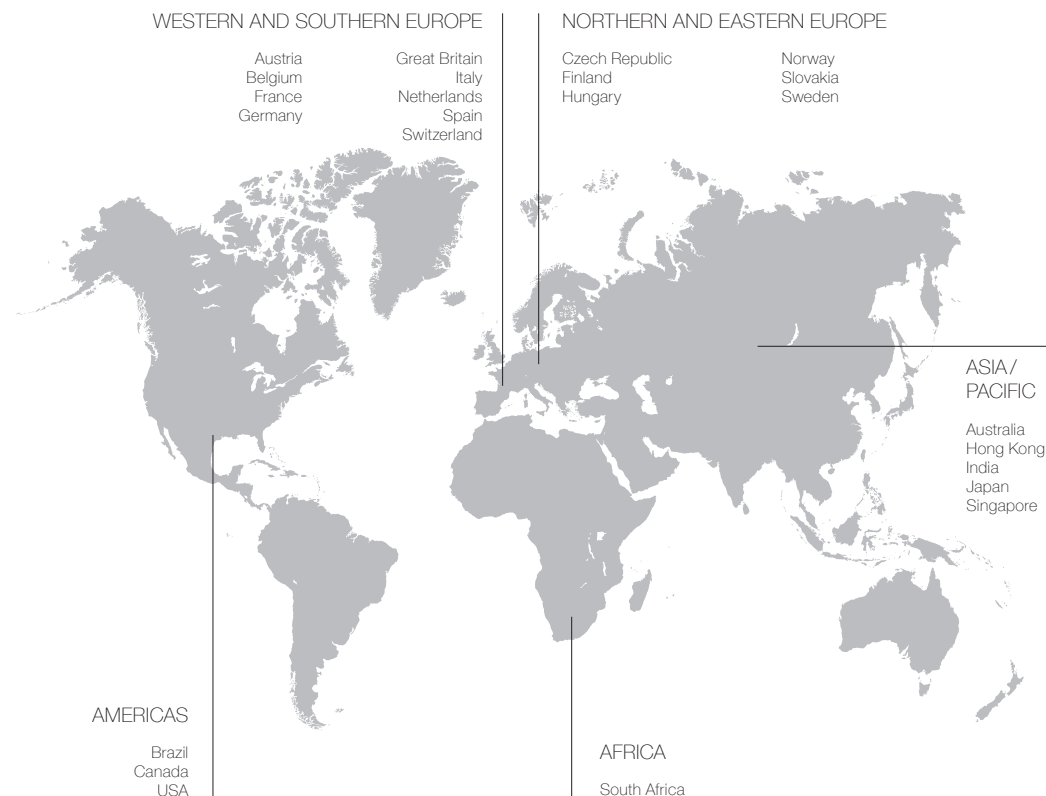


The key figures of the four segments are explained in [<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group >>](#).

## Locations

Nemetschek SE is headquartered in Munich, Germany. The Nemetschek Group's 12 brands develop and market their solutions globally from a total of 80 (previous year: 81) locations.

### NEMETSCHKEK LOCATIONS GLOBALLY



## 1.2 Growth Drivers, Goals and Strategy

### Growth Drivers

The macroeconomic consequences of high interest rates, ongoing global crises and geopolitical conflicts continue to have a negative impact on the short-term growth prospects of the global construction industry. Nevertheless, the long-term structural growth drivers of the global construction sector remain intact and offer the potential for a further sustained growth phase in the future. These structural growth drivers include the growing world population, increasing global urbanization, regulations, and demographic change. These topics lead to a sustained high demand for new residential and infrastructure projects as well as for the renovation of existing buildings and infrastructure such as bridges and tunnels. As a provider of software solutions for the construction industry, the Nemetschek Group, with its three segments that address the **AEC/O industry**, also benefits from various other long-term and structural growth drivers, such as the low level of digitalization in the construction industry compared to most other industries. Furthermore, there is an increasing need

for industry-specific software solutions that manage processes more efficiently and sustainably and thus increase the quality while reducing costs and time. The effects of the latest crises and challenges in the construction industry have only made this need more apparent.

- » In addition to these fundamental growth drivers, government regulations that require or mandate the use of BIM software for publicly funded construction and infrastructure projects continue to pave the way for the Nemetschek Group's global growth. In Europe, the United Kingdom and Scandinavian countries are pioneers in implementing BIM regulations and using BIM-capable software solutions. In the USA and other countries such as Singapore, Hong Kong and Japan, there are already BIM regulations for public building and infrastructure projects.
- » In addition, the structural labor shortage in the construction industry remains a long-term global problem, making the adoption of digital solutions for greater efficiency necessary.

- » Furthermore, the importance of sustainability and environmental protection in the planning, construction, operation, and renovation of buildings is constantly increasing. The construction industry is responsible for approximately 40% of global CO<sub>2</sub> emissions. The adoption of energy- and resource-efficient practices throughout the construction process, including the subsequent usage phase, is therefore crucial to achieving the climate targets set by policymakers (e.g., the EU's European Green Deal). In addition, around 90% of all construction projects currently exceed their estimated schedule or cost. Furthermore, more than 20% of the materials used in a construction project are wasted or require rework. Intelligent BIM software solutions that enable more sustainable and resource-efficient design, construction, and operation are an important basis.

In addition, the **media and entertainment industries** is also characterized by high growth and ever-increasing demand for digital content, even though the industry has suffered from the Hollywood strikes. Due to the dynamic environment in these industries, the development of new innovative solutions that meet the changing needs of consumers is crucial. The increasing demand for visual content is based, among other things, on the following long-term growth drivers:

- » Continued growth in the 3D animation market. The demand for high-quality visual content in various industries, such as film production, advertising, game development and virtual reality, is continuously growing. Companies are increasingly relying on visually compelling animations to effectively convey their messages and capture the interest of their target audiences.
- » Digitalization through improved accessibility: The ongoing digitalization and improved availability of powerful hardware and software are contributing significantly to the growth of the 3D animation market. Easier access to advanced tools enables companies and creatives to create complex 3D animations and realize innovative projects.

- » Technological advances in virtual reality (VR) and augmented reality (AR): The use of VR and AR has a significant impact on the expansion of the 3D animation market. The latest product developments from global leaders such as Apple, with its Apple Vision Pro VR glasses, or Meta's Smart Glasses show that there will be a strong trend towards virtual worlds and applications. These technologies unlock new dimensions for interactive 3D experiences. Companies are also increasingly using VR and AR to develop innovative applications for use in the professional environment, for example for training, product presentations or virtual simulations. The development of AI-based solutions has not yet had a significant impact on the demand for 3D animation. While the use of purely AI-based solutions is increasing in some cases in the amateur segment, their use in the professional environment is still very limited. The main reasons for this remain a number of unanswered questions regarding the performance and quality of the solutions, as well as the protection of intellectual property.

### Goals

The strategy of the Nemetschek Group is based on a comprehensive analysis of markets, competitors, technological, economic and social trends, as well as economic and regulatory framework conditions. The group strives for sustainable, long-term success by pursuing a strategic approach that is aligned with the corporate vision. The strategy aims to make optimal use of growth opportunities in both of the industries addressed by the Nemetschek Group, the AEC/O and media industries. In addition, the aim is to lead customers into digitalization and to make the industries more sustainable. With its focus on technology and innovation, as well as its continuous dialog with scientific institutions, the Nemetschek Group is seeking to expand its market position in a highly competitive environment. The diversification of activities across four segments for the entire life cycle of construction and infrastructure projects, as well as the media sector, has a mitigating effect on risk. In addition, Nemetschek is continuously internationalizing its business. The constantly increasing share of recurring revenues also ensures a high level of economic visibility and resilience – even in difficult macroeconomic times. Ultimately, the Nemetschek Group aims to achieve a sustainable differentiation and thus offer its customers the greatest possible benefit and added value, which at the same time leads to a sustainable and long-term value creation for shareholders and stakeholders.

To achieve these goals, the Executive Board of the Nemetschek Group has defined a comprehensive strategy based on strategic focus topics. This strategy is consistently implemented with suitable initiatives, and measures and adapted accordingly to current topics and developments.

In the financial year 2024, in addition to the topic of artificial intelligence (AI), sustainability was also included as a strategic focus topic. Since the construction industry in particular is one of the largest contributors to CO<sub>2</sub> emissions, the Nemetschek Group has set itself the goal of helping customers to implement more sustainable business practices with its solutions and to support the industry in reducing CO<sub>2</sub> emissions and achieving climate neutrality.

### Vision and Mission

The strategy centers around a clear commitment to the vision and mission of the Nemetschek Group. To realize its vision „Shape the world in all dimensions“, the company’s mission is to be the preferred and most trusted software provider and partner for the architecture, engineering, construction, management (AEC/O), and media industries. The vision and mission are the guiding principles for all business activities and the basis for strategic action.

### Strategic Cornerstones

#### Artificial Intelligence (AI)

One of the Nemetschek Group's overarching goals is to be a leader in the application of artificial intelligence (AI) in the industries it addresses. As a company that has clearly committed itself to artificial intelligence, the Nemetschek Group is driving internal transformation through AI and rethinking industry workflows through AI. At the same time, this also includes a clear commitment to ethical, trustworthy and sustainable AI practices to protect the intellectual property of customers. This approach follows the long-standing principles and ethical standards of the Nemetschek Group, which was founded in 1963 by Professor Georg Nemetschek.

The company sees two main application areas in the field of AI. On the one hand, the use of AI offers the opportunity to increase internal efficiency and effectiveness in almost all corporate functions, for example in research and development or in customer service, to ensure better customer care and higher customer satisfaction. On the other hand, the Nemetschek Group wants to expand its products to include AI-based functions, plug-ins and tools to further increase the benefits for customers. To achieve this goal, three different approaches are being pursued:

- » Firstly, AI is one of the key topics of the Nemetschek Group's research and development activities. For this reason, the Nemetschek Group has created an AI & DATA innovation hub that will be one of the central drivers for the group's internal development activities. The innovation & DATA hub will help to realize synergies in the development of AI services across all brands in the Nemetschek Group's portfolio. With its extensive industry expertise in the AEC/O and media sectors, the Nemetschek Group is also uniquely positioned to unlock the benefits of AI through workflow innovations.
- » Secondly, the Nemetschek Group maintains a close exchange with the “TUM Georg Nemetschek Institute Artificial Intelligence for the Built World”, which is funded by the Nemetschek Innovation Foundation. As in the previous year, there were a large number of interesting joint and multidisciplinary AI research projects for the AEC/O industry in 2024. This enables the Nemetschek Group to remain close to the latest developments in academic training and research.
- » Thirdly, Nemetschek is investing in a number of highly innovative start-ups that, among other things, develop and advance new solutions in the various application areas of artificial intelligence. These start-ups develop solutions such as AI-based insights into deadline and project controls and analyses, as well as machine learning-based solutions to analyze the risks within construction contracts. One goal is to combine the AI developments and expertise of the start-ups with those of the Nemetschek Group brands to inspire and enrich each other. At the same time, this ensures that the Nemetschek Group's product portfolio is expanded accordingly and that the necessary speed and diversity is achieved in the development of new AI solutions. Investments in start-ups also have the potential to develop groundbreaking and innovative products and solutions that are disruptive not only for the Nemetschek Group itself, but also for the entire AEC/O and media industries.

#### Sustainability

As a global provider of software solutions for the Architecture, Engineering, Construction, and Operation (AEC/O) and media industries, the Nemetschek Group has embedded sustainability as a core element of its corporate strategy to address the globally rising need for sustainable solutions and increasing regulatory demands. Guided by the vision “Shape the world in all dimensions”, the company strives to be the preferred partner for its industries, which also includes sustainability.

In the year 2024, the Nemetschek Group placed an even greater strategic focus on sustainability, alongside innovation drivers such as artificial intelligence, thus once again emphasizing its role in mitigating climate change and promoting sustainable development in the AEC/O sectors. Looking ahead, the Nemetschek Group intends to develop the strategic direction of its portfolio

even further to create a holistic sustainability strategy that also promotes long-term growth and value creation for the company.

### **Business Model – Transition to Subscription and SaaS Models**

One of the most important goals of the Nemetschek Group is to significantly grow its recurring revenues, particularly by introducing more subscription and software-as-a-service (SaaS) offerings. One of the main reasons for this transition is the numerous advantages that subscription and SaaS models offer both to the customers of the Nemetschek Group and to the Group itself. Customers can use the software more flexibly and avoid the higher one-time license fees compared to a subscription offer. At the same time, they benefit from even more intensive customer care and faster, continuous innovation cycles, which leads to higher customer satisfaction.

For the Nemetschek Group, on the other hand, the transition offers the opportunity to address and acquire new customer groups and to increase customer loyalty. Together with the greater potential for up- and cross-selling, Nemetschek also has the opportunity to generate higher revenues over the entire lifetime of a customer relationship than with the traditional model of licenses and maintenance contracts. In addition, the visibility, resilience and predictability of revenues, earnings and liquidity increase significantly, which is a major advantage, especially in times of economic uncertainty. Furthermore, the transition to desktop-based subscription models is often a prerequisite for the subsequent introduction of new cloud features and solutions.

In its transition to a subscription- and SaaS-centric business model, the Nemetschek Group pursues a transformation strategy tailored to its various segments. One of the cornerstones of this strategy is the phased transition of the group's operating business. By migrating the individual segments and their brands to subscription and SaaS offerings in phases, the Nemetschek Group can significantly reduce the risk associated with such a comprehensive transformation. The gradual transition of the business models of the individual brands ensures that the short-term accounting-related dampening effect on the revenue and margin development of the Nemetschek remains relatively limited. An additional advantage of this phased approach is that the short-term dampening effects on the free cash flow generation during the transition are limited. As a result of this strategy, the transition to subscription and SaaS models has progressed to varying degrees in each of the four segments. The Media segment, with the Maxon brand, has already been migrated. The transition of the Manage and Build segments, with the migration of the Bluebeam brand, which was largely completed by the end of 2024 are going according to plan and is also already well advanced.

Furthermore, the acquisition of GoCanvas Holdings, Inc., which is already a pure SaaS company, has further increased the share of recurring revenues of the Nemetschek Group. In contrast, the migration in the Design segment will be further accelerated in 2025, as the segment's two largest brands, Graphisoft and Allplan, are significantly accelerating the transition to subscription and SaaS models in 2025.

At the end of 2024, revenues from subscription and SaaS offerings accounted for 57.0% of group revenues, which represents a significant growth over the previous year (35.4%). The share of all recurring revenues (i.e., including revenues from software maintenance contracts) in total revenues at the end of 2024 was 86.5% (+9.9 percentage points compared to the previous year).

### **Go-to-Market Approach**

#### **Internationalization**

The Nemetschek Group focuses on the three major regions Europe, America and Asia/Pacific, with Europe (including Germany) still contributing the largest share of group revenue at around 49% (previous year: 53%) (see also [<< 3.3 Earnings, Financial Position and Net Assets of the Nemetschek Group – Revenue by region >>](#)). In order to open up further growth opportunities and to reduce dependency on individual countries and regions, the ongoing internationalization plays a key role in the successful implementation of Nemetschek's growth strategy. At the same time, this will make the Nemetschek Group less dependent on future economic crises in individual countries or regions, as is currently the case, for example, with regard to the weakening construction industry in Germany. In order to participate in the expected higher growth in the regions of North America and Asia/Pacific, the Nemetschek Group is consistently focusing on these two growth regions, while not neglecting the European market. In this context, acquisitions are also a way to enter new markets. Besides the US as the largest regional market, the countries in the Asia/Pacific region, which have so far been significantly underrepresented with about 10% (previous year: 9%) of group revenue, offer attractive growth potential. The Nemetschek Group is therefore increasingly focusing on Japan, Singapore, Hong Kong, Australia/New Zealand, and India.

In particular, the Indian market offers enormous growth opportunities in the coming years due to the very low level of digitalization, strong urbanization and the expected dynamic economic and demographic development. The Nemetschek Group therefore wants to participate more fully in the enormous growth potential of the Indian construction industry by strengthening its local presence. In a first step, Nemetschek has therefore opened a sales office in Mumbai with a local sales team that will sell the company's various solutions under the umbrella of the Nemetschek Group rather than via the individual brands. After the Shared Services, Development and Research Excellence Center in Hyderabad, this is the group's second location in India.

The Nemetschek Group will also focus on the Middle East, in particular Saudi Arabia, as an additional region. High order intake and so-called Giga projects, which are financed by the state, will ensure strong growth in the local construction industry in the short and medium term.

### **Key Account Management and Cross-Selling**

The brands of the Nemetschek Group are sold both directly, via the group's own sales organizations, and indirectly, via resellers and distribution partners. Both sales channels have proven effective in the brand-specific sales approaches and are used flexibly depending on the circumstances of the relevant market and the customer groups. In addition, the Nemetschek Group is increasingly using digital distribution channels such as e-commerce, especially in connection with the newly introduced subscription and SaaS models. To address the market segment of larger, multinational and multidisciplinary customers more effectively, global key account management has been implemented at the Nemetschek Group. The objective of the key account management is, on the one hand, to offer customers a comprehensive, integrated and tightly networked solution from a single source. On the other hand, the global function and approach means that the Nemetschek Group can cater to this customer group even more intensively on the basis of their special customer needs. A central element of the corporate strategy is to intensify cross-selling potential across the entire Nemetschek Group. The focus here is primarily on large, internationally active customers that combine various specialist disciplines under one roof. This strategy makes it possible to use resources more efficiently by further strengthening and expanding existing customer relationships.

### **Nemetschek Cloud Platform and Infrastructure**

The Nemetschek Cloud Platform is a key enabler of significant progress in the group's commitment to digital transformation and seamless collaboration in the AEC/O industry. Building on the long-standing commitment to open standards and Open BIM, this innovative platform is being developed to centralize data exchange and enable native integration across all of the Nemetschek Group products. In this context, interoperability is one of the core principles of Nemetschek cloud platform and infrastructure. The ability for different systems to work together as seamlessly as possible applies not only to the various solutions within the Nemetschek Group, but also to those of third-party providers.

The creation of a unified ecosystem is designed to eliminate information silos and enable end-to-end workflows and real-time collaboration between all parties involved in the building life cycle.

At its core, the Nemetschek Cloud Platform will serve as a comprehensive solution for managing and exchanging ever-larger amounts of data from multiple sources. This centralized approach increases efficiency and productivity, throughout the entire life cycle in the construction industry. The platform's architecture is designed to meet the complex requirements of modern AEC/O projects and offers advanced features such as model management, viewing capabilities, and seamless integration with both Nemetschek Group and third-party solutions.

The Nemetschek Cloud Platform is thus becoming a key cornerstone of the company's strategy to drive innovation and growth in the AEC/O industry. By providing a scalable and secure environment for data-driven collaboration, it lays the foundation for future advances in AI and machine learning applications in the construction sector. This platform will not only optimize workflows and improve project outcomes, but also position the Nemetschek Group as a leading provider of cloud-based solutions for the construction industry, fostering an ecosystem that supports open, seamless collaboration with partners and external systems.

### **Product innovation Digital Twin**

One of the initiatives for the cloud infrastructure of the Nemetschek Group is the application and expansion of Digital Twin technology. The Digital Twin business unit was set up in 2022 to develop a horizontal, data-centered, open and cloud-based platform that improves efficiency and sustainability in the life cycle of buildings.

A digital twin is essentially a digital representation of a physical building that links digitized information to its physical counterpart to provide real-time, data-driven insights for the management and efficient operation of building structures.

The digital twin platform dTwin was launched at the end of 2023 and is used as a platform for connected intelligence and visual analytics for buildings, especially for large-scale projects and facilities.

dTwin harmonizes and visualizes all building data in a digital twin that enables the customer to see and understand the building and make data-driven decisions to increase its value. With dTwin, the customer gets a complete overview of a project, facility or building, can use the data already available and ultimately manage the plant more efficiently. dTwin offers the customer three essential functions:

- » Visualize data: dTwin displays all relevant data and assets on one platform
- » Understand assets: dTwin connects and processes data independently of format, solution provider and device – in real time
- » Data-driven decisions: dTwin provides insights and tools for monitoring, planning, simulating and optimizing

Nemetschek's dTwin solution thus closes the gap between planning, construction and operation, enabling an open, data-driven Building Lifecycle Intelligence™ approach. The current focus is primarily on the operating phase and the management of large, complex building portfolios.

### **Mergers & Acquisitions, Ventures and Innovation**

In order to benefit even more from technological developments in the growing markets of the AEC/O and media industries, the Nemetschek Group pursues a venture investment and start-up strategy. In contrast to the proven M&A approach, this strategy concentrates not on established companies but on smaller, younger and highly innovative start-ups.

This approach allows the Nemetschek Group early access to emerging and potentially disruptive technologies with significant growth potential. The Nemetschek Group assists and supports the start-ups in the early phases of their development and fosters the exchange of ideas with its established brands. In the case of venture investments, the Nemetschek Group typically acquires minority interests, which can potentially be expanded over time if the start-up is successful.

As part of this strategic initiative, the Nemetschek Group also invested in a number of highly innovative start-ups in the financial year 2024, such as SmartPM Technologies, Inc., which uses AI to provide insights into schedule and project controls and analysis, Document Crunch, Inc., which uses machine learning to analyze the risks within construction contracts, and Briq Technologies, Inc., a data-driven, collaborative platform for automating financial processes in the construction industry. Overall, the Nemetschek Group has already invested in around 15 start-ups.

An additional aspect of the Nemetschek Group's venture strategy is the continuous support of the Built Environment Venture Lab at the Technical University of Munich. This underlines once more the Group's commitment to innovation and to actively shaping the future of the construction industry.

In addition to venture investments, the Nemetschek Group continues to regard the acquisition of selected target companies with an established market presence as an important strategic option for continuously expanding its own technological expertise, market presence and solutions portfolio. As part of its growth strategy, the company continuously conducts "make or buy" assessments, particularly in relation to product development and internationalization decisions. This strategic approach enables the Nemetschek Group to respond flexibly to technological developments and fortify its position as an important player in the AEC/O industry and the media industries.

The identification and due diligence of suitable targets is conducted both at group level and in the relevant segments and brand companies. External partners and specialized consultants support the M&A process. The decisive criteria for selecting potential acquisition targets include not only innovative strength, management and business prospects, but also the expansion or rounding out of the company's own technological expertise. The Nemetschek Group is currently focusing on the regions of Europe, North America and Asia/Pacific. Ideally, the target companies already work on the basis of subscription and/or SaaS models.

As one of its key strategic priorities, the Nemetschek Group continues to actively pursue potential M&A activities across all its segments. One example that meets all of the above criteria was the acquisition of GoCanvas, which was officially completed on July 1, 2024, and represents the largest acquisition in the more than 60-year history of the Nemetschek Group. GoCanvas, which is consolidated in the Build segment, is one of the leading providers of SaaS solutions for paperless data collection, reporting and collaboration between skilled workers on the construction site. The acquisition of GoCanvas and its complementary technology, customer base and geographic presence will therefore create medium to long-term synergies.

An overview of the acquisitions and investments made in the financial year 2024 that are of material significance for the business performance is described in detail in [« 3.2 Business performance in 2024 and significant events influencing the business performance »](#).

### Business Enablement

Business enablement is a global strategic initiative to reduce the complexity resulting from the large number of brands in the Nemetschek Group. The aim is to increase operational excellence through greater organizational efficiency and effectiveness, harmonized processes, the exchange of best practices, as well as an optimized tool and support system landscape and the necessary skills. This includes, for example, the harmonization of backend systems in human resources, ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) or the expansion of development centers that are used across brands. In addition to the harmonization of enablement processes and IT infrastructure, the organizational harmonization of various operational functions such as People/HR, Finance, Controlling & Risk Management, Information Security or IT is also taking place. The synergies arising from this, the more efficient scaling options and the cost efficiency and effectiveness make a major contribution to implementing the growth strategy and further investments in the future value creation of the Nemetschek Group.

The Nemetschek Group's strategic orientation, core topics and corporate objectives are carefully anchored in the strategic plan and form the guiding principles for the company's development. The strategic plan is regularly and thoroughly discussed and reviewed by the Executive Board and the segment heads together with the global Nemetschek management team and in cooperation with the supervisory board. Any deviations from the targets set out in the strategic plan are counteracted with targeted measures. If necessary, the targets are adjusted to ensure that the strategy of the Nemetschek Group always meets current market, competition and customer requirements.

## 1.3 Research and Development

Innovation and the pursuit of technology leadership have been an integral part of the identity and DNA of the Nemetschek Group since its foundation. In the face of a constantly changing business environment, which is characterized, among other things, by disruptions such as AI, the company's ability to innovate is crucial to remain competitive. The Nemetschek Group's innovation strategy is oriented toward the continuous improvement of the existing product portfolio (e.g., new releases such as Archicad 28 and Allplan 2025) as well as the development of trailblazing new technologies and solutions (e.g., AI Visualizer, AI Assistant). For this reason, the Nemetschek Group endeavors to drive and thus have a significant influence on digital transformation in its industries – AEC/O and media – through targeted investment in research and development. Research and development focus areas are therefore topics such as artificial intelligence, digital twin, sustainability, or cloud-based features and solutions as well as the Group-wide cloud platform and infrastructure (see also [<< 1.2 Growth Drivers, Goals and Strategy >>](#)).

### Excellence in Every Phase of the AEC/O Life Cycle and in Content Production

The AEC/O and media sectors are undergoing rapid change centered on technology and sustainability. The mission of the Nemetschek Group is to provide professionals in the industry with state-of-the-art tools that enable them to plan, build, administer, and create digital content more efficiently, creatively, and sustainably.

In particular, the AEC/O industry is complex by nature and comprises multiple disciplines and complex workflows. Therefore, the focus is on developing intuitive, integrated solutions that enhance productivity, precision, and innovation during all phases of a project – from the initial concept through to construction and subsequent operation.

In each segment, the segment managers, in tandem with their respective brands, compile a comprehensive product road map as part of the annual planning process. This road map outlines strategic product developments that are tailored to the individual needs of the brands concerned and that ensure the direction of the long-term strategy of the Nemetschek Group. At regular review meetings involving the brands, the segment managers, and the Executive Board, progress in implementing the road map is reviewed, milestones are validated, and adjustments or new measures initiated where necessary.

Each Group brand maintains its own development department, which spearheads innovation and incorporates the needs and feedback of the respective end markets and users in its innovations. These teams concentrate on the ongoing development of individual solutions, such as Maxon's ZBrush sculpting software for iPad, the Graphisoft BIM tools, Bluebeam's digital collaboration software, and the infrastructure modeling features from Allplan.

Strategic initiatives at segment level drive forward key developments that improve the brands' products and services and expand Nemetschek solutions in vital areas such as open BIM standards, AI-managed workflows, and digital twin technologies. This focused approach ensures that each brand continues to offer innovative solutions while simultaneously contributing to the overall transformation of the AEC/O and media industries.