

In the long term, the brand benefits from powerful structural growth drivers, such as the growing use of VR and AR technologies and the integration of artificial Intelligence (AI). Forecasts indicate that the global 3D animation market will achieve a low double-digit annual growth rate by 2030, which is attributable to increasing demand for animated experiences and the application of visual effects in various sectors.

Source: PwC Global Entertainment & Media Outlook 2024-28 (<https://www.pwc.com/gx/en/newsroom/press-releases/2024/pwc-global-entertainment-and-media-outlook-2024-28.html>)

3.2 Business Performance in 2024 and Key Events Influencing the Company's Business Performance

General Statement on the Economic Position of the Group

2024 was marked by geopolitical conflicts and crises and the macroeconomic challenges resulting from these factors. The consequences of the ongoing Russian war of aggression on Ukraine and the escalating Middle East conflict, which is spreading within the region, influenced world events and impacted the global underlying economic conditions. Overall, however, the global economy once again proved to be resilient in 2024. Global declines in inflation, and the associated cuts in interest rates by individual central banks, also had a supporting effect and, overall, ensured a slight improvement in the global economy. This overall development, however, was marked by considerable regional and industry-specific uncertainties. In this challenging environment, the Nemetschek Group once again performed positively and generated very strong business results.

In the course of 2024, the Nemetschek Group's business developed very favorably and better than originally expected in the outlook for the financial year 2024 published in March. In particular, the operational strength of the business and the resilience of the business model, which is also based on the continued successful transition of the business model to recurring revenues from subscription and SaaS models, have once again shown how the Nemetschek Group can develop very successfully even in a demanding and challenging environment. With the acquisition of GoCanvas Holdings, Inc., (Reston, Virginia, USA) on July 1, 2024, the largest company acquisition in the history of the company to date was successfully completed during the financial year, see [<< M&A / Start-up und Venture Investments >>](#).

Despite the ongoing transition of the business model to subscription and SaaS models and a still challenging market environment, overall Group revenue increased by 16.9% (currency-adjusted: 17.2%) to EUR 995.6 million. Organic growth, i.e., adjusted for the effects from the takeover of GoCanvas Holdings, Inc., with effect from July 1, 2024, came in at 13.7% (currency-adjusted: 14.0%).

The Group's earnings before interest, taxes, depreciation and amortization (EBITDA) grew to EUR 301.0 million (previous year: EUR 257.7 million). At 30.2%, the EBITDA margin was almost at the previous year's level of 30.3%. This includes one-time costs for M&A activities as well as the dilutive effect of the profitability of GoCanvas Holdings, Inc., which is still below the Group average.

The organic EBITDA margin, i.e., excluding the dilutive effect of the lower operating profitability of GoCanvas, was at 31.1%. The results do not yet reflect the full potential of GoCanvas Holdings, Inc., as both the revenue and EBITDA contribution in the second half of the year were reduced by a high single-digit million euro amount due to the IFRS-related purchase price allocation.

Annual recurring revenue (ARR) grew by 41.9% (currency-adjusted: 41.6%) to EUR 1,019.9 million. Organic ARR growth, i.e., adjusted for the GoCanvas contribution, of 34.6% (currency-adjusted: 34.2%) was generated. The ARR growth was therefore significantly more than the Group's revenue growth, which indicates a growth potential in the next 12 months.

In line with the strategy, the share of annual recurring revenue in total revenue increased significantly to 86.5% (organic, i.e., excluding GoCanvas Holdings, Inc.: 86.3%). As such, this figure climbed by around 10 percentage points compared to the prior-year figure (76.6%).

The ongoing Russian war of aggression on Ukraine as well as the ongoing military conflicts in the Middle East have left traces on the company and its employees. The Nemetschek Group believes that the economic sanctions imposed on Russia are an important instrument for restoring peace in Ukraine and therefore continues to suspend all activities with sanctioned persons, organizations or regions until further notice. In 2021, i.e., before the outbreak of war, business in Russia accounted for roughly 0.5% of total Group revenue. At present, no revenues generated in Russia are known.

The military conflicts in the Middle East continued in 2024 and spread within the region. As the Nemetschek Group does not have any direct business relations in the war region and does not engage in any activities there, the immediate consequences of the war on its earnings, financial and asset situation remained insignificant in 2024.

In addition to the direct effects described above for the Nemetschek Group, both the Russian war of aggression on Ukraine and the armed conflicts in the Middle East left traces on the development of the global economy and industries relevant to the company in 2024, see [<< 3.1 Macroeconomic and Industry Conditions >>](#).

Overall, the business model, which is characterized by a broad portfolio of solutions, strong regional diversification in different client segments, and a high proportion of recurring revenue, proved to be very resilient. In 2024, the Nemetschek Group once again observed global developments and crises, as well as their potential effects on the company, extremely closely in order to respond quickly to possible impacts if necessary. First and foremost, however, the initiated strategic initiatives were driven forward, and key milestones reached, in the 2024 fiscal year. The main focus of this work was on strengthening the Group-wide go-to-market approach and further internationalization, the expansion of the subscription and SaaS models, and the continuous development of innovative solutions and new technologies connected with artificial intelligence, cloud features, and sustainability. The Nemetschek Group focuses relentlessly on the satisfaction of existing customers and on acquiring new ones. A further key area of focus lies in expanding the company's operations through acquisitions and investments in young and innovative start-ups.

As a growth-oriented company, the Nemetschek Group strives to grow sustainably and profitably, now and in the future. In order to do justice to the challenges associated with the company's increasing size, along with the significant increase in regulatory requirements, governance and management structures have been further expanded in recent years, and the Business Enablement initiatives launched have been continued and extended. In the 2024 fiscal year, the focus was on strengthening existing governance functions at the company and implementing the strategic focus areas outlined.

M&A / Start-up & Venture Investments

The strategic "Start-up & Venture Investments" initiative strengthened the Nemetschek Group's innovation-oriented focus on new technologies and investments in young companies, resulting in further investments in 2024. Since the start of the strategic initiative in the middle of 2021, the investment volume of the Nemetschek Group in start-ups amounted to a medium double-digit million-euro figure, split between more than a dozen promising start-ups and fostering not only the company's own innovative capabilities, but also that of industry.

Beyond the investments and shareholdings in start-ups, M&A transactions play a significant role in successfully implementing the corporate strategy, which is geared toward sustainable growth. In the reporting year, the largest M&A transaction in the company's history – the takeover of GoCanvas Holdings, Inc. – was successfully completed.

Segment level

On July 1, 2024, the takeover of GoCanvas Holdings, Inc., headquartered in Reston (Virginia, USA), was successfully completed. Since then, GoCanvas has been managed and fully consolidated within the Build segment. GoCanvas is a provider of SaaS solutions to facilitate collaboration between specialists on the construction site. With GoCanvas, traditionally paper-based processes can be digitalized and construction site safety improved. Synergies can be generated through complementary technologies, client bases, and regional sales structures. At the same time, the acquisition represents an ideal addition to the portfolio strategy in the Build segment, further accelerating the transition of the Nemetschek Group business model to subscriptions and SaaS models. At the time of the takeover, GoCanvas employed more than 300 people worldwide and generated annual recurring revenue (ARR) of USD 67 million and an operating margin below that of the Nemetschek Group in the 2023 fiscal year. The influence of the acquisition on the results of operations, financial position, and net assets is discussed under [<< Results of Operations, Financial Position, and Net Assets >>](#). For more information on the takeover, see the notes to the consolidated statements under [<< Acquisitions of subsidiaries >>](#).

Holding level

The Nemetschek Group is continually expanding its product and solution portfolio through acquisitions, gaining access to new technologies and/or regional markets and thus closing gaps in its value chain. In addition, new customer groups can be reached and market shares that are considered relevant and promising can be won. There is also a growing focus on investments in ventures in order to gain access to innovative technologies and business models and to promote the acceptance of new technologies in the market. With its know-how, the Nemetschek Group is in a position to influence the development of ventures positively and to strengthen value generation. Investments in ventures are made with the aim of deriving economic benefit from them, which is seen in a profitable sale.

During the past financial year, the Nemetschek Group invested in selected international companies in line with its strategic priorities.

At the beginning of the year, the Nemetschek Group made an additional investment in the US start-up Briq Technologies, Inc., based in Pasadena, California (USA). Briq offers a data-driven, collaborative platform for the automation of financial processes in the construction industry. Briq can be used to manage workflows, data, cash flow and projects, while simultaneously improving processes, precision and business workflows.

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As part of a series A financing round, the Nemetschek Group continued its investment in SmartPM Technologies, Inc., headquartered in Atlanta, Georgia (USA), and further expanded the existing partnership. With this investment, Nemetschek aims to further spearhead the transformation in construction and further broaden its reach in the key US market. The SmartPM software entails a cloud-based platform for increasingly automated project management in the construction industry. The solution optimizes existing planning software solutions by improving scheduling quality and automating project management processes.

During the course of the year, the Nemetschek Group also announced the investment it made in Document Crunch, Inc., headquartered in Alpharetta, Georgia (USA), as part of a series B financing round. Document Crunch is a technology firm specializing in the areas of AI-assisted document administration and risk management in the construction industry.

Beyond the investments outlined, partnerships were entered into at segment and brand level, such as in the form of an interoperability agreement with Autodesk and a strategic partnership with Hexagon. The aim of these activities is to support implementation of the strategic direction of the Nemetschek Group.

Details of company transactions can be found in the notes to the consolidated financial statements under [« Acquisition of subsidiaries »](#).

Divestments

There were no significant portfolio divestments in the financial year 2024.

3.3 Results of Operations, Financial Position and Net Assets of the Nemetschek Group

Earnings

Revenue Development

In 2024, Group revenue rose by 16.9% to EUR 995.6 million (previous year: EUR 851.6 million). Adjusted for currency effects (i.e., on the basis of constant exchange rates compared with the previous year), revenue growth would have reached 17.2%. 2024 was thus impacted by slightly negative currency effects, particularly from the US dollar. Organic growth, i.e., adjusted for the effects from the takeover of GoCanvas Holdings, Inc., with effect from July 1, 2024, came in at 13.7% (currency-adjusted: 14.0%).

At 17.2%, revenue growth at constant currency was above the outlook of 13% to 14%, which was expanded due to the GoCanvas acquisition. Excluding the contribution from GoCanvas, organic growth was 13.7%. At 14.0%, organic growth after adjustment for currency effects was also above the originally forecast range of 10% to 11%. See also [« 4 Comparison of the actual and forecast business performance of the Nemetschek Group »](#).

Annual Recurring Revenue (ARR) – see also [« 1.4 Corporate management and governance »](#) – developed positively in 2024. ARR grew by 41.9% (currency-adjusted: 41.6%) to EUR 1,019.9 million in the financial year 2024 (previous year: EUR 718.6 million), once again showing a higher growth momentum than total revenue, which in turn points to high growth in the future. This means that growth also exceeded the outlook of more than 30%. Organic growth in ARR was also very encouraging at 34.6% (currency-adjusted: 34.2%). The share of annual recurring revenues grew to 86.5% in the financial year 2024 (organically, i.e., excluding GoCanvas Holdings, Inc.: 86.3%). This means that the share increased again by around 10 percentage points compared to the previous year's level (76.6%) and is thus above the figure of around 85% that was forecasted.

In an economically challenging environment, the Nemetschek Group was able to grow year-on-year over all four quarters and thus continue on its sustained growth trajectory, while at the same time converting its business model from licenses to subscription and SaaS products. Strong end-of-year business in the fourth quarter of 2024 contributed to the forecast being exceeded. In the second half of the year, the completed takeover of GoCanvas Holdings, Inc., contributed to the strong revenue growth. But even without the contribution of GoCanvas Holdings, Inc., the revenue growth of 13.7% in the financial year 2024 was once again in the double-digit percentage range. The Nemetschek Group segments contributed to growth in 2024 by differing degrees – further information can be found in [« Development of the Segments »](#).