

Letter to Shareholders

Dear shareholders,

The financial year 2022 was **another successful year** for the Nemetschek Group. We continued our long-standing growth trend and once again reached our annual revenue and earnings targets, while simultaneously further developing our Group strategically.

Even if the global and geopolitical challenges have increased in 2022, the structural growth drivers, such as the low degree of digitalization or the requirements for more efficiency and sustainability in the construction industry, are still intact. At the same time, we see great opportunities for companies like the Nemetschek Group with a successful business model and a resilient operational and financial setup.

Financial year 2022 – continuation of our growth course

Last year, we **achieved new record highs for Group revenues and earnings** – despite the slowdown in the global economy in the second half of the year and the start of the transition to subscription-based and SaaS models at our US brand Bluebeam. This helped us to further expand our market position as one of the world's leading software partners for the AEC/O industry. We also continued our very successful development in the Media segment.

Overview of the key financial indicators for 2022:

- » **Group revenue** increased by 17.7% to EUR 801.8 million; currency-adjusted growth amounted to 12.1%. The currency-adjusted revenue growth was therefore in the forecasted range of 12% to 14%.
- » We are pleased to see that this growth was achieved on a **broad operational basis** again in 2022. We were able to increase our revenues in all **four of our segments**.
- » In line with our strategy, the **share of recurring revenues** from service contracts as well as subscription and SaaS offerings continued to increase to a new record high of more than 66% (previous year: 61%) of the total group revenue. This increase was driven by an even stronger growth in revenues from subscription and SaaS offerings, which grew at a rate of around 55% compared to previous year.
- » To present the future growth dynamic and success of the ongoing transition of business to subscription-based and SaaS

models more transparently, we introduced the **annual recurring revenue (ARR)** KPI last year. At 27.4%, ARR growth outstripped revenue growth, which indicates continued high growth potential for the next twelve months.

- » **Group earnings before interest, taxes, depreciation, and amortization (EBITDA)** rose by 15.8% to EUR 257.0 million. At 32.0%, the EBITDA margin was also within the forecasted range of 32% to 33%.
- » **Net income** grew strongly by 20.3% to EUR 161.9 million, corresponding to earnings per share of EUR 1.40.

As you have come to expect from Nemetschek, we want you to participate appropriately in the company's success once again for the year now ended. We will therefore propose to the Annual General Meeting on May 23, 2023, **a dividend of EUR 0.45 per share** for the 2022 financial year. This represents a 15.4% increase compared with last year's dividend (EUR 0.39 per share).

Strategic highlights

In 2022, we continued to make good progress in implementing our **strategic focus topics**.

- » This can be seen in the **share of recurring revenues**, which grew by around 5 percentage points to 66%. The **transition to subscription-based and SaaS models** means that our revenues are better predictable, and our business is becoming more structurally resilient – even across economic cycles. This transformation is just as much a strategic growth driver for Nemetschek as **internationalization**. Accordingly, we lifted the share of international revenues from 76% in the previous year to 79% in 2022. Consequently, we will continue to concentrate on the markets in the focus regions: Americas and Asia/Pacific. In these regions, we are striving to expand our market position through organic growth as well as via acquisitions.
- » **Expanding our Media segment** is an important step in diversifying our business in terms of target industries and customer groups. The Group's Maxon brand, one of the world's leading providers of software for the creation of 3D animations and the rendering of visual effects for movies, TV shows, gaming, and commercials, increased its share of Group revenues in 2022 from around 10% to 13%.

- » The Nemetschek brands continued to drive their **innovation focus areas**, such as cloud solutions, digital twins and artificial intelligence, forward in 2022. This includes, for example, the new Bluebeam cloud product offering and the development of an open, cloud-based digital twin platform. In addition to using our own development resources, we are also further increasing our innovative strength by investing in start-ups. In 2022, we took a stake in the start-up SymTerra, which offers a digital platform for construction site communication. Furthermore, we invested in the start-up Kewaso with its innovative robotic solutions that enable automation and digitalization of on-site material flows.
- » For Nemetschek, the benefit for our customers is always at the forefront of everything we do. In the current year, for instance, we are focusing intensively on implementing our joint **go-to-market strategy** to tap into additional growth potential. This approach seeks to better integrate the solutions and services offered by the individual Group brands under the umbrella of the Nemetschek Group in order to make greater use of the digital sales channels and advance regional growth initiatives. As a result, we will be able to serve our existing customers even better while simultaneously winning/addressing new customer groups for Nemetschek.
- » Additionally, we made good progress in **streamlining the structures of the Nemetschek Group and organizing them more efficiently**, for example, through integration and harmonization within our brand portfolio. Internal processes and IT structures were also made leaner and enhanced further. In this context, the further expansion of cross-brand development centers has also been planned in order to pool resources more efficiently and leverage existing competencies for multiple brands. All these measures will help us create synergies and thus improve our operational excellence, with the aim of increasing customer satisfaction.

Looking forward

The **global construction industry** is in a state of change at the beginning of 2023. And yet the medium- and long-term structural growth drivers that are important for our business model, such as digitalization, reduction of carbon emissions and urbanization, are still fully intact. Their urgency has increased in the current, changing market environment, as the lack of efficiency in the construction industry becomes even more apparent.

Climate change, the energy transition and steadily growing urbanization, as well as recent spikes in the prices of energy and materials, are continuing to increase the pressure to design, construct and subsequently operate buildings in a more environmentally friendly and resource-saving way. Thinking one step further, efficient conversion or demolition in the spirit of a true circular economy is also playing an increasingly important role. It is therefore

becoming increasingly clear that sustainable planning, construction and management, including concepts for a true circular economy, are no longer possible without consistent digitalization along the entire lifecycle of buildings and infrastructure projects.

We, as a **pacesetter for digitalization in the construction industry**, seek to continue to benefit from these developments. We are working hard on further accelerating the trends through our innovative products and solutions and shaping the advancing digital transformation of the construction sector on a lasting basis. Our core competencies remain unchanged: We facilitate the efficient collaboration of all parties involved in the building process, with seamless workflows and based on open standards.

Add to this our **fast-growing media business**, which is only at the beginning of a long-term growth phase. Here, too, we enjoy an excellent positioning and address the entire creative process of content production.

New technologies such as cloud offerings, AI, digital twins, robotics, or virtual reality will also help users to master the challenges of the AEC/O industry. We also see further opportunities and potential for the media space, for example the metaverse, which merges the virtual and the real worlds. The metaverse provides a wealth of opportunities for global networking as well as new possibilities in entertainment in the working world and in education.

The Nemetschek Group has a **successful and resilient positioning** from a strategic, operational, and financial perspective. Even in the currently changed market environment, we can therefore see far more opportunities than risks for our industry. Therefore, we continue to expect strong demand for our solutions, which gives us confidence looking into the future. I firmly believe that we will successfully continue along our path of profitable growth and reach the next stage of our corporate development.

I would therefore like to express my sincere thanks to our global partners and to all of the around 3,500 employees of our Group, whether they work at one of our 13 brands or at our headquarters in Munich, for their outstanding commitment and excellent work in the past financial year.

Best regards,



Yves Padrines
CEO