

## 7 Outlook 2025

### Overall Economic Development

As a globally active company, the Nemetschek Group is influenced by worldwide economic developments and industry-specific trends. These developments may also impact the Group's future earnings, financial and asset situation.

The outlook for the global economy is currently influenced by many factors that are subject to great uncertainties. Geopolitical conflicts and crises, as well as their impact on global markets, remain key drivers of the global economic situation. Despite these myriad crises, the global economy proved to be robust in 2024.

It is also expected that the Russian war of aggression in Ukraine, as well as the increasing disputes and conflicts in the Middle East, will have a negative impact on the development of the global economy in 2025. Furthermore, it is anticipated that trade relations between the USA and China, but also between the USA and Europe, could become strained due to the new US President and that global supply chains could be impacted as a result. Moreover, the increasing transformation efforts and activities in individual economic areas (e.g., the Department of Government Efficiency in the USA and the European Green Deal in the European Union) could lead to substantial changes in the underlying economic conditions, yielding opportunities as well as risks for individual sectors.

The monetary measures taken by governments and central banks have exerted their effect in recent years. Inflation rates are therefore expected to continue declining, gradually reaching the central banks' targets and have already done so in some regions. Initial measures to ease the restrictive monetary policy have already been taken and further such measures are expected. Interest rates already fell during the course of 2024, but remain at a relatively high level in many regions. Given the large number of existing and potential geopolitical conflicts, the following forecasts are, however, fraught with high uncertainty.

In its World Economic Outlook published on January 17, 2025, the International Monetary Fund (IMF) expects global growth of 3.3%, which is similar to the growth rate witnessed in 2024. In its Annual Report 2024/2025 published on November 13, 2024, the German Council of Economic Experts assumes that global economic growth will slow to 2.6% in 2025.

In its report published in January, the IMF estimates global inflation at 4.2% in the year 2025, whereas the German Council of Economic Experts expects a lower rate of inflation of 3.0 percent. Both groups of experts thus anticipate a slowdown compared to the previous year.

The following developments are forecast for the regions of operational significance for the Nemetschek Group:

GDP in the **Eurozone** is expected to grow by 1.3% (German Council of Economic Experts) and 1.0% (IMF) in 2024. The European Central Bank continues to relax its monetary policy, meaning that a further slight reduction in interest rates can be expected for 2025. It is also assumed that inflation will once again decline compared with previous years and that it will gradually move towards the target set by the ECB in many European countries. Nevertheless, it is still expected that the Russian war of aggression against Ukraine, in particular, will continue to have an adverse impact on economic performance in the EU.

After the economy in **Germany** more or less stagnated in 2024, the German Council of Economic Experts and the IMF anticipate that economic performance in Germany will remain weak, with each institution predicting growth rates of 0.4% and 0.3%, respectively, for 2025. The German economy continues to face substantial challenges, as high energy and labor costs, as well as increasing international competition (e.g., from China), are having a particularly negative impact on export business, but also on overall economic performance.

The German Council of Economic Experts is forecasting growth of 2.1% for the **United States** in 2025, while the IMF expects growth of 2.7%. Both institutions therefore expect that the US economy will slow down for the second year in a row. The economic policies planned by the new government, including possible tax reforms and infrastructure investments, could have a considerable effect on economic performance. In particular, the planned tariffs could push up inflation and put a strain on trade relations. In addition, the Federal Reserve has raised the prospect of two further interest rate cuts of 0.25 percentage points in 2025. This cautious easing of monetary policy is intended to bolster economic growth while simultaneously keeping inflation under control.

The highest level of economic growth is once again forecast for **Asia** in 2025. The IMF expects growth of 5.1% in 2025, putting its estimate more or less on a par with that of the German Council of Economic Experts at 4.1%. A driver in the region is **China**, with an estimated growth of 4.6% (IMF) or 4.6% (Council of Economic Experts). The crisis in the Chinese real estate sector, however, is expected to continue in 2025. Additionally, it is anticipated that tensions in international trade, especially with the USA and the EU, could negatively impact Chinese exports. Planned tariffs on Chinese products, such as electric vehicles, could also change the balance of trade. An additional strong driver in Asia is India, with a forecast growth rate of 6.5% (IMF) or 6.6% (Council of Economic Experts). The Indian government is increasingly focusing on expanding the country's infrastructure and is subsidizing investments in key areas such as technology and renewable energies. Continuing digitalization and technological progress, especially in the IT sector, are consolidating India's position as a global driver of innovation and spearheading its economic growth. For

**Saudi Arabia**, further economic growth is forecasted. The IMF expects an increase of 3.3% for the year 2025. However, this outlook is slightly below the original growth expectation, as Saudi Arabia's economic growth was revised downwards slightly due to the reduction in oil production. At the same time, however, the country is making considerable efforts to diversify its economy and make it less dependent on the oil sector.

Overall, the uncertainties associated with the aforementioned forecasts are considerable and particularly depend on the further course of political and economic conflicts, crises and underlying conditions. Any risks occurring or worsening or any deterioration in conditions may have a negative effect on the global economy. Likewise, an end to the war in Ukraine or the Middle East or an improvement in general conditions may generate impetus for the global economy, positively affecting the industries and regions addressed by the Nemetschek Group. The IMF and the German Council of Economic Experts currently believe that the short-term risks for the global economy outweigh the opportunities.

Sources: German Council of Economic Experts, Annual Report 2024/25 dated November 13, 2024, and International Monetary Fund, World Economic Outlook Update dated October 22, 2024, and January 17, 2025.

## Development of the Underlying Industry-Specific Conditions in the Construction Sector

### Construction Industry

The construction industry is influenced by the prevailing macroeconomic and political conditions. The effects previously described of the current geopolitical crises and conflicts are also leaving traces on the construction industry in particular. High interest rates (despite slight falls), a still restrictive monetary policy, and continued high prices continue to exert a dampening effect on the current willingness to invest among companies and private developers. In the medium term, however, the construction sector is expected to recover slightly.

The current situation in the sector poses the challenge of finding efficiencies in planning and construction processes, especially for companies operating in this area. The increased need for improved efficiency and cost savings may therefore continue to provide an important incentive for the further digitalization of the industry. At the same time, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is growing at an increasing rate. A more energy- and resource-efficient approach throughout the entire construction process, including the subsequent use phase, is a critical factor in achieving the political climate targets. This may also lead to positive growth momentum for the construction industry.

The experts at Euroconstruct (December 2024) project a sequential inflation-adjusted decline in the construction industry in **Europe**. They forecast a decline of -1.8% in 2024, improving to -0.1% in 2025. Renewed growth of 1.3% is expected for the first time in 2026. The German construction industry, which is still of particular importance for the Nemetschek Group, is expected to contract by -1.1% in 2025. The forecast contraction is therefore lower than in 2024, where a decline of -3.5% was expected.

At -1.1% in 2025, the decline forecast for Germany is above the average for the Euroconstruct countries (-0.1%). The highest growth rates across Europe are expected in Ireland (+6.0%), Norway (+5.6%) and Poland (+5.4%). The sharpest declines in 2025 are forecast for Italy (-6.4%) and Belgium (-1.2%).

While the construction industry in the **USA** is estimated to have grown by 5% in 2024, according to the North American Engineering and Construction Outlook, it is anticipated that this growth will slow down slightly to 2.0% in 2025 and 2026. Economic growth is expected to slow down in all areas. As such, growth of 1% is expected for residential buildings in 2025, followed by 2% in 2026. Growth of 1.0% and 2.0% in 2025 and 2026 is also predicted for non-residential buildings. The infrastructure sector is expected to see sustained high growth of 5.0% in 2025 and 3.0% in 2026.

A decline of 2.8% is expected for the construction industry in **Asia**. This decline is being driven primarily by **China**, where a decline of 8.0% is expected, while growth of 5.9% is expected for India, which is being driven primarily by residential construction. Significant growth of 4.0% is expected in Japan. Growth of 3.0% is also expected in Saudi Arabia.

Sources: 98th Euroconstruct Summary Report Winter 2024; North American Engineering and Construction Outlook Fourth Quarter Edition (December 2024), Oxford Economics.

## Digitalization in Construction

Digitalization in the construction industry is less developed than in other industries. This is due to significant fragmentation, non-series production processes, and the low profitability of construction. Nevertheless, an increasing share of actors in the industry are coming to regard digital transformation as a crucial competitive advantage and strategic priority. Factors such as more robust regulation (particularly for sustainable construction), high material costs, the ongoing skills shortage, and the lessons of the Covid-19 pandemic may further drive or even accelerate existing digitalization trends in the medium term. The Nemetschek Group, which is globally positioned in this market, is therefore operating in a growing market with significant long-term growth prospects. Particularly favorable in this regard is the growing spread of an open standard for data exchange, which improves compatibility and efficient data sharing between different software solutions, thus fostering the establishment of BIM. This development is chiefly being driven by the international nonprofit organization buildingSMART, which promotes digitalization in the construction industry.

## Development of the Media and Entertainment Industry

The media and entertainment industry continues to benefit from growing demand for high-quality content and animation by artists and creators, as well as the growing use of visual effects (VFX) in films and videos and strong demand from the gaming industry. Although growth in the industry was briefly hit by the strikes in Hollywood in 2023, Nemetschek still sees great potential in the medium term, especially in the metaverse area and the development of artificial environments using augmented reality (AR) and virtual reality (VR). In this market, the Nemetschek Group is globally positioned with its Media segment and the Maxon brand to leverage future growth potential in the underlying market.

## General Statement on the Expected Development

### Outlook for the Nemetschek Group

Despite the underlying macroeconomic and industry-specific conditions and challenges outlined above, the Executive Board is optimistic about 2025.

In the short term, the planned ongoing adoption of subscription and SaaS models, especially in the Design segment, will have a temporarily dampening effect on revenue growth and profitability due to accounting-related effects. At the same time, however, the conversion to subscription and SaaS models means that higher revenues can be generated over the client lifetime. Moreover, revenues are more predictable and, as a result, business generally gains added resilience – even across economic cycles.

In the medium and long term, the significant structural growth drivers in the segments Design, Build, and Manage, such as the low level of digitalization in the construction industry, the requirements for greater efficiency and time and cost savings in the construction life cycle, mounting regulations on BIM use, increased demands for sustainability, environmental protection and lower carbon emissions, as well as ongoing urbanization, remain fully intact. In addition, there is the ongoing shortage of skilled workers, which has even intensified as a result of the crises of recent years and is leading to a further need for digitalization. Furthermore, there is a comparable development in the Media segment, where the medium- and long-term structural growth drivers, such as the growing demand for high-quality content and animation and the increased use of visual effects, (VFX) remain intact.

For the financial year 2025, the Executive Board expects currency-adjusted revenue growth for the Nemetschek Group (including GoCanvas) in a range between 17% and 19%. This includes an M&A-related revenue contribution from the GoCanvas acquisition of around 350 basis points. The EBITDA margin for the Nemetschek Group, including the dilution due to the lower profitability of GoCanvas, which is still below the group average, is expected to be around 31%.

These figures do not yet reflect the full potential of the GoCanvas acquisition, as both the revenue and EBITDA contribution in the first half of 2025 are still reduced due to the IFRS-related purchase price allocation.

|   | Financial Year<br>2024 Actual | Financial Year 2025<br>March 2025 Outlook   |
|---|-------------------------------|---|
| Revenue and currency-adjusted revenue growth (including GoCanvas) | EUR 995.6 million, 17.2%      | Currency-adjusted revenue growth of 17%–19% |
| Revenue contribution from the GoCanvas acquisition                | 320 basis points              | ~ 350 basis points                          |
| EBITDA and EBITDA margin (including GoCanvas)                     | EUR 301.1 million, 30.2%      | EBITDA margin of ~ 31%                      |

The key financial figure ARR (Annual Recurring Revenue) will in 2025 no longer be part of the forecast, as the transition to subscription and SaaS models has already been largely completed. Nevertheless the Nemetschek Group will continue to report on ARR. The same applies to the share of recurring revenues in total revenues.

As the business development is affected by currency effects, especially from the US dollar, the outlook for revenue growth is given excluding currency effects to better assess the operational strength of the business.

## Dividends

The pro-shareholder dividend policy pursued by Nemetschek SE based on continuity and sustainability is to be continued in the coming years. Taking into account the respective overall economic development as well as the economic and financial situation of the company, the Executive Board plans to continue to distribute around 25% of the operating cash flow as a dividend to the shareholders and thus allow them to participate appropriately in the economic success of the Group.

In general, it should be noted that, in addition to a change in economic conditions, changes in exchange rates and possible portfolio changes due to M&A activities could have an impact on the Group's revenue and earnings development and ultimately on the achievement of the outlook. For this reason, the outlook for the 2025 financial year was prepared, as in previous years, on a comparable basis with constant exchange rates and a portfolio unaffected by M&A activities.

## Outlook for Nemetschek SE

The net profit of the Nemetschek SE in the financial year 2025 is expected to be above the net profit of the past financial year. An increase in the upper single-digit percentage range is expected.

Furthermore, it is expected that the Nemetschek SE will report positive gross liquidity in 2025 with a growth in the low double-digit percentage range above the previous year's level.

## Notes on the Outlook

This Management Report contains forward-looking statements and information – i.e., statements about future events. These forward-looking statements can be identified by formulations such as “expect,” “intend,” “plan,” “estimate” or the like. Such forward-looking statements are based on current expectations and certain assumptions. They therefore involve a number of risks and uncertainties. Various factors, many of which are outside the control of the Nemetschek Group, could influence the business activities, success, business strategy and results of the company. This could result in material differences between the actual results, success, and performance of the Nemetschek Group and the results, success, and performance explicitly or implicitly contained in the forward-looking statements.