

Combined Management Report for the Financial Year 2024

About This Report

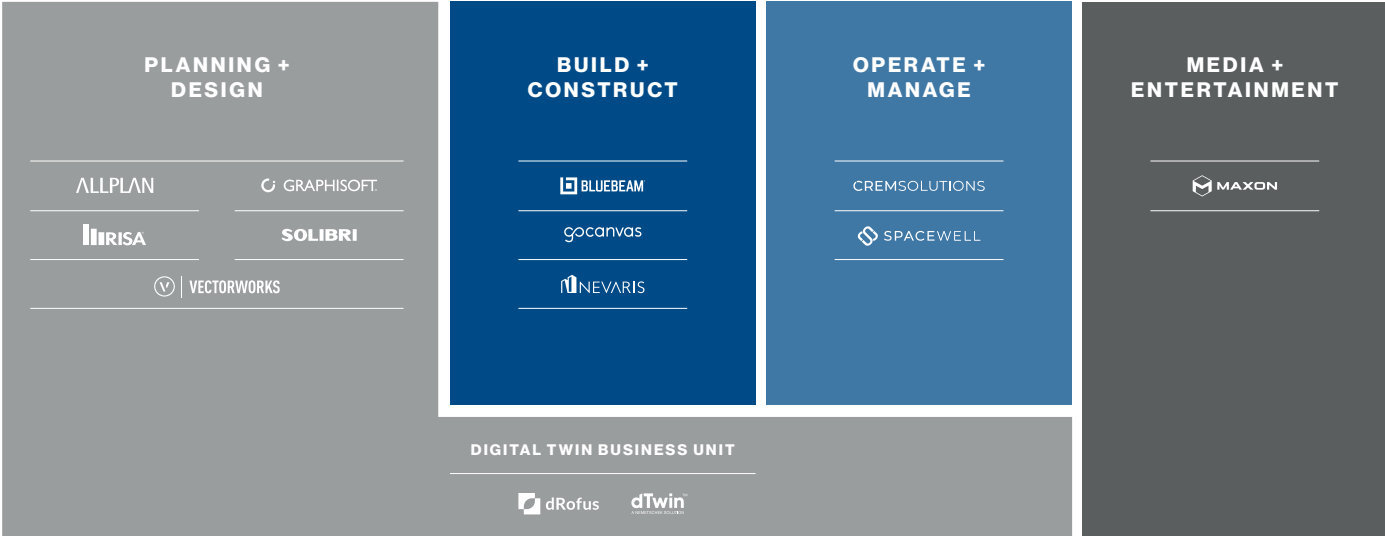
The management report of Nemetschek SE and the Group management report for the 2024 fiscal year have been combined. The Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG) is published on the Nemetschek SE website at ir.nemetschek.com/declarationofconformity. Furthermore, the Corporate Governance Declaration and the Declaration of Conformity can also be found in the annual

report 2024 in the section << [To Our Shareholders](#) >>. The consolidated financial statements as at December 31, 2024, that have been prepared by Nemetschek comply with International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) as at December 31, 2024, and, additionally, with the requirements of the German Commercial Code in connection with German Accounting Standards.

1 Group Fundamentals

1.1 Group Business Model

Organization and Structure



Nemetschek SE, together with its subsidiaries (brands), forms the globally active Nemetschek Group. Founded in 1963 by Prof. Georg Nemetschek, the company can now look back on more than 60 years of history. Today, the Nemetschek Group is a global provider of digital software solutions for all phases and disciplines of the building and infrastructure project life cycle (i.e., the AEC/O industry – architecture, engineering, construction, and operation) as well as for all stages during the creation of digital 2D and 3D content in the media sector.

As a strategic holding company, Nemetschek SE is headquartered in Munich, Germany, and carries out its operating activities through four segments with a total of 12 brands (previous year: 13 brands). On the one hand, the structure combines central steering at Group level and, on the other, business freedom at brand level. As such, it is possible for individual brands to focus on client needs and acquiring new customers, thus generating added value for customers. This combined segment and brand

approach makes it easier to quickly identify market changes and efficiently implement customer requirements. In order to simultaneously ensure a high degree of business efficiency, Nemetschek SE handles central functions such as Corporate Finance & Tax, Controlling & Risk Management, Investor Relations & Corporate Communication, People/Human Resources, Strategy (incl. Mergers & Acquisitions, Start-up & Venture Investments and AI), IT, Information Security, Global Procurement, Transformation Office, Internal Audit, and Corporate Legal & Compliance. These departments also perform important governance tasks, thus enabling the brands to concentrate first and foremost on harnessing new potential customers and their operational activities.

Business Activities

Proximity to markets and customers are key success factors for Nemetschek. With its software solutions, the company supports **digitalization** along the entire construction life cycle – from the planning and construction phases to the operation, renovation,

and demolition phases. This comprehensive approach concentrates investments and expertise in the client-oriented segments and thus offers end-to-end client support for the entire building life cycle.

The Nemetschek Group is clearly committed to OPEN BIM, which increases interoperability, collaboration, efficiency, and communication with different disciplines across the entire construction life cycle. At the same time, the Nemetschek Group is focusing on future topics that will shape and change the construction industry over the next few years. Such topics mainly include artificial intelligence, digital twins, machine learning, sustainability, and the usage of IoT devices and sensors. These topics are therefore also focal points of the Nemetschek Group's innovation and development activities.

In addition, the company provides digital solutions for 3D visualization, modeling, and animation that are used particularly in the media and entertainment sector and that cover the entire content production workflow.

Segments

The Nemetschek Group organizes its twelve brands in the client-oriented segments Design, Build, Manage, and Media. Each of these four segments is led by an Executive Board or segment manager. The holding company and the segments are closely interlinked in order to ensure highly effective steering and close coordination, including among the individual companies.

Furthermore, there are benefits for the brands as well as the Group overall from the stronger harmonization and globalization of general and administrative functions, access to additional resources and tools, and intensified knowledge exchange. For instance, the brands can focus their capacity and resources more on the operational implementation of the corporate targets and strategy, including in particular greater client loyalty and the exploitation of additional growth opportunities.

To leverage synergies within the Nemetschek Group, the Executive Board and segment managers support the coordination and implementation of strategic projects between the brands in their respective segment as well as cross-segment cooperation between individual brands. As a result, the subsidiaries benefit from synergies and transfer of knowledge for their segment and for the wider Group in relation to internationalization, the exchange of best practices, and sales, marketing, and development activities. To this end, the harmonization of internal structures and processes, which had already begun, was further spearheaded in the 2024 fiscal year. Central administrative functions such as People/HR, Controlling & Risk Management, Finance, and IT have already been harmonized further, letting the brands focus even more strongly on their client-adjacent topics.

The company's legal structure is outlined in the notes to the consolidated financial statements in [<< Note 32 List of Companies in the Nemetschek Group >>](#).

Changes within the Segment Structure

The process of merging individual brands was also continued in 2024 in order to provide customers with harmonized solutions. As part of this work, the group brands Scia and Frilo were integrated into the Allplan brand.

The Nemetschek Group has also acquired GoCanvas Holdings, Inc., headquartered in Reston, Virginia, USA. GoCanvas is a leading provider of SaaS solutions to facilitate collaboration between specialists on the construction site. With GoCanvas, traditionally paper-based processes can be digitalized, inspections made easier, construction site safety increased, and compliance with regulations ensured. Following completion of the acquisition with effect from July 1, 2024, GoCanvas was assigned to the Build segment and has since been fully consolidated within this segment.

Furthermore, the Digital Twin business unit together with the dRofus brand and the dTwin solution was transferred from the Manage segment to the Design segment in 2024 as planned and consolidated there. As of December 31, 2024, the four segments of the Nemetschek Group comprise a total of 12 brands (previous year: 13 brands).

Design Segment

The Design segment's major client groups include, above all, architects; designers; engineers from all disciplines, including structural engineers; specialist planners, and landscape designers as well as developers and general contractors. The individual brands within the Design segment target a broad range of different, specialized fields within architecture, design, and engineering. Customers can use the solutions offered to carry out their tasks across all phases, from planning and design right up to factory and construction planning. The Design segment's portfolio particularly features OPEN BIM solutions for computer-aided design (CAD) and computer-aided engineering (CAE), which are used in the 3D planning and visualization of buildings and infrastructure projects. These are complemented by BIM-based solutions for quality assurance and control to avoid errors and conflicts during the planning and construction phase.

The segment's recent financial years were characterized by integration and harmonization activities. The merger of individual brands and the expansion of cross-brand collaboration has resulted in the successful creation of extended and harmonized client offerings in particular, increasing the benefits for customers even further. In the year 2024, these harmonization activities were continued and the subsidiaries Scia and Frilo were integrated into the Allplan brand.

The market for the Design segment is traditionally more mature than the markets for the Build segment due to the earlier use and adoption of digital solutions. According to the industry analysts at Cambashi, who focus on planning, visualization and construction software, the market (TAM – Total Addressable Market) for design and planning software is expected to grow from an estimated EUR 8.8 billion in 2024 to around EUR 12.5 billion in 2028, corresponding to a compound annual growth rate of around 9%.

Build Segment

The Build segment's customers include construction companies, developers, and suppliers as well as general contractors, planning offices, architects, and civil engineers, among others. Here, the Nemetschek Group offers complete 5D BIM solutions from the bidding and award phase to invoicing, budgeting, scheduling, and costing. These solutions also include, among other things, commercial enterprise resource planning (ERP) solutions from the Nevaris brand for construction-related accounting. On top of that, it has PDF-based and, in parts, cloud-based workflow solutions from the Bluebeam brand for digital work processes, collaboration, and documentation.

In addition, the newly acquired GoCanvas Holdings, Inc., has been assigned to the Build segment since July 1, 2024.

GoCanvas provides flexible cloud and mobile solutions that help customers on the construction site efficiently collect real-time data, collaborate across construction sites, create digital checklists, make data-driven business decisions, and replace paper-based processes with digital workflows, ultimately increasing efficiency and safety on the construction site. Founded in 2008, the company employed around 300 people worldwide in 2023, with locations in the USA, Canada, Australia, and South Africa, and generated annual recurring revenues (ARR) of around USD 67 million in the financial year 2023.

The acquisition of GoCanvas, with its complementary technology, customer base and geographic presence, complements Nemetschek's expertise in covering the entire life cycle in the AEC/O industry. The acquisition of GoCanvas opens up significant growth opportunities and technological synergies by further improving both companies' market and customer access. GoCanvas' strong presence in the US strengthens the Nemetschek Group's position in the US, while the Group in turn offers GoCanvas a base for expansion in Europe and the Asia-Pacific region. As a pure SaaS solution provider, GoCanvas will also further accelerate the transition to a subscription- and SaaS-centric business model for the Nemetschek Group.

The Build segment offers great potential for growth, which is due to the low level of digitalization in the construction industry, i.e., the degree to which modern, digital solutions are used. In their study, market experts and analysts at Cambashi estimate that the market size (TAM) for software in the construction industry will increase from EUR 5.7 billion in 2024 to EUR 9.1 billion by 2028, representing a compound annual growth rate of 12%.

Manage Segment

The Manage segment rounds off the Nemetschek Group's range of solutions for all disciplines across the entire building and infrastructure project life cycle, focusing on building management and professional property management. The segment's main customers include property managers, facility managers, and global real estate companies as well as banks and insurance companies, among others.

The segment's two brands – Spacewell and Crem Solutions – offer software solutions across all commercial processes in property management as well as modular and integrated solutions for property, facility, and workplace management (integrated workplace management system, IWMS). The portfolio also includes a smart building platform that uses intelligent sensors and big data analysis to help improve productivity and efficiency in the operation and management of buildings. These are complemented by artificial-intelligence-based energy management solutions for optimizing the use of energy in buildings and reducing carbon emissions.

For software solutions in the field of building management, Verdantix, a market analyst specializing in real estate and the built environment, has forecasted a market growth (TAM) from EUR 8.6 billion in 2024 to EUR 12 billion by 2028, which corresponds to an annual growth rate of around 8%. Within this market, the fastest growing subsegments are energy management (+11%) and space management, both of which closely align with Spacewell's core offerings.

Media Segment

In the media segment, the Nemetschek Group offers professional solutions for all phases of a digital creative project through its Maxon brand. The product portfolio includes 3D modeling, painting, animation, sculpting, and rendering solutions. These solutions are used worldwide to create 3D motion graphics, architectural or product visualizations, graphics for computer games, medical illustrations, industrial designs and visual effects, to name just a few examples.

In addition to architects and designers, other customers in the Media segment include film and TV studios, advertising agencies, the video game industry, product and graphic designers, as well as creative freelancers from the international media and entertainment industry.

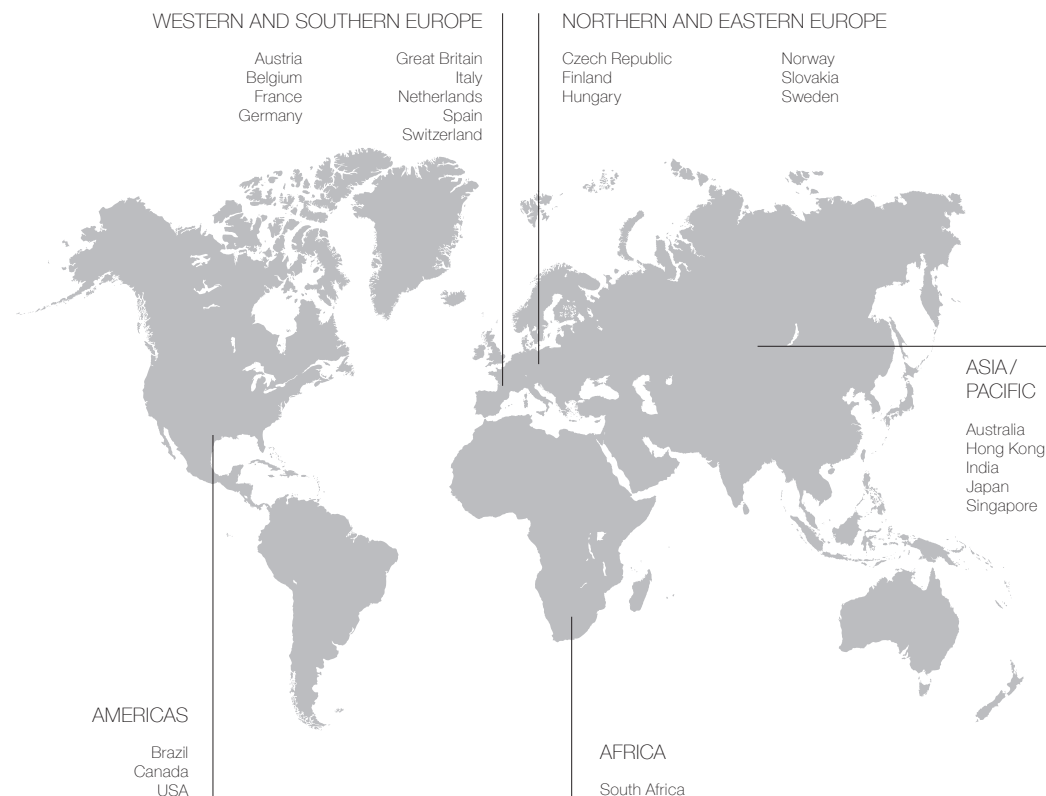
The Media segment, which addresses the global market for 3D animations, is a further growth area for the Nemetschek Group. The market experts and analysts at Cambashi estimate the market size (TAM) for software in the media industry in 2024 at EUR 5.3 billion. By 2028, this market is expected to grow to EUR 7.8 billion, which corresponds to a compound annual growth rate of almost 10%.

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 CO₂ 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 CO₂ 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 CO₂ 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.

Shaping the Future: Collaboration, Integration, and Sustainability

As the AEC/O industry is becoming increasingly interconnected, cross-brand and interdisciplinary collaboration will become ever more important. While Nemetschek has already made substantial progress in creating standardized workflows, the company sees even greater potential in the future in terms of harnessing synergies within the Group portfolio. Ultimately, the Nemetschek Group's vision is to create an interconnected ecosystem in which cross-brand innovations increase added value for customers and the industry. As the AEC/O sector plays a crucial role in combating climate change, the Nemetschek Group is committed to supporting and driving change towards sustainable practices. Therefore, sustainability is always an important aspect when developing new solutions and innovations focused on reducing waste, improving energy efficiency, and supporting green construction standards.

Innovation Focuses

All brands of the Nemetschek Group continuously enhance their existing solutions. In the respective segments, the brands worked, for example, constantly on improving the user friendliness of their solutions, on process optimizations, and on integrated interfaces and links for a smooth OPEN BIM workflow. Simultaneously, all brands work on steadily expanding their existing solution portfolios to reflect technological trends and changed client needs and, in doing so, secure their position as innovation leaders in their markets. A special, cross-segment focus for development work in the 2024 fiscal year remained the ongoing development of subscription and SaaS offerings.

A key area of focus for the Group's development activities is innovation through the use of artificial intelligence (AI), with various initiatives Group-wide working in this area. One of the guiding principles behind these developments is the aim of providing customers in the AEC/O and 3D animation industries with trustworthiness and ethically sound artificial intelligence. In line with this, the Nemetschek Group has already introduced various product extensions and strategic partnerships that use artificial intelligence technologies to improve processes in the life cycle of buildings and in the media industries, thus increasing productivity and promoting creativity. For example, the Nemetschek brand Graphisoft has launched an AI-based visualizer for its BIM software solution Archicad, which was consequently also implemented in the authoring solutions from Allplan and Vectorworks. Using an AI-assisted engine that generates high-quality imaging, the software's users can shorten the early design process by generating multiple design visualizations without needing to model them in 3D. In order to further accelerate and streamline its AI activities, the Nemetschek Group has also set up an AI & DATA Innovation Hub, which represents one of the central driving forces behind internal AI development activities. This hub will play a key role in development synergies of AI services across all brands in the Nemet-

schek Group portfolio. By virtue of its extensive industry expertise in AEC/O and media, the Nemetschek Group is well positioned to utilize the benefits of AI.

Further development priorities are the cloud platform and infrastructure, as well as the further development of the digital twin platform dTwin. The open and horizontal SaaS cloud solution dTwin will be continuously expanded with new features in the future.

A further key area of focus for internal development activities lies in the continuous introduction of new cloud-based functions for the solutions of all individual brands. One example in this regard is Bluebeam, which further digitalizes the construction process by introducing multiple new features. These include the cloud-based collaboration solution Bluebeam Anywhere, which enables Nemetschek customers' teams to seamlessly access project documents, markups, and many other items of information from any location. At the same time, it improves communication and collaboration between the various teams in real time and from any device (Web, mobile, iPad, and desktop). Combining the existing Nemetschek Group expertise in the Build segment with the broad portfolio of SaaS solutions of the newly acquired GoCanvas Holdings, Inc., for paperless documentation, reporting, and data integration on the building site gives rise to an end-to-end construction solutions portfolio.

In the 2024 financial year, EUR 213.9 million (previous year: EUR 201.6 million) were invested in research and development. Around 22% of Group revenues therefore went toward research and development in the 2024 fiscal year (previous year: around 24%) and into new and further development of the solution portfolio. Furthermore, roughly 37% (previous year: 39%) of employees work in research and development, emphasizing once more the high priority that this area of business has for the Nemetschek Group. The development of new, innovative solutions and enhancement of tried and tested ones rested largely on internal resources and only drew on the services of third parties to a small extent. In terms of expenditure, 88% (previous year: 88%) was on internal R&D employees (including cost of goods sold and depreciation and amortization) and just 12% (previous year: 12%) on external service providers.

In addition to its own innovative strength, the Nemetschek Group is also increasingly utilizing external innovative capabilities by investing in smaller, young and highly innovative companies, such as SmartPM, Document Crunch or Briq in 2024. Read more about this in [<< 1.2 Growth Drivers, Goals and Strategy >>](#). The focus of these investments is on keeping pace with the latest developments in key areas such as artificial intelligence and sustainability in the construction industry.

In addition, collaboration and partnerships with other innovative companies, colleges and universities are part of the DNA of the Nemetschek Group and support the further development of the company. Maintaining contact with science and teaching has been a key focus since the Nemetschek Group was founded in 1963. Nemetschek has its roots in the academic sector, where the company's software solutions have been used for decades. The brands provide students and professors with free software licenses and online learning materials as part of their "campus programs." This applies to the core markets in Europe and now also to many other markets, particularly the USA and, since 2024, India.

Moreover, Nemetschek regularly takes part in university programs by getting involved in the holding of student competitions to foster young talent in architecture and engineering. For example, Nemetschek provides support to the Leonhard Obermeyer Center at the Technical University of Munich as a partner. Close collaboration with universities and colleges simultaneously safeguards the Nemetschek Group's innovation capabilities, as it is kept up to date with new topics, trends, and innovative developments through the close ties to higher education.

1.4 Corporate Management and Governance

General Information

A key success factor for the Nemetschek Group is its combination of a streamlined Group structure with efficient processes and synergies, as well as the flexibility and independent responsibility of the segment and individual brands. This structure makes it possible to strike a balance between global management and entrepreneurial freedom, thus promoting innovative strength and agility.

The strategic leadership and the operational management of the Nemetschek Group are performed by the Executive Board of Nemetschek SE in close cooperation with the managers of the individual segments and functions. The core tasks include the strategic positioning of the Group on global markets and its short- and medium-term revenue, profitability, liquidity, and investment planning. These processes are not only aligned with internal targets, but also take into account market and competition analyses in order to ensure long-term success.

Management is carried out at segment level and through the relevant functional responsibilities. Based on the strategic objectives, specific requirements and annual targets are derived for the segments and corresponding brands of the Nemetschek Group. These objectives are aligned with the brands as part of an annual planning process and broken down into operational sub-targets for areas such as marketing, sales and research & development. This is done in close coordination between the segment managers, the managers of the brands, and the responsible Global Process Owners (GPOs) as well as the Executive Board of the Nemetschek Group. The Supervisory Board supports these processes in an advisory capacity and monitors compliance with the defined targets.

A monthly monitoring process supports the pursuit of targets during the financial year. A management information system is used to record and evaluate key figures such as revenue, growth, costs, and earnings. These key figures are compared with the previous year's figures and the planned targets in order to identify deviations at an early stage. If necessary, suitable countermeasures are developed in collaboration with the segment managers, the managers of the brand companies, the GPOs and the Executive Board.

Financial Performance Indicators

The key financial performance indicators (core management indicators) of the Nemetschek Group continue to be revenue growth (currency-adjusted) and thus revenue, EBITDA and the EBITDA margin. These indicators serve as central benchmarks for monitoring the company's performance and are continuously monitored and analyzed. To increase transparency in the transition of the business model to subscription and SaaS models, the Nemetschek Group has introduced additional key figures. These include annual recurring revenues (ARR), ARR growth (currency-adjusted), and the share of recurring revenues in total revenues. However, these additional key figures are not used directly for control purposes, but primarily to communicate progress in the transformation. Furthermore, in 2024, following the acquisition of GoCanvas, the key figures revenue growth (currency-adjusted), ARR growth (currency-adjusted) and EBITDA margin were also reported adjusted for the effects of the acquisition of GoCanvas Holdings, Inc., to allow for a comparison of the company's performance with the previous year.

	FY 2024	FY 2023
Revenue growth (currency-adjusted) and thus revenue (in absolute terms)	X	X
Revenue growth (organic, i.e., excluding GoCanvas & currency-adjusted)	X	-
ARR (Annual Recurring Revenue)	X	X
– Growth of ARR (currency-adjusted)	X	X
Growth in ARR (organically, i.e., excluding GoCanvas and currency-adjusted)	X	-
– Share of recurring revenues in total revenues	X	X
EBITDA	X	X
EBITDA margin	X	X
EBITDA margin (organic, i.e., excluding GoCanvas)	X	-

Non-financial performance indicators are not currently taken into account in corporate management. Nevertheless, non-financial, qualitative targets for the introduction of structures for sustainability reporting are taken into account in the compensation of the Executive Board in the context of the short-term variable component.

Growth-Related Performance Indicators

To plan and manage the profitable growth strategy, the Nemetschek Group uses year-over-year absolute revenue and the nominal and currency-adjusted revenue growth, at both Group and segment level, as central indicators.

The currency-adjusted revenue growth is calculated as the nominal revenue growth less or plus the translation effects during the course of the year from the revenue attained in foreign currencies. This indicator is extremely important, as revenue and its growth play a central role in terms of assessing business performance – both internally and externally.

For a more transparent presentation of the future growth dynamic and of the success in the ongoing transition of business to subscription and SaaS models, and therefore of all recurring revenue, the Nemetschek Group implemented an annual recurring revenue (ARR) indicator during the 2022 fiscal year. This indicator is calculated using the average of all recurring revenue, i.e., from subscription, SaaS, and service agreements in the most recent three months, multiplied by four. As such, ARR represents a crucial indicator of the company's future revenue and cash flow development.

Complementary “enabler” metrics have been defined to analyze the development of recurring revenue and also manage its development in a targeted way. Firstly, the currency-adjusted growth in recurring revenue is considered, with the currency adjustment being calculated analogously to the corresponding calculation of total revenue. Furthermore, the share of recurring revenue to total revenue is also used. The sum of all recurring revenue (subscription, SaaS, and maintenance agreements) is viewed proportionally to the Group's revenue for this.

Profitability-Related Performance Indicators

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is primarily used to manage profitability and provide an indicator of free cash flow. It is presented in the consolidated financial statements (IFRS) under [« Consolidated Financial Statements \(IFRS\), Consolidated Statement of Cash Flows »](#). EBITDA provides information on profitability and includes all items on the income statement that relate to operating performance. It is supplemented by the EBITDA margin, which indicates the ratio of EBITDA to revenue, measures the relative profitability of the company, and is therefore suitable for comparison with competitors and other companies. Because of their importance for the financial success of the business, the key performance indicators of revenue and EBITDA are also essential components of the performance management system.

The achievement of business targets is also assessed based on the development of financial performance indicators which are set for the purposes of business management and are also an element of the short- and long-term remuneration of the Executive Board. Information about the remuneration of members of the Executive Board and Supervisory Board is provided in a separate remuneration report that is available on Nemetschek SE's website at ir.nemetschek.com/remuneration.

Detailed information about the development of the Nemetschek Group and its segments in the 2024 fiscal year and in comparison to the previous year can be found in [« 3.3 Earnings, Financial Position, and Net Assets of the Nemetschek Group »](#). In addition, a comparison of actual and forecast business performance in the 2024 fiscal year can be found in [« 4 Comparison of Actual and Forecast Business Performance of the Nemetschek Group »](#).

In addition to the performance indicators described above, Nemetschek SE, as an individual company, is also managed based on the liquidity required in the Group. This ensures that Nemetschek SE can discharge its obligations, especially to pay a dividend and service loans, at all times.

The most important financial performance indicators of Nemetschek SE are as follows:

	FY 2024	FY 2023
Net income for the period	X	X
Gross liquidity	X	X

Gross liquidity comprises balances of cash and cash equivalents at banks.