022, show no need for impairment in 2022.

The impairment tests were complemented by sensitivity analyses, for which key assumptions, that also represent the main value drivers, deviating from original forecasts are made for WACC as well as growth rates and EBITDA in perpetuity. These scenarios are deemed by management as improbable but possible for the segment Manage.

The Group accounts for uncertainties within the scope of forecasts and analyzes the goodwill for impairment as well as for scenarios that are less favorable than forecast. Given that the recoverable amount exceeds the book value significantly for the divisions Design, Build and Media, management foresees no realistic scenario which could trigger an impairment. For the division Manage even a 20% reduction of EBITDA in the terminal value would not lead to an impairment loss. An increase in the discount rate of about 1,1% or a decrease of the terminal value growth rate down to 0,1% would remove the headroom amounting to EUR 32.7 million.

Compared to the situation in 2021 the capital markets for Nemetschek have turned adverse as for the most publicly traded equity instruments. The energy crisis in Europe and significantly increased inflation in the economic environments brought turmoil to the equity and debt markets. This led to a high volatility in the equity markets resulting in partly increased betas. The reaction of reserve banks to the high inflation led to significantly increased interest rates. The WACC therefore increased by a meaningful amount compared to prior year.

On the basis of the impairment testing performed, as well as on the basis of the sensitivity analyses conducted within this scope, the Group has come to the conclusion that in the reporting year goodwill does not need to be impaired.

[17] Leases

The right-of-use assets resulting from leases are as follows:

RIGHT-OF-USE ASSETS

Thousands of €	December 31, 2022	December 31, 2021
Right-of-use assets – Property	65,436	54,546
Right-of-use assets – Office Equipment	103	109
Right-of-use assets – Vehicles	4,256	4,579
	69,795	**59,233**

Property leases mainly include office space. Additions to the right-of-use assets during 2022 were EUR 27,414k (previous year: EUR 11,419k). The Group has estimated that potential future lease payments arising from extension options and leases not yet commenced but for which the Group is committed would result in cash outflows of EUR 1,596k (previous year: EUR 6,919k). Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation per asset class in the fiscal year is as follows:

DEPRECIATION

	Property	Vehicles	Office Equipment
Depreciation 2022	13,777	2,470	74
Depreciation 2021	12,475	2,360	94

Information on the maturities of the corresponding lease liabilities can be found under financial liabilities [23]. Expenses recognized in profit or loss besides depreciation are shown in the overview below:

AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Thousands of €	2022	2021
Interest on lease liabilities	1,372	1,306
Expenses relating to short-term leases	651	574
Expenses relating to leases of low-value assets	129	183
Variable lease payments not included in the measurement of lease liabilities	0	2

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of €	2022	2021
Total cash outflow for leases	17,387	16,416

[18] Investments in associates

Details of each of the Groups associates at the end of the reporting period are as follows:

Name, registered office of the entity — Thousands of €	Shareholding in %	Equity	**pro rata**	Shareholding in %	Equity	**pro rata**
	2022	2022	2022	2021	2021	2021
Nemetschek OOD, Bulgaria	20.00	9,883	1,977	20.00	8,141	1,628
Sablono GmbH, Berlin	22.14	1,048	232	22.14	2,180	483
Imerso AS, Norway	16.82	2,423	408	18.03	2,501	451

Nemetschek OOD develops customer-specific software within the scope of order developments. Sablono GmbH develops software solutions for the digital design, control and monitoring of complex building projects. Imerso AS is offering a next-generation platform to automate construction quality monitoring through a combination of advanced artificial intelligence (AI), reality capture, and BIM technologies.

In 2021, the Nemetschek Group participated in the series A financing round of Sablono GmbH with EUR 500k and the conversion of loans into equity in the amount of EUR 240k. The recognition of the unrecognized share of loss of prior years together with the reversal of loan impairment losses led to a profit or loss impact in the amount of EUR 83k in the prior financial year. After the series A financing round the Group has a shareholding amounting to 22.1%.

The Nemetschek Group participated in a financing round for Imerso AS with EUR 1,952k in 2021, which after the completion of the second closing in January 2022 corresponds to a stake of 16,8%. Although the Group has less than 20% of the voting rights, management determined that the Group has significant influence. This is on the basis that the Group participates in policy-making decisions by its board representation.

As the shares of the Group's associates are not material, the following overview shows the amounts reported in the consolidated financial statements on an aggregated basis:

AGGREGATE INFORMATION OF ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

Thousands of €	**December 31, 2022**	December 31, 2021
Group's share of net income from continuing operations	82	334
Group's share of net income from discontinued operations	–	–
Group's share of net income for the year	**82**	**334**
Group's share of other comprehensive income	–	–
Group's share of total comprehensive income	**82**	**334**
Aggregate carrying amount of the Group's interests in these associates	4,010	4,063

[19] Financial liabilities

FINANCIAL LIABILITIES

Thousands of €	**December 31, 2022**	December 31, 2021
Borrowings	71,945	128,700
Trade payables	15,712	11,260
Other financial liabilities	1,884	8,596
Lease liabilities	77,297	66,036
	166,839	**214,593**

Borrowings include acquisition loans in the amount of EUR 34,300k (previous year: EUR 127,571k).

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are usually settled on 60-day terms.

Other financial liabilities comprise subsequent purchase price obligations in connection with business combinations. As of December 31, 2022 these mainly consist of EUR 1,277k resulting from the acquisition of DC-Software Doster & Christmann GmbH. The contingent consideration recognized in 2021 for Redshift Rendering Technologies, Inc. (EUR 6,254k), and Dexma Sensors S.L. (EUR 997k) were paid in 2022.

[20] Provisions and accrued liabilities

Provisions and accrued liabilities contain the following items:

PROVISIONS AND ACCRUED LIABILITIES

Thousands of €	**December 31, 2022**	December 31, 2021
Provisions		
Personnel	41,193	45,940
Warranty and liability risks	165	383
Other	442	407
Accruals		
Outstanding invoices	12,987	13,683
Personnel	12,804	9,237
Legal and consulting fees	2,128	2,003
Other	2,113	4,621
	71,833	**76,274**

Provisions for personnel mainly consist of provisions for short- and long-term variable compensation components. Long-term variable compensation components have a term of up to three years.

Provisions for warranty and liability risks arise due to the obligation of fulfilling customer claims with regard to goods and services sold. They are based on an individual assessment per entity.

Accruals for outstanding invoices mainly relate to goods and services not yet invoiced. Accruals for personnel mainly consist of variable compensation components and outstanding vacation.

The development of provisions is as follows:

PROVISIONS

Thousands of €	As of January 1	Usage	Release	Additions	Reclassification	Currency translation	**As of December 31**	thereof long-term
Personnel	45,940	−37,788	−1,910	33,853	–	1,098	41,193	1,140
Warranty and liability risks	383	−201	−96	79	–	–	165	-
Other	407	–	–	10	–	25	442	442

[21] Other non-financial liabilities

Other current liabilities primarily comprise liabilities to the tax authorities on account of obligations to pay wage tax, value added tax (VAT) as well as social security contributions to the social security authorities.

[22] Pensions and related obligations

As in the previous year, pensions and related obligations consist solely of defined benefit obligations.

German plans

The pension plans provide a benefit after reaching the age of 65 amounting to 60% of the last net salary, up to a maximum amount of EUR 4k per month. These claims are vested. In the year ending December 31, 2022 there were no curtailments to the plan, as was the case in the previous year:

Plan assets from these benefit plans have been invested in life insurances. Plan assets include any reinsurance plans entered into which are assigned to the pension beneficiary entitled to these.

Non-German plans

The plans in Austria and Italy comprise severance compensation according to § 23 and 23a of the Austrian Employee Act (Angestelltengesetz) and article 2120 of the Italian Civil Code (Trattamento di Fine Rapporto or TFR) respectively.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

PROVISIONS FOR PENSIONS

Thousands of €	As of January 1	Changes	**As of December 31**
Defined benefit obligation 2022	4,047	–1,125	2,922
Less plan asset 2022	447	22	469
Status of coverage (= pension provisions) 2022	**3,601**	**–1,147**	**2,455**
Defined benefit obligation 2021	3,660	387	4,047
Less plan asset 2021	578	–131	447
Status of coverage (= pension provisions) 2021	**3,083**	**518**	**3,601**

The determination of assets and liabilities for defined benefit plans is based upon statistical and actuarial valuations. The principal assumptions used for the purposes of the actuarial valuations were as follows:

DISCOUNT RATE

	German Plans	**Non-German Plans**	German Plans	Non-German Plans
in %	**2022**	**2022**	2021	2021
Discount rate	3.60	3.3–3.75	1.25	0.35–1.0
Future pension increases	1.00	0.00	1.00	0.00
Salary increase	0.00	1.0–3.5	0.00	1.0–3.0

The actuarial assumptions as at the balance sheet date are used to determine the defined benefit liability at that date as well as the pensions expense for the upcoming fiscal year.

The mortality rates for German plans are based on the Heubeck 2018 G mortality tables. The ones for Austria are based on "AVÖ 2018-P–Angestellte"-tables of the Austrian association of actuaries (Aktuarvereinigung Österreich, AVÖ). In Italy, the mortality tables "RG48", issued by the General State Account Department (Ragioneria Generale dello Stato) of the Italian Ministry of Economic and Finance, are used as a basis.

Movements in the present value of the defined benefit obligation and in the fair value of the plan assets were as follows:

CHANGE IN DEFINED BENEFIT OBLIGATIONS (DBO)

Thousands of €	2022		2021	
	German Plans	**Non-German Plans**	German Plans	Non-German Plans
DBO at beginning of fiscal year	**2,588**	**1,459**	**2,771**	**889**
Adjustment / reclass DBO at beginning of fiscal year	–	–	–	497
Current service cost	–	102	–	112
Interest expense	32	13	24	9
Actuarial changes arising from changes in demographic assumptions	–	−11	–	17
Actuarial changes arising from changes in financial assumptions	−850	−295	−205	−11
Experience adjustments	–	56	−1	27
Settlements	–	−173	–	−80
DBO at end of fiscal year	**1,771**	**1,151**	**2,588**	**1,459**
Fair value of plan assets at beginning of fiscal year	**446**	**0**	**578**	**0**
Interest income	5	–	4	–
Actuarial gains / (losses)	−1	–	1	–
Employer contributions	18	–	23	–
Benefit payments	–	–	−159	–
Fair value of plan assets at end of fiscal year	**468**	**0**	**446**	**0**

Significant actuarial assumptions for the determination of the defined obligation are presented below. The sensitivity analyses below have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

SENSITIVITY

Changes in actuarial assumptions	Thousands of €	2022		2021	
		German Plans	**Non-German Plans**	German Plans	Non-German Plans
Present value of pension obligation for the reporting date		1,771	1,151	2,588	1,459
Discount rate	increase by 0.5 percent points	1,641	1,098	2,359	1,382
	decrease by 0.5 percent points	1,916	1,209	2,848	1,542
Pension cost	increase by 0.5 percent points	1,882	–	2,779	–
	decrease by 0.5 percent points	1,670	–	2,415	–
Salary increase	increase by 0.5 percent points	–	1,197	–	1,523
	decrease by 0.5 percent points	–	1,109	–	1,399

The average duration of the benefit obligation at December 31, 2022 is 16.1 years (2021: 19.1 years) for German plans and 11.7 years (2021: 10.6 years) for non-German plans. The expected payments in the 2023 fiscal year amount to EUR 50k (previous year: EUR 18k) and relate to employer contributions paid into the plan assets.

[23] Financial instruments

The financial assets and liabilities are presented in the following table according to their measurement categories and classes:

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2022	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2022
Trade receivables	84,520	84,520	-	-	84,520
Other financial assets	20,869	8,574	12,295	-	20,869
Cash and cash equivalents	196,821	196,821	-	-	196,821
Total financial assets	**302,210**	**-**	**-**	**-**	**302,210**
Borrowings	71,945	71,945	-	-	71,945
Trade payables	15,712	15,712	-	-	15,712
Other financial liabilities	1,884	391	1,493	-	1,884
Total financial liabilities	**89,541**	**-**	**-**	**-**	**89,541**

FINANCIAL INSTRUMENTS

		Measurement in accordance with IFRS 9			
Thousands of €	Carrying amount per balance sheet Dec. 31, 2021	Amortized cost	Fair value impacting profit/loss	Fair value not impacting profit/loss	Fair value Dec. 31, 2021
Trade receivables	70,108	70,108	–	–	70,108
Other financial assets	15,036	7,972	7,063	–	15,036
Cash and cash equivalents	157,095	157,095	–	–	157,095
Total financial assets	**242,239**	**–**	**–**	**–**	**242,239**
Borrowings	128,700	128,700	–	–	128,700
Trade payables	11,260	11,260	–	–	11,260
Other financial liabilities	8,596	813	7,783	–	8,596
Total financial liabilities	**148,557**	**–**	**–**	**–**	**148,557**

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, current financial assets and liabilities, the respective fair values correspond to their carrying amount.

Other financial assets include minority equity holdings in innovative start-up companies as well as interests in venture capital funds.

The following table shows the reconciliation from the opening balances to the closing balances for other financial assets and other financial liabilities categorized within Level 3.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

Thousands of €	Unlisted equity securities	Contingent Consideration
Balance at January 1, 2021	**0**	**10,007**
Changes in scope of consolidation, currency adjustments	–	1,054
Changes with cash effect	–	–1,683
Changes recognized in profit or loss	–	–1,595
Additions from acquisitions	7,063	–
Balance at December 31, 2021 / January 1, 2022	**7,063**	**7,783**
Changes in scope of consolidation, currency adjustments	–	1,263
Changes with cash effect	–	–7,668
Changes recognized in profit or loss	–	115
Additions from acquisitions, currency adjustments	5,232	–
Balance at December 31, 2022	**12,295**	**1,493**

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Thousands of €	**2022**	2021
Financial assets measured at amortized cost	6,376	–510
Financial assets measured at fair value through profit or loss	437	–
Financial liabilities measured at fair value through profit or loss	–104	1,131
Financial liabilities measured at amortized cost	–2,624	–2,740
	4,086	**–2,119**

Net gains and losses from financial instruments comprise the results from valuations, the recognition and reversal of loss allowances, results from the translation of foreign currencies as well as interests. Financial assets measured at amortized costs include interest income in the amount of EUR 490k (previous year: EUR 147k). Financial liabilities measured at amortized cost include interest expenses in the amount of EUR –2,624k (previous year: EUR –2,740k).

Financial risk management

The objective of the Group with regard to financial risk management is to mitigate the risks presented below by the methods described. The Group generally pursues a conservative, risk-averse strategy.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and from the Group's cash and cash equivalents. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Accounts receivables

At the end of 2022, there was no relevant concentration of credit risk by type of customer. The Group's credit risk exposure is mainly influenced by individual customer characteristics. Sales of goods and services are made to customers after having conducted appropriate internal credit risk assessment. At the end of 2022 no customer accounted for more than 10% of accounts receivable.

Cash and cash equivalents

The credit risk from balances with banks and financial institutions of Group companies is managed in accordance with the Group's policy and in agreement with Group headquarters. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential default of a business partner.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at the balance sheet date, the Group holds cash and cash equivalents amounting to EUR 196,821k (previous year: EUR 157,095k).

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

MATURITY ANALYSIS FINANCIAL LIABILITIES

Thousands of €	**Carrying Amount**	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
December 31, 2022					
Borrowings	71,945	72,307	65,411	6,896	–
Trade payables	15,712	15,712	15,712	–	–
Other financial liabilities	1,884	1,884	1,494	390	–
Lease liabilities	77,297	83,696	16,417	45,818	21,461
Total	**166,839**				
December 31, 2021					
Borrowings	128,700	129,332	94,244	35,088	–
Trade payables	11,260	11,260	11,260	–	–
Other financial liabilities	8,596	8,606	7,355	1,250	–
Lease liabilities	66,036	69,987	15,168	38,126	16,694
Total	**214,593**				

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise, in reply to which derivatives are occasionally entered into. The exchange rate fluctuation only has a limited effect at the top Group level because the operating subsidiaries outside the Euro area record revenue as well as cost of goods and services, personnel expenses and other expenses primarily in their local currency.

Sensitivity analysis of selected foreign currencies

The currency risk mainly relates to trade receivables held in foreign currency. These exist in a subsidiary in Hungary. A reasonably possible strengthening (+) or weakening (-) of the Euro or US dollar against the HUF at December 31 would have affected the measurement of trade receivables denominated in a foreign currency and affected EBIT by the amounts shown below. This analysis assumes that all other variables remain constant.

TRADE RECEIVABLES

2022 Thousands of €	**Change of exchange rate**	Sensitivity effect on EBIT
Trade receivables		
HUF / EUR	+ 5%	–199
Total in kEUR: 4,172	**– 5%**	**220**
HUF / USD	+ 5%	–31
Total in kEUR: 653	**– 5%**	**34**

TRADE RECEIVABLES

2021 Thousands of €	**Change of exchange rate**	Sensitivity effect on EBIT
Trade receivables		
HUF / EUR	+ 5%	–284
Total in kEUR: 5,965	**– 5%**	**314**
HUF / USD	+ 5%	–25
Total in kEUR: 516	**– 5%**	**27**

Interest risk and interest risk management

As a result of the current Group financing structure, there are no material interest risks.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business operations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital payments to shareholders. No changes were made to the objectives, policies or processes as of December 31, 2022 or as of December 31, 2021. The Group meets externally imposed minimum capital requirements.

The Group monitors its capital based on the key indicators of debt capacity and equity ratios.

Debt capacity

The debt capacity represents the relationship between net debt and EBITDA. Net debt is essentially defined as current and non-current loans less any cash and cash equivalents. Group net liquidity / debt as of December 31, 2022 amounted to EUR 124.9 million (previous year: EUR 28.4 million).

Equity ratio

The equity ratio is the ratio of equity to total equity and liabilities. The Nemetschek Group's equity ratio amounts to 57.5% (previous year: 52.2%).

Thus, external and internal key indicators have been met.

[24] Equity

The development of subscribed capital, the capital reserve, the revenue reserve, foreign currency translation and the retained earnings of the Group as well as shares without controlling interest are presented in the consolidated statement of changes in equity.

Nemetschek SE's **subscribed capital** as of December 31, 2022 amounted to EUR 115,500,000 (previous year: EUR 115,500,000) and is divided into 115,500,000 (previous year: 115,500,000) no-par value bearer shares. Each share is attributed with EUR 1.00 of share capital. The capital is fully paid in. With the consent of the Supervisory Board, the Executive Board is permitted to increase the company's share capital once or repeatedly, up to (and including) May 11, 2026 by issuing up to 11,550,000 new, no-par value bearer shares in return for cash contributions and/or contributions in kind up to a total of EUR 11,550,000 (**authorized capital 2021**).

The **capital reserve** mainly comprises the remaining share premium from the IPO.

The **translation reserve** comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

Maxon Computer GmbH has non-controlling interests that are material to the group. The main non-current assets without goodwill amount to EUR 70,925k (previous year: EUR 70,349k), the current assets to EUR 27,045k (previous year: EUR 22,746k), the non-current liabilities to EUR 9,523k (previous year: EUR 9,703k) and the current liabilities to EUR 168,370k (previous year: EUR 169,676k). Sales correspond to those of the Media segment.

Dividends

In the fiscal year 2022, a dividend of EUR 45,045,000.00 (previous year: EUR 34,650,000.00) was distributed to the shareholders. This represents EUR 0.39 (previous year: EUR 0.30 per share. The Executive Board proposes to the Supervisory Board that a dividend be paid in the fiscal year 2023 amounting to EUR 51,975,000.00 This corresponds to EUR 0.45 per share.

[25] Share-based payments

Stock Appreciation Rights

An Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights ("SAR"). SARs are intended to allow to share the company's future success on a medium- and long-term basis. The SARs are virtual subscription rights that can be granted as "Performance SARs" or as "New Hire SARs". The proceeds are determined by multiplying the exercised number of SARs by the difference between an issue price (the "issue price") and the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day when the exercise notification is received. The payment amount per exercised SAR is limited to 100% of the issue price per SAR, i.e. the increase in value per SAR to be paid out corresponds at the most to the defined issue price per SAR. The issue price for the Performance SARs corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek share in Xetra trading on the Frankfurt Stock Exchange on the last 10 trading days before the day of the Supervisory Board's resolution on the grant of Performance SARs. For the New Hire SARs, the issue price corresponds to the average (arithmetic mean) of the closing prices of the Nemetschek shares on the last 200 trading days before the day of the Supervisory Board's resolution on the grant of New Hire SARs. The granted SARs can be exercised as follows: 25% of the granted SARs can be exercised one year after the grant date, another 25% two years after the grant date, another 25% three years after the grant date and the remaining 25% four years after the grant date (together the "vesting period", and each the "vesting date"). All SARs must be exercised before five years have passed since the respective vesting date, otherwise they expire without compensation (the "exercise period").

On June 30, 2022, 200,000 Performance SARs and 200,000 New Hire SARs were granted. The proceeds from the SARs are limited in total to EUR 6.5 million. The Supervisory Board may decide, at its reasonable discretion, to transfer Nemetschek shares instead of cash. Expenses for equity-settled share-based payments are measured at fair value at the grant date using a Monte-Carlo-Simulation. The fair value at grant is EUR 898k for the Performance SARs and EUR 636k for the New Hire SARs. In the fiscal year 2022, this resulted in expenses of about EUR 403k.

The input parameters used in the assessment of the fair value at grant date were as follows:

INPUT PARAMETERS FOR FAIR VALUE AT GRANT ASSESSMENT OF SARS[1)]

Performance SARs 2022	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	57.81	57.81	57.81	57.81
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	4.65	4.52	4.42	4.37

New Hire SARs 2022	1-year vesting	2-year vesting	3-year vesting	4-year vesting
Grant date	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Number of granted SARs	50,000	50,000	50,000	50,000
Share price at grant date (in €)	57.76	57.76	57.76	57.76
Issue price (in €)	75.00	75.00	75.00	75.00
Risk-free interest rate based on government bonds (in %)	0.83%	1.00%	1.11%	1.13%
Dividend yield (in %)	0.40%	0.49%	0.57%	0.70%
Annualized volatility (in %)	38.14%	41.08%	37.11%	34.43%
Remaining vesting period as of December 31, 2022 (in months)	6	18	30	42
Fair value per SAR (in €)	3.18	3.21	3.19	3.14

1) The annualized volatility is based on an assessment of the historical volatility of the share price of Nemetschek SE, in particular in the period corresponding to the respective vesting and exercise period (assumed exercising after 2.5 years following the vesting date). The maturity of the government bonds and the period for the dividend yield do also match the respective vesting and exercise period.

Long Term Incentive Plan
Executive Board members of Nemetschek SE participate in Long Term Incentive Plans ("LTIP"). The LTIP depends primarily on the achievement of defined corporate targets for the development of the adjusted EBITDA, EBITA or EBT. The performance and vesting period is three years. As the Supervisory Board may decide at its reasonable discretion to transfer Nemetschek shares instead of cash for LTIPS starting in 2022, they are accounted as equity-settled share-based payments.

The LTIP consists of two LTIP pools: one fixed and one dynamic. The scope of the fixed and dynamic pools is first calculated based on the relevant financial criterion. To do this, the actual figure for the reference year (last year before the start of the LTIP period) is deducted from the actual figure for the last year of the LTIP period. The difference is multiplied by the relevant pool percentage defined by the Supervisory Board at the start of the LTIP period. The fixed pool share for each member of the Executive Board is defined by the Supervisory Board at the start of the LTIP period. For regular members of the Executive Board, the dynamic pool share is distributed based on their division's share of the total revenues in the last year of the LTIP period. For other Executive Board members, the dynamic share depends on the EPS (earnings per share) development or the Group revenue development. Payment is limited to EUR 2,000k, gross, for regular members, and EUR 3,000k, gross, for the Executive Board Chairperson. The fair value at grant is EUR 2,478k.

The total expenses recognized in the 2022 financial year amount to EUR 1.219k. In equity, EUR 519k were recognized. The difference relates to guaranteed amounts paid in 2022.

[26] Segment reporting

The Nemetschek Group is managed centrally by the Executive Board of Nemetschek SE in its function as chief operating decision maker (CODM).

Operating segments

The operating segments of the Group are Design, Build, Media and Manage .

The **Design** segment contains the architecture and engineering division and is mainly characterized by the development and marketing of CAD, static engineering and tender software.

The **Build** segment involves the creation and marketing of commercial software for construction companies.

Furthermore, with the **Media** segment, the Group is involved in the field of multimedia software, visualization and animation.

The **Manage** segment covers facility and property management, which involves the extensive administration and management of property development projects.

Management and reporting system

The Group's management reporting and controlling systems principally use accounting policies that are the same as those described in the summary of significant accounting policies according to IFRS with the exception of intercompany leases, which are accounted as operating leases.

Intersegment revenue is generally recorded at values that approximate third-party selling prices.

In general, reconciliation includes corporate items for which headquarters are responsible.

Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are also included in the reconciliation.

SEGMENT REPORTING

2022 Thousands of €	Design	Build	Media	Manage	Reconciliation	**Total**
Revenue, total	**391,635**	**268,270**	**104,744**	**46,712**	**–9,549**	**801,813**
thereof revenue external	388,519	264,657	102,192	46,445	–	801,813
thereof intersegment revenue	1,368	3,613	2,552	147	–7,679	0
EBITDA	**126,867**	**103,233**	**45,919**	**3,830**	**–22,870**	**256,979**
Depreciation/Amortization						–58,842
Financial result						1,312
Share of net profit of associates						82
EBT						**199,530**

SEGMENT REPORTING

2021 Thousands of €	Design*	Build*	Media	Manage	Reconciliation	**Total**
Revenue, total	**357,350**	**216,231**	**70,511**	**43,733**	**–6,354**	**681,471**
thereof revenue external	355,439	214,145	68,617	43,271	–	681,472
thereof intersegment revenue	29	2,087	1,894	420	–4,429	0
EBITDA	**120,498**	**89,340**	**25,522**	**4,057**	**–17,452**	**221,965**
Depreciation/Amortization						–49,974
Financial result						–1,700
Share of net profit of associates						334
EBT						**170,625**

* As a result of the strategic restructuring of brands between the Design and Build segments, the prior year's figures were adjusted for comparability purposes

All other segments represent EUR 237k (previous year: EUR 0) of revenue and EUR -22,186k (previous year: EUR -17,378k) of EBITDA.

Information related to geographic areas

Segment reporting by geographical region is as follows:

SEGMENT REPORTING – GEOGRAPHICAL REGION

Thousands of €	Revenues 2022	Non-current assets 2022	Revenues 2021	Non-current assets 2021
Germany	167,800	67,494	161,334	48,624
Americas	309,210	470,702	233,948	457,142
Abroad (w/o Americas)	324,803	292,958	286,189	281,306
Total	**801,813**	**831,154**	**681,471**	**787,072**

With respect to information about geographical regions, revenue is allocated to countries based on the location of the customer. Non-current assets are presented according to the physical location of these assets.

[27] Notes to the cash flow statement

Cash flow from operating activities amounts to EUR 213,784k (previous year: EUR 214,361k).

The cash flow from investing activities amounts to EUR –52,405k (previous year: EUR –147,617k). In the current fiscal year, this mainly includes:

» payments for the acquisition of Abvent SA and DC-Software Doster & Christmann GmbH.

» Contingent consideration payments mainly for Redshift Rendering Technologies, Inc. and DEXMA Sensors S.L.

» investments in the start-ups Foundamental Revolution Fund GmbH & Co. KG, Keamore Limited, Foundamental Revolution 6DCI GmbH & Co. KG and KEWAZO GmbH

» investments in intangible assets and office equipment

The previous fiscal year primarily includes payments for the acquisition of Vectorworks Australia Pty Ltd., the asset deal of Maxon Computer, Inc., investments in the start-up Reconstruct Inc. and the associate Imerso AS and investments in intangible assets and office equipment.

Changes in liabilities arising from financing activities, divided into cash and non-cash components were as follows:

LIABILITIES ARISING FROM FINANCING ACTIVITIES

Thousands of €	2022		2021	
	Borrowings	**Lease liabilities**	Borrowings	Lease liabilities
As of January 1	**128,701**	**66,037**	**130,271**	**67,623**
Cash Changes	–57,880	–17,387	–1,921	–16,416
Non-cash changes	–	–	–	–
New leases	–	23,613	–	12,684
Currency translation	1,203	2,861	–	2,141
Other changes	–80	2,173	351	5
As of December 31	**71,945**	**77,297**	**128,701**	**66,037**

[28] Related party transactions

The Group enters into transactions with related parties. These transactions are part of ordinary activities and are treated at arm's length. Related parties are defined as parties who can exert influence on Nemetschek SE and its subsidiaries or over which Nemetschek SE and its subsidiaries exercise control or have a significant influence. They include associates accounted for using the equity method. Related parties also include the Executive and Supervisory Boards as well as their family members and partners. The ultimate controlling party is Prof. Georg Nemetschek.

Sales and purchases of goods and services

Along with the associates Nemetschek OOD and Imerso AS, Concentra GmbH & Co. KG was identified as a related party due to the management role of a family member of the Group's ultimate controlling party there. During the year the following transactions were made with those:

(1) **Concentra GmbH & Co. KG, Munich, Germany**

- Rental of space by Group companies as well as related maintenance services amounting to a total of EUR 1,499k (previous year: EUR 1,505k).
- Reception services performed by Group companies amounting to a total of EUR 27k (previous year: EUR 26k).
- As of December 31, 2022 trade payables amounted to EUR 0k (previous year: EUR 25k) as well as trade receivables amounted to EUR 5k (previous year: EUR 0k).

(2) **Nemetschek OOD, Bulgaria**

- Use of services to a total of EUR 6,480k (previous year: EUR 5,133k).
- Perform of services by Group companies amounting to a total of EUR 6k (previous year: EUR 10k).
- As of December 31, 2022 trade payables amounted to EUR 669k (previous year: EUR 221k).

(3) **Imerso AS, Norway**

- Recharge of services from Group companies to Imerso AS, Norway amounting to a total of EUR 5k (previous year: EUR 0k).
- As of December 31, 2022 trade receivables amounted to EUR 2k (previous year: EUR 0k).

Compensation of members of the Executive Board

Total remuneration attributable to the Executive Board amounted to EUR 9,455k (previous year: EUR 5,914k). Thereof EUR 5,685k (previous year: EUR 4,468k) relate to short-term employee benefits, EUR 460k (previous year: EUR 1,446k) relate to other long-term benefits, EUR 1,715k (previous year: 0) relate to termination benefits and EUR 1,595k (previous year: 0) relate to share-based payments.

Executive Board members of Nemetschek SE participate in one-year Short Term Incentive Plans (STIP) and Long Term Incentive Plans (LTIP), that are part of the variable, performance-related remuneration system of the Group and provide an incentive to the Executive Board to achieve financial (mainly revenue and EBITDA) and individual non-financial targets. LTIPs starting before 2022 are accounted for in accordance with IAS 19, whereas LTIPs starting 2022 are accounted for in accordance with IFRS 2. For LTIPs starting before 2022 as well as STIPs, outstanding balances in the amount of EUR 2,858k (previous year: EUR 3,008k) are recognized as at December 31, 2022. Further, an Executive Board member of Nemetschek SE participates in a share-based payment in the form of Stock Appreciation Rights. See [25]. Customary market benefits in kind complete the remuneration of the Executive Board members.

As a result of the termination of the employment of one Executive Board member by mutual agreement at the end of December 31, 2022, the executive will receive a severance payment. Accordingly, the Group has recognized an expense of EUR 1,525k (previous year: 0). The outstanding balances of the termination benefits as at December 31, 2022, amounts to EUR 1,394k (previous year: 0).

Compensation of members of the Supervisory Board

Remuneration of the supervisory board is short-term and breaks down as follows:

REMUNERATION OF THE SUPERVISORY BOARD

Thousands of €	2022 Fix	2022 Attendance fee	2022 Total	2021 Total*	Change 2022 vs. 2021
Kurt Dobitsch	227	32	259	250	3%
Prof. Georg Nemetschek (until May 12, 2022)	82	–	82	225	–63%
Rüdiger Herzog (until May 12, 2022)	73	–	73	200	–63%
Bill Krouch	160	20	180	200	–10%
Patricia Geibel-Conrad (since May 12, 2022)	113	28	141	–	–
Dr. Gernot Strube (since May 12, 2022)	103	28	131	–	–
Christine Schöneweis (since May 25, 2022)	93	12	105	–	–
Prof. Dr. Andres Söffing (since May 25, 2022)	93	12	105	–	–
	945	**132**	**1,077**	**875**	**23%**

* Remuneration consists of fixed components only.

Other related party transactions

In the fiscal year 2022 dividends amounting to EUR 23,241k (previous year: EUR 17,878k) were paid out to direct and indirect shareholdings of the Nemetschek family.

Total remuneration of the Supervisory Board and the Executive Board in accordance with §314 in conjunction with §315e German Commercial Code (HGB)

The total remuneration of the active members of the Executive Board granted in 2022 amounts to EUR 10,943k (previous year: EUR 5,394k). The total remuneration of the members of the Supervisory Board granted in 2022 amounts to EUR 1,077k (previous year: EUR 875k).

Former members of the Executive Board were awarded total remuneration of EUR 1,715k (previous year: 0).

[29] Other information

Headcount

The average headcount breaks down as follows:

HEADCOUNT

Number of employees	2022	2021
Sales / Marketing / Hotline	1,572	1,458
Development	1,316	1,232
Administration	404	453
Average headcount for the year	**3,292**	**3,143**
Headcount as of December 31	**3,448**	**3,180**

Auditor's fees

The following fees of the auditor of the consolidated financial statements were expensed in the fiscal year 2022:

AUDITOR'S FEES

in EUR million	2022	2021
Financial statements audit services	0.68	0.48
Other audit services	0.01	0.04
Other services	0.07	0.00
	0.75	**0.52**

The other audit services include costs for the confirmation of agreed upon debt covenants within contracts with lenders and other services related to the audit of the introduction of the Treasury Management System.

[30] Information on the “German Corporate Governance Code”

The Declaration of Conformity was submitted on March 9, 2023. The relevant current version is available to the shareholders on the website of Nemetschek SE.

(https://ir.nemetschek.com/download/companies/nemetschek/CorporateGovernance/2023_Declaration_of_Conformity_CGK_EN.pdf)

[31] Events after the balance sheet date

Subsequent events

With effect from January 1, 2023, the supervisory board of Nemetschek SE has unanimously appointed Louise Öfverström as CFO, subject to the Executive Board remuneration system of Nemetschek. The new Executive Board structure consists of Louise Öfverström (CFO) and the three existing members Yves Padrines (CEO), Viktor Várkonyi (CDO Design Division) and Jon Elliott (CDO Build Division).

Date of preparation

The Executive Board prepared and approved the consolidated financial statements on March 17, 2023, to be passed on to the Supervisory Board. It is the supervisory board’s task to examine the consolidated financial statements and give its approval and authorization for issue.

[32] For a detailed overview of Nemetschek Group’s shareholdings, please refer to the following chart:

AFFILIATED ENTITIES

Name, registered office of the entity	Shareholding in %
Design segment	
Abvent SA, Paris, France (consolidated since December 20, 2022)	100.00
Abvent SA, Estavayer-le-Lac, Switzerland (consolidated since December 20, 2022)	100.00
Allplan Česko s.r.o., Prague, Czech Republic	100.00
Allplan Deutschland GmbH, Munich, Germany*	100.00
Allplan France S.A.R.L., Puteaux, France	100.00
Allplan GmbH, Munich, Germany*	100.00
Allplan Italia S.r.l., Trient, Italy	100.00
Allplan Österreich GmbH, Wals-Siezenheim, Austria	100.00
Allplan Schweiz AG, Wallisellen, Switzerland	93.33
Allplan Software Engineering GmbH, Puch bei Hallein, Austria	100.00
Allplan Software Singapore Pte. Ltd., Singapore	100.00
Allplan Slovensko s.r.o., Bratislava, Slovakia	100.00
Allplan Systems España S.A., Madrid, Spain	100.00
Allplan UK Ltd., Salford, Great Britain	100.00
Data Design System UK Ltd., Wiltshire, Great Britain	100.00
DC-Software Doster & Christmann GmbH, Munich, Germany (consolidated since April 1, 2022)	100.00
Design Data Corporation, Lincoln, Nebraska, United States**	100.00
FRILO Software GmbH, Stuttgart, Germany*	100.00
Graphisoft Asia Ltd., Hong Kong, China	100.00
Graphisoft Brasil Serviços de Tecnologia da Informação Ltda, São Paulo, Brazil	100.00
Graphisoft Building Systems GmbH, Ascheberg, Germany***	100.00
Graphisoft Deutschland GmbH, Munich, Germany*	100.00
Graphisoft Italia S.R.L., Spinea, Italy	100.00
Graphisoft Japan Co., Tokyo, Japan	100.00
Graphisoft México S.A. de C.V., Mexico D.F., Mexico	100.00
Graphisoft North America, Inc., Waltham, Massachusetts, United States	100.00
Graphisoft Scandinavia AS, Klepp Stasjon, Norway***	100.00
Graphisoft SE, Budapest, Hungary	100.00
Graphisoft UK Ltd., Uxbridge, Great Britain	100.00
Nemetschek Austria Beteiligungen GmbH, Mondsee, Austria	100.00
RISA Tech, Inc., Foothill Ranch, California, United States	100.00
Scia CZ s.r.o., Prague, Czech Republic	100.00
Scia France S.A.R.L., Lille, France	100.00
Scia Group International nv, Hasselt, Belgium	100.00
Scia Nederland B.V., Arnhem, Netherlands	100.00
Scia nv, Hasselt, Belgium	100.00
Scia SK s.r.o., Zilina, Slovakia	100.00
Scia GmbH, Dortmund, Germany	100.00
Solibri DACH GmbH, Hamburg, Germany	100.00
Solibri LLC, Scottsdale, Arizona, United States	100.00
Solibri Oy, Helsinki, Finland	100.00
Solibri UK Ltd., Leeds, Great Britain	100.00
Solibri Benelux B.V., Hoofddorp, Netherlands	100.00

Vectorworks Canada, Inc., Vancouver, British-Columbia, Canada	100.00
Vectorworks UK, Ltd., Newbury, Great Britain	100.00
Vectorworks, Inc., Columbia, Maryland, United States	100.00
Vectorworks Australia Pty Ltd., Rosebery, New South Wales, Australia	100.00
Build segment	
123erfasst.de GmbH, Lohne, Germany	100.00
Bluebeam AB, Kista, Sweden	100.00
Bluebeam Holding, Inc., Wilmington, Delaware, United States	100.00
Bluebeam GmbH, Munich, Germany*	100.00
Bluebeam, Inc., Pasadena, California, United States	100.00
Bluebeam Limited UK, Ltd., London, Great Britain	100.00
Bluebeam Australia PTY, Ltd., Sydney, Australia	100.00
dRofus AB, Stockholm, Sweden	100.00
dRofus AS, Oslo, Norway	100.00
dRofus Inc., Lincoln, Nebraska, United States	100.00
dRofus Pty Ltd, North Sydney, Australia	100.00
NEVARIS Bausoftware GmbH, Bremen, Germany*	100.00
NEVARIS Bausoftware GmbH, Elixhausen, Austria	100.00
Manage segment	
Crem Solutions GmbH & Co. KG, Ratingen, Germany*	100.00
Crem Solutions Verwaltungs GmbH, Munich, Germany	100.00
Dexma Sensors S.L., Barcelona, Spain	100.00
FASEAS NV, Antwerp, Belgium	100.00
MCS Americas Single Member LLC, New York City, New York, United States	100.00
MCS NV, Antwerp, Belgium	100.00
myMCS AB, Knivsta, Sweden	100.00
Nemetschek India Private Limited, Hyderabad, India***	100.00
Spacewell International NV, Antwerp, Belgium	100.00
Spacewell Netherlands Holding B.V., Arnhem, Netherlands***	100.00
Spacewell Netherlands B.V., Arnhem, Netherlands**,***	100.00
Media segment	
Maxon Computer Canada, Inc., Montreal, Québec, Canada	83.55
Maxon Computer GmbH, Bad Homburg v.d.H., Germany	83.55
Maxon Computer, Inc., Thousand Oaks, California, United States	83.55
Maxon Computer Ltd., Cranfield, Bedfordshire, Great Britain	83.55
Maxon Computer Japan KK, Tokyo, Japan	83.55
Other	
Nemetschek, Inc., Foothill Ranch, California, United States	100.00

* In the fiscal year 2022, the entities exercised the exemptions of Sec. 264 (3) HGB as follows:
- Option not to prepare notes to the financial statements (Allplan Deutschland GmbH, Bluebeam GmbH, FRILO Software GmbH, Graphisoft Building Systems GmbH , Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to prepare a management report (Allplan GmbH, Allplan Deutschland GmbH, Bluebeam GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH, Graphisoft Deutschland GmbH and NEVARIS Bausoftware GmbH);
- Option not to publish the annual financial statements;
- Option not to audit the annual financial statements (Allplan GmbH, Allplan Deutschland GmbH, Crem Solutions GmbH & Co. KG, Graphisoft Building Systems GmbH and NEVARIS Bausoftware GmbH).

** In the fiscal year 2022 the following mergers have been made:
- Allplan Inc. was merged with Design Data Corporation;
- Dacoda was merged with NEVARIS Bausoftware GmbH;
- Plandatis B.V. was merged with Spacewell Netherlands B.V.

*** In the fiscal year 2022 the following company name changes have been made:
- Axxerion Group B.V. was renamed into Spacewell Netherlands Holding B.V.;
- Axxerion B.V. was renamed into Spacewell Netherlands B.V.;
- Data Design System GmbH was renamed into Graphisoft Building Systems GmbH;
- Data Design System AS was renamed into Graphisoft Scandinavia AS;
- MCS Solutions Private Ltd. was renamed into Nemetschek India Private Limited.

[33] **Bodies of the Company**

Supervisory Board

Kurt Dobitsch, Businessman
Chairman
Year of birth 1954, Nationality: Austrian
First appointed 1998, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany, Chairman
- Bechtle AG (publicly listed), Gaildorf, Germany
- Singhammer IT Consulting AG (not listed), Munich, Germany
- 1 & 1 AG (publicly listed), Maintal, Germany, Chairman
  Mandates affiliated to the Group:
  - 1 & 1 Mail & Media Applications SE, Montabaur, Germany, Chairman
  - IONOS Holding SE, Montabaur, Germany

Patricia Geibel-Conrad, Auditor/Tax Consultant in own practice
Deputy Chairwoman
Year of birth 1962, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany, Chairwoman of the Audit Committee
- DEUTZ AG (publicly listed), Cologne, Germany Chairwoman of the Audit Committee
- CEWE Stiftung & Co. KGaA (publicly listed), Oldenburg, Germany, Chairwoman of the Audit Committee
- HOCHTIEF Aktiengesellschaft (publicly listed), Essen, Germany, Member of the Supervisory Board and the Audit Committee (until October 19, 2022)

Bill Krouch, Consultant
Year of birth 1959, Nationality: US American
First appointed 2018, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany
- INVESTCORP (not listed), New York, USA

Christine Schöneweis, Senior Vice President and COO Intelligent Enterprise Solutions, SAP SE
Year of birth 1976, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany

Prof. Dr. Andreas Söffing, Tax Consultant and Partner Flick, Gocke, Schaumburg
Year of birth 1962, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany
- United Internet AG (publicly listed), Montabaur, Germany

Membership of comparable domestic and foreign supervisory bodies of commercial enterprises:
- Advisory board of Deutsche Oppenheim Family Office AG, Cologne, Germany, Deputy Chairman

Dr. Gernot Strube, Businessman
Year of birth 1965, Nationality: German
First appointed 2022, Term expires 2027

Member of the following Supervisory Boards:
- Nemetschek SE (publicly listed), Munich, Germany

Prof. Georg Nemetschek, Businessman
Deputy Chairman until May 12, 2022
Honorary Chairman as of May 12, 2022
Year of birth 1934, Nationality: German
First appointed 2001

Rüdiger Herzog, Lawyer
Year of birth 1950, Nationality: German
First appointed 2003, resigned May 12, 2022

Member of the following Supervisory Boards:
- DF Deutsche Finance Holding AG, (not listed), Munich, Germany, Chairman
- DF Deutsche Finance Investment GmbH, Munich, Germany, Chairman
- DBC Finance GmbH, Munich, Germany, Chairman

Committees of the Supervisory Board

Audit Committee (as of January 1, 2022)

Patricia Geibel-Conrad, Chairwoman (as of May 12, 2022)
Kurt Dobitsch
Dr. Gernot Strube (as of May 12, 2022)
Rüdiger Herzog (Chairman, until May 12, 2022)
Prof. Georg Nemetschek (until May 12, 2022)

Executive Board

Yves Padrines
(Master of Business Administration, MBA)
Chief Executive Officer (as of March 1, 2022)
Born in 1976, Nationality: French

Member of Supervisory Boards of affiliated companies:
- Maxon Computer GmbH, Germany (as of April 22, 2022)

Dr. Axel Kaufmann
(Dipl.-Kfm.)
Chief Financial & Operations Officer (until December 31, 2022)
Born in 1969, Nationality: German

Further group-internal mandate:
- Managing Director Nemetschek Austria Beteiligungen GmbH (until December 31, 2022)

Member of Supervisory Boards of affiliated companies:
- Bluebeam Holding, Inc., USA (until December 31, 2022)
- Bluebeam Inc., USA (until December 31, 2022)
- Maxon Computer GmbH, Germany (until April 22, 2022)
- Nemetschek Inc., USA (until December 31, 2022)
- Spacewell International NV, Belgium (as of January 12, 2022, until October 10, 2022)

Louise Öfverström
(Master of Science in Business Administration)
Chief Financial Officer (as of January 1, 2023)
Born in 1975, Nationality: Swedish

Further group-internal mandate:
- Managing Director Nemetschek Austria Beteiligungen GmbH

Member of Supervisory Boards of affiliated companies:
- Bluebeam Holding, Inc., USA
- Bluebeam Inc., USA
- Nemetschek Inc., USA

Further external mandate:
- Rheinmetall AG, Germany

Viktor Várkonyi
(Master in Informatik, MBA)
Chief Division Officer, Planning & Design Division
Born in 1967, Nationality: Hungarian

Member of Supervisory Boards of affiliated companies:
- Data Design System AS, Norway (until March 22, 2022)
- dRofus AS, Norway (until September 29, 2022)
- Graphisoft SE, Hungary
- RISA Tech. Inc., USA
- SCIA Group International NV, Belgium
- SCIA NV, Belgium
- Solibri Oy, Finland
- Vectorworks, Inc., USA

Jon Elliott
(Master in Business Administration, MBA)
Chief Division Officer, Build & Construct Division
Born in 1976, Nationality: US American

Further group-internal mandate:
- CEO Bluebeam Holding, Inc., USA
- CEO Bluebeam, Inc., USA
- Director Bluebeam Ltd., UK
- CEO Nemetschek Inc., USA

Member of Supervisory Boards of affiliated companies:
- Nemetschek Inc., USA

Munich, March 17, 2023

Nemetschek SE

Yves Padrines   Louise Öfverström   Viktor Várkonyi   Jon Elliott