

## Declaration Confirmation of the members of the authorized body

"I hereby confirm that, to the best of my knowledge, in accordance with the applicable financial reporting framework, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the Group management report gives a true and fair view of business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group."

Munich, March 27, 2020



Dr. Axel Kaufmann



Viktor Várkonyi



Jon Elliott

## Independent auditor's report

To Nemetschek SE

### Report on the audit of the consolidated financial statements and of the group management report

#### Opinions

We have audited the consolidated financial statements of Nemetschek SE and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from 1 January 2019 to 31 December 2019, the consolidated statement of financial position as of 31 December 2019, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from 1 January 2019 to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nemetschek SE, which has been combined with the management report of Nemetschek SE, for the fiscal year from 1 January 2019 to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the non-financial statement contained in section 2 and the report on corporate controlling and statement on corporate management contained in section 7.1.

In our opinion, based on the knowledge we obtained in the audit,

- » the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2019, and of its financial performance for the fiscal year from 1 January 2019 to 31 December 2019, and
- » the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the non-financial statement and the report on enterprise controlling and declaration on corporate management referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

#### Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section

317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities according to those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

### **Key audit matters in the audit of the consolidated financial statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2019 to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

#### **1. Recognition of revenue from software service agreements**

##### **Reasons why the matter was determined to be a key audit matter**

The business activities of the Group comprise among others the sale of software licenses as well as the rendering of services such as a telephone hotline and updates in connection with this software under software service agreements (“service agreements”). Revenue from these service agreements is recognized on a pro rata basis over the term of the agreement. Recognizing revenue over the term of these service agreements is an area that carries significant risk of material misstatement in the consolidated financial statements (including the potential risk of management overriding controls) and is thus a key audit matter, as there is a large number of these transactions and revenue is a financial performance indicator.

##### **Auditor’s response**

In the course of our audit, we examined the processes associated with revenue recognition as well as the application of the accounting policies for service agreements. We assessed the

design and operating effectiveness of the accounting-related internal control system by verifying business transactions from initiation to its recognition in the financial statements as well as the controls implemented as part of the process.

Our audit procedures included, but were not limited to, a review of the contractual bases including contractually agreed regulations regarding service performance and termination rights. To assess the accounting performed by the executive directors, we performed substantive testing to verify that the prerequisites for the recognition of revenue were met for service agreements. In particular, to assess whether revenue from service agreements was matched to the correct period, we reconciled and recalculated on a sample basis the revenue recognized as of the reporting date as well as the corresponding deferred items for work in process with the contractual bases and compared records of payments received with bank statements. Data analysis procedures were also used in this context to evaluate mass data. In order to detect irregularities in the margin development over the course of the year and in comparison, to the prior year, we carried out analytical audit procedures.

Furthermore, we obtained documents from third parties for the receivables outstanding as of the reporting date.

Our audit procedures did not lead to any reservations regarding the recognition of revenue from software service agreements.

##### **Reference to related disclosures**

For information on the accounting policies applied to the recognition of revenue from software service agreements, we refer to the disclosures in the notes to the consolidated financial statements in the section Summary of significant accounting policies – Revenues, as well as to no. 1 Revenue, no. 21 Deferred items and no. 26 Segment reporting.

#### **2. Accounting for business combinations**

##### **Reasons why the matter was determined to be a key audit matter**

The purchase of the Axserion Group, Heteren, Netherlands, on 18 January 2019 and the acquisition of Redshift Rendering Technologies, Inc. Newport Beach, USA, on 5 April 2019 were key audit matters because of the complexity of the transactions as well as the assumptions and estimates required by the executive directors as part of the purchase price allocation.

##### **Auditor’s response**

Our audit procedures in relation to the purchase of the companies involved verifying the assessment by the executive directors regarding control of the entities acquired. For this purpose, we compared, among other things, the corporate law agreements with the criteria for control defined in IFRS 10 Consolidated Financial Statements.

In addition to comparing the consideration provided by Nemetschek SE with the contractual bases, our audit procedures in relation to the (preliminary) purchase price allocations involved assessing the methodology used by the external appraiser engaged by the executive directors to identify the acquired assets as well as the conceptual assessment of the measurement models, considering the rules in IFRS 3 Business Combinations. With the support of our internal measurement specialists, we verified the methods used to measure fair value. We also analyzed assumptions and estimates based on judgment (for example growth rates, cost of capital rates, royalty rates or remaining useful lives) made to determine the fair values of the acquired, identifiable assets as well as of the liabilities assumed on the acquisition date in order to check whether they correspond to general and industry-specific market expectations. In addition, we verified the models arithmetically and reconciled the future expected cash flows used for measurement with internal budgets and other items.

Another focus was on the determination of the fair values for technologies and the customer base. Among other things, we assessed the suitability of the measurement appraisal and of the appraisals by external experts engaged by the executive directors as audit evidence by interviewing the experts to determine whether the assumptions made reflect the view of an external market participant on the acquisition date. With regard to the determination of goodwill, we examined the calculation as a residual amount between the purchase price calculated less the fair value of identified, acquired assets and liabilities, taking into account the resulting deferred taxes.

We compared the accounting treatment of the assets and liabilities acquired in the business combinations with the accounting policies used in the Nemetschek Group. We also examined the tax effects of the combination and the presentation of the first-time consolidation in the consolidation system. Additionally, we assessed the disclosures in the notes to the consolidated financial statements regarding the requirements in IFRS 3.

Our audit procedures did not lead to any reservations regarding the accounting for business combinations.

#### Reference to related disclosures

The disclosures on the accounting for business combinations are presented in the sections Summary of significant accounting policies, Significant discretionary decisions, estimates and assumptions when preparing the consolidated financial statements, Business combinations – *Acquisitions in 2019, Acquisitions in fiscal year 2018*, as well as in no. 15 *Property, plant and equipment* and no. 16 *Intangible Assets and Goodwill* in the notes to the consolidated financial statements.

### 3. Impairment of goodwill and intangible assets

#### Reasons why the matter was determined to be a key audit matter

Testing goodwill and intangible assets at the level of the cash-generating unit for possible impairments was a key audit matter, as the measurements underlying the impairment tests highly depend on the estimate of future cash flows and the discount rate used and have a material effect on the consolidated financial statements.

#### Auditor's response

To assess the appropriateness of the measurements performed by the executive directors, we carried out control-based audit procedures and examined the underlying processes associated with the identification of the cash-generating units and determination of fair values, and also carried out substantive audit procedures.

To check the cash-generating unit for possible impairments, we verified the underlying measurement models both methodologically and arithmetically, with the support of internal valuation specialists. In this context, we examined whether the budgets reflect general and industry-specific market expectations and compared the measurement parameters used for the estimates of the fair values – in particular the estimated growth rates, the weighted average cost of capital rates and the tax rates – with publicly available market data and assessed these against changes in significant assumptions, including future market conditions. To determine the reliability of the budgets, we compared historical budget data with actual figures on a sample basis.

To be able to assess a possible impairment risk in the event of a potential change in one of the main assumptions, we also carried out our own sensitivity analyses.

Our audit procedures did not lead to any reservations regarding the impairment of goodwill and intangible assets.

#### Reference to related disclosures

For information on the accounting policies applied to the impairment of goodwill and intangible assets, we refer to the disclosures in the notes to the consolidated financial statements in the section Summary of significant accounting policies – *Intangible Assets and goodwill, Impairment of non-financial assets*, Significant discretionary decisions, estimates and assumptions when preparing the consolidated financial statements as well as to in no. 16 *Intangible Assets and Goodwill*.

### Other information

The executive directors are responsible for the other information. The other information comprises:

- » Activities of the Company;
- » "Key Figures";
- » The statement to shareholders;
- » "Management" in the section "To our shareholders" of the annual report 2019;
- » "Nemetschek on the Capital Market" in the section "To our shareholders" of the annual report 2019;
- » "Corporate Governance" in the section "To our shareholders" of the annual report 2019;
- » "Declaration of the members of the authorized body";
- » Non-financial statement in the combined management report;
- » Report on corporate controlling and statement on corporate management in the combined management report, and
- » Reference projects.

The supervisory board is responsible for the following other information:

- » Report of the Supervisory Board 2019.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- » is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- » otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) that they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

### **Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- » Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report to design audit procedures that are appropriate under the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems;
- » Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures;
- » Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclo-

tures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;

- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB;
- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;
- » Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides;
- » Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant underlying assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to affect our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### Further information pursuant to Art. 10 of the EU Audit

#### Regulation

We were elected as group auditor by the Annual General Meeting on 28 May 2019. We were engaged by the supervisory board on 22 October 2019. We have been the auditor of Nemetschek SE without interruption since the fiscal year from 1 January 2013 to 31 December 2013.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

#### German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Ralf Bostedt.

Munich, March 27, 2019

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Bostedt  
Wirtschaftsprüfer

Turba  
Wirtschaftsprüferin



*The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial group statement 2019 of Nemetschek SE. The following text is a translation of the original German Independent Auditor's Limited Assurance Report.*

## **Independent Auditor's Limited Assurance Report**

To Nemetschek SE, Munich

We have performed a limited assurance engagement on the non-financial group statement of Nemetschek SE according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code), as well as the section "1.1 Business model" in the combined management report being incorporated by reference for the reporting period from 1 January 2019 to 31 December 2019 (hereafter non-financial group statement).

### **Management's responsibility**

The legal representatives of the Company are responsible for the preparation of the non-financial group statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial group statement as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial group statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's declaration relating to independence and quality control**

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

### **Auditor's responsibility**

Our responsibility is to express a limited assurance conclusion on the non-financial group statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial group statement of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between January 2020 and March 2020, we performed amongst others the following assurance and other procedures:

- » Inquiries of employees regarding the selection of topics for the non-financial group report, the risk assessment and the concepts of Nemetschek SE for the topics that have been identified as material,
- » Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial group statement, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial group statement,
- » Identification of likely risks of material misstatement in the non-financial group statement,
- » Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating relevant data in the reporting period and testing such documentation on a sample basis,
- » Analytical evaluation of disclosures in the non-financial group statement,
- » Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- » Evaluation of the presentation of disclosures in the non-financial group statement.

### **Assurance conclusion**

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of Nemetschek SE for the period from 1 January 2019 to 31 December 2019 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

### **Intended use of the assurance report**

We issue this report on the basis of the engagement agreed with Nemetschek SE. The assurance engagement has been performed for the purposes of the Company and the statement is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The statement is not intended to provide third parties with support in making (financial) decisions.

### **Engagement terms and liability**

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement ([www.de.ey.com/general-engagement-terms](http://www.de.ey.com/general-engagement-terms)). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 27 March 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Nicole Richter  
Wirtschaftsprüferin  
(German Public Auditor)

Yvonne Meyer  
Wirtschaftsprüferin  
(German Public Auditor)