Digitization meets Sustainability

ANNUAL REPORT 2019

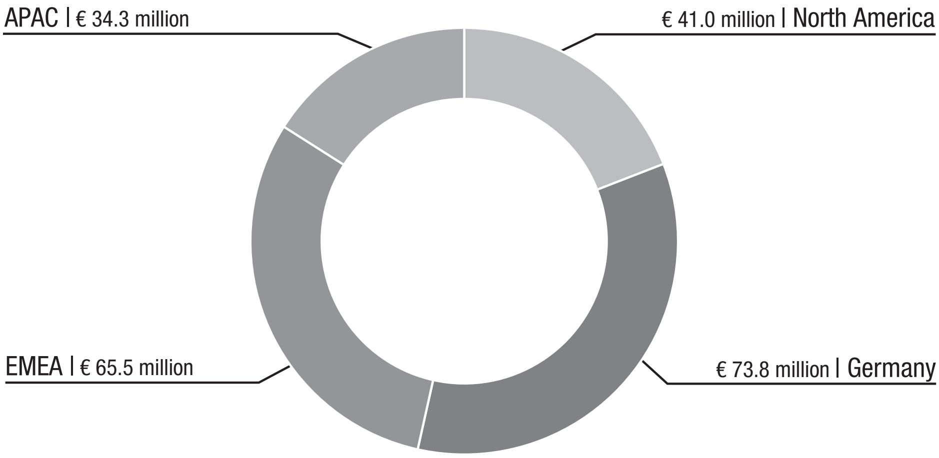
MTWO iTWO 4.0

Build Together Build Smarter Build the Future

RIB
running together

RIB OVERVIEW

REGIONAL REVENUE BREAKDOWN 2019

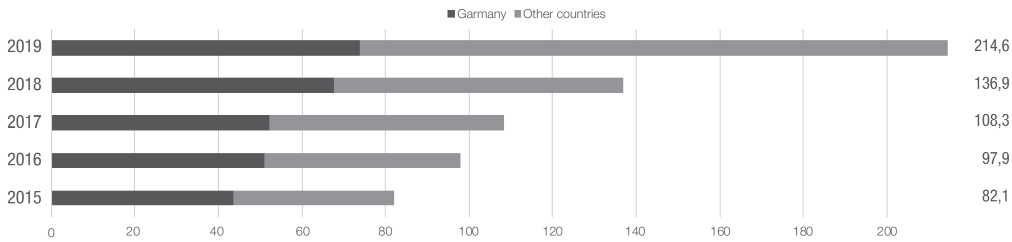


APAC (Asia and Pacific Region)

EMEA (€ope excl. Germany, Middle East and Africa)

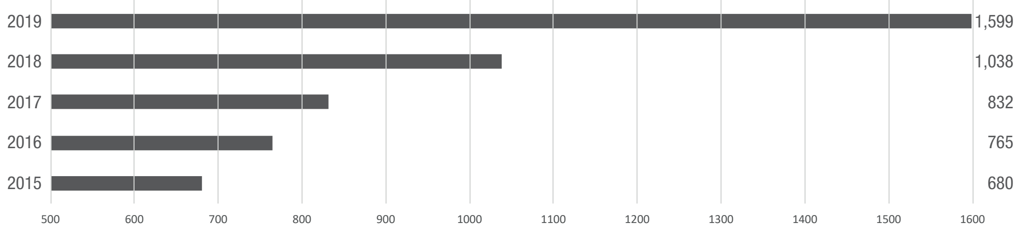
DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON

Figures in € million



AVERAGE NUMBER OF EMPLOYEES

Annual average



COMPANY PROFILE

RIB Software SE is an innovator in building and construction industry. The company creates, develops and offers cutting-edge digital technologies for construction enterprises and projects across various industries worldwide. iTWO 4.0, RIB's flagship cloud-based platform, provides the world's first enterprise cloud technology based on 5D BIM with AI integration for construction companies, industrial companies, developers and project owners, etc. With over 50 years of experiences in construction industry, RIB Software SE focuses on IT and engineering and becomes the pioneer in construction innovation, exploring and bringing in new thinking, new working methods and new technologies to enhance construction productivity. RIB is headquartered in Stuttgart, Germany, and Hong Kong, China, and has been listed in the Prime Standard of the Frankfurt Stock Exchange since 2011. With over 1,599 talents in more than 30 locations worldwide, RIB is targeting to transform the construction industry into the most advanced and digitalized industry in the 21st century.

Further information can be found at **www.rib-software.com**

CONSOLIDATED FIGURES - OVERVIEW

€ million unless otherwise indicated	2019	2018	2017	2016
Revenue	214.6	136.9	108.3	97.9
ARR	112.6	57.9	47.2	40.5
NRR	45.4	37.4	33.7	28.1
Service	47.4	32.3	19.9	22.7
E-Commerce	9.2	9.2	7.5	6.6
Operating EBITDA*	**51.2**	**38.8**	**39.9**	**33.0**
as% of revenue	23.9%	28.3%	36.8%	33.7%
Operating EBITDA* and adjusted for IFRS 16	44.3	37.9	40.3	32.7
as% of revenue	20.6%	27.7%	37.2%	33.4%
Operating EBT*	**21.2**	**30.5**	**29.2**	**23.2**
as% of revenue	9.9%	22.3%	27.0%	23.7%
Operating EBT* adjusted for PPA-Afa	**33.5**	**35.8**	**32.8**	**27.3**
as% of revenue	15.6%	26.2%	30.3%	27.9%
Consolidated net profit of the year	9.1	21.9	18.4	14.4
Amortization from purchase price allocations (PPA-Afa)	12.3	5.3	3.6	4.1
Cash flow from operating activities	**34.8**	**30.6**	**22.8**	**51.5**
Group liquidity***	125.8	238.2	134.8	135.4
Equity ratio	74.7%	83.6%	80.5%	82.1%
Average number of employees	1,599	1,038	832	765
Research and development expenses	32.5	26.0	21.4	18.8
R&D ratio - iMTWO Segment***	19.2%	21.0%	21.2%	20.6%

*EBITDA adjusted for currency effects and one-off/special effects

**Cash and cash equivalents, time deposits and available-for-sale securities

***For 2018 and 2019 adjusted for revenues from Value Added Resellers and Managed Service Providers, 2016 to 2017 iTWO segment

HIGHLIGHTS 2019

Q1
JAN - MAR

On 29 March 2019, the RIB Group announces its financial figures for the 2018 financial year. Group revenues increased significantly by 26.4% to a new high of € 136.9 million. Revenues in the range of € 180 million to € 200 million are planned for 2019. In parallel to the investment phase of iTWO 5D Desktop to the iTWO 4.0 cloud platform technology, the RIB Group was also able to achieve an operating EBITDA margin of 28.3% (adjusted for currency effects and one-off/special effects) in fiscal year 2018. RIB further announces that in 2019 the company will focus on expanding its MTWO/iTWO 4.0 user base from 3,000 to 30,000 users. Six Phase-II/III-contracts and the investment in Levtech Consulting, an MTWO MSP partner headquartered in Dubai (United Arab Emirates) and Bangalore (India), complete a successful start to the 2019 fiscal year.

Q2
APR - JUN

By acquiring 60% of Atlanta-based BSD (Building Systems Design) for USD 42 million, RIB announces the largest investment in its history to emphasize its commitment to the US market. BSD provides a leading cloud software platform for building specifications together with data and analytics solutions for North American building product manufacturers. In addition, the RIB Group invests in Cadline (London), a well-known reseller of software products for the construction sector in the UK and the Netherlands. Furthermore, Saint-Gobain and RIB announce the joint venture "SGTWO" in Germany. The aim of the joint venture is to improve modular construction and planning quality through an enhanced 5D-BIM solution. At the end of April, the RIB Group publishes its figures for the first quarter of 2019. During the investment phase, Group revenues increase significantly by 47.6% to € 46.5 million.

Q3
JUL - SEP

Through the investments in CCS (Johannesburg), Winjit (Nashik), CCS UK (London) and Capricot (Bangalore), the RIB Group continues to expand its partner network. With the acquisition of 60% of U.S. CAD (Irvine, California) for USD 26.4 million, a leading AEC technology reseller, integrator and BIM service provider in the US market, the second major investment in the United States following BSD was completed in 2019. The RIB Group announces its figures for the first half of 2019. Recurring revenues (ARR) grew by 87.0% to € 51.8 million, supporting continued strong revenue growth. A Phase-III-contract is signed with SWIETELSKY and RIB raises its revenue guidance to a corridor of € 210 million to € 225 million. In addition, the EBITDA guidance is raised to a range of € 46 million to € 52 million. Eleven additional Phase-II-contracts round up the third quarter.

Q4
OCT - DEC

Through the investments in Redstack (Adelaide, Australia), datapine (Berlin) and SoftTech (Pune, India), a total of twelve acquisitions have been made in 2019. The financial figures for the first nine months of 2019 are being announced at the end of October. Group revenues again increased significantly by 59.7% to € 151.6 million and the number of MTWO/iTWO 4.0 platform users now stands at 44,325, an increase of 113.9% compared to the end of the second quarter. A total of 31 Phase-II/III-contracts were reached at the end of the 2019 financial year. The set target of 30 contracts is thus exceeded. On the occasion of the 100th anniversary of the founding of the Bauhaus, the Walter Gropius Prize is being awarded for the first time this year in Hong Kong by the RIB to thought leaders and visionaries who have had a formative influence on life in the 21st century. The first prize winners are Klaus Wowereit (former mayor of Berlin), Prof. Dr. Rüdiger Grube (former Chairman of the Management Board of Deutsche Bahn AG) and Martin Fischer, Professor at Stanford University.

CONTENT

INVESTING IN SUSTAINABLE BUSINESSES

Strengthen business portfolio with advanced technologies and extended partner networks

In 2019, RIB Group further developed its technology landscape and partner network by investing twelve companies (Levtech 60%, Datengut 51% to 75%, Cadline 20%, BSD 60%, CCS 70%, Winjit 15%, CCS UK 100%, U.S.CAD 60%, Capricot 20%, Redstack 100%, Datapine 75%, SoftTech) and growing its global presence in Middle East, €ope, ANZ, US, India, and Africa.

At the start of the year, RIB invested into Levtech, a cloud service provider and ERP consulting company headquartered in the Middle East and India. Two months later, RIB increased its stake in DATENGUT, a leading German provider of mobile solutions for construction, from 51% to 75%, as well as enhancing the UK market influence by investing in Cadline, a UK software value-added reseller. In June, RIB made the largest investment in the group history in BSD (Building Systems Design), a leading provider of specification and proprietary data analytics solutions. In the following month, RIB acquired 70% of CCS (Construction Computer Software), an estimating and project and enterprise costing software provider, expanding the business scope in Africa.

Three new partners joined the RIB Community in August - Winjit, a technology provider of IoT, AI, Machine Learning and Block chain, U.S.CAD, a BIM service provider, and CCS UK, the exclusive distributor of CCS SA in the UK and Ireland. In the beginning of Q4, RIB invested in Capricot, a leading design and technology solutions provider for construction. In October, RIB made two acquisitions - 100% owned Redstack, an Australian software reseller for AEC and EPC, and 75% owned datapine, a business intelligence technology company with 4,000 monthly active users. At the end of the year, SoftTech, a global leader for building permit automation software, joined the company as the fourth M&A partner in India.

MTWO

Forge sustainable innovation and a growing user network.

Together with Microsoft, the operation of MTWO cloud business in 2019 is on track. The growth of MTWO & iTWO 4.0 users has exceeded expectation with 69,337users recorded by the end of the year, which is over 100% exceeding the targeted number of 30,000. In Q1 2020, RIB is launching the "MTWO Go Live in 48Hrs" solution to deliver ready-to-use, pre-configured MTWO cloud with best practice content for different clients, such as contractors, owners, investors and developers. The solution will shorten the 3 to 6-month implementation cycle for up to 100 users to not more than 48 hours after contract signing. With this solution, RIB is expecting a more successful MTWO distribution worldwide in 2020.


MTWO
MTWO
MTWO
48h

BAUHAUS 4.0

Building a sustainable future.

Bauhaus originated as a German school of design founded by Walter Gropius in 1919 that worked along interdisciplinary lines. By integrating Form and Function, the Bauhaus revolutionized artistic thinking and shaped the skyline of metropolises worldwide, and ultimately strived to address the sustainability challenges of the 20th century.

In the 21st century, the world faces more pressing environmental and populational challenges. As a digital technology leader, RIB carried on the Bauhaus spirit and proposed the Bauhaus 4.0 initiative by adding “Digitalization” to Form and Function, to address new challenges in the 21st century and to create a sustainable living for the next generation.

In 2019, RIB expressed the Bauhaus 4.0 sustainable concept through a series of significant activities.

Bauhaus meets Hong Kong filming

In November, the premiere of Bauhaus meets Hong Kong was held in Hong Kong. The film explored how art has been expressed in different historical eras and how, in the 21st century, combined with digital technologies, will be redefined by Generation Z in order to address these new challenges.

iTWO Bauhaus 4.0 Masters Summit

The RIB global top executives came together in Hong Kong at the iTWO Bauhaus 4.0 Masters Summit to share, learn, connect and discuss how to join forces with our state-of-the-art digital technologies such as AI, cloud, BIM, IoT, etc. to help transform the building and construction industry into an advanced industry and secure a sustainable future.

Walter-Gropius-Prize

To award leaders who have made outstanding contributions to sustainability, affordability and the wellbeing of the next generation, RIB presented Walter Gropius Prize in the iTWO Bauhaus 4.0 Masters Summit. The three winners in 2019 are Mr. Klaus Wowereit, who succeeded in establishing Berlin as the most attractive start-up location in €ope during his tenure as mayor, Dr. Rüdiger Grube, former Chairman of the Board of Management of Deutsche Bahn AG who led DB in its digital transformation journey, and Prof. Martin Fischer, Professor at Stanford University who significantly enlightened the academic world through his research and publications on virtual construction and integrated project delivery.

MANAGING DIRECTORS

Tom Wolf | CEO

Responsible for: Corporate Strategy

Michael Sauer | CFO

Responsible for: Corporate Finance, M&A, Sales Germany

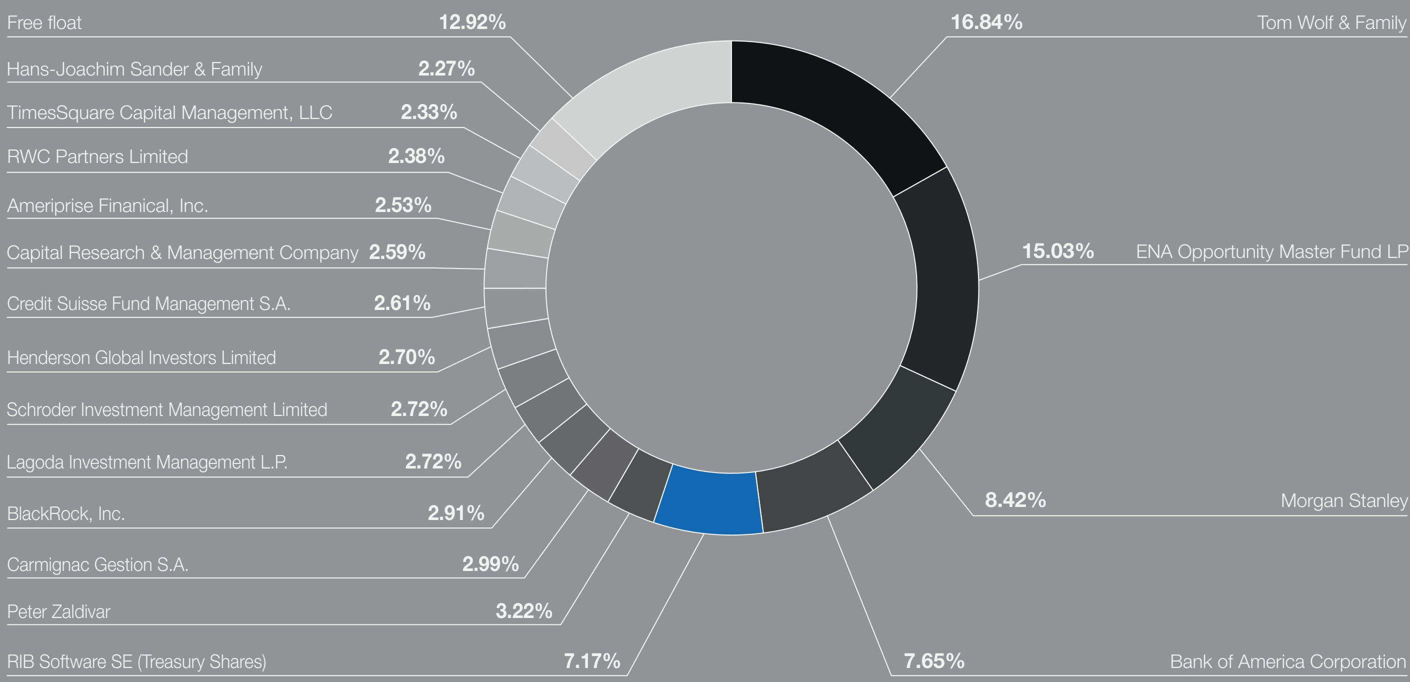
Mads Bording Rasmussen | COO

Responsible for: Group Sales & Operations

TO OUR SHAREHOLDERS

SHAREHOLDER STRUCTURE

As of 31 December 2019



LETTER TO OUR SHAREHOLDERS

Tom Wolf, Chairman, CEO

DEAR SHAREHOLDERS,

The RIB Group sincerely thanks all shareholders for your trust and support during last year.

Markets are changing at a faster pace than ever before. The **digital transformation** of the building and construction industries (AEC) has gained a lot of momentum in 2019. Today, more government agencies and owners are requiring 5D and BIM technologies while more clients are moving away from silo desktop applications into enterprise cloud solutions (a single source of truth) because they understand data as an important part of their future business model.

With **iTWO (SaaS)** and **MTWO (IaaS/PaaS)**, RIB is perfectly positioned to win this business.However, we also face a strong headwind from the stock market because millions of RIB shares were sold short and RIB shareholders feared that our share price could come under more pressure in 2020, as we faced in 2018. **Therefore, we have supported the take-over bid from Schneider Electric** to ensure the highest credibility for RIB Software SE and to offer a strong ROI to our shareholders.

In 2019, we faced new global platform competitors, the climate change protests around the world, the U.S. China trade tariffs, the Hong Kong “no future” protests, along with Brexit and the Corona Virus.

These extremely volatile market conditions and the **“running together”** within a leading global Group has forced the RIB management to adjust our 2020 strategy in 2019 to reach maximum success and to continue our success story for our global clients, employees, and shareholders.

Within a few words we are focusing now 80+% of all resources on ARR and NRR revenue, EBITDA margin and organic growth development. We shall also focus on sustainable performance while joining forces with Schneider Electric to support the target of a carbon free planet by 2050.

“We support this initiative by using iTWO and MTWO to digitally transform and increase efficiency and sustainable performance in the building and infrastructure industry to become one of the most advanced industries on our planet.“

xYTWO will not be part of the focus in 2020 and is classified as a wildcard. However, we will continue with selected xTWO LAB investments like SGTWO where we are re-defining and digitally transforming and industrializing the supply chain.

Our midterm platform target will be achieved as a Group with the Schneider Electric SE, as our team reaches over 50% of our RIB 2 million USER and 50+% of our 30 USD EBIT/DA margin target.

2019 was a remarkable year and the first full year of our investment phase. We made successful investments into 12 partners within the technology industry and have nearly finished our global sales and consulting network in €ope, America, Africa, the Middle East and APAC regions. We integrated new technologies, brought in a strong salesforce, R&D power, and experienced consultants to our Group to accelerate our growth and provide solid support to our strategic development. Also in 2019, the RIB management team outperformed the user target of 30,000 and reached 69,337 users. A sharp focus on recurring revenue growth and strategic execution, combined with the stabilization of software sales in the AEC industry has driven sustainable growth in Group revenue and profitability.

We've outperformed the first guidance we made for 2019 with 57% revenue growth and 32% EBITDA growth. We will also work towards our midterm plan of >40% target which is the sum of organic growth rate and EBITDA margin.

Digital transformation has always been our mission and we've delivered a solid performance in transforming from a license-based business model to a cloud-based business model while winning a 94% growth rate in the ARR segment.

To execute our five-year plan and to reach our midterm target, we will continue to work towards the digital transformation and focus on ARR growth as well as user generation for the MTWO platform. Achieving 2 million users is still our midterm target and we believe it's achievable thanks to our 500,000 convertible user base and global alliance support, which we are expecting 20,000 user potential for each partner, and again, to reach over 50% would already deliver a nice success story for our shareholders.

We have around 300M €o investment capacity and will continue our investment into the MTWO global alliance with a focus on high-quality software companies and will reach 50 global alliance partners within the investment phase.

"We still believe technology is the only solution for the next generation. RIB will contribute its power into digital transformation with high-end technology in Cloud, AI, Mobility and 5G."

The last financial year was one of the most significant years of progress in RIB's history. The hard work and dedication of all our employees, including new colleagues from our global alliance that we welcomed to the Group enabled great progress. A solid foundation and sustainability in the construction industry is essential and significant for being a market leader. Therefore, our group needs a strong partner to help us move towards the next stage of business success.

In February this year, we announced a compelling offer from Schneider Electric for RIB shareholders, where Schneider intends to take over 50% plus 1 RIB share on a fully diluted basis by 29 €o per share in cash. RIB's Administrative Board supports this offer and we saw huge synergies with the business of Schneider Electric. We also saw the opportunities in running together to create a carbon-free and sustainable future for the next generation because we share a similar corporate culture and entrepren€ial spirit. We will work towards increased efficiency and sustainability across the full construction life cycle.

The joint force of Schneider Electric and RIB Software could secure our strategic execution of the midterm plan and enhance our credibility in the construction business. The synergies with 500,000 Schneider Electric clients can open a large international sales network to RIB and extend the customer relationship within the construction eco-system. We also saw the opportunities in partnership to offer deep domain expertise in building efficiency and sustainability.

In 2019, we kept our business and strategic development well on track. We have developed dashboards for timely updates while monitoring all key metrics. We published timely press releases, definitions of our targets, and detailed Q&As to help our investors understand more clearly our progress and performance while avoiding any misunderstandings.

We welcome our shareholders to continue to track our performance and to understand our current strategy on our IR website.

2020 will be a robust year with the support from our Global Alliance and our shareholders. We are looking forward to outperforming our targets in 2020 and achieving another milestone year in our five-year plan outlook.

Yours sincerely

Tom Wolf

REPORT OF THE ADMINISTRATIVE BOARD

ON THE 2019 FINANCIAL YEAR TO THE ANNUAL GENERAL MEETING OF RIB SOFTWARE SE ON 26 JUNE 2020

DEAR SHAREHOLDERS,

RIB software and its products are worldwide pioneers in digitalisation for the construction industry. The company conceives, develops and distributes the very latest digital technologies for construction companies and projects in the most diverse sectors of industry. The iTWO 4.0 Cloud Enterprise Platform technology is taking on a leading role worldwide. The strategic realignment of RIB Software SE that began in 2018 has had a decisive influence on the successful business development that took place in 2019. As expected, MTWO on a subscription model is playing a vital role in further company development. The average rate of return (ARR) achieved above-average growth, also influenced by the acquisitions made in 2019, and the planned number of users (30,000) was exceeded by almost 70,000. To drive forward growth, the company has developed an “out-of-the-box” solution by which MTWO implementation takes place within 48 hours. The first implementations in the USA, €ope, the Middle East and APAC took place in February this year. We intend to grow the number of users in the 2020 financial year to over 100,000.

Cooperation on the Administrative Board

The Administrative Board of RIB Software SE actively supported strategic and economic development in the 2019 financial year. In doing so, it also administered the tasks required of it by law, statutes and rules of procedure to the fullest extent, continually advised and supervised the Managing Directors on the leadership of the company and aided them in achieving progress in the further development of the firm where strategically important questions arose. The Administrative Board has always been directly involved in decisions made by the Managing Directors that are of fundamental importance to the company.

The Administrative Board has checked that the annual and consolidated accounts and combined status report for RIB Software SE and group management report are in accordance with the applicable requirements. In addition, it has approved numerous transactions requiring its agreement after careful investigation and consultation.

The Managing Directors have fulfilled their reporting obligations. They have regularly, promptly and extensively reported in written and oral form on all questions of relevance to the company and the group regarding strategy, planning, business development, risk exposure and compliance. The members of the Administrative Board always had satisfactory opportunity to contribute within panels or on the general committee by presenting reports and proposing resolutions to the Managing Directors to engage with strategic questions, acquisitions, budgetary and financial issues and make suggestions. Business processes of importance to the company were extensively discussed by the Administrative Board on the basis of written and oral reports from the Managing Directors and their plausibility inspected. The object and extent of the reporting by the Managing Directors was fully in accordance with the requirements of the other (non-executive) members of the Administrative Board. Their questions were always answered in detail by the Managing Directors. The Administrative Board investigated and discussed in detail any executive measures which, for legal, statutory or procedural reasons, required its prior approval. The Administrative Board agreed to all matters of business presented to it for approval by the Managing Directors. In the 2019 financial year, this applied in particular to acquisitions, investments, the planned uptake of external financing as an acquisition loan and capital measures in the subsidiaries RIB Ltd., Hong Kong and Guangzhou TWO Information Technology Ltd., Guangzhou.

Even between sessions of the Administrative Board, its members were in regular contact. The Managing Directors informed them promptly in talks, telephone conversations and in writing via email of current developments and important individual circumstances. The Administrative Board was always involved early and extensively in decisions of essential importance.

Composition of the Administrative Board

The Administrative Board of RIB Software SE consists as per § 6 No. 1 of the company statues of eight members. In the 2019 financial year, the following were members of the Administrative Board: Mr Mads Bording, Prof. Martin Fischer, Prof. Rüdiger Grube, Mr Klaus Hirschle, Mrs Sandy Möser (deputy chair), Dr Matthias Rumpelhardt, Mr Michael Sauer and Mr Thomas Wolf (chair). Five members of the Administrative Board are non-executive members as per § 6 No. 2 of the statutes.

Sessions and resolutions of the Administrative Board

In the 2019 financial year, the Administrative Board met in six ordinary sessions and one extraordinary session to deal with all questions relevant to the company and make the necessary decisions regarding them. In the year under review, no member of the Administrative Board took part in half or fewer than half of the sessions of the Administrative Board and the committees to which it belongs. Attendance was 99% in total. Personnel issues raised by the Managing Directors were discussed and subjected to resolutions on their exclusion from the session.

Regular topics of the ordinary board meetings of 19 February, 28 March, 15 May, 6 August, 16 October and 12 December were the detailed reports from the Managing Directors on current business development and acquisitions. Thus, the Administrative Board was kept up to date on strategic considerations, the status of the completed phase II and III deals, the M & A projects, the financial and liquidity situation and the state of research and development. In total, 14 acquisitions were resolved on by the Administrative Board in the 2019 financial year with an investment volume of around 110 million €.

In the session of *19 February 2019*, the Administrative Board selected Prof. Rüdiger Grube as a member of the Audit Committee and Nomination and Remuneration Committee as of 7 March 2019. He replaced Mr Klaus Hirschle, who had given up his mandate for both committees as of 6 March 2019. In addition, a decision on investment and financing for the construction of new warehouses for xTWO GmbH was made.

The focus of the accounts meeting of *28 March 2019* was the financial accounting and group accounting of RIB Software SE for the 2018 financial year with the annual audits carried out by BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (hereinafter BW PARTNER), and the proposal of the Managing Directors for the use of the net profits of RIB Software SE. The Administrative Board approved the result of the annual audit after extensive discussion. After receiving the final results of its own audit, the Administrative Board raised no objections and approved the RIB Software SE annual and group accounts of 31.12.2018. This confirmed the annual accounts for RIB SE of 31.12.2018 After inspection of the proposals for the use of profit by the Managing Directors, the Administrative Board approved them on the advice of the Audit Committee. The report by the Administrative Board for the 2018 financial year was also approved, as were the agenda and proposed resolutions for the Annual General Meeting of *15 May 2019.* After detailed consultation, resolutions were also adopted on the Managing Directors’ personnel matters. In addition, the Administrative Board addressed in this session issues of corporate governance and the updating of the compliance declaration for the German Corporate Governance Codex.

The adjustment of the compliance declaration for the German Corporate Governance Codex was an object of resolutions in the session of 15 May 2019. The statement of deviation as per No. 5.4.1 para. 6 DCGK (declaration to the company, organs of the company and a significant shareholder of personal and business relationships of the candidates proposed to the Annual General Meeting for selection to the Administrative Board) was retracted. The Managing Directors explained the most important financial indicators for the 2018 financial year and the first quarter of 2019 and their report to the Annual General Meeting. The object of the resolutions by the Administrative Board in this session additionally included the assignment of stock options to Managing Directors, managers, and employees in the group as part of the 2015 option scheme, acquisition projects and a capital increase at RIB Ltd., Hong Kong.

In the session of *6 August 2019*, the Managing Directors reported on the current business development and the results achieved in the second quarter of 2019. In addition, the report on the execution of the Financial Due Diligence investigation at a north-American company was discussed as the basis for the investigation of a potential share decision.

In the session of *16 October 2019*, the reporting of the Managing Directors explained the new strategic approach of the MTWO out-of-the-box solution. The goal is the presentation of MTWO as an Enterprise Solution in 2020 through the offer of a pre-configured solution with implementation within 48 hours. Alongside the acquisitions in the third quarter, the Managing Directors reported on the sales and earnings developments as of 30 September 2019. After extensive explanation of the transaction structures, resolutions were adopted on further planned shareholdings. The Administrative Board also approved, after extensive discussion, the uptake of an acquisition loan as the basis for external financing as needed and the provision of a convertible loan to a listed company in India, in place of the shareholding resolved on in March 2019.

In the course of this session, the Administrative Board also accepted the regular report of the Managing Directors on the Risk Management System of RIB Software SE.

In November 2019, the entire Administrative Board took part in the iTWO 4.0 Master Summit in Hong Kong and met on 13 November in an extraordinary session, in which the members of the Administrative Board exchanged their impressions of the internal international event. In summary, they considered it an important milestone for the presentation and integration of the new company shareholdings worldwide. No resolutions were adopted in this session.

On *12 December 2019*, the presentation, discussion and resolution of the 2020 budget were centre-stage. The 2020 budget included, as in previous years, the detailed sales, income, financial and investment planning. Resolutions were adopted on the adjustment of statutes on the basis of the issuance of shares of the conditional capital and the rendering of tax advice services in the sense of EU regulation No. 537/2014 by the annual auditor, as suggested by the Audit Committee.

Between the sessions of the Administrative Board, resolutions required were adopted by a written circulatory method. The basis for this was detailed information from the Managing Directors on the object of the resolution in question. The objects of circulatory resolutions in the 2019 financial year were potential acquisitions/shareholdings of/in companies worldwide, capital increases at two subsidiaries to finance the growth of the company and the annulment and reissuing of the employment contract of a Managing Director with the same conditions because of geopolitical contingencies.

Administrative Board committees

The committees (Audit Committee and Nomination and Remuneration Committee) effectively supported the Administrative Board in its work during the year in question. They informed of their consultations and resolutions on the relevant items on the agenda in the relevant subsequent session of the Administrative Board.

The Audit Committee was made up as follows: Dr Matthias Rumpelhardt (chair), Prof. Rüdiger Grube (from 27 March 2019), Mr Klaus Hirschle (to 6 March 2019) and Mrs Sandy Möser. Dr Matthias Rumpelhardt is an independent member of the Administrative Board and is an expert in the areas of accounting and annual auditing as per § 107 para. 4 and § 100 para. 5 AktG.

The Audit Committee principally took on the task of inspecting the accounts and accounting process, the effectiveness of the internal controlling system and risk management system and completing the annual audit. It met in two ordinary sessions of 27 March and 12 December 2019. In addition, telephone conferences took place on 7 and 28 February, in which the responsible auditors informed of the preliminary results of the audit of the annual and group accounts for 2018. All members of the committee took part in the sessions and telephone conferences.

Taking part in the session of *27 March 2019* were not just Mr Sauer, the responsible Managing Director, but also the responsible auditors, who reported in detail on the audit of the individual and group accounts of RIB Software SE for the 2018 financial year, including the combined management report. In this, the annual auditors gave particular emphasis to explaining the focal points and results of their audit. Another component of the annual auditors' reporting was the results of the audit of the internal controlling system and early risk detection system. In its judgement, the present early risk detection system is suitable for early detection of developments potentially endangering the continued existence of the company. Furthermore, the Audit Committee reported on the reasoned recommendations to the Annual General Meeting for the selection of the annual auditor for the company and the group for the 2019 financial year and adopted a corresponding resolution.

From *12 December 2019*, the key issues for the 2019 audits were discussed and determined and the fee payable to BW PARTNER for the auditing services resolved upon. In addition, the committee approved the rendering of tax advice services by the annual auditor in the sense of EU regulation No. 537/2014/§ 319a para. 3 HGB, determined the budget allocated for this to 31 December 2021 and advised the Administrative Board to adopt a corresponding resolution.

The members of the Nomination and Remuneration Committee in the reporting year were Mrs Sandy Möser (chair), Prof. Rüdiger Gruber (from 27 March 2019), Mr Klaus Hirschle (to 6 March 2019) and Dr Matthias Rumpelhardt.

All members took part in the sessions of the Nomination and Remuneration Committee of 27 March and 14 May.

On *27 March 2019*, the focus of consultation and resolutions by the committee was the recommendations to be made to the Administrative Board to approve the amount of the short-term target remuneration for the Managing Directors in 2018 and the target specifications for variable remuneration in the 2019 financial year. In addition, the Administrative Board was recommended to propose Prof. Rüdiger Grube to the Annual General Meeting for selection as a member of the Administrative Board.

On *14 May 2019*, the Nomination and Remuneration Committee addressed the yearly allocation of stock options to the Managing Directors, management and employees of RIB Software SE and connected companies and adopted a recommendation for the Administrative Board to adopt a resolution.

Corporate governance and compliance declaration

During the reporting period, the Administrative Board has addressed the standards of good corporate governance and adopted in its session of *28 March 2019* the compliance declaration 2019 for the German Corporate Governance Codex, adjusting this on *15 May 2019*. The complete compliance declaration has been published on the company website at

https://www.rib-software.com/en/group/investor-relations/corporate-governance

As regards good corporate governance, the Administrative Board has to monitor and judge the independent status of the majority of its non-executive members.

This was the case in the reporting year as four of five of the non-executive members were independent in the sense of the German Corporate Governance Codex.

In the 2019 financial year there was no indication of conflicts of interest applicable to Managing Directors or members of the Administrative Board; such are to be immediately presented to the plenary assembly and informed of to the Annual General Meeting.

Annual and group audit

BW PARTNER has audited the accounting and group accounting for RIB Software SE in the 2019 financial year. The Annual General Meeting on 15 May 2019 chose BW PARTNER as the annual and group auditor on the basis of the Administrative Board's advice, based on a recommendation from the Audit Committee. In a letter of 30 April 2019, BW PARTNER had previously confirmed to the chair of the Audit Committee that there were no circumstances affecting their independence as an annual auditor or suggesting reasonable doubt in their independence. BW PARTNER also declared to what extent services had been rendered to the company in the preceding financial year or were contractually agreed for the subsequent year outside the bounds of the annual audit. The annual auditor was tasked with reporting promptly to the Audit Committee and Administrative Board on any reasons for exclusion or bias arising during the audit and on all determinations and incidents essential to the tasks of the Administrative Board that resulted from the execution of the annual audit. In addition, it was agreed that the annual auditor would report if any facts determined during the execution of the annual audit would suggest an inaccuracy of the DCGK declaration issued by the Administrative Board, and note these in the audit report.

BW PARTNER has audited and on 18.03.2020 given unequivocally confirmatory opinions regarding the annual accounts of RIB Software SE created by the Managing Directors according to the rules of the HGB, the group accounts created as per § 315e HGB on the basis of the international IFRS accounting standards and the combined group management report and status report of RIB Software SE. The annual auditor determined that the Administrative Board has instituted a suitable information and monitoring system, appropriate in its structure and means of use to detect developments threatening the continued existence of the company early.

He confirmed that the annual and group accounts for the 2019 financial year gave an image of the financial, asset and profit situation of RIB Software and the group that corresponded to the actual situation, taking account of the accounting principles to be applied. Furthermore, the annual auditor confirmed that the combined group management report and status report were in harmony with the annual or group accounts and gave overall a true image of the situation of RIB Software SE and the group, along with its opportunities and risks.

The audit documents and reports for the 2019 financial year were discussed comprehensively in the sessions of the Audit Committee of *25 March 2020* and of the Administrative Board of *26 March 2020*. The annual auditor reported on the essential results of the audit and went into particular detail on key audit matters and the approaches taken in the audit in each case. He also informed of his assessments of the internal controlling system and early risk detection system and was available for additional questions and information. The chair of the Audit Committee reported in detail in the session of the Administrative Board on the inspection by this committee of the annual and group accounts, combined group management report and status report – including the non-financial declaration contained therein – and the proposal for the use of the net profit. He also informed the Administrative Board that there were no signs of bias on the part of the annual auditor and reported on what services were rendered by BW PARTNER apart from the annual audit. The annual auditor confirmed as per § 321 para. 4a HGB that he had taken account of the applicable regulations regarding independence in the annual audit. Furthermore, he declared as per art. 6 para. 2 letter a) of the EU-APrVO that the auditing company, audit partners, members of senior management and management personnel who were carrying out the audit were independent of the audited company.

No objections were raised after the inspection and discussion of the annual and group accounts, combined group management report and status report by the Administrative Board. As per the recommendations of its Audit Committee, the Administrative Board approved the result of the annual auditor's audit. After the completion of the audit, the Administrative Board has come to the conclusion that there are no objections to the approval of the annual accounts of RIB Software SE, the group accounts of 31.12.2019 and the combined group management report and status report. The annual accounts of RIB Software SE are thus adopted.

On this basis, the Administrative Board has inspected the proposal of the Managing Directors for the use of the net profit of 31.12.2019, in particular with regard to the dividends policy, the effects on the liquidity of RIB Software SE and the interests of shareholders, and has approved this proposal, as recommended by the Audit Committee. In addition, the report by the Administrative Board to the Annual General Meeting was approved.

Public takeover by Schneider Electric

With the publication of the preliminary figures for the 2019 financial year on 13 February 2020, we informed shareholders of RIB Software SE that Schneider Electric SE intends to make them an offer for a voluntary public takeover. The Administrative Board was informed promptly and comprehensively in advance of the discussions and negotiations by the Managing Directors with potential strategic and financial investors. The planned transaction with Schneider Electric was carefully checked by the Administrative Board with regard to the company growth strategy. On *12 February 2020*, the necessary resolutions for this were drawn up in a session of the Administrative Board. The Administrative Board welcomes and supports the announced offer and the strategic partnership within the framework of its legal obligations, subject to a review of the offer documents published by Schneider Electric on 20 March 2020 and, based on the commissioned fairness opinions, will issue and publish a reasoned opinion on the offer in accordance with the provisions of German takeover law.

We assume that with the takeover of a majority share in RIB Software SE by Schneider Electric, the structure of the group audit will be changed in future, with the company included in the global audit of Schneider by the “Big Four” accounting firms. For this reason, the administrative board proposes to the general assembly that BW PARTNER be selected as the auditor for the annual and group financial statements of 2020.

The Administrative Board would like to thank all employees of the RIB Group worldwide and the company management for their high level of engagement and successful work in the 2019 financial year. The RIB Group is excellently positioned on the market and with its customers and thus perfectly equipped to implement the strategic and operational goals of the company.

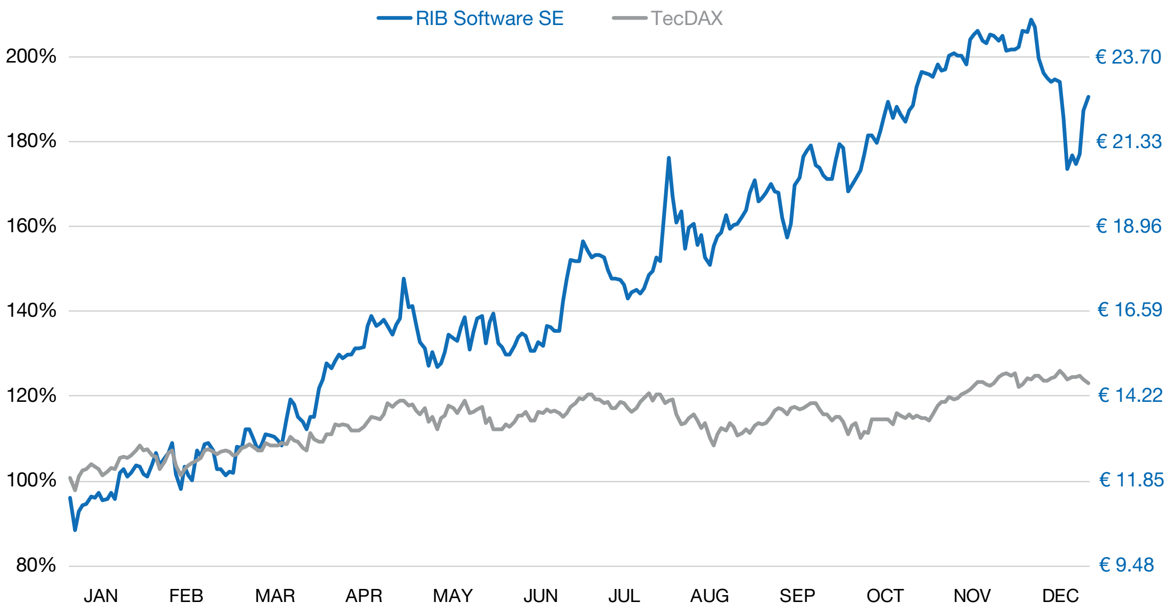
Stuttgart, 26 March 2020

On behalf of the Administrative Board

Tom Wolf
Chairman

RIB ON THE CAPITAL MARKET

RIB SHARE PRICE DEVELOPMENT 2019



The RIB stock started the 2019 financial year on 02 January at a price of € 11.85 and reached its annual high of € 25.72 per share at the beginning of December. In the second quarter, the share price outperformed the TecDAX and developed considerably above the TecDAX level during the rest of the year. The RIB Software SE share ended the financial year on 30 December 2019 at a closing price of € 22.60, which corresponds to an increase of 90.72% over the year. The market capitalisation of RIB Software SE at the end of the 2019 financial year was approximately € 1.17 billion.

DIVIDEND PAYMENT OF € 0.12 PER SHARE

We strive to achieve the objective of a result-oriented and continual dividend policy. At the Annual General Meeting to be held this year on 13 May 2020, the Administrative Board will suggest that in the financial year of 2020, the shareholders are paid a dividend of € 0.12 per share for the previous financial year. This would correspond to a payout sum of approx. € 5,8 million. In financial year 2019, a dividend of € 0.18 per share was paid out.

SHARE FACTS

Figures in €, if not otherwise indicated	2019	2018
Earnings per share - basic	0.19	0.43
Earnings per share - diluted	0.18	0.42
Dividend per share*	0.12	0.18
Share price at the beginning of the report period	11.85	25.00
52-week high	25.72	36.10
52-week low	10.30	8.88
Share price at the end of the report period	22.60	11.83
Authorised capital at the end of the reporting period	51,899,298.00	51,741,410.00
Issued shares in circulation at the end of the reporting period	48,180,271.00	49,230,111.00
Share change at end of the reporting period	90.72%	-52.68%

* Suggestion by the Administrative Board to the annual general meeting of RIB Software SE on 13 May 2020

RIB Software SE is registered with the commercial register of the District Court of Stuttgart (Amtsgericht Stuttgart), Germany under registration number HRB 760459.

Share capital as of 29 November 2019	€ 51,899,298.00
Number of shares as of 29 November 2019	51,899,298
Class of shares	Ordinary shares
Initial trading	08 February 2011
International Securities Identification Number ISIN:	DE000A0Z2XN6
German Securities Identification Number WKN	A0Z2XN
Ticker symbol	RIB
Ticker symbol Reuters	RIB.DE
Ticker symbol Bloomberg	RIB:GR
Index Membership since 22 September 2014	TecDAX
Index Membership since 24 September 2018	SDAX
Transparency level	Prime Standard
Market segment	Regulated Market

Detailed information concerning the shares can be found on our website **www.rib-software.com/en/group/home/**.

There you will find annual and interim reports as well as further information about RIB Software SE.

THE ADMINISTRATIVE BOARD

Tom Wolf
Chairman
Strategy / Global Allance

Michael Sauer
Vice Chairman
Global Alliance / DACH / Finance

Mads Bording
Managing Director
Sales / Technology / iMTWO

7 Administrative Board Members
including
3 Managing Directors

Prof.
Martin Fischer

Prof. Dr.
Rüdiger Grube

Dr.
Matthias Rumpelhardt

Klaus Hirschle

CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE REPORT

In accordance with the recommendation of Section 3.10 of the German Corporate Governance Code, the Administrative Board of RIB Software SE hereby submits its Corporate Governance Report:

Responsible corporate governance

RIB Software SE is committed to the principles of good and responsible corporate governance. In particular, this includes close, constructive and trustful cooperation between the Administrative Board and the Managing Directors which focuses on sustainable value creation, as well as a culture of open corporate communication and intensive customer care.

The Administrative Board of RIB Software SE voluntarily and out of conviction largely complies with the principles of good corporate governance, as expressed in the recommendations of the German Corporate Governance Code. Insofar as the Administrative Board has decided to deviate from the recommendations of the German Corporate Governance Code, reference is made to the Declaration of Compliance of RIB Software SE in accordance with section 161 of the German Stock Corporation Act dated 19 February 2020 (the "**2020 Declaration of Compliance**") and the reasons contained therein. The 2020 Declaration of Compliance is published on the website of RIB Software SE **https://www.rib-software.com/en/group** - Investor Relations - Corporate Governance. The declarations of compliance of the last five years that are no longer current are also available there.

Furthermore, the German Corporate Governance Code contains suggestions that do not require a declaration of compliance. Neither these nor the recommendations contained in the German Corporate Governance Code are binding. Nevertheless, the Administrative Board complies with the suggestions of the German Corporate Governance Code to the extent that it considers this to be expedient and in the interests of the Company and its shareholders. The German Corporate Governance Code in the version of 7 February 2017, applicable at the time of the submission of the Declaration of Compliance 2020, was published by the Federal German Ministry of Justice and Consumer Protection on 24 April 2017 in the official section of the Federal Gazette and is publicly accessible on the website **www.dcgk.de**.

At the time the Declaration of Compliance 2020 was issued, the version resolved by the Government Commission German Corporate Governance Code at its meeting on 16 December 2019 had not yet been published in the Federal Gazette and was therefore not yet applicable.

Avoidance of conflicts of interest

The Administrative Board comprises – in its opinion – an appropriate number of independent members who have no business or personal relationship with the Company, its executive bodies, a controlling shareholder or an affiliated company that could give rise to a material and not merely temporary conflict of interest. No member of the Administrative Board exercises a board function or advisory functions with a major competitor of RIB Software SE or of the Group. No advisory or other service agreements or work contracts are in existence between the members of the Administrative Board and the Company.

Deductible for D&O insurance

RIB Software SE has taken out financial loss liability insurance (so-called D&O insurance) for the members of the Administrative Board; no deductible is provided for in connection with the D&O insurance for the reasons stated in the Declaration of Conformity.

Composition and remuneration of the Managing Directors

The Administrative Board ensures a long-term succession planning. The diversity aspect is also of importance to the Administrative Board when appointing Managing Directors. Although it does not pursue a particular diversity concept, the Administrative Board will also take into account diversity aspects when appointing Managing Directors and, in particular, will seek to take appropriate account of women. However, the Administrative Board is aware that there are currently only few women in senior management positions in German companies, especially in the industry of RIB Software SE, who may be regarded as interested candidates for a position as Managing Director. From the perspective of the Administrative Board, a high target for the quota of women in the level of the Managing Directors would therefore entail the risk that it could not be met from the outset. Against this background, the Administrative Board has set a target of 0%, which is to be achieved by 14 February 2023.

The remuneration of the members of the Managing Directors is disclosed in accordance with legal requirements as set out in the Declaration of Compliance.

Elections to the Administrative Board and targets for its composition

Elections to the Administrative Board are held on an individual basis. Proposals for the Chairman of the Administrative Board will be made known to the shareholders.

Proposals for the election of members of the Administrative Board are made with regard to the composition of the Administrative Board in order to ensure that its members possess the knowledge, skills and professional experience necessary for the proper performance of their duties. Although the Administrative Board does not pursue a separate diversity concept for its own composition, it will take into account to the specific situation of the Company, the international activities of the Company, potential conflicts of interests, diversity and an appropriate representation of women when selecting the candidates. The Administrative Board has set a target for the quota of women in the Administration Board of 16.67%, which is to be achieved by 14 February 2023.

Annual General Meeting

Shareholders exercise their rights before or during the Annual General Meeting within the scope of the possibilities provided for in the Articles of Association and can speak there on all items on the agenda as well as ask questions relating to the Company's affairs and propose relevant motions. The Annual General Meeting resolves on all matters determined by law with binding effect for all shareholders and the Company. The Administrative Board presents the annual financial statements, the consolidated financial statements and other reports and documents required by law to the Annual General Meeting. The Annual General Meeting resolves on the appropriation of profits and on the formal approval of the actions of the members of the Administrative Board and the Managing Directors. As a rule, it elects the members of the Administrative Board and the auditor. Furthermore, the Annual General Meeting resolves, in particular, on amendments to the Articles of Association and on major corporate measures such as company agreements and conversions, on the issue of new shares or the authorisation to issue new shares, convertible bonds and option bonds as well as on the authorisation to purchase treasury shares. When new shares are issued, shareholders generally have a subscription right corresponding to their share in the share capital.

Each share of the Company entitles the holder to one vote. Every shareholder who has been entered in the share register on the day of the Annual General Meeting and who has given notice of attendance in due time is entitled to participate in the Annual General Meeting. Shareholders who are not able to participate in person may have their voting rights exercised by a credit institution, a shareholders' association, the proxy appointed by the Company and bound by voting instructions or another proxy of their choice.

The Annual General Meeting is generally chaired by the Chairman of the Administrative Board or, if he does not chair the Annual General Meeting, by another member of the Administrative Board to be determined by the Administrative Board. The Chairman ensures that the Annual General Meeting is conducted in an expeditious way and is guided by the suggestion of Section 2.2.4 of the German Corporate Governance Code, whereby an Annual General Meeting should be concluded after four to six hours at the latest.

The invitation to the Annual General Meeting and the reports and documents to be made available to the Annual General Meeting are published in accordance with the provisions of the German Stock Corporation Act (AktG) and, including the Annual Report, are made available on the Company's website.

Risk management and compliance

The responsible handling of business-related risks is one of the principles of good corporate governance. The Administrative Board ensures adequate risk management and risk controlling within the Company. Detailed information about risk management is provided in the Risk Report on pages 81 to 85 of the Annual Report. This also contains the report on the accounting-related internal control and risk management system.

The compliance activities of the Company serve to comply with and observe the legal provisions applicable to the business activities of RIB Software SE and its group companies, the recommendations of the German Corporate Governance Code and the Company's internal guidelines and instructions. The compliance management system of RIB Software SE comprises a large number of internal company measures and processes. It serves the claim to act in accordance with ethical principles and to comply with all applicable laws, internal company guidelines and voluntary commitments.

In addition to the general compliance fields, the Company pays particular attention to compliance with the special compliance fields of data protection, IT security, competition and corruption. In addition to risk management, compliance is part of RIB Software SE's internal control system. The effectiveness of the compliance management system is continuously reviewed and adapted to developments, changed risks and new legal requirements. The constant adjustment and improvement of compliance as well as risk management remain a permanent task of the management.

During the financial year, a revised Code of Conduct was drawn up, which contains the minimum standards that apply worldwide to every employee and executive body within the RIB Group. The revised Code of Conduct was made available to the addressees at the beginning of 2019 and will also be made available to the newly acquired companies in the RIB Group as a guideline.

In addition, all RIB Group employees are offered online training on the subject of compliance. RIB Group employees were invited to take part in the online training for the first time in the first quarter of 2019. After completion of the first round of training, a completion rate of over 95% of all RIB Group employees was achieved by 17 April 2019. In the first quarter of 2020, the new RIB Group employees will also be asked to complete the training.

The aim of the training is to ensure that employees are trained on best practices in the light of new laws and guidelines and that they are informed about internal guidelines of the RIB Group, such as the Code of Conduct. The content of the online training is therefore based on the topics relevant to the work of RIB employees, such as data protection and data transmission, the GDPR, avoidance of conflicts of interest, guidelines for the prevention of bribery and corruption, safety in the workplace, social engineering & cyber crimes and the prevention of insider trading. The contents of the training were developed in cooperation with an international provider of corporate compliance training solutions and in part, to increase the relevance for RIB Group employees, were individually adapted to application examples in the environment of an international software company.

Transparency

RIB Software SE informs shareholders, analysts, investors and the public regularly and up to date about the situation of the Company and significant business changes. The Annual Report, the half-yearly financial report and the quarterly reports are published timely. Press releases and, where applicable, publications of inside information (ad hoc announcements) pursuant to Article 17 of Regulation (EU) No 596/2014 of the €opean Parliament and of the Council of 16 April 2014 on market abuse ("**Market Abuse Regulation**") provide information on current events and new developments.

A central information platform is the website h**ttps://www.rib-software.com/en/group**. In addition to the Articles of Association and information about the Administrative Board and the Managing Directors, documents relating to the Annual General Meeting, financial reports and details of business activities are posted on this website. The dates of the regular financial reports are contained in the Annual Report, posted sufficiently in advance on the Company's website (**https://www.rib-software.com/en/group** – Investor Relations – Financial Calendar) and forwarded to the Frankfurt Stock Exchange as well as a national and international media bundle.

Events not publicly known that could have a significant impact on the price of the RIB share are announced immediately in ad hoc announcements, unless the Company is entitled to postpone the publication in individual cases. All persons who work for the Company and have access to inside information as intended are and will be informed about the obligations arising from insider law. If the Company is notified that a person acquires, exceeds or falls below 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in the Company by purchase, sale or in any other way, the Company shall disclose this information without undue delay. The same applies if the Company receives notifications from holders of instruments which (1) grant the holder either (a) an unconditional right to acquire the shares in the Company at maturity, or (b) a discretion with respect of his/her right to acquire such shares, or (2.) relate to the Company's shares and have an economic effect comparable to that of the instruments mentioned under (1.) and through which the holder reaches, exceeds or falls below the thresholds of 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights in the Company.

Directors' dealings

In accordance with Article 19 of the Market Abuse Regulation, persons discharging managerial responsibilities (in particular members of the Administrative Board and the Managing Directors), as well as persons who are closely associated with them, are obliged to report proprietary transactions with financial instruments of RIB Software SE to the Company and BaFin. Until 31 December 2019, this obligation applied regardless of the remuneration and type of acquisition as soon as a threshold of € 5,000 per calendar year was reached or exceeded. With effect from 01 January 2020, the threshold was increased to € 20,000. Insofar as the Company has been notified of such transactions, this information has been duly published in the company register.

The transactions reported to RIB Software SE in the past fiscal year have been duly published and are available on the Company's website at **https://www.rib-software.com/en/group/investor-relations/news/**.

Accounting and audit of the financial statements

The accounting of the RIB Group follows the international financial reporting standards (IFRS) as applicable in the €opean Union. The annual financial statements of RIB Software SE are prepared in accordance with the provisions of the German Commercial Code (HGB). The annual financial statements and the consolidated financial statements are prepared by the Managing Directors and reviewed by the auditor and the Administrative Board. The quarterly reports and the half-year financial report are discussed by the Audit Committee with the Administrative Board prior to publication. The consolidated financial statements are published within 90 days of the end of the financial year, the interim reports are made accessible within 45 days of the end of the reporting period.

BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, audited the consolidated financial statements and the annual financial statements as of 31 December 2019. The auditor is independent. The focal points of the audit were determined in consultation with the auditor and it was agreed, among other things, that potential grounds for disqualification or lack of impartiality arsing during the audit would be eliminated or reported immediately. The Administrative Board has also agreed that the auditor shall report, without undue delay, on all findings and events material to the duties of the Administrative Board which arise during the performance of the audit and that the auditor shall inform the Administrative Board or make a note in the Audit Report if, during the performance of the audit, he or she discovers facts which indicate an inaccuracy in the Declaration of Compliance with the German Corporate Governance Code issued by the Administrative Board.

B. DECLARATION OF COMPLIANCE BY THE ADMINISTRATIVE BOARD WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Administrative Board (*Verwaltungsrat*) of RIB Software SE declares pursuant to Art. 9 para. 1 lit. c) (ii) of the Council Regulation (EC) no. 2157/2001 of 8 October 2001 on the Statute of a €opean Company (SE) (the SE-Regulation, "**SE-VO**"), Sec. 22 para. 6 of the Law for the Implementation of the SE-VO of 22 December 2004 (the Implementation Act, "**SEAG**") in connection with. Sec. 161 German Stock Corporation Act (*Aktiengesetz*) that, since the last declaration of compliance was made on 28. March 2019, RIB Software SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 7 February 2017, effective since 24 April 2017 (the "**Code**"), and does or will comply, as applicable, in each case under consideration of the particularities of the one-tier board system of RIB Software SE described under no. 1 with the exceptions described under no. 2, and to the extent not complied with, why not.

1. Particularities of the one-tier corporate governance system

Pursuant to Art. 43–45 SE-VO in connection with Secs. 20 et. seq. SEAG, the one-tier corporate governance system is characterized by the fact that the guidance of the SE is incumbent upon a uniform body, the Administrative Board, see para. 7 of the preamble of the Code. The Administrative Board directs the Company, establishes the general principles of its business and supervises their implementation by the Managing Directors (*Geschäftsführende Direktoren*). The Managing Directors manage the business of the Company and represent the Company in dealings with third parties. They are bound by instructions given by the Administrative Board.

RIB Software SE generally applies the recommendations of the Code relating to the Supervisory Board of a German Stock Corporation (*Aufsichtsrat*) to its Administrative Board and relating to the Management Board of a German Stock Corporation (*Vorstand*) to its Managing Directors. The following exceptions apply in terms of the statutory rules of the one-tier corporate governance system:

- Deviating from Sec. 2.2.1 sent. 1 of the Code, the Administrative Board submits the financial statements as well as the consolidated financial statements to the general meeting, Sec. 48 para. 2 sent. 2 SEAG.

- Deviating from Secs. 2.3.1 sent. 1 and 3.7 para. 3 of the Code, the Administrative Board is responsible for the convocation of the general meeting, Secs. 48 and 22 para. 2 SEAG.

- The responsibilities of the Management Board set out in Secs. 2.3.2 sent. 2 (proxy-voter bound by instructions), 3.7 para. 1 (opinion to a public take-over offer) und para. 2 (behaviour during a public take-over offer) as well as 3.10 (Corporate Governance report), 4.1.3 (Compliance) und 4.1.4 (risk management and -controlling) of the Code are incumbent upon the Administrative Board of RIB Software SE, Sec. 22 para. 6 SEAG.

- The responsibilities of the Management Board contained in Secs. 4.1.1 (direction of the Company) and 4.1.2 in connection with 3.2 half sentence 1 (development of the strategic direction of the Company) of the Code are incumbent upon the Administrative Board, Sec. 22 para. 1 SEAG.

- Deviating from Secs. 5.1.2 para. 2 of the Code, the Managing Directors, other than the members of the Management Board, are not subject to a maximum term of office, Sec. 40 para. 1 sent. 1 SEAG.

- Deviating from Secs. 5.4.2 sent. 2 and 5.4.4 of the Code, members of the Administrative Board can be appointed as Managing Directors as long as the majority of the members of the Administrative Board consists of non-managing members, Sec. 40 para. 1 sent. 2 SEAG.

2. Deviations from the Recommendations of the Code

- Section 3.8 para. 3 GCGC: The D&O insurance for the members of the Administrative Board does not include a deductible. In the opinion of the Administrative Board, the agreement of a voluntary deductible is neither suitable nor necessary in order to ensure that the members of the Administrative Board duly perform the duties incumbent upon them.

- Section 4.1.3 sent. 3 GCGC: Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity. The establishment of an institutionalised whistleblowing system for legal infringements is not considered necessary at present. In the event of indications of legal violations within the company, the company‘s employees may at any time contact the Compliance Department or the Managing Directors directly at any time. However, the company will examine and consider whether the introduction of such a whistleblowing system could be reasonable and appropriate in the future.

- Section 4.2.2 para. 2 GCGC: The Administrative Board does not consider, as for which compensation of the Managing Directors is appropriate, the relationship between the compensation of the Managing Directors and that of senior management and the staff overall, nor in terms of its development over time. The Administrative Board does consequently not determine how senior managers and the relevant staff are to be differentiated. The corresponding recommendation of the Code appears to be impracticable and, in addition, not suitable to ensure that the compensation of the Managing Directors is appropriate in each case.

- Section 4.2.3 para. 2 GCGC: The variable remuneration for the Managing Directors does not reflect potential negative developments in such a way that the income might also be subject to real losses. This does not appear necessary in view of the compensation structure for the Managing Directors in order to ensure that the Managing Directors do not take any undue risks when managing the company.

  To the extent the Managing Directors receive share options as a variable component of their remuneration, such component is limited with respect to the number of options but not according to amount. Since the exercisability and the value of the options depend on the achievement of ambitious performance targets, a maximum limit according to amount would run contrary to the purpose of this remuneration component to provide a special performance incentive.

- Section 4.2.3 para. 4 GCGC: The contracts for the Managing Directors do not provide for a severance cap in the event of early termination. Such an arrangement does not appear necessary in addition to the statutory provisions applicable in cases of early termination in order to protect the interests of the company and its shareholders.

- Section 4.2.5 GCGC: The remuneration of the Managing Directors is disclosed in accordance with the statutory provisions. More comprehensive disclosure in a remuneration report, which outlines or itemises the remuneration system for the Managing Directors and the nature of any fringe benefits provided by the company in a manner that goes beyond the statutory requirements does not appear necessary to satisfy the justified information interest of the shareholders and investors to the due extent.

- Section 5.1.2 para. 2 GCGC: The Administrative Board has not fixed an age limit for the Managing Directors. Setting an age limit is not in the interests of the company and its shareholders, since there is no compelling connection between a Managing Director's age and his performance.

- Section 5.4.1 paras. 2 and 3 GCGC: With the exception of the determination of target quotas for the portion of women among the members of the Administrative Board, the Administrative Board does not specify concrete goals for its composition and does not publish them and the status of their implementation in the Corporate Governance report. The Administrative Board is of the opinion that in its composition, due attention should be paid in particular to the company-specific situation, the company's international activity, potential conflicts of interest, diversity and an adequate involvement of women and shall also bear this in mind in its proposals to the responsible electoral bodies. However, the Administrative Board should in each case be optimally staffed. The specification of concrete goals for its composition, further to those required under mandatory law, would appear neither suitable nor expedient to achieve this.

  The Administrative Board does not set a general limit for the length of membership in the Administrative Board. Setting a limit for the length of membership in the Administrative Board is not in the interest of the company and its shareholders, since there is no compelling connection between the term of service on the Administrative Board and the occurrence of conflicts of interests or the independence of the board members.

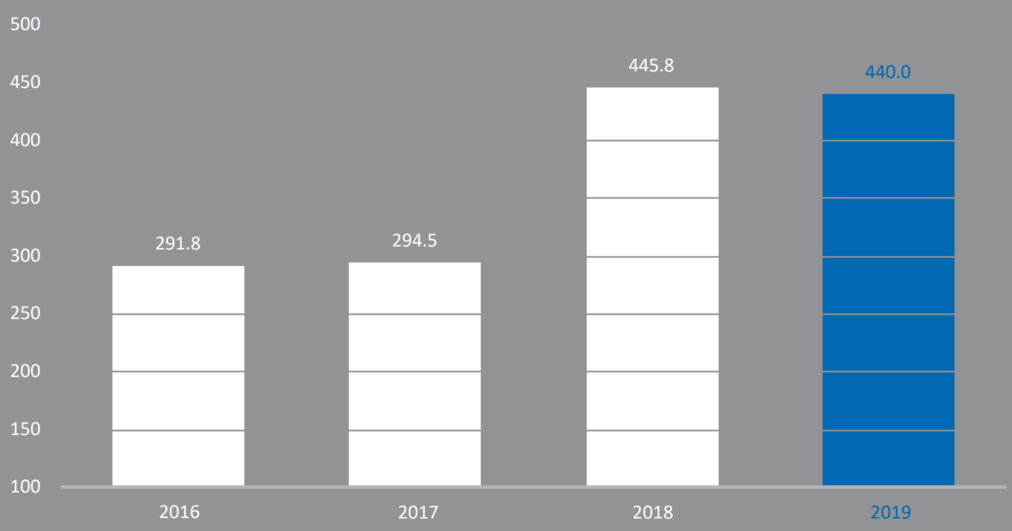
In case of doubt, the German version of this declaration shall be binding.

Stuttgart, May 2019

RIB Software SE
The Administrative Board

CHANGES IN EQUITY 2016 - 2019

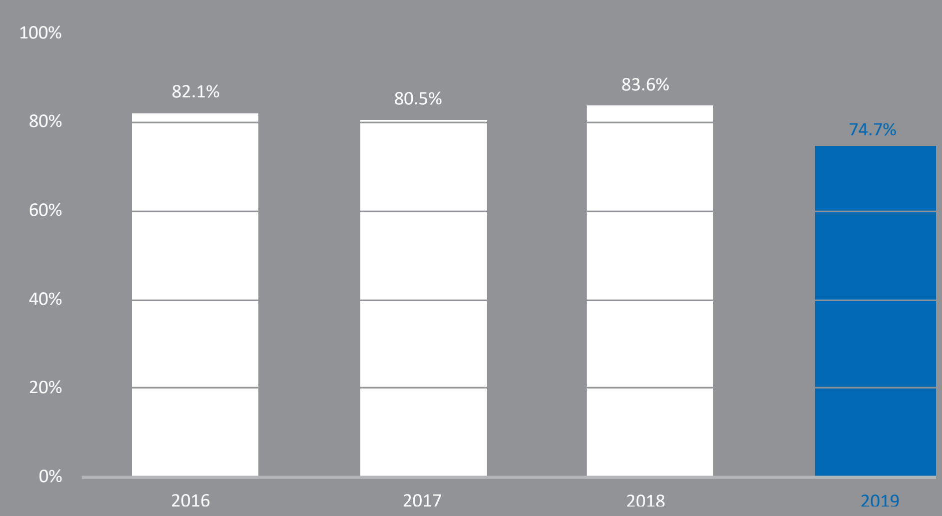
Figures in € million



CONSOLIDATED GROUP MANAGEMENT REPORT

AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2019

EQUITY RATIO 2016 - 2019



A. BUSINESS AND GENERAL ENVIRONMENT

A.1 OVERVIEW

The RIB Group is active in the software market for civil engineering, plant construction, and infrastructure management and enjoys great global success. The parent company, RIB Software SE, has subsidiaries and affiliates in Germany, €ope, the Middle East, the USA, South Africa, Australia, New Zealand and Asia. RIB Software SE is headquartered in Stuttgart. The company is listed in the German stock indices TecDAX and SDAX.

The core activities of the RIB Group include the production and sale of software, provision of consulting and training services for implementation projects, as well as the provision and operation of digital platforms for the electronic execution of business processes.

Our software is designed to simplify the planning of construction projects, to increase the efficiency of project management, to minimise cost and deadline risks, and to improve construction quality. Our software gives our customers the possibility to plan and manage essential cost- and revenue-relevant processes over the entire project life cycle, end-to-end, in a model-based manner.

Customers can implement electronic purchase processes via our digital platforms and manage and monitor supply chains. For this purpose, they can determine their needs using 5D building models. Our software and e-commerce solutions form an integrated and comprehensive B2B platform which allows our customers to plan, implement, and manage procurement processes together with their business partners.

Over 670,000 Users worldwide

With around 670,000 users all over the world, we are one of the leading providers of business software in the construction industry. Our customers include large construction groups, medium-sized construction companies, the public sector, architecture and engineering companies as well as large industrial and plant engineering businesses.

We wish to take advantage of our innovative ideas, creativity and new approaches in the areas of cloud computing, supply chain management and artificial intelligence, to contribute to transforming construction into one of the most advanced industries in the 21st century.

For corporate management purposes, among other things, the Group is structured into segments. We reorganised these in the first quarter of 2019 based on business and corporate development and have since made a distinction between the two reporting segments iMTWO and xYTWO. The reporting segment **iMTWO** comprises our software business, while the segment **xYTWO** encompasses our business activities in connection with the web-based implementation of procurement processes.

New reporting segment iMTWO and xYTWO in the reporting year 2019

Reporting segment iMTWO

In the reporting segment iMTWO, we either supply our customers with non-exclusive, perpetual software usage rights based on licence agreements (“licence model”) or provide software for use for a limited period (“subscription model”).

Most of our software products are self-developed solutions to which the RIB Group has exclusive ownership rights. The marketing of our software is partly carried out together with third-party software solutions that we purchase from other manufacturers and resell to our customers. In addition, as an „agent“ we also act as a broker for the transfer of software solutions and related services from other manufacturers to customers. The software solutions are provided either in the customer‘s own IT infrastructure (private cloud) or in data centers operated by third parties (public cloud). We expect that the subscription model will increasingly dominate the marketing of our software solutions in the iMTWO reporting segment.

The technology that serves as the strategic basis for our cloud services in the reporting segment iMTWO is the iTWO 4.0 Cloud Enterprise platform, which is a 100% web-based solution marketed through both subscription and licence agreements. In addition, we market other self-developed software products with different application areas, though we currently do so mainly through licence agreements. These products include iTWO 5D, Candy, CostX or iTWO cx as well as other software solutions from our subsidiaries and affiliates.

A variant of the public cloud that is particularly important to us from the strategic point of view is the MTWO platform, on which we provide integrated web-based software of the RIB Group and our partners, depending on their technical standards. As part of a cooperation with Microsoft, which has been in place since 2018, our self-developed MTWO solution offering can be supplemented by additional products and services from Microsoft at the customer's request. As the first cloud platform for the construction industry, MTWO is designed to simply the collaboration between the various project participants, increase the efficiency of project management, while minimising the risk of cost overruns and delays, and improving the economic efficiency and quality of the construction work.

The services required for the implementation and operation of the software in the private or public cloud, such as deployment consultancy, network services, the provision of our own software applications and partner solutions, operational monitoring, and storage or security services are provided by Managed Service Providers. These can be companies of the RIB Group as well as independent third parties.

Reporting segment xYTWO

In the reporting segment xYTWO, we combine our business activities in the area of web-based implementation of procurement processes. The reporting segment is divided into the two business segments, YTWO (SCM) and xTWO (E-Commerce), as follows:

a.) Business segment YTWO (SCM)

The business segment YTWO (SCM) is still in its initial phase and is currently of secondary importance for the financial position of the RIB Group and its results of operations. In the business segment YTWO (SCM), the business model consists in making the YTWO platform, which is based on the iTWO 4.0 Cloud Enterprise technology, available for the model-based purchase of construction products subject to a fee. Customers with low procurement volumes are charged monthly usage fees for the provision of the platform. If the purchasing volume exceeds a contractually agreed limit, transaction fees are incurred, which are calculated based on the sales volume of construction products purchased by the customer using the YTWO platform. The agreed monthly usage fees for the provision of the platform are then offset against the transaction fees.

In addition, thanks to the integration of strategic industrial partners of the RIB Group in the process, customers are also able to use the YTWO platform to organise a „just in time" delivery of the goods procured via the platform, with the goods delivered to the construction site. In such cases, the merchandise management systems of the industrial partners can be technically linked to the YTWO platform, thus enabling continuous electronic processing and monitoring of the supply chain, starting from the determination of demand based on the 5D model, to the procurement and delivery of the construction products and, finally, their installation on the construction site.

b.) Business segment xTWO (E-Commerce)
While the YTWO platform focuses on business customers (B2B) due to its conceptual inclusion of iTWO 4.0 as an integrated end-to-end procurement platform as well as its strategic orientation towards companies with large procurement volumes, xTWO is primarily used in the consumer area (B2C) for the online organisation of procurement and delivery of building products.

Several development locations all over the world

Our **research and development activities** are organised on a decentralised basis. The RIB Group has development locations all over the world.

The German versions of iTWO 4.0 and iTWO 5D are developed under the leadership of RIB Software SE, while the international versions are developed under the leadership of RIB Ltd., Hong Kong. In their activities, the companies make particular use of the development capacities of RIB Information Technologies AG and a Chinese subsidiary. In addition, the RIB Group has development capacities in the USA, Denmark, Austria, Spain, China, Asia, South Africa and Australia, whose activities centre around the new and further development of our software solutions with a variety of focuses.

Our **product sales** In German-speaking countries are organised under the umbrella of RIB Software SE through two German subsidiaries, RIB Deutschland GmbH and RIB Engineering GmbH. International sales are managed under the umbrella of RIB Ltd. through subsidiaries in China, Asia, Australia, the Middle East, Africa, UK and the USA.

Our **services** are organised through the so-called Centres Of Excellence, which act as organisationally independent units of subsidiaries of RIB Ltd. across our regional markets or through specialised service companies, such as RIB COE €ope GmbH, based in Stuttgart, which is a subsidiary of RIB Software SE operating exclusively in German-speaking countries.

A.2 BUSINESS DEVELOPMENT AND POSITION OF THE RIB GROUP

AI in the focus of several industries

A.2.1 Framework conditions in the market

Among other things, the OECD Economic Outlook 2019 reports that, despite the currently difficult global economic conditions, productivity and growth can be increased by successful digitalisation of business processes. In the construction industry in particular, if companies wish to maintain their competitive edge, it has become fundamentally important for them to digitalise their planning and project management processes, thus allowing them to use computers for planning and virtual construction. Many private and public-sector construction clients, such as the Deutsche Bahn, will no longer award large-scale projects to their bidders, unless they can demonstrate such skills.

As in other industries in which it is now state of the art to use virtual reality and AI technology (AI: artificial intelligence) when planning new products or undertaking complicated maintenance and assembly work, in the construction industry, too, it is increasingly common to use computers for the planning and virtual construction, both before and after the award of a contract. This is done with the aim of gaining a comprehensive understanding of when, how and by whom components should be delivered and assembled during the construction phase, what their composition is, how they can be optimally maintained during the use phase and how high their manufacturing and maintenance costs will be, with all of these questions already answered in the project phase.

Future-proof business platform iTWO 4.0

We believe that digitally networked, integrated and virtual planning, production and operating processes, the industrial prefabrication of components and artificial intelligence have the potential to significantly influence the future development of the construction sector. Thanks to our iTWO 4.0 Cloud Enterprise platform technology, a growing number of intelligent iTWO 4.0 apps and many integrated complementary solutions from our subsidiaries, affiliates and partners, in the financial year 2019, we were able to offer our customers a range of solutions that responds very well to current technology trends. We are of the opinion that these solutions, as a whole, currently represent a significant competitive advantage for the RIB Group.

Although global GDP growth fell to 2.9% in the reporting period and reached its lowest level since the financial crisis, while the economic situation in the USA and China, both of which are our significant markets, was very adversely affected by the bilateral customs measures introduced as a result of the current trade tensions, we were nevertheless able to take advantage of our strong competitive position and successfully tap into the IT investment potential in our target groups and markets in 2019, thus continuing our significant growth recorded in recent years.

A.2.2 Business development of the RIB Group

Total sales increased to € 214.6 million (+56.8%)

As in previous years, our business continued to develop very positively in the reporting period. Total sales increased by 56.8% to € 214.6 million (previous year: € 136.9 million) and are composed as follows:

in € million	2019	2018	DIFF
Annual recurring revenue from the software business (ARR)	112.6	57.9	94.3%
Non-recurring revenue from the software business (NRR)	45.4	37.4	21.6%
Service	47.4	32.3	46.6%
E-Commerce	9.2	9.2	-0.6%
Total*	**214.6**	**136.9**	**56.8%**

*) The presentation in € million can result in rounding differences when the amounts are added up.

A.2.3 Key performance indicators of RIB Software SE

Sales increased by 19.0% to € 65.8 million (previous year: € 55.3 million). Operating EBITDA of € 20.2 million was 28.7% up on the previous year (€ 15.7 million).

As a consequence of the transition from "earnings after taxes" to "operating EBITDA"** :

in € million	2019	2018
Earnings after taxes	**18.5**	**16.2**
plus taxes on income and earnings	7.1	4.3
plus interest and related expenses	0.1	0.1
plus write-downs of financial assets	0.2	0.0
less other interest and similar income	-0.7	-0.5
less income from participating interests	-3.4	-7.1
plus depreciation and amortisation	0.3	0.3
less income from foreign currency translation	-1.9	-1.9
plus capital increase expenses	0.0	4.3
Operating EBITDA	**20.2**	**15.7**

A.2.4 Key performance indicators of the RIB Group

Group sales posted a significant increase of 56.8% and amounted to € 214.6 million (previous year: € 136.9 million). Operating EBITDA of € 51.2 million was 32.0% up on the previous year (€ 38.8 million). The operating EBITDA margin amounted to 23.9% (previous year: 28.3%).

As a consequence of the transition from "earnings before income taxes" to "operating EBITDA"* :

in € million	2019	2018
Earnings before income taxes	**20.4**	**29.6**
plus the share of earnings from participations accounted for using the equity method	0.1	3.6
plus financial expenses	0.8	0.5
less financial income	-1.2	-9.4
plus depreciation and amortisation	30.3	13.5
plus expenses from foreign currency translation	0.7	1.6
less income from foreign currency translation	-2.3	-1.9
plus expenses for acquisition activities	2.2	0.0
plus expenses / less income from subsequent measurement of purchase price liabilities	0.2	1.2
Operating EBITDA	**51.2**	**38.8**

Revenues in the reporting segment iMTWO increase by 60.8%

In the high-margin **reporting segment iMTWO**, sales posted a significant increase of 60.8% and amounted to € 205.2 million (previous year: € 127.6 million). At € 52.4 million, the segment operative EBITDA*** was

**) The presentation in € million can result in rounding differences when the amounts are added up.

***) Currency effects (2019: income of € 1.7 million/ 2018: income of € 0.3 million); Special effects: income/expenses from the adjustment of purchase price liabilities (2019: expenses of € 0.2 million/ 2018: expenses of € 1.2 million), expenses for acquisition activities (2019: € 2.3 million).

significantly higher than in the previous year (€ 39.0 million). The segment operative EBITDA margin of 25.5% was below the previous year figure (30.6%).

In the reporting **segment xYTWO**, sales amounted to € 9.4 million and were thus at the previous year's level (€ 9.3 million). The segment EBITDA was negative at € -1.3 million, as in the previous year (€ -0.3 million).

A.3 KEY EVENTS IN THE REPORTING PERIOD

A.3.1 Acquisition activities

Expansion of the product portfolio on the MTWO platform

Just as in the previous year, in which a significant proportion of the liquidity inflows resulting from a capital increase carried out in March 2018 was used for acquisitions, the RIB Group yet again made significant acquisitions in the reporting period. The cash purchase prices for the acquired companies and interests in companies totalled approximately € 100 million. The funds resulting from the 2019 capital increase were thus largely used. The focus of the investments was on building a powerful international partner network with a view to quickly increasing the existing capacities for the marketing of iTWO 4.0 and MTWO and expanding the product portfolio provided on the MTWO platform.

A.3.1.1 Overview of investments made in technology providers

In February, the RIB Group acquired a 60% stake in **Levtech Ltd.** (hereinafter: Levtech), headquartered in Dubai. Levtech develops and sells cloud industry solutions based on the Microsoft Dynamics 365 platform for the real estate and construction industries in Asia and the Middle East. The industry solution from Levtech is to be integrated with iTWO 4.0, similarly to iTWO finance for German-speaking countries, and marketed internationally on the MTWO platform as an ERP industry solution for the real estate and construction industries.

In April, the RIB Group increased its stake in **RIB Leipzig GmbH (hereinafter: RIB Leipzig)** from 51% to 75%. In collaboration with the specialists from RIB Leipzig, we will continue to focus on building a Competence Centre for Mobility in the DACH Region and connect the existing and new mobility applications to MTWO.

In June, the RIB Group acquired a 60% stake in **Building Systems Design Inc. (hereinafter: BSD)**, based in Atlanta, USA. In North America, BSD develops and markets a cloud software platform for building specifications as well as data and analysis solutions for construction product manufacturers. In collaboration with the specialists from BSD, we wish to provide our customers with the comprehensive construction database available in the BSD cloud as well as the web software tools for processing this data for model-based planning of construction projects using iTWO 4.0 by making these available in the MTWO cloud.

In July, the RIB Group acquired a 70% stake in **Construction Computer Software PTY Ltd. (hereinafter: CCS),** headquartered in Johannesburg, South Africa. The calculation software solutions „Candy“, „BuildSmart“ and „C5“ from CCS had been developed for the African region, the Middle East and other selected markets. Our goal is to win over around 40,000 existing Candy and BuildSmart users as users of the complementary product range on the MTWO platform and to market MTWO through the CCS locations.

In August, the RIB Group took over 15% of shares in **Winjit Technologies Private Limited (hereinafter: Winjit**), combined with the right to increase to a majority stake within the next 4 years. Winjit supports the digital transformation of customers in the areas of artificial intelligence (AI), machine learning (ML) and Internet of things (IoT) in more than 35 countries, including in the North American market. In collaboration with the experts from Winjit, we intend to expand the MTWO platform with innovative AI, ML and IoT solutions in the next few years and make them available for the construction industry.

In October, the RIB Group took over 75.05% of shares in **datapine GmbH (hereinafter: datapine)**, based in

Berlin. The datapine business intelligence software (BI) can be easily integrated with iTWO 4.0 and is to be used on the MTWO platform for the analysis of large datasets from iTWO 4.0 and other MTWO software solutions as well as for the automated creation of graphics and diagrams. As a result, the comprehensive product range on the MTWO platform can thus be expanded to include an important component that is currently still missing.

In November, the RIB Group signed a convertible loan agreement with **SoftTech Engineers Limited (hereinafter: SoftTech)** - a software company listed on the National Stock Exchange of India. According to the terms of the agreement, RIB will grant SoftTech a loan of up to $ 2 million in exchange for the right to convert it into a participating interest of up to 10% within the next 18 months. In addition to an ERP solution for the municipal sector, SoftTech develops and markets an automated management system for building permits as a preliminary stage to BIM (BIM: Building Information Management). SoftTech software solutions process 2D or 3D CAD data as well as BIM models and automatically assign them to the statutory building regulations. The SoftTech solutions on the MTWO platform represent a strategically important addition to iTWO 4.0 for our target groups in the public sector.

A.3.1.2 Overview of investments in value added resellers

Extensive investments in new distribution networks

Due to the fact that the digitalisation of construction processes is of high strategic importance for our target groups, an essential component of the quick market launch of MTWO is that, in addition to iTWO 4.0, CAD services and data services for the digital processing of projects are also provided on the MTWO platform. With that in mind, in April, we took over 20% of shares in the British **Cadline Ltd. (hereinafter: Cadline)** through our 60% subsidiary A2K Technologies PTY Ltd. and acquired a 60% stake in the American **U.S. CAD Inc. (hereinafter: U.S.CAD)**. Also in August, we took over 20% of shares in the Indian **Capricot Technologies (PTY) Ltd. (hereinafter: Capricot)** and, in October, 100% of shares in the Australian **Redstack PTY Ltd. (hereinafter: Redstack)**.

What the four companies have in common is that they have large sales networks that can be used to market our MTWO platform. In addition, they have a high level of expertise in the CAD area and extensive know-how regarding the sale of the BIM 360 platform from our cooperation partner Autodesk and of other CAD or CAD-related tools from other manufacturers, all of which are complementary to MTWO. In collaboration with the four companies, thanks to the proven and sophisticated integration of iTWO 4.0 with the 3D CAD tool Revit from Autodesk and other market-leading 3D CAD tools from other manufacturers, we offer our customers the possibility of model-based processing of 5D projects in the MTWO cloud, from CAD design all the way to the completion of buildings.

A.3.2 Intended syndicated financing of up to € 150 million

In the reporting period, RIB Software SE finalised the negotiations of a syndicated loan agreement for a syndicated credit line in the amount of € 150 million aimed at financing further acquisitions planned for 2020 and 2021. The loan agreement has not yet been signed because we have yet to meet the formal requirements for disbursement. We assume that these can be met in the short term and that we will be able to use the credit line from 2020 onwards. The loan agreement is subject to German law and contains standard market for comparable syndicated loans. Due to the very good credit rating of RIB Software SE, an interest rate of 0.7% p.a. has been stipulated in the loan agreement. The loan agreement has a term of 5 years and can be extended by mutual agreement for up to 2 more years. The lenders include Landesbank Baden-Württemberg (LBBW), acting as the lead arranger, as well as other major banks.

A.4 MANAGEMENT SYSTEM

A.4.1 Corporate management

The corporate management of the RIB Group is based on a business strategy coordinated between the Managing Directors and the Administrative Board. It encompasses the definition of the product portfolio, the target markets and target groups, as well as medium-term sales and earnings expectations.

Based on the strategic goals, specific quantitative and qualitative targets are derived for product development and sales of our products and broken down to the profit centre level of the operating Group companies. The consolidated annual planning is coordinated together with the Administrative Board in a special meeting.

The business targets and Group companies are monitored and managed throughout the year based on key figures and a detailed report on the sales, cost, and revenue situation.

The key financial performance indicators, both at the individual RIB Software SE company level and at Group level, are revenue and operating EBITDA (adjusted for currency effects).

Both key figures are also used at company and segment level, respectively, for the purpose of monitoring and managing the individual companies and the segments.

In view of the high strategic importance of iTWO 4.0 and the planned major expansion of the MTWO platform, in 2019, we defined the number of iTWO 4.0 and MTWO users as the most important non-financial performance indicator and implemented it as a further key figure in our control system. The key figure takes into account all iTWO 4.0 users in private and public cloud installations specially in the MTWO cloud. It also includes the users of all 100% web-based software solutions that were developed by the RIB Group and its affiliates and which are made available in the MTWO cloud. We do not make a distinction between new users and migrated users. If a customer is granted usage or access rights to a software solution of the RIB Group for a fixed number of users, the contractually agreed number of users is used in the calculation of the key figure. If the granting of usage or access rights does not relate to the number of users, but to access to a portal, e.g. a project space, only active users are taken into account when calculating the key figure. An active user is understood here as a user known by name who has logged in and carried out active actions in the month prior to the measurement period.

Moreover, other revenue indicators are used at Group and company level for management and monitoring purposes. In the first quarter of 2019, we reorganised these revenue indicators and have since divided the revenue from the marketing of software usage rights into annual recurring revenue **(hereinafter: ARR)** and non-recurring revenue **(hereinafter: NRR)**.

ARR is the revenue from the marketing of software in the subscription model, revenue from support services in connection with software marketed in the licence model as well as revenue from managed services provided in the context of operating software solutions in software clouds. In addition to this breakdown by type of revenue, we distinguish within the ARR according to whether we ourselves have been commissioned to provide the above services to the customer or whether our service consists of arranging the provision of these services to the customer by another party. NRR includes the revenue from the marketing of software in the licence model. As previously, the revenue from the provision of services and the e-commerce revenue from the Internet trade in construction products continue to be reported separately.

The cost indicators at the Group, business, and profit centre levels include, in particular, the production costs for the services performed to achieve the revenue and the costs of research and development, with each of these subdivided according to the reporting segments.

We also use additional key figures to control and monitor our profit centres in the areas of Sales, Development, and Consulting. They are derived from key performance indicators and compared to quantitative and qualitative targets resulting from our strategic business goals.

A.4.2 Sales management

Sales management is based on detailed market and target group analysis both in domestic as well as international sales regions. Based on the specified sales strategies for the individual markets, we derive annual, quarterly, and monthly plans for the defined market and target group segments. A distinction is made here according to sales processes in the areas of Key Accounts and Mass Market, and between activities for new customers and existing customers within the different areas.

Potential and existing customers are represented in a central CRM system that creates the necessary transparency at all business levels. The management of the Company has access to all historical data and the agreed annual, quarterly and monthly targets for each sales segment/region, thus ensuring that actual figures can be continuously compared with the target values. In addition to the sales pipeline, the resulting individual sales activities, the supply forecast and the customer sales generated are also monitored and controlled. In key account sales, the CRM system documents sales processes which provide detailed information on the current status of the ongoing sales processes, the planned next steps, and the target data for contract negotiations/conclusions.

Clear signature and approval regulations for offers, contracts, and orders ensure that the specified sales and pricing strategies of the Company are followed and documented. All sales employees have significant success-dependent income components which ensure that the short, medium and long-term goals of the Company are achieved.

A.4.3 Development management

The RIB Group consults its major domestic and international customers when developing technical concepts for new software solutions. Existing trends in the construction market are analysed together with the customer, and the resulting specialist or technical performance requirements are defined for the software. The requirements are implemented into the finished product in accordance with the process models of agile software development method (scrum). The list of requirements is recorded in a product backlog and implemented step-by-step in intervals of four weeks each, known as sprints. A function package, so-called “product increment”, is produced at the end of each sprint and is ready for testing internally or externally by the customer. The test results provide a foundation for reviewing the product, the requirements and the procedure, and these aspects are then developed further in the next sprint. On this basis, the RIB Group is able to determine the time and resources required for developing new software solutions in accordance with the demand. As part of annual business planning, the software projects that can be implemented using the available development resources and which have the greatest market potential are coordinated. If it proves impossible to implement all planned projects, we either budget the costs for additional development resources and any additional technical equipment needed and include these in the business planning, or we decide that projects with a lower sales potential will not be released for implementation and/or defer them to a later date. By taking these measures, the RIB Group ensures that adequate technical, financial, and other resources are in place to complete the development.

The RIB Group uses professional electronic planning and monitoring systems in order to monitor and manage the development projects. Development services provided are recorded for each project on the basis of the man-days required. On this basis, the RIB Group is able to reliably measure its intangible assets during the development phase. The costs incurred by the Development areas are posted to the corresponding cost centres.

A.5 RESEARCH AND DEVELOPMENT

The number of employees in the research and development centres of the RIB Group increased to an annual average of 418 (previous year: 395), this represents an increase of 5.8%.

5.8% increase in R&D number of employees

R&D expenses (sum of capitalized and expensed R&D costs) increased 25.0% to € 32.5 million (2008: € 26.0 million). The disproportionately high increase in R&D expenses in relation to the development of the number of employees is largely due to the fact that we reduced our development capacities in China, particularly in the area of junior developers, by approximately 30 people as planned in the year under review. At the same time, development capacities in countries within part significantly higher salary levels increased by around 60 people, particularly as a result of the acquisitions made in the year under review. In addition to these shifts in the personnel structure and the further increase in personnel capacities, the rise in R&D expenditure is due to the fact that average personnel costs in the R&D area rose by around 8-10% in the reporting period, and thus more strongly than in previous years.

At € 12.2 million, development costs capitalized in the reporting period were 31.2% higher than in the previous year (€ 9.3 million). The capitalisation ratio (ratio of capitalised R&D costs to total R&D costs) remained at a high level of 37.5% (previous year: 35.8%), as the RIB Group continued to invest continuously and sustainably in the development of new and innovative products in the 2019 financial year in order to secure its competitiveness and future.

At 15.6%, the R&D ratio (sum of capitalised and expensed R&D costs in relation to revenues in the iMTWO segment) is significantly below the previous year‘s value of 20.4%. This decline is due to changes in the revenue structure in the iMTWO segment. As a result of the acquisitions of value-added resellers and managed service providers in the previous year and in the reporting year, the share of revenues from the marketing of software solutions of other manufacturers and managed services increased significantly. As these revenues are not directly related to the Group‘s R&D activities, they must be deducted in order to determine a meaningful R&D ratio. The R&D ratio adjusted in this way amounts to approximately 19.2% in the year under review and is almost at the level of the previous year (21.0%) and thus remains at a high level.

Selected development priorities in the reporting period

iTWO 4.0

In the reporting period, among other things, the industry-specific processes in the areas of resource management and logistics were further standardised in iTWO 4.0, while new modules were developed, such as modules for warehouse management. A virtual planning board was developed for the operational planning of machinery, materials and labour, using which the user can plan resources graphically and interactively on a time axis. As part of the process, the resulting commercial data such as internal delivery notes, material or inventory lists and internal invoices are prepared by iTWO 4.0 for customary financial systems such as iTWO finance, SAP or Microsoft Dynamics 365 and automatically transferred to these systems for further processing.

Another development priority was the expansion of portal features in iTWO 4.0. Project participants such as planners, contractors, subcontractors or suppliers can now capture or access project data directly in iTWO 4.0

via specific, secure web clients. This is controlled by means of freely configurable workflows, whereby important project-specific activities, e.g. the submission of offers, performance reports or invoices, can be initiated on time using automated notifications.

Furthermore, the offer and order calculation features were yet again significantly expanded in 2019. Another priority was the creation of regional data content to facilitate the introduction of iTWO 4.0 into customer projects and the expansion of country-specific features, e.g. for the USA, Asia, Germany, Switzerland and Belgium.

iTWO 5D

New and modern colour and line design

With a view to ensuring a modern, state-of-the-art appearance, the icons in iTWO 5D were consistently revised in keeping with the minimalist colour and line design of the Microsoft Office 2019 standard, while new interface elements, such as backstage pages, were introduced.

Thanks to the integration of the new enterprise print designer and the creation of a large number of standard reports, the entire report section was restructured, and a significant increase in performance by a factor of around 4 was achieved. In terms of 5D, the newly developed parameterised partial services allow an efficient setup and handling of 5D content.

The controlling functions in iTWO 5D were significantly expanded through the addition of new interactive evaluations. Another priority was and is the development of a joint multi-project controlling module on the iTWO 4.0 platform. It is intended support the joint use of iTWO 4.0 and iTWO 5D in the transition period. With a view to facilitating customer-specific multi-project controlling, the module offers evaluations based on a data warehouse.

Further iTWO 5D developments in key words

- Quick filter control for fast and efficient selection of data
- Derivation of service quantities from 3D attributes
- Interactive evaluations of indicative quantities
- Interactive and sortable calculation views
- Apportionments of costs when multiple contracts are awarded
- Improvements in quality and comfort of 3D object testing
- Further integration with iTWO 4.0
- ÖNORM extensions for the expanding target market of Austria

MTWO

Further development of modules for the iTWO 4.0 platform

Important priorities of our development activities in the area of the MTWO platform were MTWO-specific extensions of iTWO 4.0, such as the integration of AI features or technical optimisations aimed at reducing the costs of implementing and operating iTWO 4.0 in the MTWO cloud. In this context, the development teams at RIB and Microsoft held regular workshops and hackathons in the reporting period and, among other things, carried out the development measures listed below.

With the aim of creating an „out of the box solution" for iTWO 4.0, core work processes in iTWO 4.0 were standardised and supplied with predefined data. This significantly reduces the installation and update times on the MTWO platform. At the same time, intelligent mechanisms for reducing the operating costs of the MTWO cloud were implemented in iTWO 4.0, such as in the area of the automatic scaling of the number of servers or the automatic scaling of the processor and storage capacities within a server. Furthermore, the monitoring features in iTWO 4.0 were significantly expanded to allow anonymous logging of the use of the functions, independent optimisation of the system utilisation and quick notification of the Service Team about problems using alarm messages. As a result of these measures, the use of the cloud resources on the MTWO platform are now more efficient, while the managed service costs have been reduced.

Other MTWO development priorities centred around integrating solutions from subsidiaries and affiliates, e.g. the integration of mobility apps from RIB Leipzig or selected AI features from Winjit. In addition, special AI components were derived and further developed based on iTWO 4.0 technology. These measures also included the development of chatbots that can be used to communicate with iTWO 4.0 in natural language. Such systems are also known as virtual personal assistants. The first versions of these integrated and joint technologies are already available as part of MTWO.

B. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE RIB GROUP

B.1 RESULTS OF OPERATIONS

The RIB Group continued to grow strongly in the reporting period. **Total sales** increased by 56.8% to € 214.6 million (previous year: € 136.9 million). The acquisitions made both in the previous year and in the reporting year contributed significantly to this strong growth in sales. Adjusted for the acquisition-related sales increases as well as sales (€ 3.7 million) from EMC Invest (formerly YTWO Ltd.) included in the previous year, organic sales growth is around 9%.

The fact that the organic growth rate in the reporting year is only in the single-digit range is due to the ongoing transformation of software marketing from the licence to the subscription model. In the reporting year, major customers increasingly placed orders in the subscription model. Compared to marketing in the licence model, the sales resulting from the subscription model were significantly lower in the first year. However, depending on the duration of the software usage by the major customers in the subscription model, these losses will be compensated for in subsequent years.

Strong growth of total sales domestic and international

The geographical breakdown of total sales is as follows:

- **Domestic:** sales increased by 9.2% to € 73.8 million (previous year: € 67.6 million). The increase is mainly due to organic growth and essentially results from the significantly increased demand for iTWO 4.0.

- **International:** international sales increased by 103.5% to € 140.8 million (previous year: € 69.2 million), which was mainly due to acquisitions. EMEA (excluding Germany) accounted for € 65.5 million (previous year: € 34.9 million), APAC accounted for € 34.3 million (previous year: € 15.5 million), while € 41.0 million was generated in North America (previous year: € 18.8 million).

The **operating EBITDA** increased by 32.0% to € 51.2 million (precious year: € 38.8 million). The operating EBITDA margin reached 23.9% (previous year: 28.3%).

Earnings before taxes (EBT) of € 20.4 million were significantly lower than in the previous year (€ 29.6 million). This is due in particular to a significant increase in scheduled depreciation and amortization by € 16.8 million to € 30.3 million. The main reason for this increase is the € 9.8 million rise in amortization of intangible assets recognized in connection with company acquisitions. In addition, the decline in EBT is due to the significant year-on-year decline in the financial result of € 0.3 million (previous year: € 5.3 million). The decline in the financial result is mainly due to financial income and expenses included in the previous year in connection with the former joint venture YTWO Ltd.

The **consolidated net income for the year** in the amount of € 9.1 million was heavily burdened by a high tax rate and was € 12.8 million lower than in the previous year (€ 21.9 million). The high tax rate is particularly due to losses of subsidiaries for which no deferred tax assets may be reported or for which the tax rate is 0%.

After including the components of the consolidated statement of comprehensive income that are not recognized as expenses or income, the consolidated comprehensive income amounts to € 10.2 million (previous year:

€ 27.8 million).

Development of the reporting segments

Reporting segment iMTWO

In the reporting period, **total sales** increased by 60.8% to € 205.2 million (previous year: € 127.6 million). As explained above, this strong growth is largely due to the acquisitions made both in the reporting year and in the previous year. The breakdown of total sales is as follows:

Total revenues in the reporting segment iMTWO increase by 60.8%

Annual recurring revenue **(ARR)** increased by 94.3% to € 112.3 million (previous year: € 57.8 million). The individual revenue types have developed as follows:

- **Subscription revenue** increased by € 45.9 million to € 62.4 million (previous year: € 16.5 million). This includes revenues from the marketing of software solutions by the Group and revenues from the brokerage of software solutions from other manufacturers.

  Subscription revenues from the Group's own software solutions and from third-party software solutions marketed by the Group more than doubled year-on-year by € 31.9 million to € 44.6 million (previous year: around € 12.8 million). This growth is primarily due to the technology companies and managed service providers acquired in the previous year and in the year under review. In addition, the increasing transformation of software marketing from a license model to a subscription model is also reflected here.

  In addition, revenues from the brokerage of subscription software solutions from other manufacturers (especially Autodesk) rose disproportionately by € 14.0 million to € 17.8 million (previous year: € 3.8 million) as a result of the acquisitions of value-added resellers in the reporting year and the previous year, and account for 15.9% of total ARR revenues.

- **Support revenue** increased by 12.8% to € 45.9 million (previous year: € 40.7 million). € 5.4 million of this increase results from the companies acquired in the previous year and in the reporting period. The fact that € 3.7 million was charged to the former joint venture YTWO Ltd. for the support of iTWO 4.0 in the previous year had an opposite effect. The remaining increase corresponds to the steady growth in licence revenue seen in recent years.

- Revenue from **managed services** increased by € 3.4 million to € 4.0 million (previous year: € 0.6 million), which was mainly due to the expansion of the scope of consolidation.

Non-recurring revenue **(NRR)** increased by 21.4% to € 45.4 million (previous year: € 37.4 million). Although sales generated with our non-100% web-based solutions declined slightly in line with our plans, the above increase resulted from a disproportionate upsurge in licence revenue generated with iTWO 4.0, of which around € 6.1 million is attributable to a Phase III order completed in a reporting period.

Service revenue increased by 46.7% to € 47.4 million (previous year: € 32.3 million). If the companies acquired in the previous year and in the reporting period are disregarded, service revenue posted an increase of 15.9% and amounted to € 30.7 million (previous year: € 26.5 million). This increase is due, in particular, to a major order in the US market and an increase in services provided in the context of implementation projects for major customers who acquired software licences in the previous year and in the reporting period.

Manufacturing costs amounted to € 93.6 million, and were thus 86.5% higher than in the previous year (€ 50.2 million). The disproportionate increase in manufacturing costs results mainly from the expansion of the scope of consolidation. Manufacturing costs mainly comprise the cost of goods purchased, personnel expenses and material costs of the Support and Consulting areas, as well as depreciation of self-produced software and of technology acquired as part of company acquisitions.

Gross profit increased by 44.1% to € 111.5 million (previous year: € 77.4 million). Due to the disproportionate increase in production costs in relation to sales growth, the **gross margin** decreased to 54.3% (previous year: 60.7%).

In the Software area (ARR and NRR), the gross margin amounted to 65.4% (previous year: 72.6%). The main reason for the decline in the margin is the fact that the average gross margin of companies acquired in the previous year and in the reporting period is lower than the gross margin previously generated by the RIB Group in the Software area, as these companies are active in different business areas (value added resellers, managed service providers).

in the reporting year, there was also a significant decline in the gross margin in the Service area. In this area, the gross margin of 17.7% was significantly lower than in the previous year (25.7%). This decline in the margin mainly results from the expansion of personnel capacities, as a response to the increased demand for services, especially in the Key Accounts area.

Sales and marketing expenses also increased sharply. These amounted to € 48.2 million and had thus almost doubled compared to the previous year (€ 24.6 million).

The main reason for the increase is the investments made in the reporting year with a view to strengthening our sales networks. The sales and marketing costs of the value-added reseller companies acquired as part of these investments amounted to approximately € 10.2 million (previous year: € 0.6 million) and thus contributed the most to this increase. In addition, the increase in costs is due to the scheduled depreciation of customer relationships in the context of company acquisitions, which was included in this item. As a result of the Group‘s extensive acquisition activities both in the reporting year and in the previous year, these depreciations increased by approx. € 4.5 million to € 7.3 million (previous year: € 2.8 million). When these two items are deducted, the remaining sales and marketing costs amount to € 30.7 million and are thus approx. € 9.5 million (44.8%) higher than the comparable previous year value of € 21.2 million. This increase is due to the growth in the business volume and the intensified sales activities during the reporting year.

Administrative expenses increased by € 7.3 million (50.0%) to € 21.9 million (previous year: € 14.6 million). The increase is partly due to acquisition costs of € 2.2 million included in this item. In addition, approximately € 4.8 million of this increased amount results from the expansion of the scope of consolidation completed in the reporting year.

R&D expenses increased by 19.2% to € 19.9 million (previous year: € 16.7 million). When capitalised expenses for self-produced software are additionally considered, R&D expenses amounted to € 32.1 million (previous year: € 26.0 million) and were thus 23.5% higher than in the previous year. For more information, we refer to the explanation in Section A.5.

The balance of other operating income and expenses amounted to € 3.2 million and was thus at the previous year’s level (€ 3.4 million).

At € 51.7 million, the segment EBITDA was significantly higher than in the previous year (€ 38.2 million). The EBITDA margin of 25.2% did not reach the previous year figure of 29.9%, which is mainly the result of the decline in gross margin explained above.

Reporting segment xYTWO

Revenue of € 9.4 million (previous year: € 9.3 million) includes, in particular, e-commerce revenue of € 9.2 million (previous year: € 9.2 million). In addition, the segment sales include subscription revenues of € 0.3 million (previous year: € 0.1 million) resulting from the provision of iTWO 4.0 to the pilot customers of the YTWO platform. As we concentrated more on the development of the rapidly growing reporting segment iMTWO in the financial year 2019, the expansion of the YTWO partner structures was given a lower priority. For this reason, no transaction revenue was yet generated with the YTWO platform in the financial year 2019.

Sales revenues in the reporting segment xYTWO increase to € 9.4 million

Manufacturing costs of € 11.1 million (previous year: € 8.0 million) include expenses for goods in the amount of € 7.6 million (previous year: € 7.3 million), which result from the trade in construction products via the xTWO platform. In addition, manufacturing costs include scheduled amortisation of rights in repurchased software in the amount of € 3.0 million (previous year: € 0.1 million). These are iTWO 4.0 licences which the Group sold to the former joint venture YTWO Ltd. in the financial year 2016 and which had to be recognised again in the consolidated financial statements following the full takeover of shares in the YTWO Group in the financial year 2018.

The research and development costs of € 0.4 million (previous year € 0.0 million), incurred in the reporting year for the first time, result from development activities in the area of iTWO 4.0 that were undertaken with a view to optimising the procurement processes of the pilot customers on the YTWO platform.

The segment EBITDA of € -1.3 million (previous year: € -0.3 million) was significantly lower than in the previous year, which was mainly due to the first-time full consolidation of EMC Invest (formerly YTWO Ltd.) over the entire financial year. However, this result was within the projected range of up to € -5.0 million.

B.2 FINANCIAL POSITION

Capital structure

The capital structure of the RIB Group continues to be defined by a very high equity capital share of 74.7% of the balance sheet total (previous year: 83.6%). In the reporting period, equity decreased slightly by 1.3%, from € 445.8 million to € 440.0 million.

Equity ratio of 74.7% for the RIB Group

The asset structure changed compared to the previous year mainly as a result of the acquisitions made. Consequently, non-current assets increased significantly from € 246.0 million to € 389.1 million and accounted for 66.1% (previous year: 46.1%) of the balance sheet total as of the balance sheet date. Investments in the reporting year were fully self-financed and, as a result, current assets decreased accordingly. As of the balance sheet date, current assets amounted to € 199.9 million (previous year: € 287.5 million), i.e. 33.9% (previous year: 53.9%) of the balance sheet total.

Cash flow from operating activities

Cash flow from operating activities amounted to € 34.8 million (previous year: € 30.6 million).

Adjusted for interest and income tax payments, cash flow from operating activities amounted to € 43.2 million and was thus € 3.2 million higher than the comparable previous year value (€ 40.0 million).

Cash flow from investing activities, not accounting for cash inflows and outflows from short-term investments in securities and financial assets, amounted to € -111.7 million (previous year: € -30.8 million).

The significant increase in cash outflow from investments compared to the previous year is particularly due to net cash outflow (i.e. cash outflows less cash acquired) for the acquisition of consolidated companies in the amount of € 77.2 million (previous year: € 20.0 million) and for the acquisition of shares in associated companies in the amount of € 7.8 million (previous year: € 0.0 million). Net cash outflow relates in particular to the acquisition of BSD (€ 27.5 million), CCS (€ 24.2 million) and US CAD (€ 20.6 million).

In addition, the item contains cash outflow from investments in self-produced software and other intangible assets in the amount of € 12.7 million (previous year: € 9.8 million). Of this amount, around € 6.8 million (previous year: € 6.1 million) relates in particular to further development of the iTWO 5D and iTWO 4.0 products.

Cash flow from financing activities

Cash flow from financing activities amounted to € -38.2 million (previous year: € 101.8 million).

The cash flow of the previous year was characterised by a capital increase carried out at RIB Software SE, as part of which gross issue proceeds of € 131.2 million were received. After the deduction of the costs of the capital increase (€ 4.3 million), the net issue proceeds received by the RIB Group were thus € 126.9 million, which were used to finance the planned acquisitions in 2018 and 2019.

In the reporting period, the share buyback programme, which had been initiated in the financial year 2018 and closed in the reporting year, led to further cash outflow from the purchase of treasury shares in the amount of € 19.5 million (previous year: € 14.2 million).

The item also includes dividend payments to the shareholders of RIB Software SE in the amount of € 8.6 million (previous year (€ 9.1 million).

As a result of the first-time application of IFRS 16, for the first time ever, net cash flow from financing activities in the reporting period included cash outflows from lease liabilities in the amount of € 6.2 million.

Cash balance at the end of the period

Cash balance at the end of the reporting period amounted to € 125.7 million (previous year: € 238.1 million). The item contains cash and cash equivalents amounting to € 123.8 million (previous year: € 205.2 million) and also includeing time deposits with banks in the amount of € 1.9 million (previous year: € 32.9 million), which had been made for the purposes of short-term treasury management.

With the exception of a bank loan to finance a real estate investment, which was valued at € 4.8 million as of the balance sheet date (previous year: € 5.2 million) and a bank loan of € 1.1 million taken over as part of a company acquisition, no credit lines were used in the reporting period. The RIB Group was able to fulfil its payment obligations at all times.

Major financing projects

With a view to financing the acquisitions planned for the financial years 2020 and 2021, we intend to finalise the negotiation of a credit line of € 150 million in the near future. For further information, we refer to section A.3.2.

For information on the presentation of the principles and objectives of the financial management of the Group, we refer to Note (44) of the Notes to the Consolidated Financial Statements.

B.3 ASSET SITUATION

As of the balance sheet date, the balance sheet total was € 589.0 million, i.e. an increase of approximately 10.4% compared to the previous year (previous year: € 533.5 million), which resulted from the increased business volume.

Balance sheet total increases by 10.4% compared to previous year

The statement of comprehensive income in the reporting period included positive foreign currency translation differences in the amount € 1.4 million (previous year: € 6.0 million), arising from the translation of assets and liabilities from the local currencies of the included foreign companies into the functional currency of the Group. This was particularly due to the development of the local currencies of the subsidiaries in Hong Kong and the USA. Because the €o decreased in value in relation to these currencies during the reporting period, the net assets of these companies denominated in €o as of the balance sheet date, had a higher value than at the start of the reporting year. On the liabilities side of the consolidated balance sheet, the foreign currency translation reserve recognised in Group equity increased accordingly from € 3.0 million to € 4.5 million.

At € 172.6 million, the carrying amounts of goodwill were significantly higher than in the previous year (€ 103.3 million), accounting for 29.3% (previous year: 19.4%) of the balance sheet total. The increase is due to the intensified acquisition activities of the RIB Group during the reporting period.

Consequently, the carrying amount of other intangible assets increased significantly compared to the previous year, totalling € 157.1 million as of the balance sheet date (previous year: € 115.5 million). This item thus accounts for 26.7% (previous year: 21.6%) of the balance sheet total. As a result of company acquisitions, intangible assets totalling € 51.6 million were recognised in the reporting year (previous year: € 63.2 million). These relate to acquired technology (€ 27.0 million), in particular as part of the acquisition of BSD and CCS, and acquired customer relationships (€ 24.4 million), in particular as part of the acquisition of U.S. CAD and CCS.

As of the balance sheet date, the item “property, plant and equipment”, which totals € 16.8 million (previous year: € 19.4 million) included, in particular, the commercial property of RIB Software SE at its headquarters in Stuttgart, the EOC II property located in China and used by the Group‘s local development company as well as a commercial property in Madrid, Spain. The reduction is mainly due to the reclassification of a property in Atlanta included in the previous year, which is now presented in the item “non-current assets held for sale”.

Investment property relates to the EOC I building located in the immediate vicinity of EOC II. In addition, part of the EOC II property was leased to third parties and reclassified as investment property in the reporting period.

The carrying amounts of participations accounted for using the equity method amounted to € 8.4 million as of the balance sheet date (previous year: € 0.0 million) and result from the acquisition of minority interests in the reporting period, in particular, in Capricot, India, CADline, UK, and Winjit, India.

Other non-current financial assets increased sharply to € 11.8 million (previous year: € 0.8 million). The increase results primarily from the granting of a long-term loan on the occasion of a company acquisition to the shareholders who still remained active (€ 7.3 million) and from the granting of a convertible loan (€ 1.5 million) to a potential acquisition target.

Trade receivables increased significantly and amounted to € 52.2 million as of the balance sheet date (previous year: € 37.8 million). The sharp increase is due to the fact that carrying amounts from companies acquired in 2019 (€ 13.4 million as of the balance sheet date) were included in the statement. Adjusted for acquisitions, trade receivables were at the previous year‘s level.

The item “non-current assets held for sale” includes an office building in the USA, which in the previous year was presented under the items “property, plant and equipment” (owner-occupied portion) and “investment property” (leased portion). We intend to sell this property and have initiated a sales process. The property was therefore classified as “held for sale” and moved to the corresponding item.

Other current financial assets mainly relate to time deposits with banks, which were made for the purposes of short-term treasury management (Reporting year € 1.9 million; previous year: € 32.9 million). We refer to our comments on cash balance in Section B.2 above.

As a result of the acquisitions made in the reporting period, other long-term financial liabilities increased significantly to € 20.0 million as of the balance sheet date (previous year: € 5.4 million). This increase mainly results from a financial liability in the amount of € 12.4 million recognised in connection with the acquisition of CCS.

The item “lease liabilities”, totalling € 15.9 million (previous year: € 0 million) relates to lease liabilities resulting from the first-time application of IFRS 16 in the financial year.

Under current liabilities, there was a sharp increase in trade payables to € 21.7 million (previous year: € 10.1 million). Approx. € 8.6 million of this increased amount results from company acquisitions made in the reporting year. Adjusted for acquisitions, the item increased by 29.7% to € 13.1 million, which is due to corporate growth and related to the balance sheet date.

The significant increase in deferred income, which now totals € 22.5 million (previous year: € 12.5 million), also results from the acquisitions made in the reporting period. Adjusted for acquisitions, deferred income amounted to € 11.9 million and was at the previous year’s level.

Overall, as a result of acquisition activities and strong corporate growth in the reporting period, liabilities increased from € 87.7 million to € 149.0 million.

B.4 NON-FINANCIAL PERFORMANCE INDICATORS

For us, being successful in business means ensuring and maintaining a close and cooperative working relationship between our employees and customers. What we consider to be another important component of success is our participation in research projects and maintaining close contact with universities in Germany and abroad. Only in this way are our employees able to develop and successfully distribute marketable solutions, and implement these for our customers. This is how we generate added value for our customers, our employees and our shareholders, thus securing the sustainable economic success of the RIB Group.

The majority of our employees are highly qualified university graduates with training profiles in line with our business activities, such as engineers, IT specialists and business management experts. Thanks to our tremendous innovative, entrepren€ial and financial strength, we are able to offer them secure and interesting long-term employment. We offer flexible working hours, variable target-based remuneration structures and continuous in-house training programme. The available courses vary from one region to the next, and are aligned to specific requirements. For example, through our subsidiary, RIB Ltd., we are able to offer our ever-increasing number of international employees wide-ranging educational and training programmes in a Centre of Excellence dedicated to this purpose.

Our customer base includes all partners involved in construction projects, from investors to architecture studios, engineering firms and building contractors. We offer our customers a range of solutions oriented towards the target group, especially based on our iTWO 4.0 software platform. Since the previous year, we have increasingly used our MTWO technology platform to market these solutions together with complementary web-based products from Group companies and strategic partners of the RIB Group.

Since the customer base for iTWO 4.0 and the MTWO platform is to be greatly expanded in the next few years, in the reporting period, we defined the number of iTWO 4.0 and MTWO users[****] as the most important non-financial performance indicator and implemented it as a further key figure in our control system. As this key figure was only included in the set of the most important performance indicators during the course of the year, the forecast section of the Management Report for the Financial Year 2018 did not yet contain any information on the targets for this key figure. In the Investor Relations section of our website, in December 2018, we defined a target of 30,000 iTWO 4.0 and MTWO users for the financial year 2019. With 69,337 users, we were 131% above this target as of the reporting date. Of this number, the iTWO 4.0 Enterprise Platform accounts for 16,029, while the iTWO 4.0 mobility apps account for 13,036 users. The main reason why this target was greatly exceeded is the fact that 40,072 active iTWO cx users were migrated from the previous cloud platform to the MTWO platform in the financial year 2019, which was significantly above our expectations.

****) For a precise definition of the key figure, we refer to section A.4.1

C. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF RIB SOFTWARE SE

C.1 RESULTS OF OPERATIONS

Sales revenues of € 65.8 million and thus 19% above the previous year

Revenue amounted to € 65.8 million, and was thus 19.0% up on the previous year (€ 55.3 million). The vast majority of this amount, € 57.6 million or 87.5%, is attributable to our main product, iTWO, which corresponds to an increase in sales of 28.3% (previous year: € 44.9 million). As in previous years, sales generated with the other product groups amounting to € 7.3 million (previous year: € 9.2 million) continue to fall in line with our plans, which is due to the migration to the iTWO/MTWO platform.

Annual recurring revenue (ARR) increased by 11.1% to € 29.1 million (previous year: € 26.2 million). It includes subscription revenue of € 3.6 million (previous year: € 2.8 million) and support revenue of € 25.6 million (previous year: € 23.4 million). The growth in support revenue of 9.4% corresponds to the continuous growth in software licence revenue posted in recent years and is slightly lower than in the previous year. This is because no Phase III order was completed in 2018, which would have generated support revenue in the subsequent year.

Non-recurring revenue (NRR) increased by 26.5% to € 27.2 million (previous year: € 21.5 million). Although total sales generated with our other products declined slightly in line with our projections, the above increase resulted from a disproportionate upsurge in licence revenue generated with iTWO 4.0, of which around € 6.1 million is attributable to a Phase III order completed in the reporting period.

Revenues from services accounted for € 8.6 million (previous year: € 6.5 million). The growth in service revenue of 32.3%, which is slightly disproportionate in relation to the increase in licence revenue, is due in particular to ongoing implementation projects with major customers who acquired software licences in the previous year and in the reporting period.

Other operating income in the amount of € 4.6 million (previous year: € 5.2 million) essentially includes reimbursements of expenses from affiliates in the amount of € 2.5 million (previous year: € 2.2 million) and income from foreign currency translation of € 1.9 million (previous year: € 1.9 million). The decrease compared to the previous year is due to the fact that the previous year figure also included income from the reversal of other provisions in the amount of € 0.7 million (reporting period: € 0.0 million).

Cost of materials increased by 28.9% to € 24.1 million (previous year: € 18.7 million). In particular, the item includes expenses for purchased services in the amount of € 21.9 million (previous year: € 16.1 million). These essentially relate to expenses for software development services purchased from affiliates (reporting year: € 14.5 million, previous year: € 12.2 million) and services (reporting year: € 5.8 million, previous year: € 2.8 million). The increase in purchased software development services is mainly due to intensified development activities for new iTWO 4.0 modules and mobility apps. The increase in purchased services results from the transfer of consulting staff from RIB Deutschland to RIB COE. The services purchased from RIB COE had been provided by RIB Deutschland in the previous year in exchange for a commission, which had been recognised in other operating expenses.

Personnel costs in the reporting period amounted to € 2.9 million and were thus slightly higher than in the previous year (€ 2.8 million). Of the recognised personnel costs, approx. € 0.6 million (previous year: € 0.4 million) results from the granting of share options to the Managing Directors and employees of RIB Software SE as part of stock option plans.

Other operating expenses of € 21.5 million (previous year: € 25.9 million) mainly include sales commissions of approx. € 15.8 million, which were paid in the reporting period to the subsidiaries responsible for sales in the German-speaking market (previous year: € 16.2 million). The decrease in other operating expenses by around € 4.4 million is largely due to the fact that in the previous year, the item included bank commissions and legal advice costs totalling € 4.3 million that had been incurred in connection with the cash capital increase carried out.

The financial result of € 3.8 million is significantly lower than in the previous year (€ 7.5 million). The main reason for this decline is the profit distributions received in the reporting period from subsidiaries, totalling € 3.4 million, which were correspondingly lower than in the previous year (€ 7.1 million).

Operating EBITDA in the reporting year amounted to € 20.2 million and was thus 28.7% up on the previous year (€ 15.7 million). In this context, reference is made to the transition from "earnings after taxes" to "operating EBITDA" explained in section A.2.3.

Annual net profit amounted to € 18.4 million (previous year: € 16.2 million).

Taking into account the profit carried forward from the previous year (€ 1.4 million), the income from the sale of treasury shares (€ 1.0 million) and the expenses for the acquisition of treasury shares (€ 14.5 million), the balance sheet profit as of the balance sheet date amounted to € 6.3 million (previous year: € 10.0 million).

C.2 FINANCIAL POSITION AND NET ASSETS

Capital structure

The capital structure of RIB Software SE continues to be characterised by a high share of equity in the balance sheet total (96.1%; previous year: 95.7%). The Company is thus almost entirely self-financed. The balance sheet total of € 394.5 million as of the balance sheet date was slightly below the previous year value (€ 400.2 million).

Equity ratio of 96.1% at RIB Software SE

As of the balance sheet date, non-current assets, totalling € 323.9 million, were significantly higher than in the previous year (€ 202.4 million) and accounted for 82.1% of the balance sheet total (previous year: 50.6%). The change resulted primarily from the Company's investment activities, which increased the value of shares in affiliated companies by € 121.0 million to € 314.6 million in the reporting period. The investments were financed entirely from own resources, thus resulting in a corresponding reduction in current assets.

Investments

Cash flow from investing activities, totalling € -40.9 million (previous year: € -69.8 million) includes cash outflow from investments in financial assets of € 120.2 million (previous year: € 28.2 million). These are mainly cash deposits of € 113.4 million made as part of four cash capital increases carried out at RIB Ltd. in 2019 for the purpose of funding acquisition activities. Also included are purchase price payments in the amount of € 2.0 million for the increase in shares in RIB Leipzig GmbH as well as € 3.1 million for the acquisition of shares in datapine GmbH.

Cash flow from investing activities was offset by cash inflow of € 73.2 million (previous year: € 31.4 million) from financial investments made for the purposes of short-term treasury management. The item includes the repayment of a loan granted to RIB Ltd. in December 2018 in the amount of € 42.4 million and cash inflow in the amount of € 30.8 million from the repayment of time deposits that had become due.

Liquidity

Cash flow from operating activities increased by 15.1% to € 13.7 million in the reporting period (previous year: € 11.9 million). The increase results from the significantly higher operating EBITDA, although this increase did not have a full impact on the cash flow. This is because, at the same time, the amount of funds tied up in the area of trade receivables continued to grow.

Cash flow from financing activities amounted to € -28.4 million in the reporting year. In the previous year, it contained cash inflows from the capital increase and was clearly positive at € 113.8 million. In the reporting period, the item essentially contained cash outflow from the acquisition of treasury shares in the amount of € 19.5 million (previous year: € 14.2 million) and from dividend payments to shareholders (Reporting year € 8.6 million; previous year: € 9.1 million).

Cash balance

As of the balance sheet date, cash balance of € 49.6 million was significantly below the previous year figure of € 134.0 million. The main reason for this reduction is the substantial cash outflow from investments made in the reporting period.

As of the balance sheet date, cash balance only included cash on hand and short-term bank deposits. In the previous year, cash balance also included federal day bonds in the amount of € 5.0 million and time deposits in the amount of € 30.8 million made for the purposes of short-term treasury management

With the exception of one bank loan, which was valued at € 4.8 million as of the balance sheet date (previous year: € 5.2 million), no credit lines were used during the reporting period. RIB Software SE was able to service its payment obligations at all times throughout the reporting period.

Other information on net assets

Current assets of € 69.6 million were significantly lower than in the previous year (€ 196.9 million). The decrease results mainly from a decline in liquid assets as a result of extensive investment activity undertaken during the reporting year. Furthermore, a loan of € 42.4 million granted to RIB Ltd. in the previous year was repaid on schedule in the reporting year, which correspondingly reduced the receivables from affiliated companies.

The Company has hidden reserves in the form of non-capitalised self-produced software.

As of the balance sheet date, there was a significant decrease in liabilities, which amounted to € 8.2 million (previous year: € 11.6 million). The decrease is related to the share buyback programme launched in the previous year. By the balance sheet date 2018, RIB Software SE had acquired treasury shares for a total of € 17.9 million. Of this amount, € 3.7 million remained unpaid as of the previous balance sheet date and was finally settled in the reporting period. The purchase price liability was therefore presented under other liabilities in the previous year.

D. OVERALL ASSESSMENT OF THE BUSINESS PERFORMANCE AND POSITION OF THE RIB GROUP AND OF RIB SOFTWARE SE

Very good market position due to high innovative, economic and financial power

Based on the high level of innovative, economic and financial strength of RIB Software SE and the companies of the RIB Group, the Management of the RIB Group assume that the companies are very well positioned in the market, while their comprehensive, innovative and modern solution portfolio responds excellently to the increasingly significant digitalisation and industrialisation of the construction sector. In addition to the further successful development of iTWO sales, the Management of the RIB Group also take a positive view on the favourable market reactions to iTWO 4.0 and the MTWO platform.

Thanks to the strategic acquisitions and investments made in the reporting period and in previous years, we have significantly expanded our range of products and services and created extensive additional capacities for the marketing of our products and the MTWO platform in our sales regions. This enabled us to further expand our market position in Germany and abroad in 2019 and, as in the previous year, generate strong growth both organically and inorganically.

With its high level of liquid assets, amounting to € 123.8 million, the RIB Group has the necessary financial reserves to finance its further growth. As a result of the planned signing of the syndicated loan agreement for a syndicated credit line in the amount of € 150 million, our financial resources will be yet again significantly increased, thus enabling us to better exploit additional growth potential through strategic acquisitions.

E. TAKEOVER-RELATED INFORMATION AND EXPLANATORY REPORT

E.1 INFORMATION ON THE CAPITAL OF RIB SOFTWARE SE

The share capital of RIB Software SE as of 31 December 2019 amounts to € 51,899,298.00 and is divided into 51,899,298 ordinary shares with a par value of € 1.00 each. The shares are registered shares. Each share grants one vote and has the same rights and obligations. The shareholders' right to the securitisation of their shares and to any dividend warrants and renewal coupons is excluded.

As of the balance sheet date, the company owned 3,719,027 treasury shares. Pursuant to Section 71b of the German Stock Corporation Act („AktG"), treasury shares do not entitle RIB Software SE to any voting rights. The exercise of voting rights from other shares in the cases where Section 136 of the German Stock Corporation Act („AktG") applies is also precluded by law. Otherwise, there are no restrictions regarding the voting rights or the transfer of shares. There are no shares with special rights that confer controlling powers or voting right controls for employees who hold interests in the capital. Employees who hold shares in RIB Software SE, like other shareholders, exercise their control rights directly in accordance with statutory provisions and the Articles of Association of RIB Software SE (the "Articles of Association"). Please refer to section C.5. of the notes to the annual financial statements of RIB Software SE for information on treasury shares in accordance with section 160 (1) no. 2 of the AktG.

As far as we are aware, based on the notifications we have received pursuant to the German Securities Trading Act (WpHG), the only shareholders that held direct or indirect interests in the capital share of RIB Software SE in excess of 10% of the voting rights as of the balance sheet date were the Chairperson of the Administrative Board of RIB Software SE, Mr Thomas Wolf, Singapore, and Mr George Kounelakis (due to the attribution of voting rights of ENA Opportunity Master Fund LP via ENA Investment Capital (Cayman) Limited, ENA Investment Capital (Cayman) LP, ENA Investment Capital Intermediate Limited, ENA Investment Capital (UK) Limited, ENA Investment Capital LLP, as well as ENA Investment Capital (GP) Ltd). Interests notified pursuant to Section 33 (1) or (2) of the German Securities Trading Act ("WpHG") are listed in section E.5. "Notifications under the German Securities Trading Act" of the Notes to the Annual Financial Statements of RIB Software SE in accordance with Section 160 (1) no. 8 of the German Stock Corporation Act („AktG").

The Company has a one-tier corporate governance structure as defined in Art. 38 (b) 2nd alternative of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a €opean company (SE) (the SE Regulation). The members of the Administrative Board are appointed by the Annual General Meeting in accordance with Art. 43 (3), Art. 46 of the SE Regulation, Section 6 (3) and (4) of the Articles of Association for a maximum term of six years. Reappointments are allowed. On the basis of Article 43 (4) of the SE Regulation, Section 40 (1) of the German Act of 22 December 2004 on the Implementation of the SE Regulation ("Implementation Act", "SEAG") and Section 12 of the Articles of Association, the Administrative Board is responsible for appointing one or several Managing Directors. Pursuant to Art. 9 (1) of the SE Regulation, Section 40 (5) sentence 1 of the Implementation Act in conjunction with Section 12 (5) of the Articles of Association, Managing Directors may only be dismissed for good cause as defined in Section 84 (3) of the German Stock Corporation Act ("AktG") or when their employment contract ends, whereby each case requires a resolution of the Administrative Board adopted with a three-quarter majority of the votes cast.

In accordance with Art. 59 (1) and (2) of the SE Regulation, Section 51 of the Implementation Act, Section 18 (6) of the Articles of Association and Section 179 (1) and (2) of the German Stock Corporation Act („AktG"), amendments to the Articles of Association are resolved by the Annual General Meeting by a majority of at least three quarters of the share capital represented when the resolution is adopted.

Pursuant to the resolution of the Annual General Meeting of 15 May 2018, the Administrative Board was authorised to increase the share capital of the company by 14 May 2023, once or several times, by a total of €

13,670,219.00 by way of issuing a maximum of 13,670,219 new registered shares each with a par value of € 1.00 per share in exchange for cash and/or non-cash contributions (“Authorised Capital 2018”). The new shares must be offered to the shareholders for subscription, though they may also be acquired by a bank or by an enterprise pursuing activities pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (“KWG”) on condition that they offer these shares to the shareholders for subscription. However, the Administrative Board is authorised to preclude the shareholders‘ statutory pre-emptive right,

1. insofar as necessary to compensate for invisible residual amounts;

2. where suitable, to acquire companies, portions of companies or interests in companies or other capital assets, including receivables, in return for the transfer of shares;

3. to the extent that, in the case of a cash capital increase, the portion of the share capital attributable to the new shares for which the pre-emptive right is precluded does not exceed ten percent of the share capital, both at the time the authorisation takes effect and at the time the authorisation is exercised, and the issue price of the new shares is not significantly lower than the stock exchange price of the shares of the company with the same features as defined by Section 203 (1) and (2), and Section 186 (3) sentence 4 of the German Stock Corporation Act („AktG“); this ten-percent limit shall include (i) the portion of the share capital attributable to treasury shares which are sold in indirect or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act following the entry into force of the authorisation on which Authorised Capital 2018 is based, and (ii) the portion of the share capital attributable to shares subject to conversion and/or option rights or conversion obligations arising from bonds and other instruments covered by Section 221 of the German Stock Corporation Act („AktG“) which are issued subject to the preclusion of the pre-emptive right as per Section 186 (3) sentence 4 of the German Stock Corporation Act („AktG“).

The portion of the share capital attributable to the new shares for which the pre-emptive right is precluded according to paragraphs (1) to (3) above may not exceed twenty percent of the share capital of the Company, both at the time the authorisation takes effect and at the time it is exercised. To be deducted from this twenty-percent limit with regard to all possibilities of precluding the pre-emptive right pursuant to paragraphs (1) to (3) above are shares (i) that are used after 15 May 2018 on the basis of the authorisation to use treasury shares in accordance with Section 71 (1) no. 8 sentence 5 and Section 186 (2) sentence 4 of the German Stock Corporation Act („AktG“) subject to the preclusion of a pre-emptive right, i.e. in a manner other than selling them on the stock market or by way of an offer addressed to all shareholders, or (ii) that refer to the conversion and/or option rights or conversion obligations arising from bonds and other instruments covered by Section 221 of the German Stock Corporation Act („AktG“), which are issued from 15 May 2018 subject to the preclusion of pre-emptive rights.

Furthermore, the Administrative Board shall decide on all other matters related to the issuance of the new shares, the content of the share rights and the terms governing the issuance of the shares.

The Administrative Board are authorised to adapt the wording of the Articles of Association in line with the extent of the capital increase from the authorised capital;

The share capital of the Company shall be conditionally increased by a maximum of € 1,179,540.00 by issuing a maximum of 1,179,540 new registered shares with a par value of € 1.00 per share („Conditional Capital 2015/I“). Pursuant to the 2011 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 20 May 2011 (in the version of the resolution of the Annual General Meeting of 4 June 2013) or pursuant to the 2015 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 10 June 2015, the conditional capital increase shall only be carried out to the extent that pre-emptive rights are issued, the holders of the pre-emptive rights make use of their exercise right and that the Company does not grant any treasury shares to fulfil the pre-emptive rights, whereby the Administrative Board is exclusively responsible for granting and handling pre-emptive rights of the members of the Executive Board of the former RIB Software AG as well as for granting and handling pre-emptive rights of the Managing Directors. The new shares shall participate in profit from the beginning of the financial year in which they are issued.

The share capital is also conditionally increased by up to € 5,153,022.00 by issuing up to 5,153,022 new registered shares with a par value of € 1.00 each („Conditional Capital 2018“). The conditional capital increase shall serve to issue registered shares to the holders or creditors of convertible bonds and/or option bonds, participating bonds and/or profit participation certificates (or combinations of such instruments) issued by the Company or domestic or foreign companies in which it has a direct or indirect majority interest, by virtue of the authorisation resolved by the Annual General Meeting of 15 May 2018 under agenda item 11 and to grant or establish a conversion and/or option right to, or a conversion obligation arising from, new registered shares of the Company. Said conditional capital increase shall only be carried out to the extent that option rights or conversion rights are exercised or that holders and/or creditors who are obligated to effect conversion satisfy their conversion obligation or that shares are offered subject to pre-emptive tender rights on the basis of substitution powers of the Company and to the extent that treasury shares or new shares under an authorised capital are not used for this purpose. The new registered shares shall participate in profit from the beginning of the financial year in which they arise through the exercise of option and/or conversion rights or through the fulfilment of conversion obligations or the exercise of pre-emptive tender rights. The Administrative Board are authorised to determine the further details of the implementation of the conditional capital increase.

By resolution of the Annual General Meeting of 15 May 2018, the Company is authorised to purchase treasury shares representing up to 10% of the Company‘s share capital at the time of the resolution by 14 May 2023. The authorisation may not be used by the Company for the purpose of trading in its treasury shares. The details are specified in the resolution proposals published in the German Federal Gazette dated 05 April 2018 under agenda item 9.

E.2 INFORMATION ON THE APPOINTMENT OR DISMISSAL OF MANAGING DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Regarding the appointment and dismissal of Managing Directors, reference is made to Section 40 of the Implementation Act. Furthermore, Section 12 (1) of the Articles of Association states that the Administrative Board shall appoint one or several Managing Directors. The Administrative Board may appoint one of the Managing Directors to be the Chief Executive Officer and one or two Managing Directors as Deputy Chief Executive Officer(s). The Administrative Board may also appoint Deputy Managing Directors in accordance with Section 12 (3) of the Articles of Association. Pursuant to Section 12 (5) of the Articles of Association of RIB Software SE, Managing Directors may only be dismissed for good cause as defined in Section 84 (3) of the German Stock Corporation Act („AktG“) or when their employment contract ends, whereby each case requires a resolution of the Administrative Board adopted with a three-quarter majority of the votes cast.

Pursuant to Art. 9 (1) (c) (ii) and Art. 59 of the SE Regulation, and Section 51 of the Implementation Act, the provisions for amending the Articles of Association are set out in Sections 133 and 179 of the German Stock Corporation Act („AktG“). The Administrative Board is authorised to adopt amendments to the Articles of Association that only concern the wording (Section 8 (3) of the Articles of Association).

E.3 TAKEOVER-RELATED INFORMATION

On 13 February 2020, the Company entered into a Business Combination Agreement with Schneider Electric SE and Schneider Electric Investment AG (formerly Rheingoldhöhe 50. V V AG) - a subsidiary of Schneider Electric SE. Under this Business Combination Agreement, on 20 March 2020, Schneider Electric Investment AG („Bidder“) is expected to make a voluntary public takeover bid to all shareholders of the company for the purchase of all outstanding shares in the company at a price of € 29.00 per share. The bid price includes a premium of 40.6% to the XETRA closing price of the company‘s shares as of 12 February 2020.

The Company‘s Administrative Board welcomes the takeover bid and supports it within the scope of its legal obligations and subject to an examination of the bid document. The Administrative Board and the Executive Directors will will promptly provide a statement of their reasoned position on the takeover bid. The acceptance period for the takeover bid is expected to end on 22 April 2020. The takeover bid provides for a minimum acceptance threshold of 50% (plus one share) of the company’s share capital and is subject to merger control and other regulatory approvals being granted as well as other customary market conditions.

The Company’s Managing Directors, Thomas Wolf and Michael Sauer, as well as their wives, and the Managing Director Mads Bording Rasmussen have submitted irrevocable undertakings to the Bidder to tender half of the company‘s shares held by them in the takeover bid. This corresponds to around 9.13% of the company‘s share capital. Once the takeover bid has been implemented, the aforementioned persons will also have the opportunity to sell to the Bidder their remaining shares in the company, amounting to approx. 9.13% of the share capital, at a later date. In addition, the Company has submitted an undertaking to the Bidder to tender 3,453,385 of the treasury shares it holds in the takeover bid. This corresponds to around 6.65% of the Company‘s share capital.

As part of the acquisition of Building Systems Design Inc. (BSD), Atlanta, USA, the sellers were granted put options on their remaining 40% stake in BSD, which can be exercised if certain future events occur. The put options can be exercised if, among other things, a change of control event occurs at the level of RIB Software SE within the next four years. A change of control event would occur, in particular, if one party, as part of a transaction or a series of related transactions, were to acquire more than 50% of the shares in RIB Software SE. This would be the case if the takeover bid announced by Schneider Electric Investment AG were to be successful. The amount of the option price is staggered over time and thus depends on the year in which this condition is met. For details, please refer to the presentation in the notes to the consolidated financial statements, Note (42).

The company has not concluded any other material agreements that are subject to the condition of a change of control.

However, the Company has concluded compensation agreements with the Managing Directors applicable in the event of a change of control. The members of the Administrative Board and the Managing Directors, Thomas Wolf and Michael Sauer, have a special right of termination of their respective employment contracts in the event of a change of control. This special right of termination only exists for one month from the day of the execution of the relevant takeover or mandatory bid as defined in the German Securities Acquisition and Takeover Act ("WpÜG") or, if no such bid has been made, from the time at which the de facto change of control becomes known. A "change of control" for the purpose of this provision is deemed to have taken place if, through the acquisition of shares or by other means, a third party (or two or more third parties acting jointly) accounts for at least 30% of the voting rights as defined in Section 29 and Section 35 (1) sentence 1 of the German Securities Acquisition and Takeover Act ("WpÜG"), or accounts for such a number of voting rights that results in a majority of more than 50% of the votes present or represented at the respective Annual General Meeting, and thereby votes against the resolutions proposed by the Administrative Board. Section 22 (1) and (2) of the German Securities Acquisition and Takeover Act ("WpÜG") applies. After the Bidder had announced the voluntary public takeover bid on 13 February 2020, the existing change-of-control clause in the respective employment contracts of the Managing Directors has been adjusted by Thomas Wolf and Michael Sauer. These adjustments are subject to the condition precedent of the execution of the takeover bid announced by Schneider Electric Investment AG. Accordingly, a Managing Director shall in future have a special right of termination for a period of six months from the time at which they become aware of a de facto change of control. A change of control shall be deemed to have occurred (i) if representatives of the Bidder or Schneider Electric SE (i.e. all newly elected members of the Administrative Board) represent a majority in the Company's Administrative Board and a decision is made in the Administrative Board against the votes of Thomas Wolf and Michael Sauer, or (ii) if Thomas Wolf and/or Michael Sauer are dismissed from the position of CEO or CFO without their consent, or their respective areas of responsibility become significantly restricted.

If Thomas Wolf or Michael Sauer exercise their special right of termination, they shall be entitled to a settlement, as already provided for under the previous scheme, which shall amount to three times the value of the total average annual remuneration (including all flexible remuneration elements) for the last three full financial years of the Company.

Furthermore, if they exercise the aforementioned special right of termination, Thomas Wolf and Michael Sauer shall not forfeit their options under the 2015 Stock Option Plan, but may instead use their exercisable options and the not-yet exercisable options within the general exercise time limits, providing that the performance targets are subsequently achieved.

F. NON-FINANCIAL STATEMENT

Different reporting requirements, including materiality, arise from the CSR Directive Implementation Act and the Sustainability Reporting Guidelines. As a result, the RIB Group has waived the legal option to apply a guideline when preparing its non-financial statement. Information concerning the non-financial aspects of our business activities has already been provided at other points in this Management Report, and which are referred to as follows:

Subject area	Chapter reference
Business model	A.1.
Employee matters	B.4.
Material risks arising from business activities	I.4.
Material risks arising from business relationships	I.4.
Important non-financial performance indicators	B.4.

In addition, the following information is also provided:

Environmental issues

Because the core activities of the RIB Group encompass the production and sale of software, the provision of consulting and training services for implementation projects, as well as the operation and marketing of e-commerce platforms, environmental issues do not constitute a significant aspect of our value-added process. No concepts are therefore implemented with the objective of directly taking account of environmental issues.

Employee matters

The material aspects of employment are governed in employment contracts, in accordance with the relevant statutory regulations. These are based on a uniform RIB Group standard, insofar as permitted by the local legislation in the respective countries. The Code of Conduct of the RIB Group also states that all employees must be treated equally, regardless of their nationality, religion, cultural and ethnic background, gender, sexual orientation or age. In addition, there are employee representative bodies at national and €opean level, which represent the interests of workers in dialogue with the relevant competent managers and Managing Directors.

Social concerns

In all of the regions in which the RIB Group operates, it encourages the individual cultural diversity of employees, by deliberately forming multi-cultural teams - such as in the areas of development and consulting - and harnessing this resource for the success of the enterprise. The focus is on using the totality of the employees with all their differences and commonalities, in order to leverage creative potential and encourage new mindsets within the company. In this respect, multi-cultural teams are composed solely on the basis of the professional qualifications of the employees. Neither gender, religion, nor ethnic background or membership of a local community have any role to play in this process. The social concerns of employees taken into consideration alongside the business activities, shall be in conformity with the regional social regulations and company standards. The protection and the development of local communities does not constitute a criterion for the composition of multi-cultural teams. It is for this reason that the RIB Group does not currently have any concepts for engaging in dialogue with regional institutions aimed at improving or protecting the social concerns of local communities.

Respect for human rights and combating corruption and bribery

The Code of Conduct of the RIB Group contains guidelines for the protection of human rights and for combating corruption and bribery, which are binding on every employee worldwide:

Respect for human rights

Every employee must respect the cultures and ethical values of the countries in which the RIB Group operates, and they are prohibited from engaging in unlawful and/or criminal practices. All employees shall enjoy parity of esteem, regardless of their nationality, religion, cultural and ethnic background, gender, sexual orientation or age. Employees shall engage with their colleagues and third parties in a fair and open manner, and demonstrate understanding and tolerance.

Combating corruption and bribery

In connection with business activities of every kind, no employee of the RIB Group may directly or indirectly extend advantages to business partners, their employees or any other third parties, if the nature and scope of these advantages are likely to inappropriately influence the actions and decision-making of the recipient. The employees of the RIB Group are prohibited from soliciting, accepting promises of or receiving such advantages in business dealings with third parties.

The Managing Directors and management staff of the RIB Group are responsible for identifying, exploring, preventing and, if necessary, sanctioning misconduct. In case of uncertainty, the competent managers, in consultation with the responsible Managing Director, shall decide what actions are appropriate and comply with the relevant laws and regulations.

G. DECLARATION ON CORPORATE GOVERNANCE

G.1 DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT („AKTG“)

In the period up to the balance sheet date, the Administrative Board of RIB Software SE most recently issued the following Declaration of Conformity in May 2019:

In accordance with Art. 9 (1) (c) (ii) of the Council Regulation No 2157/2001 of 8 October 2001 on the Statute for a €opean company (SE) (the "SE Regulation"), Section 22 (6) of the German Act 22 December 2004 on Implementation of the SE Regulation (the "Implementation Act") in conjunction with Section 161 of the German Stock Corporation Act („AktG"), the Administrative Board of RIB Software SE declares that, since issuing its most recent Declaration of Conformity on 28 March 2019, RIB Software SE has complied and/or will comply with the recommendations made by the "Governmental Commission for the German Corporate Governance Code" in the version of the Code dated 07 February 2017 and which came into force on 24 April 2017 (the "Code"), taking into account the particular features of the one-tier system of RIB Software SE as set out in Section 1, with the exceptions described in Section 2, and if it has not complied with these recommendations, it shall explain why this is the case.

Special features of the one-tier corporate governance system

Pursuant to Art. 43-45 of the SE Regulation in conjunction with Section 20 et seq. of the Implementation Act, the distinguishing feature of the one-tier system is that a single management organ, the Administrative Board, is responsible for the management of the SE, see Paragraph 7 of the Foreword to the Code. The Administrative Board is responsible for managing the Company, defining the strategy for its activities and supervising the implementation thereof by the Managing Directors. The Managing Directors manage the day-to-day business of the Company and represent the Company in dealing with third parties. They are obliged to follow the instructions of the Administrative Board.

RIB Software SE essentially takes those parts of the Code that apply to the Supervisory Board and applies them to the Administrative Board of RIB Software SE and takes those parts of the Code that apply to the Board of Management and applies them to its Managing Directors. The following exceptions apply with respect to the legal framework for the one-tier system:

a) In derogation from Section 2.2.1 sentence 1 of the Code, the Administrative Board must submit the Annual Financial Statements and the Consolidated Financial Statements to the Annual General Meeting (Section 48 (2) sentence 2 of the Implementation Act).

b) In derogation from Section 2.3.1 sentence 1 and Section 3.7 (3) of the Code, the Administrative Board is responsible for convening the Annual General Meeting (Sections 48 and 22 (2) of the Implementation Act).

c) The powers of the Board of Management governed by Section 2.3.2 sentence 2 (Voting Representative Bound by Instructions), Section 3.7 (1) (Statement on a Takeover Bid) and Section 3.7 (2) (Conduct during a Takeover Bid), as well as Section 3.10 (Corporate Governance Report), Section 4.1.3 (Compliance) and Section 4.1.4 (Risk Management and Control) of the Code are the responsibility of RIB Software SE's Administrative Board (Section 22 (6) of the Implementation Act).

d) The duties of the Board of Management listed in Section 4.1.1 (Corporate Governance), and Section 4.1.2 in conjunction with Section 3.2 sentence 1 (half-sentence) (Development of the Company's Strategic Orientation) of the Code are the responsibility of the Administrative Board (Section 22 (1) of the Implementation Act).

e) In derogation from Section 5.1.2 (2) of the Code, Managing Directors, unlike members of a Board of Management, are not subject to a fixed, maximum term of appointment (Section 40 (1) sentence 1 of the Implementation Act).

f) In derogation from Section 5.4.2 sentence 2 and Section 5.4.4 of the Code, members of the Administrative Board may be appointed as Managing Directors, provided that the majority of the Administrative Board continues to consist of non-executive members (Section 40 (1) sentence 2 of the Implementation Act).

Deviations from the recommendations of the Code

a) Section 3.8 (3) of the GCGC: The D&O insurance for the members of the Administrative Board does not include a deductible. The Administrative Board is of the opinion that the agreement of a voluntary deductible is neither suitable nor necessary in order to ensure that the members of the Administrative Board duly perform the duties incumbent upon them.

b) Section 4.1.3 sentence 3 of the GCGC: Employees are not given the opportunity to report, in a protected manner, suspected breaches of the law within the Company; third parties are also not given this opportunity. The establishment of an institutionalised reporting system is currently considered to be unnecessary. If any breaches of the law within the Company are suspected, employees of the Company are given the opportunity to contact the Compliance Department or the Managing Directors directly at any time. However, the Company will review and consider whether the introduction of such a reporting system could be advisable and appropriate in the future.

c) Section 4.2.2 (2) of the GCGC: Regarding the issue of what remuneration is appropriate for the Managing Directors, the Administrative Board do not consider the ratio of the remuneration of the Managing Directors to the remuneration paid to the senior management and the entire staff, and neither do they consider it in terms of its development over time. Accordingly, the Administrative Board do not define how the senior management and the relevant staff are to be differentiated for the purposes of making the comparison. The relevant recommendation in the Code appears to be impracticable and, in addition, not suitable for ensuring that the remuneration of the Managing Directors is appropriate in each case.

d) Section 4.2.3 (2) of the GCGC: The variable remuneration of the Managing Directors does not take potential negative developments into consideration in such a way that their income might also be subject to real losses. In view of the Managing Directors' remuneration structure, this does not appear necessary to ensure that the Managing Directors do not take any unreasonable risks in their management of the Company.

   Insofar as the Managing Directors receive share options as a variable component of their remuneration, such a component is capped in terms of the number of the options, but not in terms of their amount. Since the exercisability and the value of the options depend on the achievement of ambitious performance targets and the development of the stock market price, a maximum limit based on the amount would run contrary to the purpose of this remuneration component, which is to provide a special performance incentive.

e) Section 4.2.3 (4) of the GCGC: The contracts of the Managing Directors do not provide for a severance cap in the event of early termination. Such an arrangement, as an addition to the statutory provisions applicable in cases of early termination, does not appear to be necessary to protect the interests of the Company and its shareholders.

f) Section 4.2.5 of the GCGC: The remuneration of the Managing Directors is disclosed in accordance with the statutory provisions. Any more comprehensive disclosure in a remuneration report, one in which the remuneration system of the Managing Directors and the nature of any additional payments made by the Company would be outlined or itemised in a manner that went beyond the statutory requirements, does not appear necessary to satisfy the legitimate interest of the shareholders and investors in receiving adequate information.

g) Section 5.1.2 (2) of the GCGC: The Administrative Board have not defined an age limit for the Managing Directors. Setting such an age limit for the Managing Directors is not in the interests of the Company and its shareholders, since there is no compelling connection between a Managing Director's age and their performance.

h) Section 5.4.1 (2) and (3) of the GCGC: With the exception of the determination of a target figure for the proportion of women represented on the Administrative Board, the Administrative Board has not specified specific targets for its composition, nor does it publish such details or the status of their implementation in the Corporate Governance Report. Regarding its composition, the Administrative Board is of the opinion that due attention should be paid in particular to the specific situation of the business, the Company's international activities, potential conflicts of interest, diversity and the appropriate participation of women, and it shall also bear this in mind in the proposals it makes to the competent electoral bodies. Nevertheless, the Administrative Board should have the best possible composition. The definition of specific targets for its composition, in addition to those stipulated by law, appears neither suitable nor expedient in achieving this.

   The Administrative Board does not set a general limit on the length of the term of office in the Administrative Board. Setting a limit on the term of office in the Administrative Board is not in the interests of the Company or its shareholders, since there is no compelling connection between the term of service on the Administrative Board and the occurrence of possible conflicts of interests and/or the autonomy of the members of the Administrative Board.

G.2 INFORMATION ON CORPORATE GOVERNANCE PRACTICES

The trust of our business partners and shareholders in our Company and our image is critically determined by the conduct of our employees who work for us all over the world. Each employee directly contributes to the way in which our Company lives up to the responsibilities and values described here and to the complete fulfilment of the positive expectations associated with the RIB brand.

In order to provide our employees with guidance in fulfilling these criteria, we have drawn up our Code of Conduct, which is binding on every employee of our company worldwide. It is designed to help our employees to successfully deal with the legal and ethical challenges they encounter in their day-to-day work, to provide guidance and to promote confidence in the efficiency and integrity of our Company. We expect our executives to conduct all transactions efficiently and in compliance with the Code of Conduct. We also expect them to create the required working conditions for employees and to ensure that the provisions of the Code of Conduct are adhered to.

G.3 DESCRIPTION OF THE WORKING PRACTICES OF THE ADMINISTRATIVE BOARD AND THE MANAGING DIRECTORS AS WELL AS THE COMPOSITION AND WORKING PRACTICES OF THE COMMITTEES

RIB Software SE has a one-tier corporate governance structure. The corporate bodies of RIB Software SE are the Administrative Board (the administrative organ) and the Annual General Meeting. RIB Software SE also has Managing Directors, who manage the day-to-day business of the Company.

The **Administrative Board** of RIB Software SE is responsible for managing the Company, defining the strategy for its activities and supervising its implementation. The Administrative Board acts in accordance with the applicable laws, the Articles of Association and its Rules of Procedure. It supervises the Managing Directors, issues them with rules of procedure, and has the power to issue instructions to all or individual Managing Directors. The Administrative Board is responsible for appointing and dismissing the Managing Directors. Members of the Administrative Board may be appointed as Managing Directors, provided that the majority of the Administrative Board continues to consist of non-executive members.

In accordance with the Articles of Association, the Administrative Board consists of eight members, who are appointed by the Annual General Meeting without any obligation to a particular nomination. At least one independent member of the Administrative Board must have expertise in the areas of finance, accounting or auditing. The members of the Administrative Board are each appointed for a period up to the end of the Annual General Meeting that adopts the resolution approving the actions of the Administrative Board and Managing Directors for the third financial year following the beginning of the term of office (the financial year in which the term of office begins is not counted) and shall end no later than six years after the respective Administrative Board member was appointed. Members of the Administrative Board are eligible for re-election.

The Rules of Procedure of the Administrative Board of RIB Software SE primarily regulate the working practice of this body. Its members have equal rights and duties. At the end of the Annual General Meeting during which the Administrative Board members have been newly elected, the Administrative Board - chaired by its oldest member - shall elect a Chairperson and a Deputy Chairperson from among its members, by way of a majority vote. Administrative Board meetings shall be convened by the Chairperson, and must be held at least once every three months. Meetings must also be convened, if necessary, for the good of the Company or if so demanded by an Administrative Board member. In 2019, the Administrative Board met a total of 7 times. If ordered by the Chairperson, or by the Deputy Chairperson in the event that the former is unable to attend, resolutions may be adopted outside of meetings of the Administrative Board in writing, by fax, by email, over the telephone or by means of electronic media or by any combination of the aforementioned means of communication.

The decisions of the Administrative Board generally require a majority of the votes cast, unless other majorities are stipulated by law. In the event of a voting tie, the vote of the Chairperson shall be counted double, unless they are unable to vote for factual or legal reasons, in which case the vote of the Deputy Chairperson shall be counted double. The Administrative Board is deemed to constitute a quorum if more than half of its members, including the Chairperson (or the Deputy Chairperson, in the event that the former is unable to attend) take part in the vote personally or by way of a written submission of the vote.

The Rules of Procedure of the Administrative Board require that the Administrative Board form a Nomination and Remuneration Committee, an Audit Committee, and additional committees as necessary depending on the specific circumstances of the Company. The term of office of the committee members corresponds to their term of office as members of the Administrative Board, unless a shorter term is specified by the Administrative Board at the time of their appointment. The respective committee elects one member of the committee to serve as the Chairperson of the Committee, and another to serve as their Deputy, unless otherwise stipulated by law or the Rules of Procedure. The committees shall be deemed to constitute a quorum if more than half of the members of the respective committee take part in the resolution vote. The committees shall also constitute a quorum if one or more members take part in the resolution vote by telephone or via video conference.

In order to fulfil its responsibilities, the Administrative Board has established a Nomination and Remuneration Committee and an Audit Committee, which regularly report on their work to the Administrative Board.

The **Nomination and Remuneration Committee** consists of three members. It makes proposals to the Administrative Board regarding the election of Administrative Board members by the Annual General Meeting, and it provides the Administrative Board with recommendations regarding the appointment and dismissal of Managing Directors and the Chief Executive Officer.

It also develops and provides the Administrative Board with proposals regarding the remuneration system for the Managing Directors, and on the employment agreements and other contractual provisions concerning the Managing Directors (including the exercise of contractual rights and the issuing of declarations of consent). The Nomination and Remuneration Committee consisted of the following members in the reporting period:

- Sandy Möser (Chairperson),
- Klaus Hirschle (until 06/03/2019),
- Prof. Dr Rüdiger Grube (from 27/03/2019)
- Dr Matthias Rumpelhardt.

The **Audit Committee** consists of three members. The Chairperson of the Audit Committee should be independent, and have expertise in the areas of accounting or auditing. The Audit Committee is responsible, in particular, for monitoring the financial reporting process, the external accounting and reporting, the provision of a corresponding draft resolution for the Administrative Board and the analysis and monitoring of the internal control and finance monitoring system, the risk management system and the internal audit system. Moreover, it is also responsible for monitoring and compliance with the relevant rules of the German Corporate Governance Code, monitoring the work of the statutory auditor, especially its independence, and monitoring the additional services performed by the statutory auditor, and for dealing with questions concerning compliance.

In the reporting period, the Audit Committee consisted of the following members:

- Dr Matthias Rumpelhardt (Chairperson),
- Klaus Hirschle (until 06/03/2019),
- Prof. Dr Rüdiger Grube (from 27/03/2019)
- Sandy Möser.

The **Managing Directors** manage the day-to-day business of the Company applying the standards of care of a prudent and diligent businessman, in accordance with the law, the Articles of Association of RIB Software SE, the Rules of Procedure for the Managing Directors, the Schedule of Responsibilities, the instructions of the Administrative Board and their employment contracts. They are required to report to the Administrative Board regularly, promptly and comprehensively, particularly regarding the proposed business policy and other fundamental issues concerning the corporate planning, the profitability of the business, the anticipated overruns or shortfalls in revenue or profit planning, as well as on business activities that could potentially be of significant importance for the profitability or liquidity of the Company.

The Administrative Board appoints one or several Managing Directors. The number of Managing Directors is determined by the Administrative Board. Three Managing Directors are currently appointed. The Administrative Board may appoint one of the Managing Directors to be the Chief Executive Officer and one or two Managing Directors as Deputy Chief Executive Officer(s). The Company is represented by two Managing Directors or by a Managing Director together with an Authorised Signatory. If only one Managing Director is appointed, they are the sole representative of the Company. The Administrative Board may grant individual Managing Directors the right of sole representation of the Company, as well as release individual Managing Directors from the restrictions laid down in Section 181 (second alternative) of the German Civil Code ("BGB").

The Rules of Procedure for the Managing Directors of RIB Software SE mainly regulate the basic principles of business management, cooperation with the Administrative Board, especially transactions requiring consent, and the cooperation between the Managing Directors.

The Managing Directors adopt resolutions with a simple majority. Each Managing Director has one vote. In the event that the votes of the Managing Directors are tied during a resolution vote, the Chief Executive Officer (or their Deputy Chief Executive, in the event that the former is unable to attend) shall have the casting vote.

G.4 DEFINITION OF TARGETS TO PROMOTE BALANCED PARTICIPATION OF WOMEN AND MEN IN MANAGEMENT POSITIONS

For RIB Software SE, the following target values and deadlines in relation to the proportion of women and men in the Administrative Board, at the Managing Directors level and at the executive level below the Managing Directors were defined by the Administrative Board on 14 February 2018:

Pursuant to Section 22 (6) of the Implementation Act in conjunction with Section 111 (5) of the German Stock Corporation Act („AktG"), the target for the proportion of women in the Administrative Board was set at 16.67% and, at the Managing Directors level, the target for the proportion of women was set at 0%.

For the executive level below the Managing Directors, a target for the proportion of women pursuant to Section 22 (6) of the Implementation Act in conjunction with Section 76 (4) of the German Stock Corporation Act („AktG") was set at 0%. Although the Administrative Board of a listed company must, in principle, set targets for the proportion of women in the first two executive levels below the Managing Directors, due to the fact that RIB Software SE has a small number of employees and a flat management structure, there is only one executive level below the Managing Directors, so a target was set for this executive level only.

All targets must be reached by 14 February 2023.

G.5 DESCRIPTION OF THE DIVERSITY CONCEPT

RIB Software SE does not pursue a dedicated diversity concept regarding the composition of the Administrative Board and the Managing Directors. Equality of opportunity and the rigorous rejection of every form of discrimination are firmly anchored in the corporate policy of RIB Software SE. With this in mind, the sole considerations when making appointments to the management organs are the specialist qualifications and skills of the candidates. Aspects such as gender, race, age, skin colour, religion, family status, sexual orientation, background, physical or mental impairments of the individual in question are not taken into consideration in this process.

H. REMUNERATION REPORT

H.1 REMUNERATION REGULATIONS FOR THE MEMBERS OF THE ADMINISTRATIVE BOARD

The members of the Administrative Board receive fixed annual remuneration (Remuneration 1). The Chairperson of the Administrative Board receives four times the amount of this remuneration (double the amount until May 2019), while their Deputy receives one-and-half times this amount. The members of a committee of the Administrative Board also receive additional annual remuneration (Remuneration 2), provided that the committee has met at least once during the financial year; if a member sits on several committees, they shall receive this remuneration for each committee. Serving as a chairperson of a committee is remunerated at twice the aforementioned amount.

Members of the Administrative Board who only sit on the Administrative Board or one of its committees for part of the financial year, receive remuneration in proportion of the duration of their membership to the entire financial year. The Company may arrange adequate directors & officers liability insurance (D&O) for the members of the Administrative Board.

The remuneration of the individual members of the Administrative Board for the financial years 2019 and 2018 is as follows:

2019 (€ thousand)	Remuneration 1	Remuneration 2	Total
Sandy Möser	28.7	15.5	44.2
Dr Matthias Rumpelhardt	19.1	15.5	34.6
Klaus Hirschle	19.1	1.4	20.5
Prof. Martin Fischer	19.1	0.0	19.1
Prof. Dr Rüdiger Grube	19.2	8.9	28.1
Total remuneration	**105.2**	**41.3**	**146.5**

2018 (€ thousand)	Remuneration 1	Remuneration 2	Total
Sandy Möser	21.6	11.3	32.9
Dr Matthias Rumpelhardt	14.4	11.3	25.7
Klaus Hirschle	14.4	7.5	21.9
Prof. Martin Fischer	14.4	0.0	14.4
Steve Swant (until 13/08/2018)	9.0	0.0	9.0
Prof. Dr Rüdiger Grube (from 23/11/2018)	1.5	0.0	1.5
Total remuneration	**75.3**	**30.0**	**105.3**

Insofar and for as long as a member of the Administrative Board is simultaneously a Managing Director, their remuneration as a member of the Administrative Board shall be suspended. This was the case with Mr Thomas Wolf, Mr Michael Sauer, Mr Mads Bording Rasmussen and Mr Helmut Schmid (until 31/03/2018), who were appointed as Managing Directors as well as being members of the Administrative Board. Therefore, they did not receive any separate remuneration for their membership of the Administrative Board.

H.2 REMUNERATION REGULATIONS FOR THE MANAGING DIRECTORS

The remuneration of the Managing Directors consists of a fixed component (Remuneration 1), a performance-based component (Remuneration 2), and a share-based component (Remuneration 3). The fixed component includes the basic salary and other taxable salary components such as a company car. The performance-based component depends on the achievement of targets. These targets have both short-term as well as medium-term elements .

The amount of the performance-based component is based on the operating EBITDA of the RIB Group, the development of Group sales, the number of Phase II and III orders, the acquisition of MTWO users, the conclusion of acquisitions and the development of the share price.

The long-term remuneration components oriented towards sustainable corporate development were last agreed in the financial year 2017 and were subject to the condition that the RIB Group's operating EBITDA achieved a minimum growth rate in the period from 01/01/2017 to 31/12/2019. For the growth rate, two thresholds have been set, above which the Managing Directors should receive the one-off payments shown in the table below (whereby no cumulative payments are made if the upper threshold is exceeded):

(€ thousand)	Thomas Wolf	Michael Sauer	Mads Bording Rasmussen	Subtotal
Exceeding lower threshold	75.0	75.0	60.0	210.0
Exceeding upper threshold	150.0	150.0	120.0	420.0

As of the end of 31/12/2019, the prerequisite for the long-term remuneration components was satisfied. This remuneration is therefore to be treated as granted. The growth rate achieved in the relevant period exceeds the upper threshold. Consequently, the remuneration shown in the lower row of the table above (totalling € 420.0 thousand) was included in the total remuneration paid to the Managing Directors in the financial year 2019.

The short-term targets are calculated after submission of the audited Consolidated Financial Statements for the respective financial year. The target profit shares are added on reaching several targets. The long-term targets will be calculated after submission of the audited Consolidated Financial Statements for the Financial Year 2019.

With respect to the structure of the share-based remuneration programme launched in the financial years 2013 and 2015, we refer to the explanations in Section C.5 of the Notes to the Annual Financial Statements of RIB Software SE and to Note (30) of the Notes to the Consolidated Financial Statement. Within the scope of this programme, the members of the Executive Board or the Managing Directors were offered pre-emptive rights in accordance with the conditions of the existing stock option plan, which were accepted by all the members of the Executive Board / all Managing Directors.

The remuneration paid to the Managing Directors in the financial years 2019 and 2018 is as follows:

2019 (€ thousand)

	Remuneration 1	Remuneration 2	Remuneration 3	Total
Thomas Wolf*	398.2	400.0	516.0	1,314.2
Michael Sauer	317.0	400.0	361.2	1,078.2
Mads Bording Rasmussen**	172.8	297.0	319.0	788.8
Total remuneration	**888.0**	**1,097.0**	**1,196.2**	**3,181.2**

2018 (€ thousand)	Remuneration 1	Remuneration 2	Remuneration 3	Total
Thomas Wolf*	395.0	250.0	705.9	1,350.9
Michael Sauer	317.0	250.0	494.1	1,061.1
Helmut Schmid (until 31/03/2018)	58.0	0.0	466.6**	524.6
Mads Bording Rasmussen*	172.6	160.0	141.2	473.8
Gesamtvergütung	**942.6**	**660.0**	**1,807.8**	**3,410.4**

* Mr Thomas Wolf received his remuneration from RIB Ltd. (from RIB Singapore starting from December 2019), while Mr Mads Bording Rasmussen received his remuneration from RIB A/S

** On the occasion of his departure from the Company in the financial year 2018, it was agreed with Mr. Helmut Schmid that 20,000 share options, which had been granted to him during his employment and which would have expired in absence of any further regulation, may continue to be exercised as compensation for a non-competition clause. At the time of the agreement, the fair value per option was € 23.33.

The share-based remuneration of the Managing Director is as follows:

2019 (units or € thousand)	Thomas Wolf	Michael Sauer	Mads Bording Rasmussen
Options granted in the reporting period (units)	47,826	33,478	29,565
Options exercised in the reporting period (units)	25,000	25,000	4,000
Options outstanding at the end of the reporting period (units)	168,478	125,434	44,695
Share in the recognised total cost of the share-based remuneration (€ thousand)	374.6	282.6	82.7

I. FORECAST, OPPORTUNITY AND RISK REPORT

I.1 TARGET ACHIEVEMENT OF FORECASTS FOR THE FINANCIAL YEAR 2019

I.1.1 Target achievement of sales and operating EBITDA forecast for the RIB Group

Target actions for 2019 fully achieved

In the previous year's forecast report, for 2019, we had forecast sales in the range of € 180 to 200 million and an operating EBITDA in the range of € 36 to 46 million for the RIB Group. Due to the good business development and the company acquisitions made during the reporting year, these forecasts were adjusted upward several times throughout the reporting period. Most recently, on 13 September 2019, we increased the sales forecast to a range from € 210 to 225 million and the operating EBITDA to a range from € 46 to 52 million. With sales of € 214.6 million and an operating EBITDA of € 51.2 million, the targets were fully met.

In the previous year, in addition to the forecasts at Group level, we had set targets for sales and operating EBIT-DA in the iTWO and MTWO segments (now combined into iMTWO) and YTWO (now xYTWO). At the reporting segment level, target achievement was as follows:

a) **Reporting segment iMTWO:** In our forecast report for the previous year, we had forecast a modest sales growth for the former reporting segment iTWO and a strong sales growth for the former reporting segment MTWO. We had thus projected combined sales in the range of € 170 to 190 million for the two segments. With sales of € 205.2 million, we clearly exceeded these expectations.

   This is partly due to the fact that the sales contributions of the companies acquired throughout the year were greater than originally planned. Even when these amounts are deducted, the revenue in the reporting segment iMTWO were above the original target figures. In terms of software revenue ARR and NRR, the forecast sales growth was achieved as planned. This development confirms our high expectations as regards the acceptance of our software solutions in the market as well as with regard to the importance attached by our target groups to current technology trends related to 5D, Industry 4.0 and cloud computing. The growth in support revenue was higher than expected, which was due to major orders in the US market and larger implementation projects.

   For the segment EBITDA in the former reporting segment iTWO, we had forecast a target value at the previous year‘s level (€ 40.5 million), while for MTWO, a segment EBITDA of up to € 5.0 million had been projected. With a segment EBITDA of € 51.7 million, the iMTWO segment was above the planned total value of up to € 45.5 million.

b) **Reporting segment xYTWO:** in the business segment **YTWO (SCM)**, yet again, we had not expected any significant transaction revenue in 2019, since after the RIB Group had completely taken over this business area, new partner structures had to be established in the first place. As a result of the planned further expansion investments, we had forecast a segment EBITDA for the business segment of up to € -5.0 million. In the business segment **xTWO (E-Commerce)**, we had projected sales to be slightly higher than in the previous year and a segment EBITDA at the previous year‘s level (€ -0.3 million). For the **reporting segment xYTWO**, these two forecasts result in projected sales of € 9.2 million and an expected segment EBITDA of up to € -5.3 million.

Due to the strong growth and the increasing strategic importance of our reporting segment iMTWO, we concentrated more on this segment in the financial year 2019, while the expansion of the YTWO partner structures was given a lower priority. Consequently, no transaction revenue was yet generated with the YTWO platform in the financial year 2019.

Against this background, the sales of € 9.4 million (previous year: € 9.3 million) achieved in the xYTWO reporting segment were in line with our expectations. As expected, the segment EBITDA was negative at € -1.3 million. However, due to the reduced activities in the YTWO (SCM) segment, the negative contribution to earnings remained well below the upper expected value of € -5.3 million.

I.1.2 Target achievement of sales and operating EBITDA forecast for RIB Software SE

Target for operating EBITDA clearly exceeded

For RIB Software SE, we had forecast sales and operating EBITDA on a par or slightly up on the previous year, depending on whether we would succeed in closing a Phase III licence model order in the financial year 2019 and invoice significant parts of such an order with effect on sales and earnings. With an increase in sales of 19.0% to € 65.8 million (previous year: € 55.3 million) and an operating EBITDA of € 20.2 million, 28.7% up on the previous year (€ 15.7 million), we clearly exceeded our targets. Among other things, the conclusion of a Phase III licence agreement made a significant contribution to this result.

I.2 FORECASTS FOR THE FINANCIAL YEAR 2020

The RIB Group has grown continuously in recent years thanks to its innovative products and services. In addition, the development of the RIB Group has been strongly driven by strategic acquisitions.

Our software solutions are based on the latest technologies and can be marketed via licence as well as subscription agreements and used in private or public cloud installations. Especially in the MTWO cloud, which we operate together with our cooperation partner Microsoft, thanks to our web-based software solutions, such as the main product iTWO 4.0, and the integrated complementary products of our subsidiaries, affiliates and strategic partners, we offer a comprehensive and market-oriented solution portfolio. We strongly believe that, in this form, our solution portfolio currently represents a significant competitive advantage for the RIB Group.

Through further major acquisitions of profitable companies offering further complementary solutions, in the financial year 2020, we wish to yet again expand our already extensive platform-based ecosystem of high-quality industry solutions and significantly expand the capacities for the marketing of our products and the MTWO Platform. With our high level of liquid assets, we have the necessary financial reserves to finance our further growth. As a result of the planned signing of the syndicated loan agreement for a syndicated credit line in the amount of € 150 million, our financial resources will be yet again significantly increased, thus enabling us to better exploit additional growth potential through strategic acquisitions.

In view of the above, we expect the RIB Group to continue to grow strongly in Germany and internationally, both organically and through further acquisitions, and we make the following forecasts for the financial year 2020. Since we are currently unable to make a reliable estimate of the impact that the rapid global spread of the coronavirus will have on the economic development of the RIB Group, these forecasts are subject to risks.

I.2.1 Sales and operating EBITDA forecast for the RIB Group

Taking into account the M&A investments planned for the financial year 2020 and subject to the condition that a Phase III order can be closed with a predominant effect on sales and earnings, we forecast sales in the range of € 270 to 310 million and an operating EBITDA***** of between € 57 million and € 65 million for the RIB Group.

Group sales of € 270 to 310 million planned for 2020

This forecast is based on the following assumptions:

c) For the **reporting segment iMTWO**, we expect strong sales growth, corresponding to the increase in Group sales, and an operating EBITDA on a par with the planned operating EBITDA of the RIB Group.

d) In the **reporting segment xYTWO**, we expect sales in the business segment xTWO (E-Commerce) to be slightly higher than in the previous year, while in the business segment YTWO (SCM), we still do not expect any significant transaction revenue. We expect a balanced operating EBITDA in both business segments.

I.2.2 User forecast for iTWO 4.0 and MTWO

In the financial year 2020, we expect the number of iTWO 4.0 and MTWO users****** to grow by around 44% to 100,000 users.

I.2.3 Sales and operating EBITDA forecast for RIB Software SE

For RIB Software SE, we project sales and operating EBITDA on a par or slightly up on the previous year, provided that we are yet again successful in closing a Phase III licence model order in the financial year 2020 and can invoice significant parts of such an order with effect on sales and earnings.

*****) The key figure „operating EBITDA“ used in the following forecasts has been calculated in accordance with the adjustments described in section A.2.4 of this Management Report.

******) For a precise definition of the key figure, we refer to section A.4.1

I.3 OPPORTUNITY REPORT

Over the next few years, the RIB Group intends to continuously expand its market position as one of the leading providers of software for the construction industry worldwide through sustained investment in innovative software solutions and services, the opening up of new sales regions and targeted acquisitions, with the following focal points:

Innovations. The strategically most important product of the RIB Group - iTWO 4.0 - is a 100% web-based software platform that supports end-to-end virtual planning, production and operating processes in construction projects based on 5D models in the cloud. In line with the principles of „Industry 4.0“, the comprehensive digitalisation of the industrial production of components is also included in this process. Thanks to iTWO 4.0, other self-developed cloud software solutions and many mobility apps, we have a comprehensive and state-of-the-art product portfolio that responds excellently to the current technology trends of 5D, Industry 4.0 and cloud computing. Through the addition of the complementary software and services offered by the subsidiaries and affiliates acquired in recent years, our product portfolio has yet again been supplemented by 3D CAD solutions, highly innovative applications in the areas of artificial intelligence (AI), business intelligence (BI), machine learning (ML), enterprise resource planning (ERP) and intelligent data services, which are marketed together with iTWO 4.0 as an integrated private or public cloud corporate solution for the construction industry.

Internationalisation. The RIB Group plans to further strengthen its international business relationships in the coming years, with a view to establishing itself as a market leader in developed international regions and opening up new markets. In doing so, we pursue the strategy of winning the largest and most important companies in the regions as technology partners for the use of our software solutions. As a result, many important business partners of these companies can also be expected to subsequently introduce software products from the RIB Group, thus accelerating the development of new regions. In order to ensure that we can provide the necessary sales and service capacities in a timely manner, we will continue to expand our partner network of MSP partners, providers of complementary products and value-added resellers in the coming years.

Strategic acquisitions. The RIB Group intends to continue to gain faster access to existing and new markets through targeted investments in complementary technology providers, value added resellers and managed service providers and to expand its international customer base, in particular via the MTWO platform and technology extensions that complement the platform approach.

Opportunities specific to particular reporting segments.

a) Overall, in the **reporting segment iMTWO**, we see very good growth opportunities for sales generated with our 100% web-based software solutions. In this area, the RIB Group‘s modern, state-of-the-art product portfolio is already very extensive and can be marketed via both licence and subscription agreements. Due to the comprehensive and innovative concept of our main strategic product iTWO 4.0, we expect very good growth potential not only in new customer business but also in the area of migration of around 500,000 of the approx. 670,000 users of our client-based software solutions to iTWO 4.0. We see very good growth opportunities in the medium to long term, in particular, for the strategically important MTWO cloud, in which our range of solutions is being further supplemented by innovative products and services from our cooperation partner Microsoft. In line with the growth in sales from licence and subscription agreements, we expect that our service and support sales in this reporting segment will continue to grow.

b) In the **reporting segment xYTWO**, we expect good long-term growth opportunities for the business segment YTWO (SCM), because if an agreed procurement volume is exceeded, transaction fees are incurred that may be significantly higher than the SaaS fees for the provision of iTWO 4.0. To date, no transaction fees have yet been charged, as the YTWO Platform still remains in its initial phase. As for the business segment xTWO (E-Commerce), we see growth opportunities at a lower level. Since the Internet trade in construction products is not part of our core business, we are planning a spin-off of this business segment in the short to medium term.

Overall view of the opportunity situation.

Thanks to its innovative strength and its extensive and highly modern range of solutions, the RIB Group is very well positioned in its markets. With our iTWO 4.0 Cloud Enterprise platform technology, a steadily growing number of intelligent iTWO 4.0 apps and many integrated complementary partner solutions and services, we offer our customers in the private and public cloud a range of solutions that responds very well to the current technology trends in our target groups. We are of the opinion that these solutions, especially those on the MTWO Platform, as a whole, currently represent our significant competitive advantage. We see this as a key factor for our long-term success. Moreover, the RIB Group has the financial strength to continue investing in new product developments and targeted acquisitions. With this in mind, we believe that the RIB Group has very good opportunities to further expand its market position in the coming years.

I.4 RISK REPORT

I.4.1 Risk management and internal control system

The RIB Group operates a risk management system for the early detection, assessment and handling of risks in a targeted manner. The basis of this system is the uniform company definition of risk, i.e., when a situation could significantly hinder the RIB Group's ability to achieve its corporate objectives and fulfil its duties right now or at some point in the future. Our early risk detection system is specifically tailored to the needs of the RIB Group. Therefore, we have waived the legally granted option to use one of the guidelines available nationally and internationally.

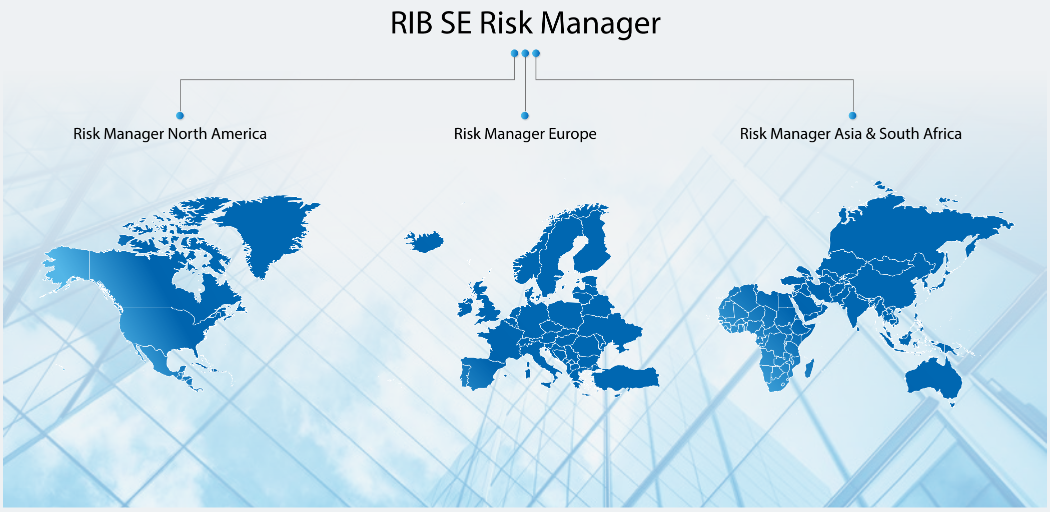
Further development of the risk management system

In response to the ongoing globalisation of the RIB Group's business activities, the risk management system was further developed and adapted in the financial year 2019. The focus was on ensuring that also those risks that are posed by the foreign group companies and affiliates are identified promptly and reliably across the Group. What was also taken into account was the fact that the business activities of the RIB Group have diversified in recent years as a result of, e.g. the increasing focus on cloud computing or the marketing of partner products that interact with our software.

The further development of our risk management system was associated with a restructuring of the risk areas. In addition, we have updated the "severity of loss" thresholds relevant for the risk assessment, in line with the increased risk-bearing capacity of the RIB Group.

The new reporting scheme was applied for the first time in the fourth quarter of 2019. The previously defined risk areas were transferred to the new ones as follows:

The Group-wide responsibility for early risk detection and, if necessary, taking countermeasures lies with the Managing Directors of RIB Software SE. In performing this task, they are now supported by the Risk Manager of RIB Software SE and, since the third quarter of 2019, by other regional Risk Managers who are responsible for the USA, EMEA and APAC regions.



As part of a quantitative and qualitative risk analysis that takes account of the respective probability of occurrence and severity of loss, the individual risks identified in the respective risk areas were reclassified as follows :

Probability of occurrence		
4 highly probable	>=	90%
3 probable	>=	65%
2 possible	>=	35%
1 improbable	<	35%

Severity of loss		
4 severe	>=	€ 5,000 thousand
3 significant	>=	€ 1.250 thousand
2 medium	>=	€ 500 thousand
1 minor	<	€ 500 thousand

(Last updated: Q4 of 2019)

Because a quantitative assessment is not possible in many cases, the need for action is derived from a coordinate system. The severity of loss is entered on the x-axis and the probability of occurrence on the y-axis. This results in the following representation:

highly probable	5	6	7	8
probable	4	5	6	7
possible	3	4	5	6
improbable	2	3	4	5
	minor	medium	significant	severe

> 5	high need for action
> 3	medium need for action
< 4	no need for action

The need for action is derived from this assessment, and appropriate countermeasures are developed. The individual assessments are aggregated with weightings applied, in order to assess the overall risk position of the Company. The loss severity levels are also partly quantified. In this case, the severity levels are assigned values in% or €. The possible losses are then determined by multiplying them by the probability of occurrence.

The functionality of the early risk detection system is monitored on an ongoing basis. The Managing Directors receive a quarterly report on identified risks in the form of cumulative risk overviews. If individual or several similar risks are reported throughout the year, which individually or together have an assessed loss amount of more than € 10 million, these are reported to the Managing Directors as soon as they become known.

The Managing Directors and Administrative Board discuss the risk situation of the Company and the Group at regular intervals, and continually monitor the further development of the control and early risk detection systems. Insofar as the risks cannot be consciously accepted, an attempt shall be made to counteract the risks by means of suitable countermeasures.

The established risk management system and the internal control system also encompass risks that could impact on the financial reporting process and therefore on the accuracy of the financial statements of the RIB Group. This particularly concerns risks of errors and violations, risks in connection with data capture and security, risks of the circumvention of existing internal controls, and the inaccurate assessment of facts and scopes for discretion.

The essential rules and measures for managing financial-reporting-related risks consist of the clear allocation of responsibilities in the preparation of quarterly and annual financial statements, the issuance of binding guidelines for the accounting for business transactions, and the use of consolidation software that supports the monthly analysis and control of the figures received from all reporting units.

In particular, the process of sales recognition is strictly controlled from the very contract initiation phase. All customer contracts are subject to an approval process. Any deviations from standardised regulations must be approved in advance by the Managing Directors of RIB Software SE, if the defined thresholds are exceeded.

The risks are updated and the countermeasures monitored on an ongoing basis. The countermeasures listed in the risk reports are checked for compliance, and then implemented. If there any changes to the risks compared to the previous year, no matter how minor, these are formally logged and summarised at the end of the financial year.

I.4.2 Overview of the individual risks

The following risk areas have been defined as part of our restructured risk management system:

- Strategic risks (number range 1,000 to 1,999)
- Operational risks (number range 2,000 to 2,999)
- Compliance risks (number range 3,000 to 3,999)
- Reporting risks (number range 4,000 to 4,999)

The overview of the risks recorded in the risk heat map as of the end of the reporting period is as follows:

RISK OVERVIEW RIB SOFTWARE SE Detail Q4/2019

0	highly probable				
1	probable	1.105			
13	possible	2.201 2.202	1.402 2.114 | 2.308 | 2.315	1.102 | 1.313 2.101 | 2.117 | 2.502 3.107 | 3.304	
21	improbable	2.306 4.209	1.312 2.003 | 2.204 3.001 | 3.211 | 3.601 4.212	1.307 | 1.208 | 1.314 | 1.505 2.205 | 2.206 | 2.301 | 2.302 2.005 | 1.210 | 4.001	1.506
35		**minor**	**medium**	**significant**	**severe**
		5	11	18	1

In the previous year, we had reported a total of 5 serious or significant development risks requiring urgent action (No. 105, 106, 110, 111 and 114). These risks mainly related to the functionality of our software potentially failing to meet the requirements of customers, to comply with the relevant legal framework or to satisfy the needs of regional markets. As a result, there was a risk of cost-intensive development measures and delivery delays, which could potentially have a negative impact on the sales and earnings of the RIB Group.

When restructuring the risk areas, development risks 105, 106 and 111 were assigned to strategic risks 1,105, 1,312 and 1,314. Development risks 110 and 114, which are similar in content, were combined and assigned to operational risk 2,114.

Strategic risks (number range 1,000 to 1,999)

As of the reporting date, there were no strategic risks that posed a threat to the continued existence of the Company or that required urgent action. However, there is a serious strategic risk (1,506) with a moderate need for action. The risk relates to the performance of acquired companies, which could be lower than planned.

Operational risks (number range 2,000 to 2,999)

As of the reporting date, there were no operational risks classified as posing a threat to the continued existence of the Company or requiring urgent action.

Compliance risks (number range 3,000 to 3,999)

As of the reporting date, there were no compliance risks classified as posing a threat to the continued existence of the Company or requiring urgent action.

Reporting risks (number range 4,000 to 4,999)

As of the reporting date, there were no reporting risks classified as posing a threat to the continued existence of the Company or requiring urgent action.

I.4.3 Summarised presentation of the risk situation

Same as in previous years, there are no serious risks that are classed as “highly probable” or “probable” to occur. We do not currently see any threat to the continued existence of the Company. Compared to the previous year, the total assessed losses arising from all risks have not increased in proportion with the growth in sales.

I.5 Notes on forecasts

This section of the Management Report contains forward-looking statements and information about events which may arise in the future. These forward-looking statements can be recognised by formulations such as „should“, „will“, „expect“, „intend“, „plan“, „estimate“, „in the opinion of the RIB Group“ or similar expressions. Such forward-looking statements are based on current expectations and certain assumptions. They are therefore subject to a number of risks and uncertainties. A large number of factors, many of which are beyond the control of the RIB Group, have an influence on the business activities, performance, business strategy and results of the RIB Group. As a result of such factors, the actual results, performance and achievements of the RIB Group may be materially different from those expressed or implied by such forward-looking statements regarding future results, performance or achievements.

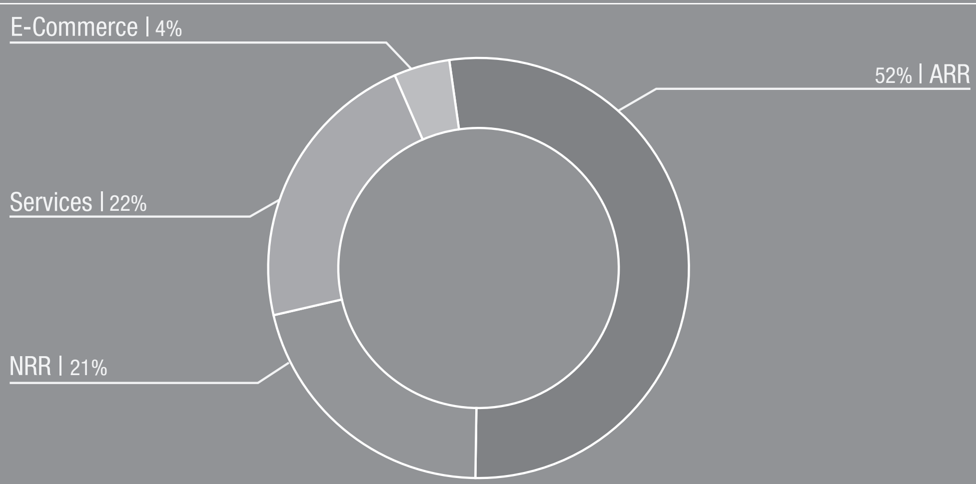
Stuttgart, 18.03.2020

RIB Software SE

The Managing Directors

Thomas Wolf | Michael Sauer | Mads Bording Rasmussen

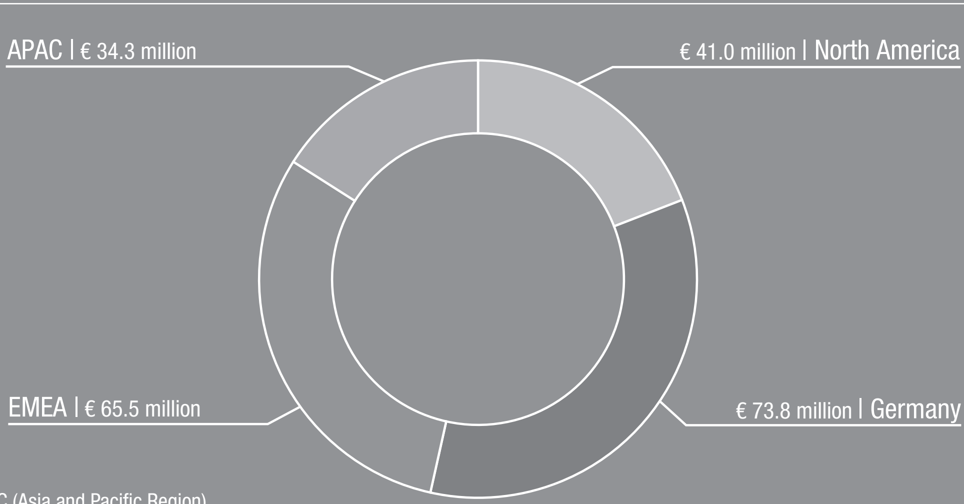
ANALYSIS OF REVENUE 2019



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2019

REGIONAL REVENUE BREAKDOWN 2019



APAC (Asia and Pacific Region)
EMEA (€ope excl. Germany, Middle East and Africa)

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2019

€ thousand unless otherwise indicated	Notes	2019	2018
Revenue	**(9)**	**214,606**	**136,874**
Cost of sales	(10)	-104,740	-58,128
Gross profit		**109,866**	**78,746**
Other operating income	(11)	5,267	7,994
Marketing and distribution costs		-49,621	-26,246
General administrative expenses		-23,156	-15,215
Research and development expenses		-20,296	-16,659
Other operating expenses	(12)	-1,958	-4,292
Financial income	(14)	1,190	9,427
Finance costs	(14)	-824	-534
Share of profit and losses of of investments accounted for using the equity method	(21)	-60	-3,613
Profit before tax		**20,408**	**29,608**
Income taxes	(15)	-11,280	-7,757
Consolidated net profit for the year		**9,128**	**21,851**
Profit attributable to non-controlling interests		171	523
Profit attributable to owners of the parent company		8,957	21,328
Result per share on the basis of the share of earnings of the sharehol-ders of RIB Software SE:			
basic	**(16)**	**€ 0.19**	**€ 0.43**
diluted	**(16)**	**€ 0.18**	**€ 0.42**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR 2019

Figures in thousand €	2019	2018
Consolidated net profit for the year	**9,128**	**21,851**
Components reclassified in subsequent periods with no effect on profit and loss:		
Revaluations	-287	3
Other consolidated comprehensive income after taxes for components that are reclassified with no effect on profit and loss	**-287**	**3**
Components reclassified in subsequent periods with an effect on profit and loss:		
Exchange differences	1,368	5,965
Other consolidated comprehensive income after taxes for components that are reclassified with an effect on profit and loss	**1,368**	**5,965**
Other consolidated comprehensive income after taxes	**1,081**	**5,968**
Total comprehensive income for the year	**10,209**	**27,819**
of which attributable to non-controlling interests	-12	400
of which attributable to owners of the parent company	10,221	27,419

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS OF 31.12.2019

Figures in thousand €	Note	31.12.2019	31.12.2018
Goodwill	(17)	172,573	103,266
Other intangible assets	(18, 20)	157,122	115,451
Property, plant and equipment	(18)	16,773	19,435
Rights of use	(18.19)	15,185	0
Investment properties	(18, 22)	6,956	5,548
Investments accounted for using the equity method	(21)	8,377	0
Prepaid land use lease payments		0	899
Other financial assets	(24)	11,837	779
Deferred tax assets	(15)	250	620
Total non-current assets		**389,073**	**245,998**
Inventories	(26)	2,807	2,796
Trade receivables	(27)	52,162	37,773
Income tax assets		2,635	3,467
Other financial assets	(24)	4,177	34,014
Non-current assets held for sale	(23)	2,797	0
Other non-financial assets	(25)	11,505	4,203
Cash and cash equivalents	(28)	123,821	205,245
Total current assets		**199,904**	**287,498**
Total assets		**588,977**	**533,496**

Figures in thousand €	Note	31.12.2019	31.12.2018
Subscribed capital	(29)	51,899	51,741
Capital reserves	(29)	304,721	316,734
Retained earnings	(29)	84,780	85,246
Other equity components	(31)	3,899	2,635
Treasury shares	(29)	-37,134	-22,378
Equity attributable to owners of the parent company		**408,165**	**433,978**
Non-controlling interests	(32)	31,802	11,780
Total equity		**439,967**	**445,758**
Pension provisions	(34)	3,759	3,456
Bank liabilities		5,498	4,800
Other provisions	(36)	242	223
Other financial liabilities	(39)	20,025	5,381
Lease liabilities	(19)	10,822	0
Deferred tax liabilities	(15)	26,728	18,772
Total non-current liabilities		**67,074**	**32,632**
Bank liabilities		438	400
Trade payables	(35)	21,713	10,137
Income tax liabilities		3,513	2,566
Other provisions	(36)	1,604	1,018
Accruals	(37)	13,916	10,858
Deferred income	(38)	22,460	12,532
Other financial liabilities	(39)	3,454	6,572
Lease liabilities	(19)	5,060	0
Other liabilities	(40)	9,778	11,023
Total current liabilities		**81,936**	**55,106**
Total liabilities		**149,010**	**87,738**
Total equity and liabilities		**588,977**	**533,496**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL

Figures in € thousand	Subscribed capital	Capital reserves	Retained earnings
Notes	(29)	(29)	(29)
As of 01.01.2018	**46,846**	**187,168**	**72,982**
Consolidated net profit for the year	-	-	21,328
Other comprehensive income for the year	-	-	-
Total comprehensive income	0	0	21,328
Disposal of treasury shares	-	8,192	-
Acquisition of treasury shares	-	-	-
Dividend payment	-	-	-9,064
Capital increases	4,684	123,485	-
Transactions with non-controlling interests	-	-	-
Additions to financial liabilities from company acquisitions	-	-3,692	-
Share-based remuneration	211	1,581	-
As of 31.12.2018	**51,741**	**316,734**	**85,246**
Adoption of IFRS 16	-	-	-348
As of 01.01.2019	**51,741**	**316,734**	**84,898**
Consolidated net profit for the year	-	-	8,957
Other comprehensive income for the year	-	-	-
Total comprehensive income	**0**	**0**	**8,957**
Disposal of treasury shares	-	661	-
Acquisition of treasury shares	-	-	-
Dividend payment	-	-	-8,644
Acquisition of non-controlling interests without a change of control	-	-2,349	-
Transactions with non-controlling interests	-	-	-
Additions to financial liabilities from company acquisitions	-	-12,356	-
Other changes	-	-	-431
Share-based remuneration	158	2,031	-
As of 31.12.2019	**51,899**	**304,721**	**84,780**

YEAR 2019

	Other components of equity					
	Currency translation reserve	Revaluation reserve	Treasury shares	Equity attributable to owners of the parent company	Non-controlling interests	Equity according to consolidated balance sheet
	(31)	(31)	(29)		(32)	
	-3,093	**-363**	**-9,015**	**294,525**	**0**	**294,525**
	-	-	-	21,328	523	21,851
	6,088	3	-	6,091	-123	5,968
	6,088	**3**	**0**	**27,419**	**400**	**27,819**
	-	-	4,581	12,773	-	12,773
	-	-	-17,944	-17,944	-	-17,944
	-	-	-	-9,064	-	-9,064
	-	-	-	128,169	-	128,169
	-	-	-	-	11,380	11,380
	-	-	-	-3,692	-	-3,692
	-	-	-	1,792	-	1,792
	2,995	**-360**	**-22,378**	**433,978**	**11,780**	**445,758**
	-	-	-	-348	-	-348
	2,995	**-360**	**-22,378**	**433,630**	**11,780**	**445,410**
	-	-	-	8,957	171	9,128
	1,551	-287	-	1,264	-183	1,081
	1,551	**-287**	**0**	**10,221**	**-12**	**10,209**
	-	-	1,061	1,722	-	1,722
	-	-	-15,817	-15,817	-	-15,817
	-	-	-	-8,644	-	-8,644
	-	-	-	-2,349	-1,373	-3,722
	-	-	-	-	21,543	21,543
	-	-	-	-12,356	-	-12,356
	-	-	-	-431	-136	-567
	-	-	-	2,189	-	2,189
	4,546	**-647**	**-37,134**	**408,165**	**31,802**	**439,967**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2019

Figures in thousand €	Note	2019	2018
Cash flow from operating activities:			
Profit before tax		**20,408**	**29,608**
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of rights of use from leases	(13)	7,418	1,449
Amortisation / adjustments of intangible assets	(13)	22,579	11,933
Depreciation of investment property	(13)	318	151
Change in valuation allowances on trade receivables		-241	553
Other non-cash items		-2,535	13,057
Share of profit(-)/loss from associated companies		60	0
Interest expense and other finance costs	(14)	824	534
Financial income	(14)	-1,190	-9,427
		47,641	**47,858**
Changes in working capital:			
Increase/decrease(-) in provisions and deferred liabilities		-1,366	968
Increase(-)/decrease in receivables and other assets		-8,106	-5,871
Increase/decrease(-) in received payments	(40)	-978	1,162
Increase/decrease(-) in liabilities from trade payables and other liabilities		6,002	-4,129
Cash generated from operations		**43,193**	**39,988**
Interest paid		-283	-151
Interest received		713	535
Income taxes paid		-8,838	-9,786
Net cash flow from operating activities		**34,785**	**30,586**
Cash received from the sale of non-current assets		0	98
Payments made for the acquisition of tangible assets		-2,578	-1,133
Acquisition/production of intangible assets		-12,678	-9,849
Payments made for the acquisition of companies consolidated at equity		-7,825	0
Payments made for the acquisition of consolidated companies less cash acquired		-77,184	-19,956
Payments made for the acquisition of non-controlling interests without a change of control		-2,000	0
Purchase(-)/sale of available-for-sale securities		-12	5
Payments made for credits and loans granted		-9,392	0
Payments received from financial investments as part of short-term treasury management		32,907	34,283
Payments made for financial investments as part of short-term treasury management		-1,911	-32,907
Net cash flow from investing activities		**-80,673**	**-29,459**
Payments received from capital increase		0	131,167
Payments made for the costs of the capital increase		0	-4,316
Payments made for the repayment of bank loans	(13)	-2,015	-400
Dividends paid		-8,644	-9,064
Payments received from the exercise of stock options		158	211
Payments made for the repayment of other financial liabilities	(13)	-1,538	-1,514
Payments made to minority shareholders		-443	0
Payments made for lease liabilities	(19)	-6,210	0
Payments made for the acquisition of treasury shares		-19,511	-14,249
Net cash flow from financing activities		**-38,203**	**101,835**
Change in cash and cash equivalents impacting cash flow		**-84,091**	**102,962**
Cash and cash equivalents at the beginning of the period		205,245	100,459
Currency-related change in cash and cash equivalents		2,667	1,824
Cash and cash equivalents at the end of the period		**123,821**	**205,245**
Composition of cash and cash equivalents:			
Liquid funds, unrestricted		119,174	202,627
Liquid funds, restricted		4,647	2,618
Cash and cash equivalents at the end of the period		**123,821**	**205,245**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019

1. CORPORATE INFORMATION

RIB Software SE (the "Company") and its subsidiaries (together the "Group") are principally engaged in the design, development and sale of software solutions for the construction industry, software maintenance and the provision of consulting and support services for its customers.

The Company was incorporated in Germany on 07 October 1999 as a stock corporation and has been listed on the regulated market of the Frankfurt am Main Stock Exchange since February 2011. The Company was added to TecDAX, the stock index for the technology sector, on 22 September 2014. On 24 September 2018, the Company was also added to the SDAX.

The Company is registered in commercial register B (local court of Stuttgart) under the number HRB 760459. The Company's registered address is Vaihinger Strasse 151, D-70567 Stuttgart, Germany.

The Company's financial year is the same as the calendar year. The Consolidated Financial Statements were prepared in €o. In the absence of any note to the contrary, the amounts are rounded to the nearest thousand €o (€ thousand) and stated as such. Rounding differences may arise for individual items due to the fact that the figures are presented in € thousand.

On 18 March 2020, the Consolidated Financial Statements and Group Management Report of RIB Software SE were approved by the Managing Directors for submission to the Administrative Board. At its meeting on 25 March 2020, the Audit Committee of RIB Software SE will deal with the Consolidated Financial Statements. The Administrative Board shall approve the Consolidated Financial Statements at its meeting on 26 March 2020.

2. ACCOUNTING AND REPORTING PRINCIPLES

The Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the €opean Union during the financial years under review.

The additional disclosures required pursuant to Section 315e of the German Commercial Code (HGB) are contained in the Notes to the Financial Statements together with a reference to the corresponding paragraphs.

The IASB has adopted a number of new or revised standards, the application of which is mandatory for financial years beginning on 01 January 2019. The requirements resulting from the applied standards have been met in full and provide a true and fair view of the net assets, financial position and results of operations of the Group. For the purpose of preparing and compiling financial reporting for the periods under review, the Group has applied uniform accounting principles. All accounting policies described in Note (4) have been consistently applied throughout the period under review. The Consolidated Financial Statements were prepared on a historical cost basis, unless explicitly stated otherwise.

3. EFFECT OF NEW OR REVISED IFRS

The following standards and interpretations have been adopted for the first time in these Consolidated Financial Statements, as their adoption is mandatory, and they may have had an impact on our Consolidated Financial Statements.

- **IFRS 16 „Leases"**

  On 13 January 2016, the IASB published IFRS 16 „Leases". IFRS 16 governs the accounting treatment of leases and replaces the previously valid IAS 17 and the three lease-related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 introduces a uniform accounting model for the lessee, according to which, for all leases, the right of use must be recognised as an asset, while outstanding rental and lease payments must be recognised as a lease liability. The previous distinction between operating and finance leases no longer applies to the lessee. IFRS 16 does not result in any material changes for the lessor's accounting. The adoption of the standard is mandatory as of 01 January 2019. The Group has adopted IFRS 16 retrospectively with effect from 01 January 2019 (modified retrospective approach), according to which the cumulative effect of first-time adoption is recognised in revenue reserves. The previous year figures have not been adjusted. Further details on the definition of leases and the accounting policies to be applied in accordance with IFRS 16 are provided in the section „Lease agreements" in Note (4).

A. Definition of a lease

When adopting IFRS 16 for the first time, the Group decided to make use of a simplification provision for determining which agreements are to be classified as leases. Accordingly, the Group has applied IFRS 16 to all agreements that were previously classified as leases under IAS 17 and IFRIC 4. The agreements not previously classified as leases were not reviewed to determine whether they qualify as leases under IFRS 16. The classification of a lease according to IFRS 16 was applied to all agreements concluded or amended on or after 01 January 2019.

B. Group as lessee

The Group is a lessee in respect of various assets, in particular, real estate, technical equipment and vehicles. In the past, these rental and lease agreements were predominantly classified as operating leases in accordance with IAS 17. In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for most of these leases from 01 January 2019.

On transition to IFRS 16, the lease liabilities for these leases were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as of 01 January 2019. The value in use was measured at the carrying amount that would have been determined if IFRS 16 had been applied from the date of provision, discounted at the Group's incremental borrowing rate as of 01 January 2019.

The Group tested its rights of use for impairment at the time of transition and concluded that there were no indications of any material impairment of the rights of use.

The Group has made use of several simplification provisions when adopting IFRS 16 for the first time in respect of leases that had been classified as operating leases under IAS 17. In detail:

- neither rights of use nor lease liabilities are recognised for leases whose term ends within 12 months after the date of first-time adoption,
- no rights of use or lease obligations are recognised for lease liabilities where the underlying asset is of low value,
- the initial direct costs are not considered when measuring the right of use at the time of first-time adoption,
- a uniform discount rate is applied to a portfolio of leases with similar characteristics,
- current knowledge is taken into account when determining the term of agreements with extension or termination options.

C. Group as lessor

The Group is a lessor within the meaning of IFRS 16 as a result of leasing its investment property, comprising three office properties owned by the Group in the USA and China. The Group had classified these rental or lease agreements as operating leases. The lease payments received in the period are shown under other operating income, we refer to Note (19).

At the date of transition to IFRS 16, the Group is not required to make adjustments for leases in which it is the lessor, except for subleases. Only key leases have been identified in the Group.

D. Effect on the financial statements

In measuring lease liabilities from operating leases, the Group discounted the lease payments at its incremental borrowing rate as of 01 January 2019. The weighted average incremental borrowing rate is 3.2%.

At the time of first-time adoption, i.e. 01 January 2019, rights of use (including finance leases) amounting to € 14,081 thousand and lease liabilities of € 14,429 thousand were recognised. The cumulative effect of first-time adoption resulted in a reduction in revenue reserves of € 348 thousand.

The following table shows a reconciliation of the liabilities from operating lease agreements reported in the Consolidated Financial Statements as of 31 December 2018 to the lease liabilities reported at the time of first-time adoption.

Figures in thousand €	
Other financial obligations from operating leases in accordance with IAS 17 as of 31 December 2018	11,624
Transition simplification for short-term leases	-147
Transition simplification for leases of low-value assets	-103
Payments for extension options	2,780
Changed measurement of the contractual conditions of the lease	620
Miscellaneous	868
Obligations from operating leases (undiscounted)	15,462
Effect from discounting	-1,213
Lease liabilities as of 01 January 2019	**14,429**

For the reporting year, there was a positive effect of € 6,165 thousand on EBITDA, as some of the costs that were previously included in functional costs as rental or lease expenses are now recognised as interest expenses from lease liabilities and as amortisation of rights of use.

In the consolidated cash flow statement, rental and lease payments were previously included in net cash flow from operating activities. With the introduction of IFRS 16, the repayments of lease liabilities are now presented in net cash flow from financing activities, while the interest portion continues to be included in net cash flow from operating activities.

- **IFRIC 23 „Uncertainty over Income Tax Treatments"**

IFRIC 23 „Uncertainty over Income Tax Treatments" was published in June 2017. IFRIC 23 was adopted by the EU in October 2018. IFRIC 23 is mandatory for financial years beginning on or after 01 January 2019. The adoption of IFRIC 23 has not had any material impact on the Group's net assets, financial position and results of operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which control is obtained. Full consolidation ends at the time when the controlling influence ends. For the purpose of preparing financial information, the annual financial statements of the subsidiaries are prepared uniformly in accordance with the accounting principles used by the parent company. In the context of the consolidation, all income, expenses and unrealised gains and losses resulting from transactions within the Group are eliminated in full.

A change in the ownership interest in a subsidiary without a loss of control is accounted for as an equity transaction.

Subsidiary

A subsidiary is a company over which RIB Software SE exercises control. The Company is considered to have control of a subsidiary if it has power of disposal over it. This means that the Company has existing rights that give the Company the current ability to control the key activities of the subsidiary. Such activities are those that have a material impact on the subsidiary's returns. Furthermore, the Company is exposed to fluctuations in returns resulting from its involvement in the subsidiary, or is entitled to such returns, and has the ability to influence these returns by exercising its power of disposal over the subsidiary.

Joint ventures and associated companies

A joint venture is a joint arrangement whereby the parties that exercise joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed, jointly exercised management of an agreement. Such joint control is only deemed to apply when decisions on the key activities require the unanimous consent of the parties involved in joint control.

An associated company is a company over which RIB Software SE has significant influence. Significant influence is understood as the power to participate in the financial and operating policy decisions of the company in which the investment is held. There is neither control nor joint control of the decision-making processes.

In these financial statements, the results, assets and liabilities of joint ventures and associated companies are accounted for using the equity method. Under the equity method, investments in joint ventures and associated companies are carried in the consolidated balance sheet at cost, adjusted for changes in the Group's share in the profit or loss and in the other comprehensive income of the associated company or joint venture.

The provisions of IFRS 9 are applied to determine whether there are any indications that the investments in associated companies or joint ventures are impaired. If an impairment test is required, the carrying amount of the investment is tested for impairment in accordance with the provisions of IAS 36. For this purpose, the recoverable amount, i.e. the higher of value in use and fair value less costs to sell, of the investment is compared with its carrying amount. Any resulting impairment loss is offset against the carrying amount of the investment.

Companies included at amortised cost

Non-consolidated subsidiaries, associated companies, joint ventures and joint activities that, due to their inactive or minor business operations, either individually or in the aggregate, are immaterial both to the Group and with regard to presenting a true and fair view of the Group's net assets, financial position and results of operations, are generally included in the Consolidated Financial Statements at amortised cost.

Consolidated group

The Consolidated Financial Statements are based on the individual financial statements of all consolidated companies prepared in accordance with the respective national commercial law, taking into account adjustments to IFRS accounting. With these adjustments in mind, the financial statements of all consolidated companies are based on uniform accounting policies.

The balance sheet date of all consolidated companies was 31 December 2019.

In addition to RIB Software SE as parent company, the scope of consolidation includes the following companies:

	Domestic	Foreign
Fully consolidated companies	16	77
Joint ventures	2	0
Associated companies	1	4
Companies not consolidated due to their immateriality	0	6

The balance sheet totals of companies not consolidated due to their immateriality amounted to less than 1% of the consolidated balance sheet total. Their total revenue and earnings after taxes also accounted for less than 1%. The companies, both individually and in the aggregate, were immaterial with regard to providing a true and fair view of the Group's net assets, financial position and results of operations.

An overview of all companies included in the Consolidated Financial Statements and the shareholdings pursuant to Section 313 of the German Commercial Code (HGB) is presented in Note (49).

Goodwill

In the case of acquisitions of companies, goodwill is the difference between the purchase price and the fair values of the existing assets, liabilities and contingent liabilities attributable to the Group at the time of acquisition on a pro rata basis.

Goodwill arising from a company acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any write-downs due to impairment.

The carrying amounts of all goodwill are tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. The Group carries out the annual impairment tests in the fourth quarter of each financial year. For the purpose of impairment testing, the respective goodwill at the time of acquisition is allocated to the cash-generating unit or group of cash-generating units for which benefits from synergy effects are expected, irrespective of whether other assets or liabilities of the Group have been allocated to this unit or group of units.

Impairment is determined by calculating the recoverable amount of the (group of) cash-generating unit(s) to which the goodwill was allocated. If the recoverable amount of the cash-generating unit or group of cash-generating units is lower than the carrying amount, an impairment loss is recognised. Any impairment loss recognised for goodwill is not reversed at a later date.

If goodwill forms part of a cash-generating unit or a group of cash-generating units and part of this unit is disposed of, the goodwill contained in the unit is included in the carrying amount of the disposed unit when determining the gain or loss on disposal. In this case, the goodwill disposed of is determined based on the ratio of the cash-generating unit disposed of to the remaining cash-generating unit.

Impairment testing of non-financial assets other than goodwill

If there are indications of impairment or if an annual impairment test is required for an asset (for assets other than goodwill, financial assets or deferred taxes), the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the fair value must be determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Value in use is determined by estimating the present value of future cash flows using a pre-tax discount rate that reflects current market risks, the inflation rate and risks specific to the asset. An impairment charge is recognised in the income statement in the financial year in which it arises.

An impairment test is carried out at the end of each financial year, even if there are indications that a previously recognised impairment loss may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is only reversed if there has been a change in the factors applied to determine the recoverable amount of that asset. The reversal is limited to the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of any such impairment loss is recognised in the income statement in the financial year in which it arises.

Related companies and persons

A company or person is treated as related if the following conditions are met:

a) When, either directly or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is subject to joint control by, the reporting company; (ii) holds an investment in the repor ting company that enables it to exercise a significant influence over the same; or (iii) exercises joint control over the company;

b) If the party is an associated company or a joint venture;

c) If the party holds a key position in the reporting company or its parent company;

d) If the party is a close family member of a natural person referred to in letters (a) or (c);

e) If the party is a company in which one of the natural persons set forth in letters (d) or (e) exercises control, joint control or significant influence, or directly or indirectly holds a significant share of the voting rights in the company.

Property, plant and equipment and depreciation

Items of property plant and equipment are measured at acquisition cost less scheduled depreciation and impairment charges. The cost of an item of property, plant and equipment includes the purchase price as well as all incurred costs that are directly attributable to bringing the asset to its working condition and to its location. Expenses for property, plant and equipment that are incurred subsequently, such as repair and maintenance costs, are recognised in the consolidated income statement in the financial year in which they are incurred. If significant parts of an item of property, plant and equipment have to be replaced at intervals, they are capitalised as individual assets with discrete useful lives and depreciation amounts.

With the exception of assets under construction, property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives of items of property, plant and equipment are as follows:

Land and buildings	25 - 50 years
Furniture, fixtures and fittings	2 - 20 years
Office and technical equipment	2 - 20 years
Vehicles	3 - 6 years

Fully depreciated assets continue to be recorded in fixed asset accounting until their disposal. No further depreciation is charged on these assets.

Where parts of an item of property, plant and equipment have different useful lives, the acquisition costs are allocated to the respective parts and depreciated separately.

Residual values, useful lives and depreciation methods are reviewed and adjusted as necessary at least at the end of each financial year.

An item of property, plant and equipment as well as any significant part of such an item that is accounted for separately is derecognised on disposal or when no future economic benefits are expected from its use. Any gains or losses from disposals or scrapping are recognised in the consolidated income statement in the year of disposal in the amount of the difference between the proceeds from disposal and the carrying amount.

Intangible assets (other than goodwill)

All intangible assets of the Group have a limited useful life. Intangible assets are amortised on a straight-line basis over their useful lives and are subject to an impairment test if there are indications of impairment. The amortisation period and the amortisation method are reviewed at the end of each reporting year at the latest.

Capitalised development costs

Research costs are recognised through profit or loss in the income statement. Expenses for the development of new software are only capitalised and deferred to the extent that the Group can demonstrate that the completion of the intangible asset is technically feasible, the asset is available for sale or can be used by the Company itself, its completion is intended, the Company is in a position to sell the asset or use it itself, how the asset will generate future economic benefits, that the technical and financial resources are available for its completion and that the expenses during the development phase can be reliably determined. Development costs that do not meet these criteria are recognised as expenses.

Capitalised development costs of software are amortised on a straight-line basis over the estimated useful life of the software, which is either five or ten years, starting from the date on which the software is commercialised.

The carrying amount of internally developed software is subject to an impairment test whenever events or circumstances occur that indicate that the carrying amount does not correspond to the recoverable amount. If there are indications of impairment, the recoverable amount is estimated and, if it is less than the carrying amount, the impairment loss is recognised in the income statement. Internally developed software that is not yet ready for use is subject to an annual impairment test.

Gains and losses on disposal of intangible assets are recognised in the income statement in the amount of the difference between the proceeds from the sale and the carrying amount of the intangible asset at the time of disposal of the asset.

Purchased technology

Technologies acquired in business combinations are amortised on a straight-line basis over their estimated useful life of 5 years.

Purchased software

Acquired software includes the acquisition costs of IT software that is used internally within the Group and which is not used to generate sales. Acquired software is capitalised at acquisition cost including implementation costs. The acquisition costs are amortised on a straight-line basis over the estimated useful life of three to five years.

Expenses for software maintenance are immediately recognised as an expense in the income statement.

Reacquired software rights

Reacquired software rights include the acquisition costs for software that was repurchased by the Group in connection with a company acquisition in the financial year 2018. The carrying amount of the repurchased software is amortised over its remaining useful life of eight years and six months.

Customer relationships

Customer relationships resulting from company acquisitions are amortised on a straight-line basis over their estimated useful lives of eight to nine years.

Lease agreements

At the inception of an agreement, the Group assesses whether the agreement constitutes or contains a lease. This is the case if the agreement entitles the Group to control the use of an identified asset for a specified period in return for payment of a fee. In order to assess whether an agreement contains the right to control an identified asset, the Group applies the definition of a lease in accordance with IFRS 16.

A. Group as lessee

On the date of provision, an asset for the right of use granted, and a lease liability are recognised by the Group. The right of use is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the provision date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the asset to working condition or the site on which it is located, less any lease incentives received.

The right of use is then amortised on a straight-line basis over the shorter of its useful life or the lease term, starting from the date of provision, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right of use reflects the fact that the Group will exercise a purchase option. In this case, the right of use is amortised over the useful life of the underlying asset, which is determined in accordance with the rules applicable to property, plant and equipment. In addition, the right of use is continuously adjusted for impairment where necessary and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments not yet made at the inception of the lease, discounted at the interest rate implicit in the lease, if practicable, or else at the Group‘s incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

To determine its incremental borrowing rate, the Group obtains interest rates from various external sources and derives risk-adjusted interest rates from these sources, taking into account the term and currency area of the lease, in order to reflect the lease terms and the nature of the asset. The lease payments included in the measurement of lease liabilities comprise:

- fixed payments
- variable lease payments linked to an index,
- amounts expected to be paid under a residual value guarantee, and
- the exercise price of a purchase option if the Group is reasonably certain to exercise it, lease payments for a renewal option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease, unless the Group is reasonably certain not to terminate the lease prematurely.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured if future lease payments change due to an index change, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, renewal or termination option or if a de facto fixed lease payment changes.

If the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use or, if the carrying amount of the right of use has been reduced to zero, this adjustment is recognised through profit or loss.

B. Group as lessor

Where the Group is the lessor, it classifies each lease as either an operating or finance lease at the inception of the lease. The Group is only a lessor in connection with the lease of investment property. These leases are operating leases. The leased property is accounted for in accordance with IAS 40. For more information, we refer to our comments in the section „Investment property“ in this Note.

Investment properties

Land and buildings that are not used, or are used only to an insignificant extent, to provide services or for administrative purposes, but are held in order to generate rental income and/or for capital appreciation, are classified as „investment property“ in accordance with IAS 40. The same applies to properties whose future use is currently undetermined. This balance sheet item does not include any property under operating leases.

In accordance with IAS 40, investment property is measured at acquisition or production cost upon acquisition. If the incidental acquisition costs are directly attributable, they are also capitalised. On acquisition, the acquisition or production costs of the properties are divided between land and buildings. Subsequent acquisition or production costs are capitalised insofar as an additional future benefit arises; maintenance costs are immediately recognised in the consolidated income statement.

Subsequent measurement of investment properties is carried out uniformly according to the cost model. Scheduled depreciation of investment properties begins as soon as they are in the operational condition as intended by the Management. An impairment test is carried out if there are specific indications of impairment of the investment properties. If the recoverable amount falls below the carrying amount, an impairment charge is recognised.

Inventories

Merchandise carried as inventories is carried at cost in accordance with IAS 2. Merchandise is measured at the balance sheet date at the lower of cost or net realisable value. The net realisable value is the estimated selling price less directly attributable costs to sell incurred until the sale. If the net realisable value is lower than the cost of acquisition, inventories are written down. If the reasons that led to a write-down no longer exist, the write-down is reversed accordingly.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. It is initially recognised when the Group becomes a party to a corresponding contract. Financial assets and financial liabilities are generally presented separately. In the case of purchases or sales of financial assets at normal market conditions, both the initial recognition and the disposal by the Group are based on the trading date.

Financial instruments are initially recognised at fair value. For the purpose of subsequent measurement, financial instruments must be classified at the time of initial recognition. Financial assets are allocated to the measurement categories set out in IFRS 9 „Financial Instruments“ based on the Group‘s business model for managing financial assets and the characteristics of the contractual cash flows. These categories are as follows: (i) financial assets measured at amortised cost, (ii) financial assets measured at fair value with no effect on profit or loss, and (iii) financial assets measured at fair value through profit or loss. Once they have been initially recognised, their classification no longer changes, unless the Group changes its business model for managing financial assets. If a financial asset is to be measured at fair value with no effect on profit of loss, directly attributable transaction costs are taken into account in determining the carrying amount.

Financial assets

The Group‘s financial assets include, in particular, money market and investment funds, corporate bonds, trade receivables, other receivables, time deposits, other financial assets and cash and cash equivalents.

The business model is determined at portfolio level according to the intentions of the Management and the treatment of past business transactions. Cash flows are reviewed based on the individual financial assets.

Financial assets valued at amortized acquisition costs

Financial assets are measured at amortised cost if the objective of the business model is solely to hold the financial asset in order to collect contractual cash flows („hold“ business model) and the contractual terms of the financial asset result in cash flows at specified dates consisting solely of principal and interest payments on the outstanding principal amount. After initial recognition, the financial asset is measured at amortised cost using the effective interest rate method less impairment losses. Interest income, currency translation differences and impairments are recognised in profit or loss. Any income or expense resulting from derecognition is recognised through profit or loss.

Financial assets measured at fair value with no effect on profit or loss

Financial assets are measured at fair value with no effect on profit or loss if the objective of the business model is to hold the financial asset to collect contractual cash flows or to sell the financial assets („hold and sell“ business model) and the contractual terms of the financial asset result in cash flows at specified times that consist exclusively of principal and interest payments on the outstanding nominal amount. This category also includes equity instruments that are not held for trading and for which the option to recognise changes in fair value in other comprehensive income has been exercised. After initial recognition, they are measured at fair value with no effect on profit or loss, with unrealised gains and losses recognised in other comprehensive income. If the financial assets are debt instruments, interest income calculated using the effective interest rate method, currency translation differences and impairments are recognised through profit or loss. When a debt instrument is derecognised, the accumulated other comprehensive income is reclassified to profit or loss. If the financial assets are equity instruments, dividends are recognised through profit or loss when the legal right to receive them arises. On disposal of the equity instruments, the cumulative gains and losses are reclassified from other comprehensive income to revenue reserves with no effect on profit or loss.

Financial assets measured at fair value with an effect on profit or loss

Financial assets are measured at fair value through profit or loss if the terms of the contract do not result in cash flows at fixed dates consisting solely of principal and interest payments on the outstanding principal amount. This item also includes financial assets that are neither allocated to the „hold“ business model nor to the „hold and sell“ business model. The Group has not made use of the option to designate a financial asset as at fair value through profit or loss.

Impairment of financial assets

Impairment losses are recognised from the initial recognition of financial assets at each balance sheet date based on expected credit losses. Impairment losses are recognised for financial assets measured at amortised cost and for financial assets from debt instruments measured at fair value with no effect on profit or loss.

The expected credit loss approach uses a three-level approach to allocate impairment losses:

Level 1 includes all financial assets without a significant increase in default risk since initial recognition. These are contracts whose payments are less than 30 days overdue. In assessing whether the risk of default has increased significantly, the Group considers appropriate and reliable information that is relevant and available at reasonable time and cost. In particular, a debt instrument is considered to have a low credit risk if its credit risk rating meets the global definition of “investment grade”. For a financial asset of this grade, an impairment loss is measured at the amount of the expected 12-month credit loss. This corresponds to the expected credit loss resulting from events of default that appear possible within twelve months of the balance sheet date or a shorter period.

If there has been a significant increase in the default risk of a financial asset, it is allocated to level 2. If a payment is more than 30 days overdue, this may indicate a significant increase in the default risk. However, this does not result in the asset being classified as credit-impaired. The expected credit losses are recorded as impairment losses, which are measured as possible payment defaults over the entire term of the financial asset. The Group applies a simplified approach to trade receivables, whereby these receivables are allocated to level 2 upon initial recognition. Accordingly, it is not necessary to assess whether there is a significant increase in credit risk.

If a financial asset is credit-impaired or there is a default, the financial asset is allocated to level 3. The expected credit losses are recognised as an impairment loss over the entire term of the financial asset. Objective evidence that a financial asset is credit-impaired includes a default of more than 90 days and further information about significant financial difficulties of the debtor.

In measuring expected credit losses, the following must be considered: a neutral and probability-weighted amount, the time value of money, and appropriate and reliable information available at the balance sheet date without undue cost or time. Expected credit losses are the probability-weighted estimates of credit losses and are measured as the present value of defaults. Defaults are measured as the difference between the payments that are contractually owed to the Group and the payments that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial asset.

Impairment losses for expected credit losses are recognised in the income statement and deducted from the gross carrying amount of the financial assets in the balance sheet. In the case of debt instruments measured at fair value with no effect on profit or loss, they are recognised directly in other comprehensive income with no effect on profit or loss.

Derecognition of financial assets

Financial assets are derecognised if, based on reasonable estimates, the Group does not believe that the financial asset is fully or partially realisable. The Group does not expect any significant recovery of the derecognised amount after derecognition. Nevertheless, in accordance with the Group's policy, derecognised financial assets may be subject to enforcement action aimed at recovery.

Financial liabilities

Financial liabilities of the Group include, in particular, derivative financial liabilities in connection with company acquisitions, trade payables, other financial liabilities and bank liabilities.

All financial liabilities are initially recognised at fair value, less directly attributable transaction costs, where applicable. For the purpose of subsequent measurement, a financial liability is classified upon initial recognition. Financial liabilities are allocated to the following measurement categories set out in IFRS 9 „Financial Instruments": (i) financial liabilities measured at amortised cost and (ii) financial liabilities at fair value through profit or loss.

Financial liabilities valuated at amortized acquisition costs

In principle, all financial liabilities are measured at amortised cost after initial recognition using the effective interest rate method. Resulting interest expenses and income as well as foreign currency translation differences are recognised in the income statement as „financial expenses" or „financial income", respectively.

Financial liabilities valuated at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading. Derivatives that are not included in hedge accounting as hedging instruments are classified as held for trading. All gains and losses on financial liabilities held for trading must be recognised through profit or loss.

The Group's liabilities measured at fair value through profit or loss relate exclusively to derivatives in connection with purchase price liabilities and contingent consideration from business combinations. For more information, please refer to our comments in Note (39).

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations are fulfilled or cancelled, or when they expire. If an existing financial liability is replaced by another liability to the same lender on substantially different contractual terms, or the terms of an existing liability are substantially modified, such replacement or modification is treated as a derecognition of the original liability and the addition of a new liability, with the difference between the respective carrying amounts recognised in the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and presented as a net amount in the consolidated balance sheet when there is currently an enforceable legal right to offset the recognised amounts against one another and there is an intention to either settle the amounts on a net basis or to realise the asset while at the same time settling the liability.

Fair value of financial instruments

The fair value of financial instruments traded in an active market is determined on the basis of quoted bid prices or price quotations from dealers (bid price for long positions and ask price for short positions), without deduction of transaction costs.

Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be realised primarily through sale and not through continued use. In general, these assets are carried at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Items of property, plant and equipment and investment property are no longer subject to scheduled depreciation once they have been classified as held for sale.

Cash and cash equivalents

For the purposes of the consolidated cash flow statement and the consolidated balance sheet, cash and cash equivalents comprise cash and demand deposits, including time deposits, and securities with a maturity of less than three months.

Equity

An equity instrument is any contract that gives rise to a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments are recognised in the amount of the issue proceeds received less directly attributable issue costs.

Debt capital and equity instruments issued by a Group company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement. For the RIB Group, this distinction is particularly important when treasury shares are transferred as part of company acquisitions. In accordance with the provisions of IAS 32.21 et seq., contractual obligations are classified as equity instruments if the Group is obliged to deliver a fixed number of treasury shares to settle an obligation. If, however, the obligation consists in delivering a variable number of treasury shares, the amount of which is measured in such a way that the fair value of the Group‘s equity instruments to be delivered corresponds to the amount specified in relation to the contractual obligation, the agreement is recognised as a financial liability.

Treasury shares

Treasury shares are not capitalised but deducted from equity. The deduction is made in a separate item in the amount of the total acquisition costs (one-line adjustment). The purchase, sale, issue and retirement of treasury shares have no effect on profit or loss. A subsequent reissue of treasury shares is treated as a new issue of shares. Proceeds from the reissue of treasury shares are recorded in the amount of previous acquisition costs, offsetting the deduction from equity. Any proceeds in excess of this amount are allocated to the capital reserve. If the proceeds from the reissue fall below the previous acquisition costs, the capital reserve is released proportionately. The Group cannot exercise voting rights associated with its treasury shares and neither do any dividends accrue on treasury shares.

Non-controlling interests

The components of non-controlling interests in business combinations are measured at fair value or the proportionate share of the acquiree‘s net identifiable assets at the acquisition date. The Group makes individual decisions regarding the valuation technique to be used for each business combination.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provided that the amount of the obligation can be reliably estimated. Where the effect of discounting is material, the provision is measured at the present value at the end of the reporting period by discounting the future expenditure expected to be required to settle the obligation. The increase in the present value resulting from the passage of time is recognised in the income statement.

If the recognition criteria for provisions are not met but the possibility of an outflow of resources embodying economic benefits upon settlement is not improbable, a contingent liability is disclosed. A contingent liability is also disclosed if a possible obligation arises from past events and its existence depends on the occurrence or non-occurrence of future events which are not entirely within the control of the Group.

Income taxes

Taxes on income and earnings comprise current and deferred taxes. Taxes on earnings relating to items recognised outside the income statement are also recognised outside the income statement, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred taxes are recognised using the balance sheet-oriented „temporary concept“ for all temporary differences that arise at the end of the reporting period between the carrying amount of an asset or liability as stated in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences, except in the following cases:

- deferred tax liabilities arising from the recognition of goodwill or the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit (tax loss); and

- deferred tax liabilities relating to investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, for carry-forward of unused tax credits and for tax loss carry-forwards to the extent that it is probable that taxable profit will be available, against which the deductible temporary difference, the unused tax credits, the carry-forward of unused tax credits and the tax loss carry-forwards can be utilised, except:

- where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss); and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and that taxable profit will be available, against which the deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred taxes are reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the asset is realised or the liability is settled. The applied tax rates (and tax laws) are those that are valid or announced as of the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset against each other if a legally enforceable right exists to offset current tax assets against current tax liabilities and if the deferred taxes relate to the same taxable entity and the same tax authority.

Value-added tax

Revenue, expenses and assets are presented at their net value less value-added tax, except in the following cases:

- if the value-added tax from the purchase of assets or services is not refundable by the tax authorities. In this case, the VAT is recognised as part of the cost of the asset or as part of the expense item; or

- receivables or liabilities that are presented in such a way that the respective value-added tax is included.

The net amount of the value-added tax to be refunded by or paid to the tax authorities is presented in the consolidated balance sheet under receivables or payables.

Revenue realization

The Group recognises revenue from contracts with customers in connection with the sale or transfer of goods and the provision of services to customers in the amount of the consideration that is expected to be received in exchange for those goods or services.

Revenue from the sale of software solutions often includes combinations of software sales and the provision of training, maintenance or other services. If an amount for services not yet provided can be determined in the selling price of a software solution, that amount is deferred and recognised as revenue over the period in which the services are provided. The amount to be deferred is determined by allocating the transaction price to the identified performance obligations in proportion to their individual selling prices. If acceptance by the customer is required, revenue is recognised upon acceptance by the customer or after the acceptance period has expired.

In addition to these basic criteria, there are specific revenue recognition policies for each of the Company‘s major markets, namely (a) the sale of perpetual rights to use the Company‘s software solutions („licence model"), (b) the provision of the Company‘s software solutions for a limited period as Software as a Service („subscription model"), (c) the sale of software solutions from other manufacturers, (d) the provision of support services, (e) the provision of services and other consulting services, and (f) e-commerce.

(a) Sale of software solutions in the licence model

Revenue is derived from licence fees generated from the sale of non-exclusive, perpetual rights to use the Group‘s software solutions to customers. Revenue is recognised at the time when the customer gains power of disposal in respect of the acquired software licences. As a result of the granted right to use the software for an unlimited period, the customer is deemed to have gained power of disposal as soon as they have access to the acquired software licences.

As a rule, we invoice fees for software licences after conclusion of the contract and delivery. In the context of large orders, payment plans are agreed with customers in individual cases.

(b) Sale of software solutions in the subscription model

Revenue results from the provision of software solutions for temporary use, whereby an ongoing fee is charged.

In the subscription model, in addition to the actual provision of software, we usually provide customers with a range of additional services, such as update services, hotline services or managed services in connection with the operation of software and the IT infrastructure. We generally classify such arrangements as the granting of rights to access our intellectual property and recognise revenue over the period in which the services are performed.

If, in exceptional cases, no further performance obligations are agreed in addition to the temporary provision of software, and if it can be reasonably assumed that the customer does not expect us to carry out any activities during the period of provision that have a material effect on the software provided, we classify the agreement as the granting of a right to use the software in the version (in form and function) at the time the licence is granted. In this case, we recognise revenue as soon as the customer has access to the provided software.

As a rule, we invoice fees for the transfer of software in the subscription model annually or quarterly in advance. These advance payments represent contractual liabilities and are presented under deferred income.

c) Sale of software solutions from other manufacturers

In addition to software solutions in which the RIB Group has exclusive ownership rights, some Group companies also market software solutions from other manufacturers, including related services. In these configurations, when recognising revenue, we make a distinction depending on whether we act as principal or agent as defined by IFRS 15.B34 et seq.

We regularly act as an agent if we ourselves do not obtain power of disposal in respect of third-party software or services provided by another manufacturer and our service obligation is limited to instructing the manufacturer to deliver the software or provide a specific service to the customer. This configuration usually occurs when we sell software solutions from other manufacturers as a so-called value-added reseller. In these cases, we recognise as revenue only that portion of the consideration paid by the customer that remains after deducting the fee or commission payable to the manufacturer. Revenue is recognised at the time of sale, regardless of whether the other manufacturer grants the customer a perpetual right to use the software, or whether the software is made available to the customer for a limited period, or over which period the service is provided.

As a rule, we charge fees for services that we have provided as an agent after the contract has been concluded and the manufacturer has performed the service.

Where we act as principal rather than agent, we recognise revenue in accordance with the general principles described in the other sections.

(d) Provision of support services

The Group generates income from the provision of support services to customers who have acquired perpetual software usage rights from the Group under the licence model. In particular, the agreements concluded in this context allow customers to use hotline services and the latest software versions. The customers benefit from the support services at the same time as we provide them. The Group recognises the revenue from the provision of support services over the period of the support agreements in proportion to the elapsed time.

As a rule, we invoice fees for support services annually or quarterly in advance. These advance payments represent contractual liabilities and are presented under deferred income.

(e) Provision of services and other consulting services

The Group provides services to support its customers through the implementation of software. These services are usually based on project agreements with customers in which prices and time frames for the provision of services are agreed. The Group also provides consulting services in connection with the planning and management of construction and infrastructure projects. The Group generally recognises revenue from the provision of services and other consulting services over the period in which the services are provided.

Where contracts for work and services are concluded with customers, revenue from these agreements is recognised over the respective period using the percentage-of-completion method. This is based on the ratio of contract costs incurred to date to the estimated total costs required to complete the projects. As soon as it becomes probable that the total costs of a contract will exceed the total revenue, the expected losses are immediately recognised as an expense. The determination of the stage of completion of the service using the method described above results in a true and fair view of the transfer of the services to the customer, as the relevant costs relate, in particular, to internal personnel costs and costs for external companies providing the agreed services. In determining the expected total costs required, we take into account our experience from similar projects that have previously been completed.

As a rule, we invoice fees for services and other consulting services after the service has been provided or in accordance with contractual payment plans. Advance payments received represent contractual liabilities and are reported under deferred income, unless they are offset against the contractual assets when applying the percentage-of-completion method.

(f) Sale of merchandise
InIn the business segment xTWO (E-Commerce), the Group generates revenue from trading in building materials, particularly in the sanitary sector. This revenue is recorded after the ordered goods have been delivered. At that time, the Group is deemed to have fulfilled its performance obligations. Due account is taken of customer return rights, whereby revenue is reduced by an estimated return rate based on empirical values.

As a rule, we invoice fees for merchandise after delivery. If we receive advance payments on orders received, these contractual liabilities are presented under other liabilities.

(g) Significant financing component
If the interval between the transfer of the promised goods / services to the customer and the agreed payment date is longer than one year, we take the financing component into account when determining the transaction price of the goods and services transferred. Interest income resulting from the financing component is recognised pro rata temporis using the effective interest rate method.

(h) Additional costs in the initiation of a contract
We make use of a simplification provision with regard to the capitalisation of additional costs incurred in the initiation of contracts and recognise these directly as expenses, since the amortisation period for these costs does not normally exceed one year. These costs are immaterial to the net assets, financial position and results of operations of the Group.

(i) Contract balances
Contractual assets arising from the fulfilment of contractual performance obligations within the framework of contracts for work and services and before an unconditional entitlement to the consideration arises are presented under other non-financial assets.

Contractual liabilities relate to the item “deferred income” and to advance payments received on orders, which are recorded under other liabilities. Deferred income includes revenue (and in individual cases, other income) from services of the Group which have already been invoiced to customers or paid by customers but which cannot yet be recognised through profit or loss because the services have not yet been provided as of the end of the reporting periods.

Government grants
Government grants are recognised when it is reasonably certain that the grants will be received and all related conditions will be complied with. If the grant relates to an expense item, it is recognised in profit or loss as an expense item on a systematic basis over the periods necessary to match the grant to the Company’s expenses that are intended to be covered by the grant.

Foreign currencies
The Consolidated Financial Statements are prepared in €o (€), which is the functional and presentation currency of the Group. Each company within the Group (Group companies) determines its own functional currency. In the annual financial statements of the Group companies, transactions denominated in currencies other than the functional currency of the Group company (foreign currency) are translated at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the end of the reporting period using the exchange rate at the balance sheet date. The resulting translation differences are recognised through profit or loss. Non-monetary items whose acquisition costs were measured in a foreign currency are measured at the exchange rates prevailing at the time of the original transaction. Non-monetary items in foreign currency that are measured at fair value are translated at

the exchange rate at the date on which the fair value is determined.

Currencies other than the €o are designated as the functional currencies of some of the foreign Group companies. At the end of the financial year, the assets and liabilities of the Group companies are translated into the presentation currency of the company at the exchange rates prevailing at the balance sheet date. Income and expenses are translated using the weighted average exchange rate for the financial year. The resulting translation differences are recognised in other consolidated income and accumulated in the foreign currency translation reserve.

When a foreign operation is sold, the resulting components of other comprehensive income are reclassified to the income statement.

All goodwill arising on the acquisition of foreign operations and all adjustments to the fair values of identifiable assets and liabilities are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the balance sheet date. The resulting translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Employee benefits

(a) Pensions and similar obligations
The Group has both defined benefit plans and defined contribution plans for its employees.

The provisions for defined benefit plans presented in the consolidated balance sheet are recognised at the present value of the defined benefit obligation as of the consolidated balance sheet date.

Defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of defined benefit obligations is determined by discounting expected future cash outflows at a rate that reflects the yield on high-quality fixed-interest securities / corporate bonds denominated in the currency in which the benefits are paid and whose remaining terms correspond to those of the pension obligations. In accordance with IAS 19, „remeasurements“ are recognised in other comprehensive income immediately as they arise. Remeasurements comprise all actuarial gains and losses from the development of the obligation. They also include settlements provided for in the benefit plan from the outset, insofar as they deviate from the amounts expected on the basis of calculations.

In accordance with IAS 19, the item "remeasurements" consists of

- actuarial gains/losses, plus
- the portion of actual return on plan assets that exceeds the return on plan assets based on the assumed interest rate, plus
- the change in an asset ceiling if it differs from the assumed interest rate.

In accordance with the provisions of IAS 19, the defined benefit expense in the income statement is broken down into (i) service cost and (ii) net financing cost or income.

Service cost includes the current service cost, i.e. the cost of benefit entitlements newly arising in the reporting period, all effects of plan amendments attributable to past service periods and all effects of plan curtailments.

In accordance with IAS 19, the term “plan curtailments” includes the reduction in the number of pension beneficiaries. In addition, gains/losses from settlements are taken into account in the service cost unless they are already provided for in the plan and included in the underlying assumptions.

In order to determine the net interest, the balance sheet value (generally, the difference between the obligation and the plan assets), adjusted for payments made during the year, bears interest at the discount rate used to measure the pension obligation.

For defined contribution plans, the Group pays voluntary contributions to publicly or privately administered pension insurance institutions due to statutory or contractual obligations. Once the Group has paid its contributions, it has no further payment obligations. When due, these contributions are recognised through profit or loss as employee benefit expense. Prepaid contributions are deferred as assets to the extent that a right to reimbursement exists or future contributions are thus reduced.

(b) Other post-employment benefits
These post-employment benefits are defined benefit plans under which employees receive lump-sum severance payments following termination of employment. The amount of severance payments is based on the length of service and depends on whether the termination of employment is by the employee or by the employer.

A provision is recognised for obligations under the defined benefit plans as soon as the employee has been granted an entitlement from which the Group can no longer withdraw. The measurement of the obligations was based on the assumption that these would be settled in the short term. Provisions were therefore recognised in the amount of the non-discounted expected cash outflows. The change in provisions recorded in the reporting period was recorded in full as a service cost.

(c) Other long-term employee benefits
Other long-term employee benefits are severance obligations in connection with employee dismissals and departures. The amount of the obligation depends on the length of employment and amounts to two monthly salaries after three years of service, three monthly salaries after five years of service up to a maximum of twelve monthly salaries for 25 years of service. The payment is due immediately upon termination of the employment relationship in the amount of a maximum of three monthly salaries. Any entitlement of the employee in excess of this, i.e. from the fourth monthly salary, is payable in monthly instalments from the first day of the fourth month after the end of the employment relationship.

The severance payment obligations were measured actuarially as of the balance sheet date using the PUC (projected unit credit) method. The respective age of the employees, the remaining period of service, the date of joining the company and the amount of salary were taken into account as the basic parameters.

Reinsurance policies were concluded with a view to covering severance payment obligations. The resulting entitlements are measured at the surrender value as of the balance sheet date. Insofar as the insurance policies have been pledged in favour of the entitled recipient, the obligations are offset against the entitlements.

(d) Employee leave entitlements
Employee leave entitlements are recognised at the time at which they arise. A leave provision is recognised in the amount of the estimated remaining leave obligation based on the services rendered by employees by the end of the financial year.

(e) Share-based remuneration
Share-based remuneration includes plans paid out in cash as well as remuneration plans paid out with equity instruments. The fair values for both types of remuneration plans are determined on the day on which the remuneration is granted using a Monte Carlo simulation. The fair value of remuneration plans paid out with equity instruments is not remeasured in subsequent periods. The fair value of the share-based remuneration paid out with equity instruments is recognised through profit or loss as personnel costs over the period in which the employees‘ entitlements to the rights are vested, by correspondingly increasing the capital reserve. The amount recognised as an expense is adjusted to reflect the actual number of equity instruments that can ultimately be exercised by the employees.

For share-based remuneration serviced by cash payments instead of shares, we recognise corresponding provisions. The amount of the provisions reflects the accrued portion of the fair value of the respective rights as of the reporting date. We recognise personnel costs over the period in which the employee performs the related services (vesting period). The provision is adjusted accordingly. Share-based remuneration is measured at fair value as of each balance sheet date until it is settled. Any change in the fair value of the provision is recognised though profit or loss as personnel costs. The amount of personnel costs for non-vested pre-emptive rights from share-based remuneration paid out in cash that have not yet been recognised through profit or loss is based on the intrinsic value of the pre-emptive rights as of the exercise date. Since the amount depends on future changes in the share price, it cannot be reliably predicted.

Further details of our share-based remuneration arrangements can be found in Note (30).

Dividends
Dividends that have been approved and announced by the shareholders at the Annual General Meeting are recorded as liabilities.

5. SIGNIFICANT DISCRETIONARY JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the Managing Directors to make assessments, estimates and assumptions that affect the presented amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. The uncertainty with respect to these assumptions and estimates may result in material adjustments to the carrying amounts of the assets and liabilities being required in the future.

Discretionary judgements
In applying the Group‘s accounting policies, the Managing Directors have made the following discretionary decisions which, besides the determination of estimates, have had a material effect on the amounts recognised:

Capitalised development costs
The Managing Directors must use their discretion when deciding whether the conditions for capitalising development costs are satisfied. This inevitably results from the fact that the future economic success of any product development is subject to uncertainties and that is not possible to preclude future technical problems at the time of capitalisation. Such decisions are made based on the best information available at the time the

Consolidated Financial Statements are prepared. In addition, all internal activities relating to the research and development of new products are continuously monitored by the Managing Directors.

Estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the coming financial years are discussed below:

(a) Accounting for business combinations

The initial measurement of assets and liabilities recognised in the context of first-time consolidation, as well as their subsequent measurement, is largely based on estimates derived from assumptions about uncertain future developments.

Discretionary decisions must be made in this regard, particularly when measuring intangible assets such as customer relationships or acquired technologies, which are identified and recognised for the first time when accounting for business combinations. As a rule, the fair values of these assets are determined using the income approach. As part of the measurement, future cash flows must be projected and discounted at appropriate rates as of the measurement date. If the actual future development deviates from the expectations and assumptions underlying the measurement, the income statement may be impacted by amortisation.

In the case of business combinations achieved in stages, i.e. where the Group obtains control of an acquiree in which it previously held an equity interest, the previously held interest shall be remeasured at fair value as of the acquisition date. Differences between the carrying amount of the previously held shares and their fair value are to be recognised as a profit or loss. As a rule, fair value is measured using the income approach and therefore involves the discretionary decisions and estimation uncertainties described in the preceding paragraph.

(b) Impairment of non-financial assets

The Group performs annual tests to determine whether goodwill and internally developed software not yet ready for use have suffered any impairment. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that their recoverable amount no longer covers their carrying amount. The recoverable amounts are determined as the higher of fair value less costs to sell and value in use. The calculations of these amounts are based on estimates and discretionary decisions. For details of the key assumptions and estimates used in goodwill impairment testing, please refer to Note (17).

Discretionary decisions by the Managing Directors are particularly necessary with regard to asset impairment, especially when assessing: (i) whether an event has occurred which indicates that the values of the assets concerned are no longer covered by the recoverable amount; (ii) whether the carrying amount of an asset is covered by the recoverable amount, which is the higher of the asset‘s fair value less costs to sell and its value in use, determined on the assumption that the asset will continue to be used in operations; (iii) whether reasonable basic assumptions have been made in forecasting future cash flows, including whether the projected cash flows have been discounted at an appropriate rate.

Changes in the assumptions made by the Managing Directors when assessing impairment, including assumptions on interest rates and growth rates used in projecting and discounting cash flows, may have a significant impact on the present value determined in the impairment test and thus on the Group's financial position and results of operations. Material adverse changes in projected performance and in the resulting projected cash flows may necessitate a charge to the income statement in the form of an impairment loss.

(c) Impairment of receivables

Impairment losses on receivables were determined based on impairment assessments. The impairment assessment of receivables involves the use of estimates and discretionary decisions. When measuring doubtful receivables, the default risk is to be assessed using available current and historical information, according to which receipt of the full invoice amount is no longer probable. Bad debts are written off and charged to expenses. If actual events or future expectations differ from the original estimates, these differences may affect the carrying amounts of the receivables and thus result in impairment losses in the financial year in which the estimate is revised.

(d) Measurement of derivative financial liabilities from company acquisitions

Due to the future-related nature of the amount of consideration, the determination of the fair value of derivative financial liabilities from company acquisitions is inevitably associated with discretionary decisions and estimation uncertainties. With regard to measurement, we refer to our comments in Notes (39) and (44).

(e) Income tax

The Group is subject to the income tax laws of several tax jurisdictions. The determination of the income tax expense attributable to the reporting period requires that international tax regulations be taken into account and thus involves significant discretionary decisions. For many business transactions and calculations, the final tax burden is uncertain. The Group recognises liabilities based on an assessment of whether tax payments are to be expected according to the judgement of the respective tax jurisdiction and tax courts. If, in the future, the actual tax expense differs from the amounts originally calculated, these differences will influence the tax expense and tax provisions or tax refund claims in the period concerned.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the Managing Directors expect that future taxable profit will probably be available, against which the temporary differences or tax loss carry-forwards can be utilised. If actual income differs from original estimates, such differences will impact the recognition of deferred tax assets and tax expense in the period in which such estimates are revised.

(f) Sales and income recognition

When revenue from contracts with customers (and in individual cases, other income) from Group services are recognised in earnings, it is necessary to determine the respective transaction price and allocate it to the individual performance obligations. Discretionary decisions must be made, both in determining the transaction price and in allocating it. This applies, in particular, in cases where the transaction price must be estimated because variable consideration has been agreed. Such situations arise in individual cases in the sale of software licences where the Group is contractually obliged to deliver a certain number of licences but where it also grants the customer the right, under certain conditions, to obtain additional licences or services free of charge or at a discount. In such cases, the transaction price is estimated using the expected value method or the most likely amount method. In making this decision, we choose the approach that most reliably estimates the consideration owed to the Group.

For the allocation of the transaction price, we determine the individual selling prices on which the performance obligations are based. The determination of the individual selling prices requires discretionary decisions. In this respect, we use corresponding prices from the past, insofar as the performance obligations do not differ significantly between customers and are sufficiently comparable. This generally relates to performance obligations in connection with the provision of support services as well as services and other consulting services. In the case of performance obligations whose prices differ significantly between customers and which are not sufficiently comparable, we generally allocate the transaction price using the residual value approach. This method generally relates to performance obligations in connection with the sale of software in the licence model.

In addition, the exercise of discretion is also required in determining whether revenue should be recognised at a specific date or over a specific period. This is necessary, for example, in the context of services for large implementation projects. For such performance obligations, which are to be fulfilled over a certain period, we also exercise discretion in determining the stage of completion of the services. Using the percentage-of-completion method, we must estimate, among other things, the total cost of fulfilling the performance obligation.

The estimation of the Group's outstanding performance obligations involves the use of discretionary decision, as future contractual changes must be taken into account. In particular, the term and timing of contract extensions must be considered based on past empirical values. In addition, the amount of outstanding performance obligations is influenced by exchange rate fluctuations.

(g) Recognition and measurement of other provisions

Provisions are liabilities that are uncertain in terms of their maturity or amount. Since they are related to the future, both the decision on the recognition of a provision and the measurement of the provision involve discretionary decisions and estimation uncertainties.

6. CHANGES TO THE CONSOLIDATED GROUP

The scope of consolidation as of 31 December 2019 has changed as follows compared with the scope of consolidation as of 31 December 2018:

	Domestic	Foreign
Full consolidation of companies as part of business combinations	1	14
Full consolidation of newly established companies	0	3
Companies fully consolidated for the first time in the reporting period	**1**	**17**
Companies deconsolidated in the reporting period	**0**	**0**

Please refer to Note (7) for further comments on business combinations and their effects on the Consolidated Financial Statements.

An overview of all companies included in the Consolidated Financial Statements and the shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB) is presented in Note (49).

7. BUSINESS COMBINATIONS

In the financial year 2019, the Group made a total of six company acquisitions. In our opinion, the acquisitions of BSD, CCS and U.S. CAD with purchase prices totalling € 83.9 million are material for the presentation of the financial statements and are therefore outlined in sections A. to C. below. In addition, the companies Levtech Consulting DMCC, Dubai, United Arab Emirates, Redstack Pty Ltd., Adelaide, Australia and datapine GmbH, Berlin, were acquired in the reporting period. The agreed purchase prices for these companies total € 6.0 million.

A. Acquisition of BSD

a) Transferred Remuneration

Pursuant to a contract dated 05 June 2019, the Group acquired 60% of shares in Building Systems Design Inc., Atlanta, USA (hereinafter: BSD). The consideration for the acquisition of the shares amounts to € 30,507 thousand and was paid by transfer of liquid assets. The date of acquisition was 05.06.2019. For reasons of simplification, the purchase price allocation was based on the value ratios as of 04.06.2019. The transactions between 04.06.2019 and 05.06.2019 were immaterial. Furthermore, there were no material changes in value ratios during this period.

In the course of the company acquisition, the Group granted a loan totalling € 7,030 thousand to the parties remaining as shareholders of BSD. The granting of the loan was accounted for as an individual transaction separate from the business combination. The loan receivables as of the balance sheet date are presented under the item “other financial assets (non-current)”.

In the share purchase contract, additional agreements were made regarding the acquisition of shares which continued to be held by other shareholders following the acquisition (40% of all shares in the company). Accordingly, the Group has a call option over these shares. The sellers have been granted put options, which, however, can only be exercised if certain future events occur. The granting of the put options creates a contingent liability for the Group in the form of a possible obligation to acquire the remaining 40% stake, which was not taken into account in the accounting for the acquisition. We refer to our comments in this regard in Note (42).

b) Identifiable acquired assets and assumed debt

The fair values of the identifiable assets and liabilities of BSD are as follows:

Figures in thousand €	Fair value 04.06.2019
Intangible assets	14,949
Property, plant and equipment	120
Other financial assets	20
Other non-financial assets	1,075
Trade receivables	2,340
Cash and cash equivalents	2,712
Total identifiable assets	**21,216**
Deferred tax liabilities	4,748
Trade payables	2,177
Deferred income	5,428
Other current financial liabilities	986
Total identifiable liabilities	**13,339**
Identifiable net assets	**7,877**

Intangible assets totalling € 14,949 thousand are mainly attributable to software products developed by BSD (€ 13,678 thousand) as well as to existing customer contracts and the associated customer relationships (€ 746 thousand).

At the time of acquisition, there was no difference between the gross amount of the contractual trade receivables and their fair value.

c) Goodwill
Following the acquisition, goodwill was recognised as follows:

Figures in thousand €	
Consideration transferred	30,507
Value of non-controlling interests	3,151
Subtotal	33,658
Fair value of the identifiable net assets	-7,877
Goodwill	**25,781**

The non-controlling interest components were measured at the corresponding share of the current ownership instruments in the amounts recognised for the identifiable net assets of the acquired company.

The goodwill is not deductible for tax purposes as a whole. In particular, it reflects expected synergy effects from the company acquisition and the know-how of the acquired employee base.

d) Description of the company and the main reasons for the business combination
BSD provides a leading cloud software platform for building specifications as well as data and analysis solutions for North American construction product manufacturers, while at the same time providing architects, engineers, project developers, investors and building material suppliers with a cloud data platform for drafting technical building specifications and defining products and construction services. Manufacturers can list their products in the building catalogue in the cloud. In the future, the two products SpecLink and SpecLive are to be integrated into the MTWO cloud platform and expanded to include managed services (MSP) for corporate customers.

As a result of the transaction, Group sales increased by around € 6,433 thousand, while comprehensive income increased by around € 268 thousand in the reporting period.

If the transaction had already been completed as of 01.01.2019, revenue would have increased by around € 11,322 thousand in the reporting period, while comprehensive income would have been reduced by around € 2,660 thousand.

B. Acquisition of CCS

a) Transferred Remuneration

Pursuant to a contract dated 28.06.2019, the Group acquired 70% of shares in the Construction Computer Software Group (hereinafter: CCS) whose parent company is Construction Computer Software (Pty) Ltd., Johannesburg, South Africa. The consideration for the acquisition of the shares amounts to € 28,785 thousand and was paid by transfer of liquid assets. The date of acquisition was 29.07.2019. For reasons of simplification, the purchase price allocation was based on the value ratios as of 31.07.2019. The transactions between 30.07.2019 and 31.07.2019 were immaterial. Furthermore, there were no material changes in value ratios during this period.

With regard to the further 30% of shares, the Group and the remaining shareholders have agreed mutual call and put options, which can be exercised in 2023. Accordingly, the Group has the right to acquire the shares in 2023 at the agreed option price. At the same time, the Group is obliged to acquire further shares if the remaining shareholders exercise their put option. The option prices will be based on the company value of CCS, which is to be calculated using a multiplier method based on the performance of CCS. The payment obligations arising for the Group upon exercise of the put option have been limited to a maximum amount of approximately € 16,023 thousand (USD 18,000 thousand).

The non-controlling interests continue to bear economic opportunities and risks, as the amount of the option price depends on the economic development of CCS up to the time of exercise and cannot be fixed or determined in advance. The Company currently has no access to the return associated with the ownership interest from the remaining 30% of shares. Consequently, the share of profit and loss is limited to the existing ownership interest, while potential voting rights are not taken into account. Therefore, no anticipated acquisition of the shares is assumed, which is why an adjustment item for non-controlling interests is presented. The measurement was at fair value, which corresponded to the fair value of the financial liability from the written put option in the amount of € 12,356 thousand at the time of acquisition. The recognition of the liability resulted in a reduction of the capital reserve by the corresponding amount. With regard to the valuation technique and the main input factors, we refer to our comments on other financial liabilities in Note (39).

b) Identifiable acquired assets and assumed debt

The fair values of the identifiable assets and liabilities of CCS are as follows:

Figures in thousand €	Fair value 31.07.2019
Intangible assets	18,194
Property, plant and equipment	199
Other financial assets	79
Other non-financial assets	1,592
Trade receivables	2,563
Cash and cash equivalents	3,810
Total identifiable assets	**26,437**
Deferred tax liabilities	4,506
Other non-current financial liabilities	46
Trade payables	424
Deferred income	1,624
Other current financial liabilities	1,601
Tax liabilities	138
Total identifiable liabilities	**8,338**
Identifiable net assets	**18,099**

The intangible assets totalling € 18,194 thousand relate to software products developed by CCS (€ 12,005 thousand) as well as to existing customer contracts and related customer relationships (€ 6,189 thousand).

At the time of acquisition, there was no difference between the gross amount of the contractual trade receivables and their fair value.

c) Goodwill
Following the acquisition, goodwill was recognised as follows:

Figures in thousand €	
Consideration transferred	28,785
Value of non-controlling interests	12,356
Subtotal	41,141
Fair value of the identifiable net assets	-18,099
Goodwill	**23,042**

The components of non-controlling interests were measured at fair value.

The goodwill is not deductible for tax purposes as a whole. In particular, it reflects expected synergy effects from the company acquisition and the know-how of the acquired employee base.

d) Description of the company and the main reasons for the business combination
The investment in CCS represents an acquisition of the RIB Group in the iMTWO sector. CCS offers specialised software solutions for the architecture, engineering and construction industries. The complete solution from CCS combines the software products Candy (construction management software suite for controlling construction projects) and BuildSmart (ERP solution for the integration of cost accounting, project accounting and group accounting). The investment in the CCS Group represents a milestone in the Group's globalisation process and serves to consolidate the global market leadership of the platform technology iTWO 4.0 and MTWO.

As a result of the transaction, Group sales increased by around € 6,450 thousand, while comprehensive income decreased by around € 139 thousand in the reporting period.

If the transaction has already been completed as of 01.01.2019 revenues in the reporting period would have been increased by € 15,747 thousand while comprehensive income would have been reduced by around € 326 thousand.

C. Acquisition of U.S. CAD

a) Transferred remuneration
Pursuant to a contract dated 27.08.2019, the Group acquired 60% of shares in U.S. CAD Holdings LLC, Irvine, USA (hereinafter: U.S. CAD). The consideration for the acquisition of the shares amounts to € 24,558 thousand and was paid by transfer of liquid assets. The date of acquisition was 27.08.2019. For reasons of simplification, the purchase price allocation was based on the value ratios as of 31.08.2019. The transactions between 28.08.2019 and 31.08.2019 were immaterial. Furthermore, there were no material changes in value ratios during this period.

With regard to the further 40% of shares, the Group and the remaining shareholders have agreed a call option, which can be exercised in 2023. Accordingly, the Group has the right to acquire the shares in 2023 at the agreed option price. The option price will be based on the company value of U.S. CAD, which is to be calculated using a multiplier method based on the performance of U.S. CAD. In the event that the Group does not exercise its call option, it has been agreed that the shareholders will jointly initiate a process to sell all shares in U.S. CAD. The proceeds from the sale would then be divided equally between the Group and the other shareholders.

b) Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of U.S. CAD are as follows:

Figures in thousand €	Fair value 31.08.2019
Intangible assets	14,377
Property, plant and equipment	415
Other financial assets	81
Other non-financial assets	308
Trade receivables	5,781
Cash and cash equivalents	3,936
Total identifiable assets	**24,898**
Deferred tax liabilities	1,295
Other non-current financial liabilities	2,859
Trade payables	6,014
Other current financial liabilities	1,690
Total identifiable liabilities	**11,859**
Identifiable net assets	**13,039**

The intangible assets totalling € 14,377 thousand are mainly attributable to existing customer contracts and the associated customer relationships (€ 14,096 thousand).

At the time of acquisition, there was no difference between the gross amount of the contractual trade receivables and their fair value.

c) Goodwill

Following the acquisition, goodwill was recognised as follows:

Figures in thousand €	
Consideration transferred	24,558
Value of non-controlling interests	5,216
Subtotal	29,773
Fair value of the identifiable net assets	-13,039
Goodwill	**16,734**

The non-controlling interest components were measured at the corresponding share of the current ownership instruments in the amounts recognised for the identifiable net assets of the acquired company.

The goodwill is partially not deductible for tax purposes. In particular, it reflects expected synergy effects from the company acquisition and the know-how of the acquired employee base.

d) Description of the company and the main reasons for the business combination

U.S. CAD is a value-added reseller of software products in the USA, in particular, of the manufacturer Autodesk. As a so-called "Platinum Partner Tier", the company has the highest of the three statuses awarded by Autodesk to value-added resellers. In addition, U.S. CAD provides consulting and support services for the architecture, engineering and construction industries. With the acquisition of U.S. CAD, the Group intends to expand its MTWO customer base in the USA, while U.S. CAD will focus on selling MTWO to its existing and new customers. The investment represents an efficient approach aimed at accelerating the introduction of MTWO. It is also planned that U.S. CAD will offer its US customers other products from the RIB product portfolio.

As a result of the transaction, Group sales increased by around € 7,615 thousand, while comprehensive income increased by around € 983 thousand in the reporting period.

If the transaction had already been completed as of 01.01.2019, revenue in the reporting period would have increased by around € 23,851 thousand and comprehensive income by around € 4,804 thousand, respectively.

8. SEGMENT REPORTING

For corporate management purposes, the Group is organised into business units according to its products and services. Segment reporting was reorganised in the reporting period as a result of business and corporate development and, since then, a distinction has been made between the two reporting segments iMTWO and xYTWO. The reporting segment iMTWO comprises software business, while the segment xYTWO encompasses business activities in connection with the web-based implementation of procurement processes.

Reporting segment iMTWO
In the reporting segment iMTWO, we either supply our customers with non-exclusive, perpetual software usage rights based on licence agreements ("licence model") or provide software for use for a limited period ("subscription model").

Our software products are mostly internally developed solutions in which the RIB Group has exclusive property rights. Our software is partly marketed together with third-party software solutions that we purchase from other manufacturers and resell to our customers. In addition, we act as a value-added reseller, selling third-party software solutions to end customers as an „agent" of the manufacturer. The software solutions are provided either in customer-owned IT infrastructures (private cloud) or in data centres operated by third parties (public cloud). It is our assumption that the marketing of our software solutions in the reporting segment iMTWO will be increasingly dominated by the subscription model.

Reporting segment xYTWO
In the reporting segment xYTWO, we combine our business activities in the area of web-based implementation of procurement processes. The reporting segment is divided into two business segments, YTWO (SCM) and xTWO (E-Commerce), as follows:

- YTWO (SCM), whose business model consists in providing customers with the YTWO platform that is built on the iTWO 4.0 technology and which facilitates the model-based procurement of construction products in exchange for a fee. The platform is provided on the basis of two different revenue models. Customers with high purchase volumes are charged transaction fees for using the YTWO platform ("transaction model), which are calculated based on the sales volume of construction products purchased by the customer using the YTWO platform. The transaction fees also include monthly fees for the provision of the platform, charged as part of a SaaS agreement, which are offset against the transaction fees.

- xTWO (E-Commerce) is mainly aimed at the consumer sector (B2C) and facilitates the online organisation of procurement and delivery of building products.

The business segments YTWO (SCM) and xTWO (E-Commerce) are combined into the reporting segment xYTWO, as the economic success of both business segments depends on the marketing of the Group‘s digital platforms for the construction industry.

The Managing Directors monitor the results of the Group‘s operating segments both with a view to deciding on resource allocation and assessing performance. Segment performance is assessed based on segment revenue and segment results.

The revenue presented is mainly revenue from external customers.

The annual recurring revenue, support in the segment iMTWO presented in the previous year includes an amount of € 3,650 thousand for support services provided to the former joint venture EMC Invest Ltd., Cayman Islands (formerly: YTWO Limited), which relate to the period until the acquisition date of 14.12.2018. The other operating income presented for the segment iMTWO in the previous year includes income from the reversal of deferred income in connection with software sales to the former joint venture EMC Invest in the amount of € 2,032 thousand. There were no other reportable transactions between the segments.

The accounting policies applied to the reportable segments correspond to those used by the entire Group and presented in Note (4).

The revenue and results of the Group's reporting and business segments are presented below:

2019

Figures in thousand €	iMTWO	xYTWO	Total
Revenue, external	**205,158**	**9,448**	**214,606**
ARR	**112,305**	**288**	**112,593**
Subscription	62,403	288	62,691
Support	45,923	-	45,923
Managed services	3,979	-	3,979
NRR	**45,435**	**0**	**45,435**
Licences	45,435	-	45,435
Services	**47,418**	**0**	**47,418**
E-Commerce	**0**	**9,160**	**9,160**
Production costs	**-93,643**	**-11,097**	**-104,740**
ARR	-38,123	-3,017	-41,140
NRR	-16,528	-	-16,528
Services	-38,992	-203	-39,195
E-Commerce	-	-7,877	-7,877
Research and development costs	**-19,941**	**-355**	**-20,296**
ARR	-6,319	-355	-6,674
NRR	-13,622	-	-13,622
Services	-	-	-
E-Commerce	-	-	-
Sales and marketing costs	**-48,186**	**-1,435**	**-49,621**
General administrative expenses	**-21,909**	**-1,247**	**-23,156**
Other operating income and expenses	**3,246**	**63**	**3,309**
Segment EBIT	**24,725**	**-4,623**	**20,102**
Financial results			306
thereof share of earnings from investments accounted for using the equity method	55	-115	-60
Taxes on income and earnings			-11,280
Consolidated net profit			**9,128**
Segment EBITDA	**51,694**	**-1,277**	**50,417**
EBITDA margin	25.2%	-13.5%	23.5%
Further segment information:			
Depreciation and amortisation / impairment losses of the segments	**-26,969**	**-3,346**	**-30,315**

2018

Figures in thousand €	iMTWO	xYTWO	Total
Revenue, external	**127,563**	**9,311**	**136,874**
ARR	**57,841**	**93**	**57,934**
Subscription	16,515	93	16,608
Support	40,691	-	40,691
Managed services	635	-	635
NRR	**37,379**	**0**	**37,379**
Licences	37,379	-	37,379
Services	**32,343**	**0**	**32,343**
E-Commerce	**0**	**9,218**	**9,218**
Production costs	**-50,154**	**-7,974**	**-58,128**
ARR	-12,017	-123	-12,140
NRR	-14,134	-	-14,134
Services	-24,003	-167	-24,170
E-Commerce	-	-7,684	-7,684
Research and development costs	**-16,658**	**-1**	**-16,659**
ARR	-4,696	-	-4,696
NRR	-11,962	-	-11,962
Services	-	-	-
E-Commerce	-	-1	-1
Sales and marketing costs	**-24,610**	**-1,636**	**-26,246**
General administrative expenses	**-14,630**	**-585**	**-15,215**
Other operating income and expenses	**3,433**	**269**	**3,702**
Segment EBIT	**24,944**	**-616**	**24,328**
Financial results			5,280
thereof share of earnings from investments accounted for using the equity method	-54	-3,559	-3,613
Taxes on income and earnings			-7,757
Consolidated net profit			**21,851**
Segment EBITDA	**38,152**	**-292**	**37,860**
EBITDA margin	29.9%	-3.1%	27.7%
Further segment information:			
Depreciation and amortisation / impairment losses of the segments	**-13,209**	**-324**	**-13,533**

The Managing Directors, as the main decision-makers, do not require that regular information on segment assets and segment liabilities be submitted to them.

Geographical information

The Company is headquartered in Germany. Group sales to external customers by region (based on customer locations) for the respective financial years and the total non-current assets as of the end of the respective financial year are analysed below:

Figures in thousand €	2019	2018
Germany	73,789	67,643
Remaining EMEA Region (€ope, Middle East and Africa)	65,535	34,910
EMEA Region	**139,324**	**102,553**
APAC (Asia and Pacific)	34,257	15,483
North America	41,025	18,838
Total revenue	**214,606**	**136,874**

Non-current assets are broken down by region as follows:

Figures in thousand €	31.12.2019	31.12.2018
Germany	81,320	72,053
Remaining EMEA Region (€ope, Middle East and Africa)	97,501	48,451
EMEA Region	**178,821**	**120,504**
People’s Republic of China (including Hong Kong)	58,989	54,721
Remaining APAC Region (Asia and Pacific)	46,381	38,780
APAC Region	**105,370**	**93,501**
North America	104,882	31,993
Total	**389,073**	**245,998**

Information on important customers

There were no revenue from individual customers in excess of 10% of the Group‘s total revenue in the reporting period.

9. REVENUE

Revenue breaks down as follows:

Figures in thousand €	2019	2018
ARR	112,593	57,934
NRR	45,435	37,379
Services	47,418	32,343
E-Commerce	9,160	9,218
Total revenue	**214,606**	**136,874**

Revenue from the marketing of software rights is divided into annual recurring revenue (hereinafter: ARR) and non-recurring revenue (hereinafter: NRR). In addition, revenue from the provision of services and other consulting services and e-commerce revenue from Internet trading in construction products are reported separately.

The total ARR is subdivided as follows:

Figures in thousand €	2019	2018
Subscription	62,691	16,608
Support	45,923	40,691
Managed services	3,979	635
Total	**112,593**	**57,934**

Subscription revenue results from the provision of software solutions to customers as Software as a Service for a limited period („subscription model“).

Support revenue results from the provision of support services to customers who have acquired perpetual software usage rights under the licence model. The services include hotline services and the provision of the latest version of the software.

Revenue from managed services results from services provided to customers in connection with the operation of software solutions in public clouds.

The majority of the services underlying ARR are provided to customers by the Group itself. In some cases, however, the Group‘s service obligation also consists in brokering the transfer of software solutions and related services from other manufacturers to customers. In such a case, the Group acts as an agent as defined by IFRS 15.B34 et seq.

The total ARR is broken down by type of marketing as follows:

Figures in thousand €	2019	2018
Revenue from marketing by the Group itself	94,822	54,103
Revenue from brokerage services as agent	17,771	3,831
Total	**112,593**	**57,934**

NRR results from the sale of perpetual rights to use software solutions in the licence model. Similarly to service revenue and e-commerce revenue, NRR does not include any significant revenue from activities in which the Group acts as agent on behalf of another party.

10. COST OF SALES

Cost of sales essentially includes the cost of goods purchased, personnel costs and material costs in the Support and Service areas as well as the amortisation of internally developed software and acquired technology. Amortisation of internally developed software amounted to € 6,931 thousand in the reporting year (previous year: € 6,212 thousand). Amortisation of acquired technology amounted to € 4,989 thousand in the reporting year (previous year: € 2,614 thousand). Amortisation of reacquired software rights in the amount of € 3,017 thousand (previous year: € 124 thousand) was also included in the reporting period.

11. OTHER OPERATING INCOME

The other operating income is composed of the following items:

Figures in thousand €	2019	2018
Income from the subsequent measurement of purchase price liabilities	15	-
Income from the release of provisions and accruals	190	1,188
Income from public subsidies	408	186
Income from foreign currency translation	2,300	1,917
Income from the reversal of deferred income	-	2,032
Income from deconsolidation of previously fully consolidated companies	-	72
Rental income from investment property	880	1,010
Other	1,474	1,589
Total	**5,267**	**7,994**

12. OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

Figures in thousand €	2019	2018
Expenses from foreign currency translation	691	1,602
Expenses from the subsequent measurement of purchase price liabilities	260	1,215
Other	1,007	1,475
Total	**1,958**	**4,292**

13. OTHER FINANCIAL INFORMATION

Figures in thousand €	2019	2018
Personnel expenses:		
Wages and salaries	95,079	56,525
Social security and pension costs	12,314	9,010
Total	**107,393**	**65,535**
Scheduled amorization:		
of intangible assets	22,579	11,933
of property, plant and equipment	1,915	1,449
of investment property	318	151
of rights of use from leases	5,503	-
Total	**30,315**	**13,533**
Disclosure of scheduled amortisation of intangible assets in the income statement:		
Cost of sales	14,942	8,968
General administrative expenses	39	66
Sales and marketing expenses	7,453	2,881
Research and development costs	145	18
Total	**22,579**	**11,933**
Product warranty provision:		
Allocations to provisions	226	290
Reversals of provision	50	-
Total expenses for research and development		
Research and development expenses	32,498	25,952

Explanations of the cash flow statement

The following is a reconciliation of the cash and non-cash changes in financial liabilities included in net cash flow from financing activities:

Figures in thousand €	31.12.2018	cash-effective	non-cash-effective		31.12.2019
			Acquisition	Change in fair values	
Non-current bank liabilities	4,800	-1,171	1,869	-	5,498
Other non-current financial liabilities	5,381	-110	14,172	581	20,025
Current bank liabilities	400	-844	882	-	438
Other current financial liabilities	6,572	-5,122	1,840	164	3,454
Total liabilities from financing activities	**17,153**	**-7,247**	**18,763**	**745**	**29,415**

14. FINANCIAL INCOME AND EXPENSES

Financial income and expenses are composed as follows:

Figures in thousand €	2019	2018
Financial income:		
Bank interest income	763	519
Interest income from loans granted to other companies	206	-
Income from compound interest on receivables measured using the effective interest rate method	124	319
Adjustments to the fair value of existing shares in companies now required to be consolidated	-	8,566
Other	97	23
Total	**1,190**	**9,427**
Financial expenses:		
Interest expense from lease liabilities	-523	-
Compound interest on financial liabilities	-240	-43
Payments made to non-controlling shareholders	-	-150
Adjustments to the fair value of existing shares in companies now required to be consolidated	-	-64
Other	-61	-277
Total	**-824**	**-534**

15. INCOME TAXES

The parent company, RIB Software SE, is subject to German corporate income tax including solidarity surcharge and trade tax. The tax rates applicable to the company have remained unchanged from the previous year and amount to 30.53%.

The provisions for income taxes of the Group‘s subsidiaries are based on the tax rates applicable to them and are calculated in accordance with the relevant rules and regulations of the countries in which they were domiciled during the reporting periods.

The main components of income tax expense are as follows:

Figures in thousand €	2019	2018
Actual income tax	12,657	8,116
Deferred income tax	-1,377	-359
Total tax expense	**11,280**	**7,757**

A reconciliation between the expected tax expense, which is calculated by multiplying the profit before taxes by the income tax rate of the parent company of 30.53% (previous year: 30.53%), and the income tax expense recognised in the income statement is presented below:

Figures in thousand €	2019	2018
Profit before taxes	**20,408**	**29,608**
Expected tax expense	6,231	9,039
Non-deductible expenses and tax-exempt income	996	355
Tax gains/losses for which no deferred taxes were/will be recognised	932	310
Change in the realisability of deferred tax assets	691	-
Tax rate differences for foreign subsidiaries	2,117	-419
Tax effect from measurement using the equity method	18	-632
Taxes relating to other periods	51	-654
Other	244	-242
Tax expense according to income statement	**11,280**	**7,757**

Changes in the Group‘s deferred tax assets and deferred tax liabilities during the reporting years are as follows:

Deferred tax assets

Figures in thousand €	Tax loss carry-forwards	Pension provisions	Deferred income	Other	**Total**
As of 01.01.2018	**255**	**535**	**2,137**	**607**	**3,534**
Addition from first-time consolidation (with no effect on profit or loss)	2,338	-	-	199	**2,537**
Deferred taxes recognised as income/ (expense) in the consolidated income statement during the year	-120	-35	-713	102	**-766**
Deferred taxes (charged)/credited to other comprehensive income during the year	9	1	-20	9	**-1**
Other changes	-	-	-1,094	-	**-1,094**
As of 31.12.2018 and 01.01.2019	**2,482**	**501**	**310**	**917**	**4,210**
Addition from first-time consolidation (with no effect on profit or loss)	1,391	-	526	1,724	**3,641**
Deferred taxes recognised as income/ (expense) in the consolidated income statement during the year	-1,318	-17	-260	790	**-805**
Deferred taxes (charged)/credited to other comprehensive income during the year	10	125	19	31	**185**
As of 31.12.2019	**2,565**	**609**	**595**	**3,462**	**7,231**

The deferred tax assets from tax loss carry-forwards relate to subsidiaries in the USA, the Netherlands, Great Britain, South Africa and Germany. It is probable that future taxable income will be available, against which the unused tax losses can be offset. In the financial year 2019, tax losses from previous years were partially offset against taxable income.

The deferred tax expense resulting from the write-down of recognised deferred tax assets on tax loss carry-forwards amounted to € 1,034 thousand in the financial year. As it cannot currently be assumed that positive tax results will be available in subsequent years beyond the effects on earnings from the reversal of existing taxable differences, the deferred tax assets were written down.

On the balance sheet date, there were unused tax loss carry-forwards of € 12,758 thousand (previous year: € 6,952 thousand). No deferred tax assets were recognised on these amounts as it appears unlikely that sufficient taxable income will be available in future, against which these loss carry-forwards can be utilised. These are tax losses of subsidiaries in China, the USA, the Netherlands and Germany. The tax loss carry-forwards in China and Germany can be used indefinitely. In the USA, some of the tax loss carry-forwards expire in the years after 2029, while others can be used indefinitely. The tax loss carry-forwards in the Netherlands can be utilised over a period of ten years.

In the reporting year, deferred tax assets of € 1,391 thousand were added to tax loss carry-forwards as a result of the first-time consolidation of BSD and datapine.

Deferred tax liabilities

Figures in thousand €	Other intangible assets	PPE	Investment property	Consolidation entries	Other	**Total**
As of 01.01.2018	**8,973**	**445**	**383**	**4,279**	**361**	**14,441**
Addition from first-time consolidation (with no effect on profit or loss)	-	-	-	8,583	292	**8,875**
Deferred taxes recognised as expense/(income) in the consolidated income statement during the year	471	41	-73	-1,412	-152	**-1,125**
Deferred taxes charged/(credited) to other comprehensive income during the year	-	-	-	170	1	**171**
As of 31.12.2018 and 01.01.2019	**9,444**	**486**	**310**	**11,620**	**502**	**22,362**
Addition from first-time consolidation (with no effect on profit or loss)	277	108	-	11,868	1,051	**13,304**
Reclassifications	-	109	-	-204	95	**-**
Deferred taxes recognised as expense/(income) in the consolidated income statement during the year	942	-184	87	-2,505	-522	**-2,182**
Deferred taxes charged/(credited) to other comprehensive income during the year	-	1	-	224	-	**225**
As of 31.12.2019	**10,663**	**520**	**397**	**21,003**	**1,126**	**33,709**

As of the balance sheet date, Group subsidiaries had retained profits of approximately € 76,592 thousand (previous year: € 59,385 thousand) for which no deferred taxes were recognised, as we are able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The consolidated statement of comprehensive income includes deferred tax income of € 125 thousand (previous year: deferred tax income of € 1 thousand) from the remeasurement of pension provisions.

The deferred tax assets and deferred tax liabilities in each respective country were offset against each other, resulting in the following amounts being presented in the consolidated balance sheet:

Figures in thousand €	31.12.2019	31.12.2018
Deferred tax assets	250	620
Deferred tax liabilities	26,728	18,772

€ 21,065 thousand (previous year: € 15,301 thousand) of the deferred tax liabilities will probably only be realised after more than twelve months.

16. EARNINGS PER SHARE - DILUTED AND BASIC

Earnings per share are calculated based on the share of earnings attributable to shareholders of RIB Software SE as presented in the table below.

Figures in thousand €	2019	2018
Profit share of the shareholders of RIB Software SE – diluted and basic	8,957	21,328

Figures in thousands of shares	2019	2018
Weighted average of shares in circulation - basic	48,086	49,559
Dilution effect	910	806
Weighted average of shares in circulation - diluted	48,996	50,365

Results per share in €	2019	2018
basic	0.19	0.43
diluted	0.18	0.42

The average market value of the Company's shares used to calculate the dilutive effect of existing stock options is based on the quoted market prices for the period in which the options were outstanding.

17. GOODWILL

For the purpose of impairment testing, at the time of acquisition, goodwill acquired in a business combination is allocated to cash-generating unit or groups of cash-generating units. The following overview illustrates how the carrying amount of goodwill was allocated to the reporting and business segments or - if goodwill is monitored at lower levels - to the cash-generating units or groups of cash-generating units:

Figures in thousand €	31.12.2019	31.12.2018
Reporting segment iMTWO	**165,652**	**96,389**
Business segment YTWO (SCM)	*2,279*	*2,256*
Business segment xTWO (E-Commerce)	*689*	*689*
Reporting segment xYTWO	**2,968**	**2,945**
Development unit GZ TWO	**3,059**	**3,038**
Arriba Finance	**894**	**894**
Total	**172,573**	**103,266**

Goodwill was allocated on the basis of the respective business activities of the acquired companies, the associated strategic objectives of the Group and taking into account the benefits expected from these for the Group‘s segments. The development of goodwill in the reporting year is presented in Note (18). In the financial year 2019, an addition of goodwill amounting to € 68,207 thousand resulted from business combinations. We refer to the relevant comments in Note (7). Other changes in carrying amounts result from foreign currency adjustments of goodwill denominated in local currencies.

Impairment testing of Goodwill

The recoverable amounts of the cash-generating units were determined as their values in use. The financial planning used for this purpose is based on the financial plans approved by the Company‘s Management. The approved financial plans envisage company acquisitions, particularly in the financial years 2020 and 2021, which are expected to further increase the Group‘s profitability. The cash flow forecasts for the purpose of goodwill impairment testing excluded the effects expected from these planned acquisitions.

Otherwise, the cash flow forecasts were prepared in line with the Group strategy (aiming for above-average growth, new innovative products as well as development of new market segments and acquisition of customers in these market segments). The assumptions regarding the sales performance reflect past experience and a planned expansion of the addressable sales market.

On this basis, for the reporting segment iMTWO as well as for the business segments xTWO (E-Commerce) and YTWO (SCM), cash flow forecasts for a five-year detailed planning period were used in each case. Subsequently, a growth rate of 1% in a perpetual annuity was assumed for each of the segments.

For the development unit GZ TWO, cash flow forecasts for a four-year detailed planning period were used. No sustainable growth was assumed in a perpetual annuity.

In the financial year 2014, the product iTWO finance was placed on the market, which will replace Arriba Finance in the medium term. This was taken into account when determining the recoverable amount, and cash flow forecasts for the remaining limited marketing period were used. No perpetual annuity was taken into account here.

The discount rates applied to the cash flow projections are as follows:

Figures in%	2019	2018
Reporting segment iMTWO*	8.89	-
Business segment xTWO (E-Commerce)	9.09	8.46
Business segment YTWO (SCM)	5.55	7.03
Development unit GZ TWO	9.78	8.84
Arriba Finance	19.91	21.71

*Due to the reorganisation of the segment reporting, no previous year figure is available for the reporting segment iMTWO. For the impairment test of goodwill allocated to the reporting segment iMTWO in the reporting year, discount rates ranging from 8.59% to 9.27% had been applied in the previous year.

The main assumptions underlying the cash flow forecasts for the purpose of goodwill impairment testing are presented below:

Revenue and expenses

The revenue forecast in the reporting segment iMTWO includes revenue from the sale of software solutions in the licence and subscription model, revenue from the provision of support services and revenue from services (implementation, training and consulting services) related to software sales.

Based on detailed revenue and expense planning for the financial year 2020, the reporting segment iMTWO is assumed to achieve annual revenue growth in a range of about 8% to about 9% over the detailed planning period.

The sales forecast in the business segment xTWO (E-Commerce) includes revenue generated from the sale of building materials via the online platform xTWOstore. Based on detailed revenue and expense planning for the financial year 2020, the business segment xTWO (E-Commerce) is assumed to achieve annual revenue growth in a range of about 4% to about 7% over the detailed planning period.

The sales forecast in the business segment YTWO (SCM) includes sales resulting from the use of the YTWO platform. In addition to revenue from transaction fees, revenue from consulting services and fees for the listing on the platform were projected here. Based on detailed revenue and expense planning, within a detailed planning period of 5 years, the business segment YTWO (SCM) is assumed to achieve annual revenue growth in a range of about 70% to about 150% over the planning period.

For the development unit GZ TWO, revenue from development services was projected by multiplying the planned capacity in man-days by the billing rates expected in the future.

Due to the replacement of Arriba Finance by iTWO finance, cash flow was projected for a limited period of 8 years. This period was estimated based on empirical values from the replacement of other products in the Arriba division by iTWO. The revenue forecast for Arriba Finance includes revenue from the sale of licences and from support as well as from the provision of training and consulting services. Based on detailed planning for the financial year 2020, expiring revenue from licences and consulting is projected, subsequently resulting in declining support revenue.

In all areas, the cost planning of materials and external services was adjusted in line with the growth in sales. On the basis of personnel planning, personnel and material costs were also adjusted in line with the growth in revenue. Investments, development costs and other operating expenses were forecast on the basis of past values and experience, and supplemented by effects from the company acquisitions made in the reporting period. The segment-specific characteristics of the cost structure were taken into account.

In our opinion, no realistic change in the above key assumptions and estimates would cause the carrying amounts of the segments to exceed their respective recoverable amounts.

Discount rates

The interest rates used are pre-tax interest rates and take into account the specific risks of the relevant units.

18. DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY IN THE FINANCIAL YEAR 2019

	Acquisition or production costs						
Figures in thousand €	As of 01.01.2019	Additions from business combinations	Additions	Disposals	Reclassi-fications	Currency adjustments	As of 31.12.2019
1. Goodwill	**111,563**	**68,207**	**0**	**0**	**0**	**1,100**	**180,870**
2. Other intangible assets							
a) Internally generated software	80,460	0	12,202	0	0	38	92,700
b) Customer relationships	49,693	24,357	0	0	0	471	74,521
c) Purchased technology	18,085	26,957	0	0	0	-5	45,037
d) Purchased software	1,674	284	466	3	0	6	2,427
e) Software rights reacquired	25,500	0	0	0	0	-304	25,196
f) Other	18	0	10	0	0	2	30
	175,430	**51,598**	**12,678**	**3**	**0**	**208**	**239,911**
3. Property, plant and equipment							
a) Land and buildings	17.594	0	0	2.039	-2.234	-378	12.943
b) Furniture and fixtures	7,644	980	1,610	280	0	42	9,996
c) Advance payments and assets under construction	20	0	968	0	0	0	988
	25,258	**980**	**2,578**	**2,319**	**-2,234**	**-336**	**23,927**
4. Investment properties	**6,285**	**0**	**0**	**880**	**2,234**	**582**	**8,221**
5. Rights of use from leases							
a) Land and land use rights	899	0	0	0	0	-19	880
b) Buildings	10,072	3,821	1,678	206	0	228	15,593
c) Vehicles	924	30	663	80	0	1	1,538
d) Furniture and fixtures	2,186	38	182	918	0	1	1,489
	14,081	**3,889**	**2,523**	**1,204**	**0**	**211**	**19,500**

	Depreciation and amortisation (cumulative)							Carrying amounts	
	As of 01.01.2019	Additions	Impairment losses	Disposals	Reclassifi-cations	Currency adjustments	As of 31.12.2019	As of 31.12.2019	As of 31.12.2018
	8,297	**0**	**0**	**0**	**0**	**0**	**8,297**	**172,573**	**103,266**
	38,492	6,931	0	0	0	43	45,466	47,234	41,968
	8,873	7,284	0	0	0	9	16,166	58,355	40,820
	11,625	4,989	0	0	0	35	16,649	28,388	6,460
	887	358	0	3	0	1	1,243	1,184	787
	84	3,017	0	0	0	146	3,247	21,949	25,416
	18	0	0	0	0	0	18	12	0
	59,979	**22,579**	**0**	**3**	**0**	**234**	**82,789**	**157,122**	**115,451**
	1,285	352	0	136	-248	2	1,255	11,687	16,309
	4,538	1,563	0	221	0	18	5,898	4,098	3,106
	0	0	0	0	0	0	0	988	20
	5,823	**1,915**	**0**	**357**	**-248**	**20**	**7,153**	**16,773**	**19,435**
	737	**318**	**0**	**42**	**248**	**4**	**1,265**	**6,956**	**5,548**
	0	23	0	0	0	0	23	857	0
	0	3,348	0	206	0	15	3,157	12,436	0
	0	581	0	81	0	0	500	1,038	0
	0	**1,551**	**0**	**917**	**0**	**1**	**635**	**854**	**0**
	0	**5,503**	**0**	**1,204**	**0**	**16**	**4,315**	**15,185**	**0**

18. DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY IN THE FINANCIAL YEAR 2018

	Acquisition or production costs						
Figures in thousand €	As of 01.01.2018	Additions from business combinations	Additions	Disposals	Reclassi-fications	Currency adjustments	As of 31.12.2018
1. Goodwill	**93,290**	**17,277**	**0**	**0**	**0**	**996**	**111,563**
2. Other intangible assets							
a) Internally generated software	71,125	0	9,293	0	0	42	80,460
b) Customer relationships	15,334	34,827	0	0	0	-468	49,693
c) Purchased technology	15,262	2,730	0	0	0	93	18,085
d) Purchased software	1,375	106	556	353	0	-10	1,674
e) Reacquired software rights	0	25,500	0	0	0	0	25,500
f) Other	18	0	0	0	0	0	18
	103,114	**63,163**	**9,849**	**353**	**0**	**-343**	**175,430**
3. Property, plant and equipment							
a) Land and buildings	16,001	0	158	0	1,338	97	17,594
b) Furniture, fixtures and equipment	6,269	1,196	955	730	0	-46	7,644
c) Advance payments and assets under construction	0	0	20	0	0	0	20
	22,270	**1,196**	**1,133**	**730**	**1,338**	**51**	**25,258**
4. Investment properties	**7,625**	**0**	**0**	**0**	**-1,338**	**-2**	**6,285**

Depreciation and amortisation (cumulative)							Carrying amounts	
As of 01.01.2018	Additions	Impairment losses	Disposals	Reclassifi- cations	Currency adjustments	As of 31.12.2018	As of 31.12.2018	As of 31.12.2017
8,297	**0**	**0**	**0**	**0**	**0**	**8,297**	**103,266**	**84,993**
32,238	6,212	0	0	0	42	38,492	41,968	38,887
6,117	2,746	0	0	0	10	8,873	40,820	9,217
9,011	2,614	0	0	0	0	11,625	6,460	6,251
1,018	229	0	353	0	-7	887	787	357
0	132	0	0	0	-48	84	25,416	0
18	0	0	0	0	0	18	0	0
48,402	**11,933**	**0**	**353**	**0**	**-3**	**59,979**	**115,451**	**54,712**
864	405	0	0	3	13	1,285	16,309	15,137
4,140	1,044	0	631	0	-15	4,538	3,106	2,129
0	0	0	0	0	0	0	20	0
5,004	**1,449**	**0**	**631**	**3**	**-2**	**5,823**	**19,435**	**17,266**
589	**151**	**0**	**0**	**-3**	**0**	**737**	**5,548**	**7,036**

19. ACCOUNTING FOR LEASES IN ACCORDANCE WITH IFRS 16

A. Leases as lessee

The Group is a lessee in respect of various assets, in particular, real estate, technical equipment and vehicles. The development of rights of use and depreciation is described in detail in Note (18). The amounts recognised in the income statement that are attributable to leases are presented in the following table:

Figures in thousand €	2019
Interest expenses for lease liabilities	523
Expenses for short-term leases	65
Expenses for leases of low-value assets	113

The maturities of the contractually agreed (undiscounted) lease payments from operating leases are presented below:

Figures in thousand €	31.12.2019	within a year	between one and five years	more than five years
Lease liabilities	17,342	5,577	10,012	1,753

Figures in thousand €	31.12.2018	within a year	between one and five years	more than five years
Lease liabilities	11,624	4,680	6,394	550

Total amounts recognised in the cash flow statement:

Figures in thousand €	2019
Total cash outflow for leases	6,388

Some real estate leases contain renewal options that can be exercised by the Group up to one year before the end of the non-cancellable lease term. Wherever possible, when entering into new leases, the Group seeks to have renewal options included in the agreement in order to ensure operational flexibility. The renewal options can only be exercised by the Group and not by the lessor. On the date of provision, the Group assesses whether there is reasonable certainty that the renewal options will be exercised. Whenever a significant event or significant change in circumstances occurs that is within the Group's control, the Group reassesses whether there is reasonable certainty that a renewal option will be exercised.

B. Leases as lessor

The Group leases its investment property. From the lessor's perspective, all leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership.

In 2019, the Group recognised rental income of € 880 thousand. The following table provides a maturity analysis of the lease receivables and illustrates the undiscounted lease payments to be received after the balance sheet date:

Figures in thousand €	31.12.2019	31.12.2018
Due within one year	1,099	757
Due between one and five years	2,305	1,531
Due in more than 5 years	1,293	-
Total	**4,697**	**2,288**

20. OTHER INTANGIBLE ASSETS

A. Internally developed software

The internally developed software iTWO 5D and iTWO 4.0 is of material importance for the Group. iTWO 5D is a fully integrated software solution for digital planning and construction (ERP 5D). iTWO 4.0 is a web-based software platform that supports end-to-end virtual planning, production and operating processes in construction projects based on 5D models in the cloud. Please also refer to Section A.5 of the Group Management Report.

Of the carrying amount of internally developed software of € 47,234 thousand (previous year: € 41,968 thousand), the following amounts are attributable to iTWO 5D / iTWO 4.0:

Figures in thousand €	31.12.2019	iTWO 5D	iTWO 4.0	Other software	31.12.2018	iTWO 5D	iTWO 4.0	Other software
Carrying amount	47,234	15,533	16,894	14,807	41,968	16,829	14,015	11,124
Thereof not yet completed as of the balance sheet date	1,450	350	0	1,100	1,402	91	0	1,311
Remaining amortisation period for modules completed by the reporting date	2 to 10 years				3 to 10 years			

The uncompleted portion relates to newly developed additional modules that will only be completed, marketed and amortised in subsequent years.

B. Reacquired software rights

The full amount of reacquired software rights results from the acquisition of EMC Invest Ltd., Cayman Islands (formerly: YTWO Limited) made in the previous year. These software rights were reacquired on 14.12.2018 and have since been amortised in accordance with IFRS 3.55 over the remaining technological useful life of 8 years and 6 months. Please also refer to our Annual Report 2018 (7.F.).

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Figures in thousand €	Notes	31.12.2019	31.12.2018
Shares in associated companies	(A)	6,992	-
Shares in joint ventures	(B)	1,385	-
Total		**8,377**	**0**

A. Associated companies

Cadline

Pursuant to a contract dated 24.04.2019, the Group acquired 20% of shares in the Cadline Group (hereinafter: Cadline), whose parent company is Cadline Ltd., Staines-Upon-Thames, England. The consideration for the acquisition of the shares amounts to approximately € 2,800 thousand. The Group has an option to acquire the outstanding shares, which can be exercised in the financial year 2023. The purchase price is calculated using a multiplier method based on the EBITDA of Cadline for the financial year preceding the exercise of the option. No substantive voting rights result from the option as of the balance sheet date. In addition, the Group has a put option over its shares in Cadline if contractually defined events occur in the financial years 2020 or 2023. In this case, the selling price is also calculated using a multiplier method based on the EBITDA for the financial year preceding the exercise of the option. The Group is guaranteed a contractually agreed minimum purchase price. Cadline is not listed on the stock exchange. For the Group, it is a strategic investment with the aim of mutual promotion and creation of synergy effects.

Cadline is an established and renowned reseller of software products for the construction sector in the UK and the Netherlands, with more than 30 years of experience and 30,000 users in this sector. As part of the MTWO introduction strategy, Cadline will focus on selling the MTWO solution.

The table below summarises Cadline‘s financial information (as reported in its own financial statements) and provides a reconciliation to the carrying amount of the Group‘s interest in Cadline. The information includes only the results for the period from April to December 2019.

Figures in thousand €	31.12.2019
Assets and liabilities of the associated company	
Non-current assets	475
Current assets	11,393
Non-current liabilities	26
Current liabilities	7,179
Equity (100%)	**4,663**
Thereof attributable to the Group (20%)	933
Goodwill identified on acquisition	1,625
Hidden reserves in other assets identified on acquisition	470
Amortisation of identified hidden reserves	-43
Foreign currency translation differences	-50
Carrying amount of the investment in the associated company	**2,935**

Figures in thousand €	2019
Revenue	7,522
Overall result (100%)	1,080
Thereof attributable to the Group (20%)	216

Winjit

Pursuant to contracts dated 10.07.2019 and 31.07.2019, the Group acquired a 15% interest in the Winjit Group (hereinafter: Winjit), whose parent company is Winjit Technologies Private Limited, Nashik, India. The consideration for the acquisition of the shares amounts to approximately €2,250 thousand. In addition, call options have been agreed, which grant the Group the right to increase its stake in Winjit in several steps to up to 100% by 2023. If the Group exercises its option rights, the option prices will be based on the respective company value of Winjit, which is to be calculated using a multiplier method based on the results of Winjit. No substantive voting rights result from the options as of the reporting date. The Group has classified its influence as significant because of its substantial rights to participate in the management of Winjit. Winjit is not listed on the stock exchange. For the Group, it is a strategic investment with the aim of mutual promotion and creation of synergy effects.

Winjit is an AI platform engineering company that has developed and implemented technologically innovative AI solutions, including applications with complex machine learning, computer vision with n€al network and distributed deep learning platforms. Winjit‘s products and the know-how of its employees are a valuable addition to the existing software solutions and competencies of the RIB Group. Thanks to our involvement in Winjit, we also have the opportunity to build a global, India-based IT Delivery Centre.

The table below summarises Winjit‘s financial information (as reported in its own financial statements) and provides a reconciliation to the carrying amount of the Group‘s interest in Winjit. The information includes only the results for the period from August to December 2019.

Figures in thousand €	31.12.2019
Assets and liabilities of the associated company	
Non-current assets	1,592
Current assets	2,072
Non-current liabilities	383
Current liabilities	917
Equity (100%)	**2,364**
Thereof attributable to the Group (15%)	355
Goodwill identified on acquisition	1,335
Hidden reserves in other assets identified on acquisition	753
Amortisation of identified hidden reserves	-43
Foreign currency translation differences	-124
Carrying amount of the investment in the associated company	**2,276**

Figures in thousand €	2019
Revenue	2,204
Overall result (100%)	255
Thereof attributable to the Group (15%)	38

Capricot

Pursuant to a contract dated 30.08.2019, it was agreed that the Group would acquire 20% of shares in Capricot Technologies Private Limited, Bangalore, India (hereinafter: Capricot) as part of a capital increase. The consideration for the shares to be acquired amounts to approximately € 1,800 thousand. In addition, call options were agreed, which grant the Group the right to increase its stake in Capricot by a further 40%. Provided that RIB exercises the call option, Capricot will be entitled to sell the shares still held by the previous shareholders (40%) to RIB within twelve months of the call option being exercises (put option). If the Group exercises its option rights, the option prices will be based on the respective company value of Capricot, which is to be calculated using a multiplier method based on the results of Capricot.

Capricot has a high level of expertise in the construction industry and promotes innovation by providing software and hardware solutions as well as consulting, training and managed services. The company has offices in Delhi, Rajasthan, Punjab, Maharashtra, Karnataka and a subsidiary in Singapore. Capricot is not listed on the stock exchange.

After investments in market leading IT companies (MSP) in Australia, Great Britain and the USA, the investment in Capricot, one of the top BIM technology experts on the Indian subcontinent, completes the coverage of the key markets of the RIB Group. The iTWO 4.0 technology and MTWO Cloud platform technology will be offered to the Indian market through the Capricot Group of Companies.

The table below summarises Capricot's financial information (as reported in its own financial statements) and provides a reconciliation to the carrying amount of the Group's interest in Capricot. The acquisition date of the 20% of shares in Capricot is 16.12.2019. For reasons of simplification, the equity method of accounting was first applied on 31.12.2019, so no overall results are available for the calendar year 2019.

Figures in thousand €	31.12.2019
Assets and liabilities of the associated company	
Non-current assets	656
Current assets	8,075
Non-current liabilities	2,503
Current liabilities	2,291
Equity (100%)	**3,937**
Thereof attributable to the Group (20%)	787
Goodwill identified on acquisition	520
Hidden reserves in other assets identified on acquisition	464
Amortisation of identified hidden reserves	0
Foreign currency translation differences	9
Carrying amount of the investment in the associated company	**1,780**

B. Investments in joint ventures

Pursuant to a contract dated 25.03.2019, the Group and Saint-Gobain Beteiligungen GmbH, Offenbach am Main, Germany (hereinafter: Saint-Gobain) established a joint venture SGTWO AG, Düsseldorf, Germany (hereinafter: SGTWO). The two partner companies each hold a 50% interest in the unlisted joint venture and exercise joint control. The aim of the joint venture is to improve the quality of modular construction and planning through an enhanced 5D BIM solution.

The Group has classified SGTWO as a joint venture and accounts for the investment using the equity method. SGTWO's share capital of € 3,000 thousand has been fully paid up and is divided equally between Saint-Gobain and the Group. The joint venture commenced its business operations in the calendar year 2019. The majority of SGTWO's assets as of 31.12.2019 are attributable to bank balances. For reasons of materiality, the summarised financial information is not reconciled. As of 31.12.2019, the carrying amount of the investment according to the equity method was € 1,385 thousand.

The Group also holds 50% of shares in the joint venture 5D Institut. In the reporting period, the effects of these investments on the Group's net assets, financial position, results of operations and cash flows were immaterial. The investments in the joint venture are accounted for using the equity method. The company is not quoted in an active market and the fair value is thus not disclosed.

22. INVESTMENT PROPERTIES

In the previous year, the Group‘s investment property related to an office property in the USA and an office property in China. As of the balance sheet date, investment property comprised two office properties in China.

Investment property in the USA
We intend to sell the property located in the USA and have already initiated a sales process. The property was therefore classified as “held for sale” and moved to the corresponding item. For more information, we refer to our comments in Note (23).

The property was acquired in December 2017. Since December 2018, the property has been mainly owner-occupied. The leased part of the building was reported under the item „Investment property“ until the reclassification in October 2019. The property was measured using the cost model and subject to scheduled depreciation. Depreciation was based on the component approach. Under this approach, the building was divided into the components “building envelope” and “technical equipment”. The useful lives are 50 years for the “building envelope” and 20 years for the “technical equipment”. Until reclassification, the monthly depreciation amounted to approximately € 2 thousand. In the reporting period, rental income of € 90 thousand was generated from the property and recognised as other operating income. The operating expenses directly attributable to the investment property amount to around € 46 thousand during the reporting period.

Investment property in China
As of the balance sheet date, the Group‘s investment property consists of two office properties in China. While one of the two identical properties was already fully let in the previous year, part of the property, which had previously been fully used by the Group, was let in the financial year 2019 and reclassified as investment property. The properties are measured using the cost model. Both properties were completed in September 2013 and are subject to scheduled depreciation. Depreciation is based on the component approach. Under this approach, the buildings were divided into the components “building shell” and “technical equipment”. The useful lives are 50 years for the “building envelope” and 25 years for the “technical equipment”. This results in an average useful life of approximately 37 years. The monthly depreciation of both properties amounts to a total of around € 13 thousand. In the reporting period, rental income of € 790 thousand was generated from the properties and recognised as other operating income. The operating expenses directly attributable to the investment property amounted to around € 49 thousand during the reporting period.

The total recoverable amount of the properties amounted to around € 12,814 thousand as of the balance sheet date. The fair value is generally determined at level 2 (levels of fair value hierarchy). The recoverable amount was determined on the basis of an expert opinion prepared by the property valuers Jones Lang LaSalle, Hong Kong, taking into account the respective market conditions. The measurement was carried out using the income capitalisation approach, taking into account the rental income that can be realised on the market and a market-specific capitalisation rate.

The development of the carrying amounts as of the balance sheet dates is presented below:

Figures in thousand €	2019	2018
Opening balance	5,548	7,036
Acquisition or production costs		
Reclassification to non-current assets held for sale	-880	-1,338
Reclassification of previously owner-occupied property (from property, plant and equipment)	2,234	-
Amortisation and depreciation	-318	-151
Amortisation and depreciation (cumulative)		
Reclassification to non-current assets held for sale	42	3
Reclassification of previously owner-occupied property (from property, plant and equipment)	-248	-
Foreign currency translation differences	578	-2
Closing balance	**6,956**	**5,548**

23. NON-CURRENT ASSETS HELD FOR SALE

In October 2019, the Management decided to sell the office property located in the USA. Accordingly, the mixed-use property is classified as a non-current asset held for sale as of the balance sheet date and presented separately. Sales efforts were initiated in October 2019, with the sale expected to be completed by December 2020.

The property is mainly owner-occupied. As part of the Group‘s planned expansion in North America and the related organisational and structural changes, which were especially driven forward by various acquisitions made in the reporting year, this property will probably no longer be required in the future. Consequently, the Group intends to sell it.

Due to the low rental income of € 90 thousand (previous year: € 195 thousand) in relation to total revenue, the sale of the property will not have a material effect on the Group‘s net assets.

As of 31.12.2019, the office property is recognised at its carrying amount of € 2,797 thousand. The fair value of the asset held for sale of € 3,076 thousand (before costs to sell of € 223 thousand) was classified as a level 2 fair value (the levels of fair value hierarchy) based on the purchase price arrangements negotiated with potential buyers.

24. OTHER FINANCIAL ASSETS

Other financial assets of the Group are composed of the following items:

Figures in thousand €	31.12.2019		31.12.2018	
	non-current	current	non-current	current
Other receivables	11,320	2,165	495	1,020
Time deposits	-	1,911	-	32,907
Available-for-sale securities	-	101	-	87
Other financial assets	517	-	284	-
Total	**11,837**	**4,177**	**779**	**34,014**

Other receivables include long-term loans of € 7,325 thousand granted to the parties remaining as shareholders of BSD. In addition, a convertible loan of € 1,484 thousand was granted to Softtech Engineer Limited, India, in exchange for the right to convert it into an investment of up to 10% within the next 18 months.

Securities held as available-for-sale include corporate bonds issued by foreign companies in US dollars and shares in money market and investment funds in €o. The fair values of securities are based on quoted prices in an active market.

The development of available-for-sale securities is as follows:

Figures in thousand €	2019	2018
Opening balance	87	92
Additions	21	-
Disposals	-7	-5
Closing balance	**101**	**87**

Other non-current financial assets include investments in non-consolidated subsidiaries and associated companies which, due to their inactive or minor business operations, either individually or in the aggregate, are immaterial both to the Group and with regard to presenting a true and fair view of the Group's net assets, financial position and results of operations. These are included in the consolidated financial statements at amortised cost.

25. OTHER NON-FINANCIAL ASSETS

The current other non-financial assets of the Group are composed of the following items:

Figures in thousand €	31.12.2019	31.12.2018
Prepaid expenses and other current assets	7,478	2,394
Other receivables	673	420
Other tax refund claims	850	233
Contract assets	2,504	1,156
Total	**11,505**	**4,203**

After deduction of the advance payments received in the amount of € 4,718 thousand, contract assets in the amount of € 2,504 thousand are reported as of the balance sheet date. The contract revenue recorded in the reporting period amounts to € 2,446 thousand.

As of the balance sheet date, the total of expenses incurred and profits recognised in relation to the contract assets, less recognised losses, amounted to € 7,131 thousand.

Of the increase in contract assets, € 1,274 thousand resulted from the acquisition of the Levtech Group. As of the balance sheet date, contract assets of € 1,577 thousand relate to the Levtech Group.

26. INVENTORIES

Inventories are composed of the following items:

Figures in thousand €	31.12.2019	31.12.2018
Merchandise	2,163	1,801
Work in progress	130	962
Finished goods	524	47
Total inventories, gross	**2,817**	**2,810**
Allowance for impairment	10	14
Total inventories, net	**2,807**	**2,796**

The cost of inventories sold, recorded as an expense in the period under review, amounts to € 11,365 thousand, including expenses for purchased services of € 284 thousand. Allowances for impairment of € 10 thousand relate exclusively to merchandise.

27. TRADE RECEIVABLES

The development of trade receivables is as follows:

Figures in thousand €			**thereof due in more than one year**	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade receivables (gross)	54,777	40,629	5,167	2,854
Allowance for impairment	2,615	2,856	-	-
Trade receivables (net)	**52,162**	**37,773**	**5,167**	**2,854**

The carrying amounts of the Group‘s trade receivables correspond almost exactly to their fair values.

As of 31.12.2019, our credit risk position in relation to trade receivables was as follows:

Figures in thousand €	Gross carrying amount	not over-due	up to 30 days	31-60 days	61-90 days	91-120 days	over 121 days
31.12.2019	54,777	29,177	11,653	3,322	2,217	2,720	5,688
thereof non-credit-impaired (level 2)	46,369	29,177	11,653	3,322	2,217	-	-
thereof credit-impaired (Level 3)	8,408	-	-	-	-	2,720	5,688

As of 31.12.2018, our credit risk position in relation to trade receivables was as follows:

Figures in thousand €	Gross carrying amount	not over-due	up to 30 days	31-60 days	61-90 days	91-120 days	over 121 days
31.12.2018	40,629	26,638	6,316	1,755	911	1,170	3,839
thereof non-credit-impaired (level 2)	35,620	26,638	6,316	1,755	911	-	-
thereof credit-impaired (Level 3)	5,009	-	-	-	-	1,170	3,839

The development of allowances for impairment of trade receivables based on expected credit losses over the entire term is as follows:

Figures in thousand €	2019	2018
Opening balance	2,856	2,303
Additions	839	487
Utilisation	-1,952	-97
Reversal	-113	-
Addition from first-time consolidation	983	167
Foreign currency translation differences	2	-4
Closing balance	**2,615**	**2,856**

With regard to the default risks underlying the allowances for impairment of trade receivables, we refer to our comments in Note (44).

The measurement of trade receivables resulted in expenses of € 839 thousand (previous year: € 487 thousand), which were recognised in the income statement as sales and marketing expenses.

Impaired trade receivables relate to customers who were in financial difficulties or in default of payment. The Group has not concluded any collateral or credit insurance for these balances. If there are indications that a debtor is in significant financial difficulties, the receivable is immediately written off in full if we consider its realisation to be unlikely. Before contracts exceeding certain internal limits are concluded with new customers, the Group checks the credit rating of the customer in order to minimise the risk of default. If there is no indication that a customer is in payment difficulties, the allowance is measured individually on a case-by-case basis, taking into account both the length of the overdue period and other relevant and reliable information. We also consider future-related information, for example, on economic conditions or changes in country risk classifications.

28. CASH AND CASH EQUIVALENTS

Figures in thousand €	31.12.2019	31.12.2018
Cash on hand	97	43
Bank balances	123,724	200,205
Cash equivalents	-	4,997
Liquid assets	**123,821**	**205,245**
Thereof unrestricted	119,174	202,627
Thereof restricted	4,647	2,618

Cash equivalents are short-term, extremely liquid financial resources that can be converted into cash at any time and are only subject to minor fluctuations in value. In the present case, federal day bonds are also presented as cash equivalents. For more information, we also refer to Note (5) in our Consolidated Financial Statements.

The bank balances are deposited with creditworthy banks that have not had any defaults in the recent past.

The carrying amounts of cash and cash equivalents presented in the consolidated balance sheet correspond almost exactly to their fair value.

Liquid funds available on a restricted basis

Some subsidiaries of the Group are located in countries where exchange controls or other legal restrictions apply. These are, in particular, the Group companies located in the People's Republic of China. As of the balance sheet date, the companies held cash and cash equivalents of € 4,647 thousand (previous year: € 2,618 thousand). The Managing Directors assume that this will not result in any disadvantages for the Group, as the cash and cash equivalents are used to finance business activities in the respective countries, or, if economically viable, transfers of funds are approved.

29. EQUITY

Subscribed capital / own shares

Quantity	2019	2018
Issued shares in circulation:		
As of 01.01.	**49,230,111**	**45,287,075**
Cash capital increase	0	4,684,565
Sale of treasury shares	106,272	733,283
Exercised pre-emptive rights from the Stock Option Plan	157,888	211,188
Purchase of treasury shares	-1,314,000	-1,686,000
As of 31.12.	**48,180,271**	**49,230,111**

All issued shares are fully paid up. The par value of the registered shares is € 1.00 each. In the reporting year, 106,272 treasury shares were used as part of the purchase price to increase the shares in Datengut GmbH, Zwenkau (now trading as RIB Leipzig GmbH). In the reporting year, 157,888 options from the Stock Option Plan were exercised by eligible employees.

In the period from January to March 2019, 1,314,000 treasury shares were acquired.

The number of outstanding shares as of the balance sheet date of 31.12.2019 had thus been reduced to a total of 48,180,271.

Treasury shares

By resolution of 15.05.2018, the Annual General Meeting authorised the Company to acquire treasury shares up to a total of 10% of the Company‘s share capital existing at the time of the resolution by 14.05.2023. This corresponds to 5,153,022 shares. The authorisation may not be used by the Company for the purpose of trading in its treasury shares. The authorisation may be exercised by the Company in whole or in part, once or several times; it may also be exercised by its Group companies or by third parties for the Company’s or their own account. Together with treasury shares already held by the Company or attributable to it in accordance with Sections 71d and 71e of the German Stock Corporation Act (AktG), the acquired shares may at no time account for more than 10% of the Company‘s respective share capital.

In addition to selling the acquired treasury shares on the stock exchange or by way of an offer addressed to all shareholders, the Administrative Board is authorised to use the acquired treasury shares, in particular (i) in the context of a merger with companies or in the context of the acquisition of companies, parts of companies, equity interests in companies or other contributions in kind, (ii) to sell the treasury shares to third parties subject to certain conditions, (iii) to use the treasury shares to service the pre-emptive rights granted under the Stock Option Plan 2015 and (iv) to retire the treasury shares without any further resolution by the Annual General Meeting. The pre-emptive rights of the shareholders are precluded in each of these cases. In addition, if treasury shares are sold by means of an offer addressed to all shareholders, the Administrative Board may preclude shareholders‘ pre-emptive rights in respect of invisible residual amounts.

The Administrative Board made use of its authorisation by resolutions of 17.10.2018 and 17.12.2018. Under the Share Buyback Programme 2018, a total of up to 3 million treasury shares could be repurchased in the period from 01.11.2018 to 31.03.2019 at a total purchase price (excluding incidental costs) of up to € 45 million. On this basis, the company bought back 1,314,000 of its treasury shares in the reporting year and 1,686,000 in the previous year, making a total of 3,000,000 treasury shares. The Share Buyback Programme ended when the number of treasury shares reached 3 million. The shares were bought back at prices ranging from € 8.88 to € 15.00 as prescribed by the Administrative Board.

In April of the financial year 2019, 106,272 treasury shares with a par value of € 1.00 each were used as part of the purchase price for the acquisition of additional shares in Datengut GmbH, Zwenkau (now trading as RIB Leipzig GmbH). The transferred shares are thus once again outstanding.

This results in the following development of treasury shares:

	Number of shares	Date of use	Pro rata amount of share capital	Proportion of share capital	Acquisition costs
	units		thousand €	%	thousand €
As of 01.01.2018	**1,506,941**		**1,507**	**3.22**	**9,015**
Disposals in 2018	-384,442	Jan - Mar 2018	-384	0,82	-2,299
Additions in 2018	633,000	Nov - 13 Dec 2018	633	1,22	6,761
Disposals in 2018	-297,200	14 Dec 2018	-297	0,57	-2,282
Additions in 2018	1,053,000	14 Dec - 31 Dec 2018	1,053	2,04	11,183
As of 31.12.2018	**2,511,299**		**2,511**	**4.85***	**22,378**
Additions 2019	1,314,000	Jan - Mar 2019	1,314	2,54	15,817
Disposals 2019	-106,272	April 2019	-106	0,21	-1,061
As of 31.12.2019	**3,719,027**		**3,719**	**7.17***	**37,134**

* Due to the change in the share capital during the year, the sum of percentage changes does not equal the percentage share as of 31.12.2018 and 31.12.2019

Authorized capital

Authorized capital 2018

The Administrative Board is authorised to increase the share capital of the Company on one or more occasions until the end of 14 May 2023 by a total of € 13,670 thousand by way of issuing up to 13,670,219 new registered shares with a par value of € 1.00 each in exchange for cash and/or non-cash contributions („Authorised Capital 2018“). The new shares are generally to be offered to shareholders for subscription. However, the Administrative Board is authorised to preclude shareholders‘ pre-emptive rights under certain conditions laid down in Section 4 (4) of the Company‘s Articles of Association. This authorisation was granted to the Administrative Board by the Annual General Meeting of the Company on 15.05.2018. No use was made of this authorisation in the reporting year. For further details on the authorised capital, please refer to our comments in section E.1. of the Management Report.

Conditional capital

Share program 2015 („Conditional Capital 2015/1“)

The Company‘s share capital is conditionally increased by up to € 1,179,540.00 (previous year: € 1,337,428.00) by issuing up to 1,179,540 (previous year: 1,337,428) new registered shares with a par value of € 1.00 each („Conditional Capital 2015/1“).

Pursuant to the Stock Option Plan 2011 in accordance with the resolution of the Annual General Meeting of 20.05.2011 (in the version of the resolution of the Annual General Meeting of 04.06.2013) or pursuant to the Stock Option Plan 2015 in accordance with the resolution of the Annual General Meeting of 10.06.2015, the conditional capital increase shall only be carried out to the extent that pre-emptive rights are issued, the holders of the pre-emptive rights make use of their exercise right and that the Company does not grant any treasury shares to fulfil the pre-emptive rights, whereby the Administrative Board is exclusively responsible for granting and handling pre-emptive rights of the members of the Executive Board of the former RIB Software AG as well as for granting and handling pre-emptive rights of the Managing Directors. The new shares shall participate in profit from the beginning of the financial year in which they are issued.

The term of the pre-emptive rights is 7 years. After expiry of 4 years, the subscription rights can only be exercised provided that the beneficiary is employed at the time and that, over a period of 12 months after the granting of the rights, the market price of the share exceeds a certain value for a total of 60 stock exchange trading days.

In the reporting year, 157,888 (previous year: 211,188) pre-emptive rights were exercised. Therefore, as a result of the issuance of 157,888 new registered shares with a par value of € 1.00 each, the share capital was increased by € 157,888.00 (previous year: € 211,188.00) in the reporting year.

At the end of the reporting period, there were a total of 964,999 exercisable pre-emptive rights (see Note 30).

Issuance of bonds („Conditional Capital 2018“)

The Annual General Meeting of 15.05.2018 authorised the Administrative Board to issue bearer or registered convertible, warrant or profit participation bonds and/or profit participation rights (or combinations of these instruments) (together „bonds“) with or without term limitation and on one or more occasions up to 14.05.2020 with a total nominal value of up to € 200,000,000.00, and to grant the holders or creditors of bonds either conversion or option rights, respectively, to subscribe to up to 5,153,022 registered shares of the Company with a total nominal value of up to € 5,153,022.00 in accordance with the more detailed terms of the bonds and/or to establish obligations to convert the respective bond into such shares under the terms of the bonds.

The share capital is conditionally increased by up to € 5,153,022.00 by issuing up to 5,153,022 new registered shares with a par value of € 1.00 each („Conditional Capital 2018“). The conditional capital increase serves to grant registered shares to the holders or creditors of bonds which are issued by the Company or its direct or indirect German or foreign majority holdings on the basis of the authorisation resolved by the Annual General Meeting of 15.05.2018 under agenda item 11 and which grant or create a conversion or option right or a conversion obligation into or to new registered shares of the Company. Said conditional capital increase shall only be carried out to the extent that option rights or conversion rights are exercised or that holders and/or creditors who are obligated to effect conversion satisfy their conversion obligation or that shares are offered subject to pre-emptive tender rights on the basis of substitution powers of the Company and to the extent that treasury shares or new shares under an authorised capital are not used for this purpose. The new registered shares shall participate in profit from the beginning of the financial year in which they arise through the exercise of option and/or conversion rights or through the fulfilment of conversion obligations or the exercise of pre-emptive tender rights. The Administrative Board are authorised to determine the further details of the implementation of the conditional capital increase. In the reporting year, no use was made of the authorisation to issue the bonds described above.

Capital reserves

The change in capital reserves in the reporting period is composed as follows:

Figures in thousand €	2019
As of 01.01.2019	**316,734**
Sale of treasury shares	661
Share-based remuneration	2,031
Acquisition of non-controlling interests without a change of control	-2,349
Additions to financial liabilities from company acquisitions	-12,356
As of 31.12.2019	**304,721**

Retained earnings

In the reporting year, taking due account of the relevant statutory provisions, no allocation was made to the statutory reserves included in the revenue reserves.

30. STOCK OPTION PROGRAMS

By resolutions of 20.05.2011 and 04.06.2013, the Annual General Meeting adopted the Stock Option Plan 2011/2013 and authorised the Management Board to grant 1,548,616 pre-emptive rights by 19.05.2016. The term of the pre-emptive rights is 7 years. After expiry of the vesting period of 4 years, the pre-emptive rights can only be exercised provided that the beneficiary is employed at the time and that, over a period of 12 months after the granting of the rights, the market price of the share exceeds a certain value for a total of 60 stock exchange trading days.

The exercise price of a pre-emptive right is € 1.00. If the performance target is not achieved in one year, this can be compensated in the following year by achieving the performance target applicable in this period. Pre-emptive rights for which the performance target is not achieved and for which it is not compensated in the following year shall lapse.

Under the Stock Option Plan 2011/2013, 260,688 share options paid out with equity instruments and 15,500 phantom shares paid out in cash were granted in previous years. The phantom shares were subsequently fully converted into share options paid out with equity instruments to the extent that they had not yet forfeited.

On 10.06.2015, the Annual General Meeting adopted the Stock Option Plan 2015 and authorised the Executive Board to grant 1,548,616 pre-emptive rights by 09.06.2020. The Stock Option Plan 2015 includes the Stock Option Plan 2011/2013. The term of the pre-emptive rights is 7 years. After expiry of the vesting period of 4 years, the pre-emptive rights can only be exercised provided that the beneficiary is employed at the time and that, over a period of 12 months after the granting of the rights, the market price of the share exceeds a certain value for a total of 60 stock exchange trading days. The values are as follows:

- € 17.88 in the period from 01.07.2018 to 30.06.2019;
- € 19.88 in the period from 01.07.2019 to 30.06.2020;
- € 21.88 in the period from 01.07.2020 to 30.06.2021;

- € 23.88 in the period from 01.07.2021 to 30.06.2022;
- € 25.88 in the period from 01.07.2022 to 30.06.2023;
- € 27.88 in the period from 01.07.2023 to 30.06.2024;

The exercise price of a pre-emptive right is € 1.00. If the performance target is not achieved in one year, this can be compensated in the following year by achieving the performance target applicable in this period. Pre-emptive rights for which the performance target is not achieved and for which it is not compensated in the following year shall lapse.

In the reporting period, a total of 303,919 share options were granted on 01.07.2019. In previous years, a total of 951,374 share options were granted under the Stock Option Plan 2015.

Movement of subscription rights	**Stock options**		**Phantom shares**	
	2019	**2018**	**2019**	**2018**
Balance at the beginning of the reporting period	847,718	866,417	9,500	9,500
Converted phantom shares	9,500	0	-9,500	0
Granted in the reporting period	303,919	255,619	0	0
Forfeited in the reporting period	38,250	63,130	0	0
Exercised in the reporting period	157,888	211,188	0	0
Lapsed in the reporting period	0	0	0	0
Balance at the end of the reporting period	964,999	847,718	0	9,500
Exercisable at the end of the reporting period	9,250	12,500	0	9,500

The weighted average share price for options exercised during the reporting period was € 23.23 (previous year: € 15.03).

The weighted average remaining term of the outstanding share options as of the balance sheet date is 4.3 years.

The pre-emptive rights were measured using a Monte Carlo simulation, taking into account the absolute performance target. The following parameters were used in the measurement of the pre-emptive rights:

	Share options
Valuation date	01.07.2019
Strike price	€ 1.00
Share price	€ 18.00
Risk-free interest rate	-0.60%
Dividend yield	1.33%
Expected volatility	46.17%
Term	6.4 years
Fair value	**€ 10.79**

The expected volatility was estimated based on the historical share price performance of RIB Software SE. The remaining term of the option rights was used as the time frame.

The personnel costs from the granting of share options recognised in the financial year 2019 amount to € 2.0 million (previous year: € 1.6 million).

As of 31.12.2019, the exercised share options result in liabilities with a carrying amount of € 680 thousand (previous year: € 0.3 million) in the reporting period.

31. OTHER EQUITY COMPONENTS

The other components of equity are composed of the following items:

Figures in thousand €	31.12.2019	31.12.2018
Foreign currency translation reserve	4,546	2,995
Remeasurement reserve	-647	-360
Total	**3,899**	**2,635**

The foreign currency translation reserve includes differences arising from the translation of the financial statements of foreign subsidiaries. The increase is mainly due to the development of the Hong Kong dollar and the US dollar against the €o in the reporting period. The remeasurement reserve includes actuarial gains and losses from pension provisions and similar obligations.

32. NON-CONTROLLING INTERESTS

The table below provides information on the net assets of the Group's subsidiaries with significant non-controlling interests (before consolidation entries) as of 31.12.2019. The disclosures on overall result and cash flow from operating activities refer to the period since the companies acquired in the reporting year were first consolidated using the full consolidation method.

The following table presents the financial information of the material subsidiaries with non-controlling interests:

Figures in thousand €	A2K	BSD	CCS	US CAD
Percentage of non-controlling interests	**40%**	**40%**	**30%**	**40%**
Non-current assets	16,834	15,424	44,880	15,141
Current assets	8,512	5,927	7,008	12,047
Non-current liabilities	-4,079	-3,476	-6,541	-5,853
Current liabilities	-9,699	-12,070	-4,579	-9,141
Net assets	**11,568**	**5,805**	**40,768**	**12,194**
Net assets of the non-controlling interests	4,627	2,322	12,230	4,878
Revenues	14,944	6,433	6,553	7,519
Profit	330	-205	-148	977
Other comprehensive income	150	0	-143	-63
Comprehensive income	**480**	**-205**	**-291**	**914**
Profit allocated to non-controlling interests	132	-82	-44	391
Other comprehensive income attributable to non-controlling interests	60	0	-43	-25
Cash flow from operating activities	**3,968**	**1,261**	**1,266**	**1,165**

Acquisition of non-controlling interests

In April 2019, the Group acquired additional shares in RIB Leipzig in the amount of 24%. The investment thus increased from 51% to 75%. The carrying amount of the net assets of RIB Leipzig in the Group amounted to €5,720 thousand at the time of acquisition.

Figures in thousand €	
Carrying amount of non-controlling interests acquired	1,373
Purchase price paid on non-controlling interests	-3,722
Decrease in equity attributable to owners of the parent company	**-2,349**

33. DIVIDENDS

The balance sheet profit of RIB Software SE as of 31.12.2019 amounts to € 6,263 thousand. Of this, a partial amount of € 168 thousand is blocked for distribution. The total balance sheet profit available for distribution to shareholders as of 31.12.2019 thus amounts to € 6,095 thousand.

For the past financial year, the Managing Directors propose to the Administrative Board that the Annual General Meeting approve a proposal to pay a dividend of € 0.12 per share, or a total of € 5,796 thousand, to the shareholders in 2020. This dividend has yet to be approved at the Annual General Meeting and has therefore not been recognised as a liability in these financial statements. At the time of the submission of the proposed resolution by the Managing Directors, the company held 3,603,385 treasury shares, from which it has no dividend rights.

If the number of dividend-bearing shares changes by the time the resolution on the appropriation of balance sheet profit is adopted and the distributable balance sheet profit is no longer sufficient for the payment of a dividend of € 0.12 per dividend-bearing share, the Administrative Board will propose to the Annual General Meeting the payment of a dividend of € 0.11 per dividend-bearing share.

A dividend of € 0.18 per share was paid out in the financial year 2019.

34. PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations cover the Group's company pension plans. These pension plans only apply to employees who joined the Group before May 1995.

The company pension plans define pension plans for old age, disability and survivors' benefits for employees. The amount of the pension depends on the length of service and the employee's remuneration. The pension obligations are not reinsured and are covered by Group assets. All risks have been adequately considered in the actuarial report.

In addition to the company pension plan, the Group made contributions to the statutory pension insurance institution, which are to be regarded as defined contribution plans. The Group's contributions towards these defined contribution plans amounted to € 2,647 thousand in the financial year 2019 and € 1,248 thousand in the financial year 2018.

The following actuarial methods and assumptions are used to determine the pension provision:

- Basis of calculation: actuarial tables of 2018 G
- Actuarial interest rate: 1.10% p.a. (2018: 2.03% p.a.)
- Pension increase rate: 1.50% p.a. (2018: 1.50% p.a.)
- Fluctuation rate: 2.50% p.a. (2018: 2.50% p.a.)

(a) The present value of the defined benefit obligations and the fair value of plan assets

Figures in thousand €	2019	2018
Present value of the defined benefit pension plan	3,759	3,456
Net debt from the defined benefit pension plans	**3,759**	**3,456**

(b) The movement in the net liability for defined benefit plans is as follows:

Figures in thousand €	2019	2018
Pension obligations 01.01.	3,456	3,569
Current year service cost	11	12
Net interest expense	68	61
Remeasurement - actuarial loss/gain	412	-2
Thereof: from changes in financial assumptions	387	-115
Thereof: from changes in demographic assumptions	-	53
Thereof: experience adjustments	25	60
Pension payments	-188	-184
Pension obligations 31.12.	**3,759**	**3,456**

Actuarial gains and losses are recognised in accumulated other comprehensive income when they arise.

(c) The following amounts were recognised in the income statement:

Figures in thousand €	2019	2018
Service cost	10	12
Net interest expense	68	61
Total cost	**78**	**73**

In addition, the Group incurred expenses in connection with defined contribution plans provided by state institutions, which are also shown in the income statement.

(d) Pension provisions and similar obligations are composed of the following items:

Figures in thousand €	2019	2018
Long-term pension provisions	3,571	3,272
Short-term pension provisions	188	184
Total pension provisions	**3,759**	**3,456**

The expected contributions arising from pension obligations that are to be made in the financial year 2020 amount to € 202 thousand.

Measurement parameters that are material for the measurement of pension provisions were subjected to a sensitivity analysis. The calculations carried out by actuaries for this purpose were performed separately for the measurement parameters classified as material. An increase or decrease in the key actuarial assumptions would have the following effects on the present value of pensions and defined benefit obligations:

		Figures in thousand €
Valuation parameter	Sensitivity in percentage points	Pension provisions
Actuarial interest rate	+ 0,75	3,442
Actuarial interest rate	- 0,75	4,130
Pension increase rate	+ 0,5	3,963
Pension increase rate	- 0,5	3,571
Fluctuation rate	+ 0,5	3,759
Fluctuation rate	- 0,5	3,759

The weighted average term of defined benefit obligations as of 31.12.2019 is 12 years (previous year: 12 years).

35. TRADE PAYABLES

The carrying amounts of trade payables correspond almost exactly to their fair values. Trade payables do not bear interest and are due within one year.

36. OTHER PROVISIONS

Changes in other provisions are as follows:

Figures in thousand €	Warranty provisions	Post-employ-ment benefits	Other long-term benefits	Legal disputes	Other	**Total**
As of 01.01.2018	**355**	**347**	**299**	**900**	**173**	**2,074**
Addition from first-time consolidation	113	-	-	-	8	121
Utilisation	246	-	-	315	-	561
Reversal	-	-	76	585	103	764
Allocations	290	36	-	25	6	357
Foreign currency trans-lation differences	-2	16	-	-	-	14
As of 31.12.2018 and 01.01.2019	**510**	**399**	**223**	**25**	**84**	**1,241**
Addition from first-time consolidation	-	363	-	-	-	363
Utilisation	214	33	-	-	18	265
Reversal	50	-	-	-	-	50
Allocations	226	96	19	123	86	550
Foreign currency trans-lation differences	-	7	-	-	-	7
As of 31.12.2019	**472**	**832**	**242**	**148**	**152**	**1,846**

The Group grants its customers guarantees for the functionality of its products. The amount of warranty provisions is estimated on the basis of the sales volume and experience regarding the actual proportion of complaints. The basis of the estimate is reviewed on an ongoing basis and adjusted where necessary.

The provisions for other long-term benefits result from severance obligations in connection with employee dismissals and departures. The provisions were measured according to actuarial principles using the PUC (projected unit credit) method. The measurement in the financial year 2019 was based on a discount rate of 1.10% p.a. (2018: 2.03% p.a.) and on a salary trend of 1.75% p.a. (2018: 1.75% p.a.).

Provisions for post-employment benefits increased mainly due to additions resulting from the first-time consolidation of Levtech. This relates to a restructuring provision.

The provision for legal disputes mainly relates to a legal dispute with a former employee before the labour court.

37. ACCRUALS

Accruals are presented as follows:

Figures in thousand €	31.12.2019	31.12.2018
Accrued expenses for salaries and social security	9,646	6,415
Licence liabilities	380	300
Commissions	1,079	566
Provisions for outstanding invoices	1,156	2,460
Other income	1,655	1,117
Total	**13,916**	**10,858**

38. DEFERRED INCOME

These amounts includes revenue (and in individual cases, other income) from services of the Group which have already been invoiced to customers or paid by customers but which cannot yet be recognised through profit or loss because the services have not yet been provided as of the end of the reporting periods.

Due to additions in the amount of € 7,236 thousand arising from company acquisitions, deferred income increased in the reporting year. Please refer to Note (7) for more information on company acquisitions.

Increases in deferred income in the amount of € 17,056 thousand (previous year: € 10,082 thousand) result from the invoicing and maturity of invoices to customers. Decreases in deferred revenue result in the amount of € 14,364 thousand (previous year: € 9,149 thousand) from the fulfilment of performance obligations, which were recognised in revenue in the reporting year.

Outstanding performance obligations of the Group relate to transaction prices from customer contracts in connection with revenue that has not yet been realised. These include both deferred income and contractual performance obligations from existing customer contracts that have not yet been recognised in the balance sheet as of the balance sheet date. These relate, in particular, to existing support contracts and obligations from the sale of cloud software. The contracts have a term of one or more years. As of 31.12.2019, there were outstanding service obligations with a transaction price of around € 145,406 thousand (previous year: around € 92,324 thousand). The majority of this transaction price is expected to be realised as revenue within twelve months of the balance sheet date.

39. OTHER FINANCIAL LIABILITIES

These are mainly derivative financial liabilities arising from company acquisitions, which were classified as at fair value through profit or loss. The liability from the acquisition of treasury shares presented as of 31.12.2018 was paid in January 2019. The fair values of the financial liabilities for the acquisition of RIB SAA, IMS and ICS made in previous years were reviewed and remeasured where necessary. Further financial liabilities were also recognised in the reporting period due to the acquisition of CCS, Levtech, datapine, Winjit and Cadline. Changes in other financial liabilities are explained in detail below.

Other financial liabilities are as follows:

Figures in thousand €	31.12.2019		31.12.2018	
	non-current	current	non-current	current
Liability from the acquisition of RIB SAA	3,072	-	2,549	-
Liability from the acquisition of IMS	2,743	-	2,702	-
Liability from the acquisition of the A2K Group	-	-	-	1,423
Liability from the acquisition of ICS	-	1,410	-	1,362
Liability from the acquisition of Levtech	-	189	-	-
Liability from the acquisition of CCS	12,390	-	-	-
Liability from the acquisition of Redstack	346	-	-	-
Liability from the acquisition of the associated company Winjit	-	224	-	-
Liability from the acquisition of the associated company Cadline	-	276	-	-
Liabilities from the repurchase of treasury shares	-	-	-	3,694
Other income	1,474	1,355	130	93
Total	**20,025**	**3,454**	**5,381**	**6,572**

In the financial year 2015, the Group acquired 75% of shares in **RIB SAA**. At the same time, reciprocal call and put options were agreed with the sellers for the transfer of the outstanding 25% of shares. The fact that the Group is the grantor of option within the framework of the put option agreement results in a financial liability for the Group, for which a fair value of € 2,632 thousand was calculated at the time of acquisition. A partial amount of € 1,582 thousand was allocated to the company acquisition and a partial amount of € 1,050 thousand to a separate transaction in the form of a consideration agreement.

The financial liability allocated to the company acquisition was recognised in full in the context of accounting for the company acquisition. The financial liability allocated to the separate transaction is accrued over a period of 66 months and charged to personnel costs, with an amount of € 1,089 thousand included in financial liabilities as of the balance sheet date. The resulting personnel costs for the reporting period amount to € 240 thousand. Interest expenses of € 41 thousand result from the compounding of financial liabilities.

The options can generally be exercised by either party during the period from 01 January 2021 to 31 March 2021. The option prices are based on the proportional company value of RIB SAA, which is to be calculated using a contractually agreed valuation technique. The measurement is carried out using a multiplier method based on the operating results of RIB SAA in the two financial years prior to the exercise of the option, with contractual minimum and maximum values limiting the respective option price upwards and downwards. The minimum price for the outstanding 25% amounts to a total of € 1,750 thousand, while the maximum price amounts to € 4,000 thousand.

The measurement-relevant planning period covers the financial years 2019 and 2020. In the financial year 2019, the operating result of RIB SAA amounted to approximately € 1.1 million, while the earnings projection for 2020 assumes sales growth of approximately 1% p.a., combined with a deterioration in earnings, starting from the high level of the base year 2019.

On the basis of our updated calculations in the reporting year, we assume that the average operating earnings after taxes of RIB SAA at the option date will be around € 0.9 million. Taking into account the estimated probabilities of occurrence of the alternative future scenarios as well as the contractually agreed price cap and price floor, we assume that a purchase price of € 3,346 thousand will have to be paid for the currently outstanding 25% share at the option date. Of this, a partial amount of € 2,007 thousand is attributable to the company acquisition. The resulting financial liability was measured by discounting this partial amount to the balance sheet date using a term-appropriate, risk-consistent interest rate of 1.25% and recognised at its fair value of € 1,983 thousand. The subsequent measurement of the financial liability resulted in an expense of € 242 thousand in the reporting period.

Due to the future-related nature of the financial liability, the measurement of the financial liability is inevitably associated with discretionary decisions and estimation uncertainties. In the period up to the maturity of the financial liability, this may result in expenses of max. € 654 thousand.

Pursuant to a purchase and assignment agreement dated 27.07.2018, the Group acquired 80% of shares in **IMS** Gesellschaft für Informations- und Managementsysteme mbH. The acquisition date was 27.07.2018.

The share purchase agreement also contains additional agreements on the acquisition of the outstanding 20% of shares. Accordingly, the company has a call option over the remaining shares, while the sellers have been granted a put option. The exercise price for both options is calculated according to a contractually agreed formula as a multiplier of the average EBITDA of the IMS Group in the financial years 2020 and 2021. In addition, a price cap and a price floor have been agreed, as a result of which the exercise price of the option will range between €1,600 thousand and €3,200 thousand. The exercise price for this option can be paid in cash, in treasury shares or a combination thereof at the Company‘s discretion.

A financial liability of € 2,333 thousand was recognised for the written put option at the time of acquisition. The recognition of the liability resulted in a reduction of the capital reserve by the corresponding amount. The financial liability was remeasured on the balance sheet date. The measurement-relevant planning period covers the financial years 2020 and 2021. Starting from the base year 2019, earnings projection assumes sales growth of between approx. 3% p.a. and 6% p.a., combined with a slight improvement in earnings.

Based on our updated calculations, we assume that the consolidated EBITDA of IMS at the exercise date will range between approximately € 1.5 million and approximately € 1.6 million. Taking into account the estimated probabilities of occurrence of the alternative future scenarios as well as the contractually agreed price floors and price caps, we assume that a purchase price of €2,798 thousand will have to be paid at the option date for the currently outstanding share of 20%. This financial liability is measured at fair value in the amount of € 2,743 thousand by discounting this partial amount to the balance sheet date using a term-appropriate, risk-consistent interest rate of 0.85%. The subsequent measurement of the financial liability resulted in an expense of € 18 thousand in the reporting period. Interest expenses of € 23 thousand result from the compounding of financial liabilities.

The expected value of the purchase price obligation was determined taking into account the estimated probabilities of occurrence of alternative future scenarios and the contractually agreed price cap and price floor. In the period up to the maturity of the financial liability, this may result in expenses of max. € 457 thousand.

Pursuant to a contract dated 22.08.2018, the Group acquired 40% of shares in Integrated Computer Systems Support, Inc., Redmond, USA (hereinafter: **ICS**). In addition, the company is contractually obliged to acquire the outstanding 60% of shares within a period of 36 months. The outstanding shares can be acquired at the Company‘s discretion at any time during this period. The acquisition date was 30.08.2018.

On the basis of our calculations, we assume that the purchase price for the acquisition of the outstanding shares will be approx. € 1,412 thousand. The purchase price is calculated according to a contractually agreed formula as a multiplier of the EBITDA of ICS for the past twelve months until the end of the month preceding the share purchase. In addition, a price cap and price floor have been agreed, as a result of which the exercise price of the option will range between approx. € 1,335 thousand (USD 1,500 thousand) and approx. € 2,670 thousand (USD 3,000 thousand). A partial amount of up to around € 1,780 thousand (USD 2,000 thousand) of the purchase price is to be settled by transfer of liquid assets. Any remaining amount in excess of this can be paid in cash, in treasury shares or a combination thereof at the Company‘s discretion.

The financial liability was measured at € 1,410 thousand on the balance sheet date by discounting the expected purchase price to the balance sheet date using a term-appropriate, risk-consistent interest rate of 0.85%. Interest expenses of € 13 thousand result from the compounding of the financial liability. The expected value of the purchase price obligation was determined taking into account the estimated probability of occurrence of alternative future scenarios and the contractually agreed price cap and price floor. In the period up to the maturity of the financial liability, this may result in expenses of max. € 1,260 thousand.

Pursuant to contracts dated 18.09.2018, the Group acquired 40% of shares in A2K Holdings Pty Ltd, Gatton, Australia, A2K Technologies Limited, Newton, New Zealand and Phoenx PLM Pty Ltd, Gatton, Australia (hereinafter: **A2K**). Pursuant to contracts dated 07.11.2018, the Group acquired a further 20% of shares in A2K, as a result of which obtained control of A2K at the time of acquisition of 14.12.2018. The total amount of consideration for the 40% of shares in A2K amounting to € 8,767 thousand was to be settled by transfer of liquid assets. Of the total amount, € 7,344 thousand was paid immediately on 26.09.2018, while € 1,423 thousand was retained to secure contractual seller guarantees. This amount was settled in cash in September 2019.

Pursuant to a contract dated 07.12.2018, the Group acquired 50% of shares in **EMC** Invest Ltd (formerly YTWO Limited) and has since held 100% of the shares. In the purchase agreement, a contingent purchase price of up to approximately € 5,341 thousand (USD 6,000 thousand) was agreed, which is contingent on the achievement of certain performance targets. On the basis of current projections, the Group does not expect that this contingent purchase price will be disbursed. Consequently, no liability was recognised as of the balance sheet date.

Pursuant to a contract dated 17.02.2019, the Group acquired 60% of shares in the **Levtech** Group (hereinafter: Levtech), whose parent company is Levtech Consulting DMCC, Dubai, United Arab Emirates. The acquisition date was 04.04.2019, while the consideration for the acquisition of the shares amounted to approximately €1,195 thousand. This is a cash purchase price to be paid by transfer of liquid assets. A partial amount of € 1,005 thousand of the cash purchase price was paid by transfer of liquid assets. The remaining amount of € 189 thousand is only due for payment when contractually agreed conditions are met or after the expiry of agreed warranty periods and is reported as a current financial liability.

Pursuant to contract dated 28.06.2019, the Group acquired 70% of shares in the Construction Computer Software Group (hereinafter: **CCS**), whose parent company is Construction Computer Software (Pty) Ltd, Johannesburg, South Africa. The date of acquisition was 29.07.2019.

With regard to the further 30% of shares, the Group and the remaining shareholders have agreed mutual options to buy and sell, which can be exercised in 2023. The option prices will be based on the company value of CCS, which is to be calculated using a multiplier method based on the performance of CCS. The payment obligations arising for the Group upon exercise of the put option have been limited to a maximum amount of approximately € 16,023 thousand (USD 18,000 thousand).

For the written put option, a financial liability of around € 12,356 thousand was recognised at the time of acquisition. The recognition of the liability resulted in a reduction of the capital reserve by the corresponding amount. The operating EBITDA for the financial year 2022 is relevant for the measurement. Based on the approved projection for the base year 2020, the earnings projection assumes sales growth of between approx. 12% p.a. and 13% p.a., combined with a slight improvement in earnings.

On the basis of our calculations, we assume that the consolidated EBITDA of CCS will be around € 4.3 million at the exercise date. Taking into account the estimated probabilities of occurrence of the alternative future scenarios as well as the contractually agreed price cap, we assume that a purchase price of €12,745 thousand will have to be paid for the currently outstanding share of 30% at the option date. This financial liability is measured at fair value in the amount of € 12,390 thousand by discounting this partial amount to the balance sheet date using a risk-consistent interest rate of 0.85% that reflects the term of the liability. Interest expenses of € 44 thousand result from the compounding of the financial liability. The difference between the amount at the time of initial recognition and the fair value as of the balance sheet date relates to differences from currency translation, which were offset in other comprehensive income with no effect on profit or loss.

The expected value of the purchase price obligation was determined taking into account the estimated probability of occurrence of alternative future scenarios and the contractually agreed price cap. In the period up to the maturity of the financial liability, this may result in expenses of max. € 3,633 thousand. For more information, please also see our comments in Note (7.B.).

In addition, there are financial liabilities of € 346 thousand arising from the acquisition of Redstack and financial liabilities of € 500 thousand arising from the acquisition of the associated companies Cadline and Winjit. In each case, these result from the retention of purchase price payments that are not due until contractually agreed conditions have occurred or until the agreed warranty periods have expired.

40. OTHER LIABILITIES

Other liabilities are as follows:

Figures in thousand €	31.12.2019	31.12.2018
Advance payments received on orders (contractual liabilities)	2,340	3,318
Tax liabilities	4,786	4,403
Social security liabilities	455	498
Liabilities to employees	510	727
Liabilities from leasing expenses	43	-
Other	1,644	2,077
Total	**9,778**	**11,023**

The Group‘s other liabilities are non-interest-bearing. The carrying amounts of other liabilities correspond almost exactly to their fair values.

Increases in advance payments received result in the amount of € 1,873 thousand (previous year: € 2,371 thousand) from the receipt of payments for service obligations that had not yet been fulfilled as of the balance sheet date. Decreases in the amount of € 2,859 thousand (previous year: € 1,930 thousand) result from the fulfilment of performance obligations. Of this amount, € 2,859 thousand (previous year: € 1,674 thousand) was recognised in revenue in the reporting year.

41. FINANCIAL COMMITMENTS

(a) Lease agreements

As of 31 December 2018, financial obligations from non-cancellable rental and lease agreements were reported as operating leases in accordance with IAS 17 and amounted to € 11,624 thousand. As of 01 January 2019, the Group has adopted IFRS 16 for the first time, which has replaced IAS 17, among other standards. Based on the financial obligations from rental and lease agreements as of 31 December 2018, a reconciliation to the lease obligations in accordance with IFRS 16 is presented under Note (3 D.).

(b) Other

As of 31 December 2019, other financial obligations, arising from an agreement on a strategic partnership with a customer, totalled € 24 thousand and had a remaining term of one year.

The acquisition of RIB SAA in 2015 results in a financial liability of € 1,322 thousand, which will continue to be recognised in earnings until the settlement date. A partial amount of € 300 thousand had not yet been recognised as of the balance sheet date of 31 December 2019. For more information, we refer to our comments in Note (39).

42. CONTINGENT LIABILITIES

As part of the acquisition of BSD (see Note (7)), the sellers were granted put options on their remaining 40% interest in the company, which can be exercised if certain future events occur. The resulting potential obligation of the Group to acquire additional shares in the company, which depends on the occurrence of future events, constitutes a contingent liability for the Group.

The put option can be exercised if a so-called „change of control“ event occurs at the level of RIB Software SE within the next four years. Such a change of control event will be deemed to have occurred, in particular, if one of the parties were to acquire more than 50% of shares in RIB Software SE as part of one transaction or as part of a series of related transactions. The amount of the option price is staggered over time and thus depends on the year in which this condition occurs. If the condition occurs in the period up to 31.12.2020, the option price will amount to approx. € 21.4 million (USD 24.0 million). If the condition occurs in the years 2021 to 2023, the option price will increase continuously, up to an amount of approx. € 28.5 million (USD 32.0 million) if the condition occurs in 2023.

There were no significant contingent liabilities as at 31 December 2018.

43. RELATED PARTY TRANSACTIONS

a) Transactions with related parties and their effects on the consolidated financial statements are presented in the following table:

Figures in thousand €	Comment	2019	2018
Joint ventures:			
Income from the reversal of deferred income (other operating income)	(1)	-	2,032
Invoiced support services (revenue)	(1)	-	3,809
Calculated management fee (other operating income)	(1)	-	250
Other related parties:			
Rental of premises (other operating expenses)	(2)	65	63
Construction of a building on third-party land (property, plant and equipment)	(3)	-	-
Non-consolidated subsidiaries			
Purchased consulting services (other operating expenses)	**(4)**	**210**	**-**
Total		**275**	**6,154**

b) Outstanding balances in connection with related parties are presented in the following table:

Figures in thousand €	Comment	31.12.2019	31.12.2018
Receivables from non-consolidated subsidiaries:			
Loan granted to 3D Prodigy	(5)	130	123
Receivables from associated companies:			
Loan granted to Capricot	(6)	891	-
Liabilities to non-consolidated subsidiaries:			
Liabilities to Lubanco	(4)	65	-

Remarks:

(1) The business transactions stated in the previous year concern the former joint venture YTWO Ltd (now trading as EMC Invest Ltd). The Group acquired all shares in YTWO Ltd in December 2018 and, since 14.12.2018, it has included this company in the consolidated financial statements using the full consolidation method. Therefore, no disclosures on corresponding business transactions are required for the financial year 2019.

(2) In the reporting period, as a result of renting business premises, the Group paid rents to Mühl24 GmbH, Hungen in the amount of € 57 thousand (previous year: € 52 thousand), to Thomas & Yvonne Wolf Grundbesitz Hungen I GbR in the amount of € 8 thousand (previous year: € 0 thousand) and to Thomas & Yvonne Wolf Grundbesitz Kranichfeld GbR in the amount of € 0 thousand (previous year: € 11 thousand). The payments were made in the respective reporting period. The Chairperson of the Administrative Board of the Group, Mr Thomas Wolf, indirectly holds a majority interest in Mühl 24 GmbH, Hungen, as well as in Thomas & Yvonne Wolf Grundbesitz Kranichfeld GbR and in Thomas & Yvonne Wolf Grundbesitz Hungen I GbR.

(3) Through its subsidiary, xTWO GmbH, the Group has constructed a logistics building on third-party land. The acquisition costs incurred by the balance sheet date amount to € 988 thousand and correspond to the carrying amount as of 31.12.2019. We expect further acquisition costs of around € 140 thousand until the logistics building is completed. In connection with the construction of the logistics building, a rental agreement for the land on which the logistics building is constructed was concluded with Thomas Wolf und Yvonne Wolf Grundbesitz Hungen II GbR, Hungen, for a period of 10 years starting from 01.01.2020, for a total area of 6,084 square meters. The rent is € 2 thousand per month (€ 0.32 per sq m). The Group can extend the lease for a further 5 years until 31.12.2034 on the same terms. The lessor is obliged to take over the logistics building at the market value, less dismantling costs, at the end of the rental agreement. The Chairperson of the Group‘s Administrative Board, Mr Thomas Wolf, indirectly holds a majority interest in Thomas & Yvonne Wolf Grundbesitz Hungen II GbR.

(4) In the period under review, the Group used consulting services in connection with M&A activities provided by the subsidiary Lubanco Limited, Hong Kong, People‘s Republic of China, which was not consolidated due to immateriality. These consulting services amounted to € 210 thousand. As a result, the Group had outstanding liabilities of € 65 thousand as of the balance sheet date.

(5) As of the balance sheet date, the Group had outstanding receivables from a loan agreement with the non-consolidated subsidiary 3D Prodigy PTE Limited, Singapore, amounting to € 130 thousand.

(6) As of the balance sheet date, the Group had outstanding receivables from a loan agreement with the associated company Capricot Technologies Private Limited, Bangalore, India, amounting to € 891 thousand.

All business transactions described above are based on normal market conditions.

c) Remuneration of persons in key positions within the Group:

The remuneration of persons in key positions consists of the salaries of the Managing Directors and the remuneration paid to the Administrative Board of the parent company. For more information, see Note (46).

44. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Classifications and fair values

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

I. Financial assets

Figures in thousand €			Fair value			
Business model	**Hold**	**Hold and sell**	**Level 1**	**Level 2**	**Level 3**	**Total**
As of 31.12.2019						
At fair value through profit or loss						
Money market and investment funds	-	86	86	-	-	86
Corporate bonds	-	15	15	-	-	15
Convertible loans	1,484	-	-	1,484	-	1,484
Total	**1,484**	**101**	**101**	**1,484**	**-**	**1,585**
Measured at amortised cost						
Trade receivables	52,162		-	-	-	-
Other receivables	12,001		-	-	-	-
Time deposits	1,911		-	-	-	-
Other financial assets	517		-	-	-	-
Cash and cash equivalents	123,821		-	-	-	-
Total	**190,412**		**-**	**-**	**-**	**-**

Figures in thousand €			Fair value			
Business model	**Hold**	**Hold and sell**	**Level 1**	**Level 2**	**Level 3**	**Total**
As of 31.12.2018						
At fair value through profit or loss						
Money market and investment funds	-	86	86	-	-	86
Corporate bonds	-	1	1	-	-	1
Total	**-**	**87**	**87**	**-**	**-**	**87**
Measured at amortised cost						
Trade receivables	37,773	-	-	-	-	-
Other receivables	1,515	-	-	-	-	-
Time deposits	32,907	-	-	-	-	-
Other financial assets	284	-	-	-	-	-
Cash and cash equivalents	205,245	-	-	-	-	-
Total	**277,724**	**-**	**-**	**-**	**-**	**-**

II. Financial liabilities

Figures in thousand €	Carrying amounts	Fair value			
		Level 1	**level 2**	**Level 3**	**Total**
As of 31.12.2019					
At fair value through profit or loss					
Derivatives	**19,615**	-	-	19,615	19,615
Measured at amortised cost					
Trade payables	21,714	-	-	-	-
Other financial liabilities	3,864	-	-	-	-
Liabilities to banks*	5,936	-	-	-	-
Other liabilities**	662	-	-	-	-
Total	**51,791**	**-**	**-**	**19,615**	**19,615**

*The bank liabilities have a remaining term of 12 years and are to be repaid in equal quarterly instalments.
**Not included are other liabilities in the amount of € 11,332 thousand, which do not constitute financial liabilities.

Figures in thousand €	Carrying amounts	Fair value			
		level 1	level 2	level 3	Total
As of 31.12.2018					
At fair value through profit or loss					
Derivatives	6,613	-	-	6,613	6,613
Measured at amortised cost					
Trade payables	10,137	-	-	-	-
Other financial liabilities	5,340	-	-	-	-
Liabilities to banks*	5,200	-	-	-	-
Other liabilities**	108	-	-	-	-
Total	**27,398**	**-**	**-**	**6,613**	**6,613**

*The bank liabilities have a remaining term of 13 years and are to be repaid in equal quarterly instalments.
**Not included are other liabilities in the amount of € 10,915 thousand, which do not constitute financial liabilities.

B. Determination of the fair values

The Group uses the following hierarchy to determine and disclose fair values of financial instruments:

- **Level1:**
  fair values determined on the basis of quoted unadjusted prices in active markets for identical assets or liabilities.

- **Level2:**
  fair values determined on the basis of valuation techniques that directly or indirectly monitor all inputs that have a significant impact on the fair value of the asset.

- **Level3:**
  fair values determined on the basis of valuation techniques that do not directly or indirectly monitor all inputs that have a significant impact on the fair value accounted for.

In determining the point in time when regroupings between the different levels should be deemed to have occurred, we take into account the date of the event or change in circumstances that caused the regrouping.

Financial liabilities measured at fair value as of 31 December 2019 are derivative financial liabilities from company acquisitions. Please refer to Note (39) for more information on this and on the changes in the fair values of the financial liabilities.

The derivatives allocated to Level 3 are liabilities from option agreements as part of the acquisition of RIB SAA, ICS, IMS and CCS. For a description of the techniques used in measuring these liabilities and the input factors used in measuring fair value, please refer to our comments in Note (39).

No reclassifications between levels 1 and 2 and no reclassifications into or out of level 3 were made during the reporting period.

Financial liabilities measured at fair value developed as follows in the reporting year:

Figures in thousand €	2019	2018
As of 01.01.	**6,613**	**9,081**
Changes with no effect on earnings		
Acquisition of company shares	12,356	3,692
Derecognition	-	-7,685
	12,356	**-3,993**
Changes with an effect on earnings		
Income from the subsequent measurement of purchase price liabilities (other operating income)	15	-
Expenses from the subsequent measurement of purchase price liabilities (other operating expenses)	260	-
Expenses from the remeasurement of purchase price liabilities (other operating expenses)	-	1,215
Personnel costs from accumulation of purchase price liabilities (cost of sales)	240	217
Expenses from the compounding of interest on purchase price liabilities (financial expenses)	161	93
	646	**1,525**
As of 31.12.	**19,615**	**6,613**
Gains/losses(-) from the measurement of financial liabilities	-646	-1,525

Changes with an effect on earnings include unrealised income from the measurement of financial liabilities existing at the end of the reporting period in the amount of € 15 thousand, presented as other operating income, and expenses in the amount of € 260 thousand, presented as other operating expenses. Expenses of € 240 thousand are also included, presented as cost of sales; in the previous year, € 217 thousand was presented as cost of sales.

Measurement parameters that are material for the measurement of the purchase price liabilities of level 3 were subjected to a sensitivity analysis. The calculations carried out by the Group for this purpose were performed separately for the measurement parameters classified as material. Level 3 financial liabilities amounted to € 19,615 thousand. An increase or decrease in the key assumptions would have the following effects on their carrying amounts:

Figures in thousand €

Valuation parameter	Sensitivity	Carrying amount
Discount rate used for the discounting period	+ 1% point	19,095
Discount rate used for the discounting period	- 1% point	20,123
Growth rate of projected sales in the detailed planning period	+ 10.0%	21,567
Growth rate of projected sales in the detailed planning period	- 10.0%	16,233

C. Financial risk management and policy

The Group continues to operate mainly in €ope, but increasingly in North America, Australia, New Zealand and Asia. Its activities expose it to a variety of financial risks in the ordinary course of business. The Group-wide risk management system aims at minimising potential adverse effects on the Group‘s financial performance. The Group does not use derivative financial instruments to hedge its risks. No economic hedging relationships are presented as balance sheet hedging relationships in the consolidated financial statements.

The Group is exposed to the following risks from the use of financial instruments:

(i) Market risk

The market risk can be divided into foreign currency risk, interest rate risk and other price risks.

(a) Foreign currency risk

The exchange rate risk can arise for assets and liabilities recognised in the balance sheet in connection with future business transactions both on the procurement side (purchase of services) and on the sales side (sale of software solutions and provision of services).

The majority of the subsidiaries conduct their transactions predominantly in their respective local currency. The Group‘s business activities are concentrated in the €ozone, North America and Asia, and the majority of sales and procurement transactions are conducted in €o.

The Group conducts its business in regions outside the €ozone in the following currencies:

- British pound (GBP)
- US dollar (USD)
- Hong Kong dollar (HKD)
- Singapore dollar (SGD)
- Czech koruna (CZK)
- Australian dollar (AUD)
- Indian rupees (INR)
- Chinese yuan (CNY)
- United Arab Emirates dirham (AED)
- Swiss francs (CHF)
- Danish krone (DKK)
- Philippine peso (PHP)
- Cayman dollar (KYD)
- New Zealand dollar (NZD)
- South African rand (ZAR)

The assets and liabilities are reported in the above-mentioned currencies and translated into the reporting currency (€o) for purposes of the consolidated financial statements.

The Group does not use currency forwards to hedge currency risks from procurement and sales transactions.

If the €o had been 10% stronger against the above-mentioned foreign currencies as of 31.12.2019, additional expenses of € 420 thousand would have been charged to the consolidated annual net profit for the year, thus reducing the consolidated total comprehensive income by € 40,825 thousand. If the €o had been 10% weaker against the above-mentioned foreign currencies as of 31.12.2019, consolidated annual net profit would have increased by an additional income of € 420 thousand and consolidated total comprehensive income by € 40,825 thousand, respectively.

(b) Interest rate risk

The Group's interest rate risk includes the risk that the fair values of available-for-sale securities may fall (rise) as a result of changes in interest rates. No material effects on the consolidated financial statements are expected from the available-for-sale securities held as of 31.12.2019 in the event of realistic changes in the market interest rate.

(c) Other price risks

Price risks due to hypothetical changes in prices affecting the financial instruments exist as of 31.12.2019 and did not exist as of 31.12.2018.

(ii) Liquidity risk
The liquidity risk is monitored on the basis of cash flow projections and forecasts. The Group monitors the liquidity requirements resulting from operating activities, investing activities and financing activities. Prudent liquidity management requires that a sufficient amount of cash and cash equivalents be kept available and that the ability to raise cash assets is ensured by adequate credit lines.

At the end of the reporting period, the Group had interest-bearing bank liabilities of € 5,936 thousand. Of this amount, a significant portion in the amount of € 4,800 thousand bears interest at a rate of 0.70% p.a. over a fixed term of 10 years.

The contractual maturity of financial liabilities in the form of trade payables is explained in Note (35). Other liabilities, which are included in other current liabilities, generally have no contractual maturities. They are settled on a regular basis or in accordance with the terms and conditions of business of the counterparties.

For information on the maturities of financial liabilities arising from company acquisitions, please refer to Note (39).

(iii) Credit risk
The Group's maximum default risk with regard to financial assets is the risk that counterparties fail to meet their contractual obligations. It comprises the carrying amount at which these assets are presented in the consolidated balance sheet.

(a) Trade receivables

The carrying amount of trade receivables amounted to € 52,162 thousand as of 31.12.2019 (previous year: € 37,773 thousand) and thus represents the maximum default risk in relation to these assets.

The default risk is controlled by checking the credit rating of customers prior to contract conclusion. For this purpose, the Group uses credit assessments from external rating agencies (if available).

Terms of payment and conditions will be adjusted appropriately if the credit rating of customers deteriorates.

The Group has established various payment terms for customers. Most payments are due within 14 to 30 days. For certain customers, this may be longer in individual cases. The Group reviews the recoverable amount of each receivable at the end of each reporting period. This review takes into account the customer‘s financial situation, past experience and other factors, so that an appropriate allowance for irrecoverable amounts can be made. In order to adequately reflect the residual default risk of unidentified individual impairments, the Group also recognises an allowance of 1% on unimpaired gross receivables. This percentage is based primarily on the Group‘s past experience of credit losses on trade receivables, adjusted for expected future changes in these risks.

There are no significant risks for the Group due to individual debtors or counterparties.

Occasionally, customers do not pay until after the agreed payment date. The Management then considers various options for dealing with this situation, including suspending further deliveries and services until payment is made, taking legal action or requesting collateral.

(b) Other financial assets

As of 31.12.2019, the Group held other financial assets of € 16,014 thousand (previous year: € 34,793 thousand). This sum thus represents the maximum default risk with regard to these assets.

This includes short-term time deposits of € 1,911 thousand (previous year: € 32,907 thousand) with a remaining term of more than three months at the time of acquisition.

The time deposits are mainly held with reputable banks.

(c) Cash and cash equivalents

The Group holds cash and cash equivalents of € 123,821 thousand as of 31.12.2019 (previous year: € 205,245 thousand). This sum thus represents the maximum default risk with regard to these assets.

Cash and cash equivalents are mainly held with reputable banks.

(iv) Capital risk management

The Group‘s objectives in capital risk management are to ensure the continuation of the Group‘s business operations in order to safeguard the return to shareholders and the benefits of other stakeholders.

The Group currently finances most of its investing activities from cash inflows from operating activities and from free liquid assets. The only exception to this is the investment in the building in Stuttgart, which is partly financed by a bank loan. The Group manages its capital on the basis of the debt-equity ratio, which is the quotient of net debt and the sum of capital and net debt. The Group strategy is to keep this key figure below 50%. Net debt is defined as interest-bearing liabilities less liquid assets without taking into account liabilities related to the financing of the working capital. Capital includes the company‘s equity attributable to shareholders.

During the reporting periods, the debt-equity ratio was zero.

Fair value

The carrying amounts of the Group‘s financial instruments correspond to their fair values at the end of each reporting period due to their short remaining term.

45. AUDITOR‘S FEES

The fees of the auditor, BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, calculated for the financial year in accordance with Section 314 (1) (9) of the German Commercial Code (HGB) are composed of the following items:

Figures in thousand €	2019
Audit services	256
Other assurance services	-
Tax advice	44
Other services	293
Total	**593**

Other services mainly relate to services in connection with financial due diligence investigations in the context of corporate transactions.

46. REMUNERATION OF THE COMPANY‘S ADMINISTRATIVE BOARD AND THE MANAGING DIRECTORS

The total remuneration granted to the Managing Directors in the financial year 2019 amounts to € 3,181 thousand (previous year: € 3,410 thousand). The total remuneration includes non-performance-related basic remuneration („Remuneration 1“) of € 888 thousand (previous year: € 943 thousand) granted for activities in the financial year 2019. In addition, it also includes performance-related remuneration („Remuneration 2“) in the amount of € 1,097 thousand (previous year: € 660 thousand). Remuneration 2 includes an amount of € 677 thousand (previous year: € 660 thousand), which was granted subject to the achievement of performance targets agreed for the financial year 2019. In addition, Remuneration 2 includes an amount of € 420 thousand, which was granted as a long-term remuneration component in the financial year 2019 after achievement of performance targets agreed for the period from 01.01.2017 to 31.12.2019. in the financial year 2019, share-based remuneration („Remuneration 3“) in the amount of € 1,196 thousand (previous year: € 1,808 thousand) was also granted.

In the reporting period, no remuneration was granted on the occasion of the departure of a Managing Director. In the financial year 2018, a Managing Director was granted share-based remuneration on the occasion of his departure from the Company. In detail, it was agreed that 20,000 share options granted to him during his term of office and which would have expired without further regulation may continue to be exercised as compensation for a non-competition clause. At the time of the agreement, the fair value per option was € 23.33. The share-based remuneration granted in the financial year 2018 thus amounted to € 467 thousand.

As of 31 December 2019, there are open balances from the remuneration of the Managing Directors amounting to € 1,097 thousand (previous year: € 940 thousand) for the portion of „Remuneration 2“ relating to the financial years 2017 to 2019, which are reported as accruals.

Pensions amounting to € 25 thousand (previous year: € 25 thousand) were granted to former members of the Executive Board in the financial year 2019.

Pension provisions of € 378 thousand (previous year: € 316 thousand) relate to former members of the Executive Board of the former RIB Software AG.

The total remuneration of the Administrative Board for the financial year 2019 amounts to € 147 thousand (previous year: € 105 thousand). This remuneration is reported as current liabilities as of 31 December 2019.

There are no further obligations to members of the Administrative Board and the Managing Directors.

For more detailed information, please refer to the remuneration report contained in Section H. of the Group Management Report.

47. AVERAGE HEADCOUNT FOR THE YEAR

Employees pursuant to Section 314 (1) No. 4 of the German Commercial Code (HGB)

Headcount	2019	2018
General administration	217	138
Research and development	418	395
Marketing/sales	302	185
Support/consulting	662	320
Total	**1,599**	**1,038**

48. INFORMATION ON THE CORPORATE GOVERNANCE CODE

The Administrative Board has issued the declaration of compliance for the financial year 2019 in accordance with Section 161 of the German Stock Corporation Act. The declaration can be accessed on the RIB Software SE website in the Investor Relations section.

49. DISCLOSURES ON SHAREHOLDINGS PURSUANT TO SECTION 313 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

	Abbreviations	Share of capital in%*
Fully consolidated companies:		
Germany:		
datapine GmbH, Berlin	datapine	75.05
IMS Gesellschaft für Informations- und Managementsysteme mbH, Dinslaken	IMS	80.00
IMS systems GmbH, Dinslaken	IMS Systems	100.00
iTWO Baufabrik 4.0 F&E GmbH, Stuttgart	iTWO Baufabrik	100.00
KIRUS GmbH, Dinslaken	Kirus	100.00
MTWO AG, Stuttgart (formerly: RIB iTWOcity AG, Stuttgart)	MTWO	100.00
RIB COE €ope GmbH, Stuttgart	RIB COE	100.00
RIB Cosinus GmbH, Freiburg	RIB Cosinus	100.00
RIB Deutschland GmbH, Stuttgart	RIB Deutschland	100.00
RIB Engineering GmbH, Stuttgart	RIB Engineering	100.00
RIB Information Technologies AG, Stuttgart	RIB IT	100.00
RIB Leipzig GmbH, Zwenkau (formerly: Datengut GmbH, Zwenkau)	RIB Leipzig	75.00
SaaSplaza GmbH, Unterföhring	SaaSplaza DE	100.00
xTWO GmbH, Hungen	xTWO	100.00
xTWOmarket GmbH, Hungen	xTWOmarket	100.00
YTWO €ope GmbH, Stuttgart	YTWO €ope	100.00
Other countries:		
A2K Holdings Pty Ltd, Gatton, Australia	A2K Holding	60.00
A2K Recruitment Limited, Newton, New Zealand	A2K Recruitment Ltd	100.00
A2K Recruitment Pty Ltd, Gatton, Australia	A2K Recruitment PTY	100.00
A2K Technologies Limited, Newton, New Zealand	A2K Tech Ltd	60.00
A2K Technologies Pty Ltd, Gatton, Australia	A2K Tech PTY	100.00
Building Systems Design Inc, Atlanta, USA	BSD	60.00
CCS Mining & Industrial (Pty) Limited, Pretoria, South Africa	CCS SA	100.00
CloudA2K Limited, Auckland, New Zealand	Cloud A2K NZ	100.00
CloudA2K Pty Ltd, Gatton, Australia	Cloud A2K AU	100.00
Construction and Project Management Limited, Harrow, United Kingdom	CCS HA	100.00
Construction Computer Software (Asia) Limited, Hong Kong, People's Republic of China	CCS HK	100.00

Construction Computer Software (Australia) (Pty) Limited, Sydney, Australia	CCS AU	100.00
Construction Computer Software (Gulf) LLC, Dubai, United Arab Emirates	CCS UAE	100.00
Construction Computer Software (Pty) Limited, Johannesburg, South Africa	CCS	70.00
Construction Computer Software Limited, London, United Kingdom	CCS UK	100.00
Consult AEC Limited, Newton, New Zealand	Consult AEC Ltd	100.00
Consult AEC Pty Ltd, Gatton, Australia	Consult AEC PTY	100.00
Dimtronix Systems Limited, Hong Kong, People's Republic of China	Dimtronix	100.00
Docia Ltd, London, United Kingdom	Docia	100.00
EBS Business Solutions Pty Ltd, Gatton, Australia	EBS	100,00
EMC Invest Ltd, Cayman Islands (formerly: YTWO Limited, Cayman Islands)	EMC Invest Ltd	100.00
eMeasure Limited, Hong Kong, People's Republic of China	eMeasure	100.00
Exactal (Singapore) Pte Ltd, Singapore	Exactal Singapore	100.00
Exactal Corporation, Austin, USA	Exactal Corporation	100.00
Exactal Creative Australia Pty Ltd, Brisbane, Australia	Exactal Creative AU	100.00
Exactal Creative Limited, Hong Kong, People's Republic of China	Exactal Creative HK	100.00
Exactal €ope Limited, London, United Kingdom	Exactal €ope	100.00
Exactal Group Limited, Hong Kong, People's Republic of China	Exactal Group Ltd	100.00
Exactal Holdings Pty Ltd, Brisbane, Australia	Exactal Holding	100.00
Exactal Limited, Hong Kong, People's Republic of China	Exactal Ltd HK	100.00
Exactal Malaysia Sdn, Bhd, Kuala Lumpur, Malaysia	Exactal Malaysia	100.00
Exactal Pacific Limited, Auckland, New Zealand	Exactal New Zealand	100.00
Exactal Technologies Pty Ltd, Brisbane, Australia	Exactal Tech.	100.00
Guangzhou RIB Software Company Limited, Guangzhou, People's Republic of China	RIB China	100.00
Guangzhou TWO Information Technology Company Limited, Guangzhou, People’s Republic of China	GZ TWO	100.00
Guangzhou YTWO Information Technology Co. Ltd, Guangzhou, People's Republic of China	YTWO IT GZ	100.00
IMS Schweiz AG, Zurich, Switzerland	IMS CH	100.00
Integrated Computer Systems Support, Inc., Redmond, USA	ICS	40.00
Levtech Consulting DMCC, Dubai, United Arab Emirates	Levtech UAE	60.00
Levtech Consulting LLC, Doha, Qatar	Levtech QTR	92.50
Levtech Consulting Saudi Co Ltd, Al Khobar, Saudi Arabia	Levtech KSA	75.00
Levtech Consulting Services India Private Ltd, Bangalore, India	Levtech India	100.00
MTWO Holdings Limited, Cayman Islands (formerly: MTWO Limited, Cayman Island)	MTWO Holding Ltd	100.00
MTWO Limited, Hong Kong, People's Republic of China (formerly: CTWO Limited, Hong Kong, People's Republic of China)	MTWO Ltd	100.00
Phoenx PLM Pty Ltd, Gatton, Australia	Phoenx	60.00
Redstack Pty Ltd, Adelaide, Australia	Redstack	100.00

RIB A/S, Copenhagen, Denmark	RIB A/S	100.00
RIB Asia Ltd, Hong Kong, People's Republic of China	RIB Asia	100.00
RIB Cosinus AG, Lucerne, Switzerland	RIB CCH	100.00
RIB iTWO Software Private Limited, Mumbai, India	RIB India	100.00
RIB iTWO Software, Inc., Bonifacio Global City, Philippines	RIB PHP	100.00
RIB Limited, Hong Kong, People's Republic of China	RIB Ltd	100.00
RIB Management Computer Controls, Inc., Memphis, USA	RIB MC²	100.00
RIB PTE. Limited, Singapore	RIB Singapore	100.00
RIB SAA Software Engineering GmbH, Vienna, Austria	RIB SAA	75.00
RIB Software (UK) Limited, London, United Kingdom	RIB UK	100.00
RIB Software DMCC, Dubai, United Arab Emirates	RIB DMCC	100.00
RIB Software NZ Limited, Auckland, New Zealand	RIB NZ	100.00
RIB Software PTY Ltd, Sydney, Australia	RIB PTY	100.00
RIB Spain SA, Madrid, Spain	RIB Spain	100.00
RIB stavebni Software s.r.o., Prague, Czechia	RIB Prague	100.00
RIB U.S. Cost Incorporated, Atlanta, USA	RIB US Cost	100.00
RIB USA Inc, Delaware, USA	RIB US Holdco	100.00
SaaSplaza B.V., Amsterdam, Netherlands	SaaSplaza BV	100.00
SaaSplaza Cloud Services Co Ltd, Shanghai, People's Republic of China	SaaSplaza Cloud	100.00
SaaSplaza Inc., Encinitas, San Diego, USA	SaaSplaza US	100.00
SaaSplaza Inc., Toronto, Canada	SaaSplaza CA	100.00
SaaSplaza International B.V., Amsterdam, Netherlands	SaaSplaza Int.	100.00
SaaSplaza Nederland B.V., Amsterdam, Netherlands	SaaSplaza NL	100.00
SaaSplaza Pte. Ltd, Singapore, Singapore	SaaSplaza SG	100.00
SaaSplaza Pty. Ltd, Sydney, Australia	SaaSplaza AU	100.00
TWO Americas LLC, Atlanta, USA	TWO Americas	100.00
TWO Hong Kong Limited, Hong Kong, People's Republic of China	TWO HK Ltd	100.00
U.S. CAD Holdings LLC., Irvine, USA	US CAD	60.00
YTWO Asia Limited, Hong Kong, People's Republic of China	YTWO Asia	100.00
YTWO Formative, Inc., Delaware, USA	YTWO Inc.	100.00
YTWO International Company Limited, Hong Kong, People's Republic of China	YTWO Int. Ltd	100.00
Joint ventures:		
5D Institut GmbH, Friedberg (formerly: iTWO 5D - Institut für Integrales Planen und Bauen GmbH, Friedberg)	5D Institut	50.00
SGTWO AG, Düsseldorf (formerly: deltus 32. AG, Frankfurt)	SGTWO	50.00
Associated companies:		
Cadline Limited, Staines-Upon-Thames, United Kingdom	Cadline	20.00
Capricot Technologies Private Limited, Bangalore, India	Capricot	20.00
DAEDALUS GmbH - CAFM - Consulting and Dataservices, Gütersloh	Daedalus	33.00
Winjit Technologies Private Limited, Satpur Nashik, India	Winjit	15.00
Yegertek DMCC, Dubai, United Arab Emirates	Yegertek	40.00
Companies not consolidated due to their immateriality		
3D Prodigy PTE Limited, Singapore	3D Prodigy	51.00

5D BIM Prodigy Technology, Inc., Mandaluyong, Philippines	5D BIM Prodigy	63.00
Guangzhou Prodigy 5D Company Ltd, Guangzhou, People's Republic of China	GZ Prodigy 5D	100.00
GZ cTWO Ltd, Guangzhou, People's Republic of China	GZ cTWO Ltd	100.00
Lubanco Limited, Hong Kong, People's Republic of China (formerly: TWO.ex Limited, Hong Kong, People's Republic of China)	TWO.ex Ltd	100.00
TWO Dragon Limited, Cayman Islands	TWO Dragon Ltd	100.00

*) Participation in accordance with Section 16 of the German Stock Corporation Act (AktG)

Stuttgart, 18 March 2020

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf   Michael Sauer   Mads Bording Rasmussen

DECLARATION OF THE LEGAL REPRESENTATIVES

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

Stuttgart, 18 March 2020

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf
Michael Sauer
Mads Bording Rasmussen

INDEPENDENT AUDITOR'S REPORT

To RIB Software SE, Stuttgart

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We audited the consolidated financial report of the RIB Software SE, Stuttgart, (hereafter “RIB SE” or “parent company”) and its subsidiaries (hereafter jointly “RIB” or “Group”) – consisting of the consolidated balance sheet as of 31 December 2019, the consolidated profit and loss account, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and the consolidated cash flow statement for the fiscal year from 1 January 2018 to 31 December 2019, as well as the consolidated notes, including a summary of significant accounting methods. In addition, we audited the consolidated management report of RIB SE, which is included with the management report of the parent company, for the fiscal year from 1 January 2019 to 31 December 2019. In accordance with the German legal regulations, we did not audit the content of the components of the consolidated management report listed in the Note.

In our opinion, on the basis of the knowledge obtained in the audit

- the enclosed consolidated financial report complies with the IFRS, as they apply in the EU, in all material matters, and the German legal regulations as they apply pursuant to section 315e (1) HGB and, in adherence to these regulations, conveys a picture of the net assets and financial position reflecting the actual situation of the Group on 31 December 2018 and the results of operations for the fiscal year from 1 January 2018 to 31 December 2018 and

- the enclosed consolidated management report conveys overall an accurate representation of the situation of the Group. The consolidated management report agrees with the consolidated annual financial report in all material matters, complies with German statutory regulations, and depicts the opportunities and risks to future development correctly. Our audit findings for the consolidated management report do not extend to the content of the components of the consolidated management report listed in the Note.

Pursuant to section 322 (3) Clause 1 HGB we declare that our audit did not result in any objections concerning the propriety of the consolidated annual financial report and the consolidated management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated annual financial report and consolidated management report in accordance with section 317 HGB and the EU Auditor Directive (No. 537/2014; hereafter “EU-AD”) in adherence with the generally accepted auditing principles specified by the Institute of Public Auditors in Germany (IDW). Our responsibilities according to these regulations and principles are described in the section “Responsibility of the auditor in auditing the consolidated annual financial report and consolidated management report” in our audit certificate. We are independent of the Group companies in accordance with €opean and German commercial and professional regulations and have met all other German professional duties in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) f) EU-AD that we have not provided any prohibited non-audit services pursuant to Article 5 (1) EU-AD. We believe that the audit evidence we acquired is sufficient and appropriate to serve as a basis for our audit findings on the consolidated annual financial report and consolidated management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are matters that, according to our professional judgement, were the most important in our audit of the consolidated financial report for the fiscal year from 1 January 2018 to 31 December 2018. These matters were taken into account in connection with our audit of the consolidated financial report as a whole and in the formation of our audit findings; we do not offer a separate audit finding for these matters.

We assessed the following audit matters to be particularly important:

- Realization of sales income from software sales

- Impairment of goodwill

- Accounting for significant business combinations

In the following we will describe the particularly important audit matters, addressing in particular why we consider the matter to be particularly important and how the matter was treated in the audit of the financial report, including a summary of our reaction to this matter and any applicable important findings.

Realization of sales income from software sales

For the information about the sales realization we refer to No. (4) of the consolidated notes, for the information about essential discretionary decisions and sources of estimate uncertainties in the area of sales and income realization we refer to the information in No. (5) of the consolidated notes. For the amount and composition of the revenue realization we refer to the information in No. (9) of the consolidated notes.

<u>The risk for the financial statements</u>

In the 2019 fiscal year, RIB achieved revenue of € 214,6 million, of which € 205,5 million came from the sale of software and associated products and services. The accounting of revenue from software contracts pursuant to IFRS 15 is complex and thus bears the risk that errors can occur in the accounting of the sales contract. RIB differentiates between the mass market and key accounts, depending in particular on the volume of transactions. In the large customer segment, the expected sales volume in each case is between large orders (“Phase II” and “Phase III” orders, hereinafter collectively referred to as “Phase Orders”) and other orders (hereinafter referred to as “Mass Market”). In the area of phase orders, agreements are concluded with customers, some of which are extensive. The accounting representation of these contracts and the transactions based on them requires discretionary decisions and estimates. This concerns in particular an assessment whether multi-component contracts exist, the identification of the different service obligations, the distribution of the transaction price over the individual service obligations, and an assessment whether and when the material opportunities and risks were transferred to the buyer.

<u>Approach taken in the audit</u>

In the mass market area, we audited the suitability and effectiveness of the internal controls implemented by RIB in order to ensure an accrual-based and complete sales realization. In addition, for a sample of the revenues posted we audited the accrual-based and complete representation of revenue by viewing customer contracts and other related documents and verifying the actual time or period of performance.

In the area of phase orders, for all software contracts that we individually rated as material and for a sample from the remaining software contracts, we

- obtained an understanding of the transaction by verifying the underlying contracts and associated docu ments and using explanations of RIB employees in the Development, Sales, and Accounting depart ments;

- assessed whether the agreed service obligations were completely identified and independent service obligations were delineated correctly and whether the distribution of the transaction income over the individual service obligations was proper;

- assessed whether for every independent service obligation the revenue was recorded accrual-based at the time / period in which the service was provided.

Our conclusions
RIB has implemented suitable regulations for the procedure for the realization of sales income from software sales. In the mass market area, our audit did not result in any significant objections concerning the suitability and effectiveness of the internal controls implemented. In the area of phase orders, the sales realization followed the RIB guidelines. If there was room for discretion in decisions and if estimates had to be made, they were balanced and appropriate.

Impairment of goodwill
For the accounting principles applied we refer to No. (4) of the consolidated notes, for information about material discretionary decisions and sources of estimate uncertainties in the accounting of the goodwill we refer to the information in No. (5) of the consolidated notes, for the amount and composition of the item, the procedure of RIB for implementing impairment audits, and their results we refer to the information in No. (17) of the consolidated notes.

The risk for the financial statements
The consolidated balance sheet for 31 December 2019 discloses goodwill of € 172,6 million (29,3% of the consolidated balance sheet total). RIB allocates goodwill to cash-generating units of groups of cash-generating units and performs annual impairment tests or tests as required on this level. The recoverable amount of the cash-generating units is compared with its carrying amount. The recoverable amount is the higher of the two amounts of value in use and fair value minus disposal costs. RIB determines the value in use using a valuation model according to the discounted cash flow method. Because as of 31 December 2019, the value in use was higher than the carrying amount for all (groups of) cash-generating units, it was not necessary to also determine a fair value minus disposal costs.

The value in use is an estimate determined in consideration of both past and future expected developments. The basis of the assessment is the cash flow forecasts for the coming five years approved by the legal representatives. The discounting is performed using the average weighted capital costs of the respective cash-generating unit. The determination of the discounting interest rates is based on country-specific assumptions about future market developments. The results of this analysis depend greatly on how the legal representatives estimate the future cash inflows and the respective discounting rates used. For this reason, the analysis is subject to significant uncertainties. With this in mind and due to the complexity of the analysis, we rated this matter as particularly important.

Approach taken in the audit

We checked the valuation models used by RIB for plausibility both in terms of calculations and methodology. We evaluated the assumptions for the budget planning in terms of their plausibility, consistency and lack of contradictions. In order to assess adherence to the budget, we made sample target-actual comparisons of historical budget data with the actual developments. We compared the valuation parameters used in the valuation models, such as growth rates and discounting rates, with our own assumptions and publicly available market data. In order to be able to estimate a possible impairment risk for a possible change of individual material assumptions, we performed our own sensitivity analysis. In order to assess the correctness of the calculations we double checked selected calculations under risk-oriented aspects.

Our conclusion

RIB applied proper valuation procedures for verifying the impairment of goodwill. According to our assessment, the underlying assumptions and valuation parameters are appropriate and plausible. Our audit activities did not result in any objections concerning the assessment of the impairment of goodwill.

Accounting for significant acquisitions

In the 2019 financial year, RIB acquired control over other companies as part of several acquisitions. The acquisitions of Building Systems Design Inc, Atlanta/USA ("BSD"), Construction Computer Software (Pty) Ltd, Johannesburg/South Africa ("CCS") and U.S. CAD Holdings LLC, Irvine/USA ("US CAD") were significant for the presentation of the Group's net assets, financial position and results of operations. RIB accounts for the acquisitions as business combinations in accordance with IFRS 3.

For information on the acquisitions, please refer to Note (7) of the Notes to the Consolidated Financial Statements and to section A.3.1. of the Group Management Report.

The risk for the financial statements

The purchase prices for the above-mentioned company acquisitions totalled € 83.9 million. In accounting for the company acquisitions, identifiable assets and liabilities totalling € 39.0 million, non-controlling interests totalling € 20.7 million and goodwill totalling € 65.6 million were recognised. The assets recognized relate in particular to software technology developed by the acquired companies themselves (€ 25.7 million) as well as customer contracts and related customer relationships (€ 21.0 million). RIB consulted an external expert in determining the fair values of the identifiable assets and liabilities and in allocating the purchase price. The contractual agreements on which the company acquisitions are based are extensive and, in addition to the actual regulations on the acquisition of shares, often contain further accounting regulations, such as the agreement of call and/or put options for additional shares and other agreements made with the sellers on the occasion of the company acquisition.

Due to the scope and complexity of the agreements made in connection with the company acquisitions, there is a risk that facts and circumstances may be incorrectly reflected in the accounting. The identification and measurement of intangible assets and assumed liabilities are complex and rely to a large extent on discretionary decisions and estimates. The key assumptions relate to the future development of revenues and margins of the acquired companies, the estimated amount or useful life of the license and customer retention rates used, and the interest rates used to discount the planned cash flows. These values are estimates, the determination of which takes both past and future expected developments into account. Estimates involve discretionary decisions and uncertainties in the valuation of events that have already occurred or are only likely to occur in the future. Estimated values therefore entail an increased risk of incorrect information in accounting.

Approach taken in the audit
In order to gain an understanding of the company acquisitions, we first interviewed the legal representatives of RIB about the underlying strategic considerations and objectives. We also examined the purchase agreements and other contracts concluded in connection with the acquisitions in order to identify any agreements with an impact on the accounting for the acquisitions. We reconciled the purchase prices with the purchase agreements and the proof of payment.

We assessed the competence, skills and objectivity of the expert and gained an understanding of the expert‘s activities. Within the scope of the audit of the purchase price allocations, we assessed the methodical procedure of the external expert commissioned by RIB with regard to the identification of the acquired assets and examined the valuation procedures used for compliance with the valuation principles. We discussed the sales and earnings plans on which the valuation was based with those responsible and coordinated them with the Group‘s budget plans. We compared the valuation parameters used in the valuation models, in particular the interest rates for discounting cash flows, with our own assumptions and publicly available market data. In order to assess the mathematical accuracy, we have performed selected calculations from a risk-oriented perspective. Finally, we have assessed whether the disclosures in the notes to the financial statements on the material acquisitions are appropriate.

Our conclusion
The procedure underlying the identification and evaluation of the assets acquired and debt accepted is correct and complies with the applicable accounting and valuation principles. The material assumptions and parameters are appropriate. The representation in the consolidated notes is correct.

OTHER INFORMATION
The legal representatives are responsible for any other information. The other information includes the parts of the consolidated management report that we acquired before the date of this audit certificate and that is listed in the note to this audit certificate and whose content has not been audited, and other information (other than the consolidated financial report, consolidated management report, and the associated audit certificate) contained in the business report of the Group for the 2019 fiscal year, which we will likely receive after this date.

Our audit findings for the consolidated financial report and consolidated management report do not extend to the other information and correspondingly we have not provided an audit assessment nor any other kind of audit result for this information.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information

- contains material deviations from the consolidated financial report, consolidated management report, or our findings made during the audit or

- otherwise appears to be represented essentially incorrectly.

If we, based on our work, draw the conclusion that this other information is represented materially incorrectly, we are obligated to report this fact. We have nothing to report in this respect.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE ADMINISTRATIVE BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The Managing Directors as legal representatives are responsible for the compilation of the consolidated financial report, which is compliant with the IFRS, as applicable in the EU, and the supplementary applicable German legal regulations as required by section 315e Para. 1 HGB in all material matters, and for ensuring that the consolidated financial report, in adherence to these regulations, conveys a picture of the net assets, financial position, and results of operations reflecting the actual situation of the Group. Furthermore, the legal representatives are responsible for the internal controls that they have deemed necessary to ensure the compilation of a consolidated annual financial report that is free of materially incorrect representations, be they intentional or unintentional.

When compiling the consolidated annual financial report, the legal representatives are responsible for assessing whether the Group is a going concern. Furthermore, they are responsible for disclosing any facts applicable to whether the Group is a going concern. In addition, they are responsible for performing the accounting based on the going-concern accounting principle , unless the intention is to liquidate the Group or cease business operations or there is no realistic alternative to this.

In addition, the legal representatives are responsible for compiling a consolidated management report that conveys overall a correct picture of the situation of the Group and agrees with the consolidated annual financial report in all material matters, meets German legal regulations, and correctly represents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for taking precautions and measures (systems) which they consider necessary for ensuring the compilation of a consolidated management report in compliance with the applicable German legal regulations and providing sufficient suitable evidence for the statements made in the consolidated management report.

The Administrative Board is responsible for monitoring the accounting process of the Group for the compilation of the consolidated financial report and of the consolidated management report. Three members of the Administrative Board as Managing Directors were involved in the compilation of the consolidated financial report and the consolidated management report. The majority of the members of the Administrative Board was not involved in the compilation of the consolidated financial report and the consolidated management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is to gain a sufficient level of certainty as to whether the consolidated annual financial report as a whole is free of materially – intentional or unintentional – incorrect representations and whether the consolidated management report overall conveys a correct picture of the situation of the Group and agrees with the consolidated annual financial report and the findings made in the audit in all material matters, complies with German legal regulations, and correctly depicts the opportunities and risks of future development, as well as to issue an audit certificate that contains our audit findings on the consolidated annual financial report and consolidated management report.

Sufficient certainty is a high level of certainty but no guarantee that an audit performed in compliance with section 317 HGB and the EU-AD, in compliance with the German principles of proper auditing issued by the Institut der Wirtschaftsprüfer (IDW) will always uncover materially incorrect representations. Incorrect representations may result from violations or incorrect information and are considered material if they (individually or cumulatively) can be reasonably expected to influence the business decisions of its recipients based on this consolidated annual financial report and consolidated management report.

We exercised our dutiful discretion during the audit and retained a critical basic attitude. In addition

- we identify and assess the risks of materially – intentional or unintentional – incorrect representations in the consolidated annual financial report and consolidated management report, plan and perform audit activities in reaction to these risks, and acquire audit evidence that is sufficient and appropriate to serve as a basis for our audit findings. The risk that materially incorrect representations are not uncovered is greater in case of violations than in the case of incorrect information, since violations may include fraudulent collusion, falsification, intentionally incomplete information, misleading representations and/or the suspension of internal controls.

- we acquire an understanding of the internal controls relevant to the audit of the consolidated annual financial report and the precautions and measures relevant to the audit of the consolidated management report in order to plan audit activities appropriate to the applicable situation, however, not with the goal of issuing an audit finding concerning the effectiveness of these systems of the company.

- we assess the suitability of the accounting methods used by the legal representatives as well as the plausibility of the estimated values provided by the legal representatives and any connected disclosures.

- we draw conclusions concerning the suitability of the going-concern accounting principles employed by the legal representatives and, based on the audit evidence acquired, whether there is material uncertainty in connection with events or circumstances which would justify significant doubt about the capacity of the Group as a going concern. If we reach the conclusion that there is material uncertainty, we are obligated to point out the pertinent disclosures in the consolidated annual financial report and consolidated management report in our audit certificate or, if these disclosures are inappropriate, to modify our respective audit finding. We base our conclusions on the audit evidence acquired by the date of our audit certificate. Future events or circumstances can result in the inability of the Group to continue its business activities.

- we assess the overall representation, the structure, and content of the consolidated annual financial report including notes and whether the consolidated annual financial represents the underlying business transactions and events in a manner so that the consolidated annual financial report conveys a picture of the net assets, financial position, and results of operations of the Group that reflects the actual situation, in keeping with the IFRS, as these are applicable in the EU, and the supplementary applicable German legal regulations pursuant to section 315e Para. 1 HGB.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to submit audit findings on the consolidated financial report and consolidated management report. We are responsible for the management, monitoring, and implementation of the audit of the consolidated financial report. We alone are responsible for our audit findings.

- we assess the agreement of the consolidated management report with the consolidated annual financial report, its compliance with law, and the picture it conveys of the situation of the Group.

- we perform audit activities on the forward-looking statements made by the legal representatives in the consolidated management report. Based on sufficient suitable audit evidence we check the plausibility in particular of the assumptions on which the forward-looking statements made by the legal representatives are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not provide an independent audit finding on the forward-looking statements and the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the forward-looking statements.

Among other things, we discuss the planned audit scope and schedule as well as significant audit findings with the persons responsible for monitoring, including any deficiencies in the internal control system that we detect during our audit.

We submit a declaration to the supervisory instances that we have adhered to the relevant impartiality requirements and will discuss any relationships and other matters which could reasonably be assumed to impact our impartiality and the measures taken to prevent this.

Based on the matters that we have discussed with the supervisory instances, we determine those matters that were the most significant in the audit of the consolidated financial report for the current reporting period and which are therefore the particularly important audit matters. We describe these matters in the audit certificate, unless laws or other legal regulations preclude the public disclosure of the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were appointed as auditors of the consolidated financial report by the Annual General Meeting on 15 May 2019. The Administrative Board assigned the audit to us on 12 December 2019. We have been continuously responsible for auditing the consolidated financial reports of RIB Software SE, Stuttgart since the 2011 fiscal year.

We declare that the audit findings contained in the audit certificate agree with the additional report to the audit committee pursuant to Article 11 EU-AD (Audit Report).

RESPONSIBLE AUDITOR

The responsible auditor for conducting the audit is Olaf Brank.

Stuttgart, 18 March 2020

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft mbB
Auditors Tax Advisors

Philipp Macke	Olaf Brank
Auditor	Auditor

APPENDIX TO THE AUDITOR'S REPORT: PARTS OF THE GROUP MANAGEMENT REPORT WHOSE CONTENT IS UNAUDITED

We have not audited the content of the following parts of the Group Management Report:

- the non-financial consolidated statement contained in Section F. of the Group Management Report and

- the consolidated statement on business management contained in Section die G. of the Group Management Report.

If the consolidated financial statements and/or the Group management report are published or passed on in a form that differs from the audited version, our renewed opinion is required beforehand if our audit opinion is quoted or reference is made to our audit; reference is made to § 328 HGB.

FINANCIAL STATEMENTS OF RIB SOFTWARE SE

FOR THE FINANCIAL YEAR 2019 (HGB) (EXCERPT)

BALANCE SHEET AS OF 31 DECEMBER 2019

RIB Software SE, Stuttgart

ASSETS

	Figures in €	31.12.2019	31.12.2018
A.	**Non-current assets**		
	I. Intangible assets		
	commercial and industrial property rights and similar rights and values as well as licenses to such acquired for a consideration	98,951.17	131,051.51
	II. Property, plant and equipment		
	1. Land and buildings	8,072,767.23	8,204,214.49
	2. Furniture and fixtures	404,396.63	434,835.40
		8,477,163.87	8,639,049.89
	III. Financial assets		
	1. Investments in affiliated companies	314,629,448.20	193,606,328.90
	2. Loans to affiliated companies	671,153.89	0
	3. Interests in companies	20,000.00	12,500.00
		315.320.602,09	193,618,828.90
		323,896,717.13	**202,388,930.30**
B.	**Current assets**		
	I. Inventories		
	Unfinished goods	360,320.00	135,200.00
	II. Receivables and other assets		
	1. Trade receivables	14,941,493.29	11,321,085.00
	2. Receivables from affiliated companies	2,804,236.82	48,302,002.08
	3. Other assets	1,956,731.45	3,099,550.99
		19,702,461.56	62,722,638.07
	III. Securities		
	Other securities	0.00	4.997,027.80
	IV. Cash on hand and bank balances	49,562,168.69	129,032,040.58
		69,624,950.25	**196,886,906.45**
C.	**Prepaid expenses**	**969.772,06**	**938,693.95**
		394,491,439.44	**400,214,530.70**

EQUITY AND LIABILITIES

	Figures in €	31.12.2019	31.12.2018
A.	**Equity**		
	I. Issued capital		
	1. Subscribed capital - conditional capital: € 6,332,562.00	51,899,298.00	51,741,410.00
	2. less nominal amount of treasury shares	-3,719,027.00	-2,511,299.00
		48,180,271.00	49,230,111.00
	II. Capital reserves	324,780,230.32	323,540,066.82
	III. Retained earnings		
	Legal reserves	47,588.47	47,588.47
	IV. Retained earnings	6,262,703.00	10,031,944.57
		379,270,792.79	**382,849,710.86**
B.	**Provisions**		
	1. Pension provisions	2,344,980.00	2,314,995.00
	2. Provisions for taxation	1,778,425.00	311,543.00
	3. Other provisions	1,518,340.00	1,461,598.75
		5,641,745.00	**4,088,136.75**
C.	**Liabilities**		
	1. Liabilities to financial institutions	4,800,000.00	5,200,000.00
	2. Trade payables	658,756.94	698,885.87
	3. Liabilities to affiliated companies	1,991,974.18	1,404,376.96
	4. Other liabilities	723,447.53	4,326,455.26
	- of taxes: € 486,410.17 (prior year: € 401,144.90)		
	- of which social security liabilities: € 6,107.78 (prior year: € 5,018.17)		
		8,174,178.65	**11,629,718.09**
D.	**Prepaid expenses**	**1,404,723.00**	**1,646,965.00**
		394,491,439.44	**400,214,530.70**

INCOME STATEMENT FOR THE FINANCIAL YEAR 2019

RIB Software SE, Stuttgart

	Figures in €		2019	2018
1.	Revenues		65,810,313.70	55,304,304.11
2.	Increase in inventories of work in progress		225,120.00	135,200.00
3.	Other operating income		4,577,769.21	5,191,618.76
	- of which from currency translation:	€ 1,922,016.64		
	(prior year:	€ 1,859,909.59)		
4.	Material costs			
	a) Expenses for goods		-2,177,178.85	-2,580,934.60
	b) Expenses for services purchased		-21,933,331.17	-16,094,405.66
			-24,110,510.02	-18,675,340.26
5.	Personnel expenses			
	a) Wages and salaries		-2,551,145.91	-2,368,571.78
	b) Social security and pension costs		-395,956.57	-411,633.28
	- Of which for pension schemes:	€ -132,958.19		
	(prior year:	€ -183,417.75)		
			-2,947,102.48	-2,780,205.06
6.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		-344,111.92	-315,125.36
7.	Other operating expenses		-21,474,927.43	-25,884,566.10
	- of which from currency translation:	€ -6,326.69		
	(prior year:	€ -14,994.36)		
8.	Income from investments		3,402,067.83	7,128,737.00
	- of which from affiliated companies	€ 3,402,067.83		
	(prior year:	€ 7,128,737.00)		
9.	Income from loans from financial assets		1,153.89	0
	- from affiliated companies	€ 1,153.89		
	(prior year:	€ 0)		
10.	Other interest and similar income		709,814.36	528,629.82
	- from affiliated companies	€ 52,803.67		
	(prior year:	€ 46,683.33)		
11.	Depreciation of financial assets		-200,000.00	0.00
12.	Interest and similar expenses		-107,868.00	-120,426.00
	- of which write-ups	€ -72,518.00		
	(prior year:	€ -79,451.00)		
13.	Income tax expense		-7,085,036.28	-4,310,218.32
14.	**Earnings after taxes**		**18,456,682.86**	**16,202,608.59**
15.	Other taxes		-33,375.63	-51,403.00
16.	**Net profit for the year**		**18,423,307.23**	**16,151,205.59**
17.	Profit carried forward from the prior year		1,387,915.63	6,239,138.59
18.	Income from the sale of treasury shares		954,322.56	3,899,817.16
19.	Expenses from the acquisition of treasury shares		-14,502,842.42	-16,258,216.77
20.	**Retained earnings**		**6,262,703.00**	**10,031,944.57**

FURTHER INFORMATION

IMPRINT

Published by:
RIB Software SE
Vaihinger Straße 151
70567 Stuttgart

Responsible for content:
RIB Software SE, Stuttgart

Photos:

Cover:	Shutterstock, RIB	Page 17,33:	Shutterstock, RIB
Back cover	RIB (print version only)	Page 23:	RIB, Shutterstock
Page 4,5:	Shutterstock	Page 81:	RIB
Page 6,7:	Shutterstock	Page 82:	RIB, Shutterstock
Page 8,9:	Shutterstock		
Page 10,11:	RIB		
Page 14:	RIB		

Design and realisation:
RIB Software SE, Stuttgart

Print:
Walter Esser printSolutions GmbH, Korntal-Münchingen

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Paper from responsible sources
Papier aus verantwortungsvollen Quellen
FSC® C089491

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March 2020

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Translation of the original German version:
The English version of the Annual Report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

FINANCIAL CALENDAR 2020

30 April 2020	26 June 2020
Quarterly Statement (January - March 2020) Analyst Conference Call	Annual General Meeting

31 July 2020	30 October 2020
Interim Report (January - June 2020) Analyst Conference Call	Quarterly Statement (January - September 2020) Analyst Conference Call

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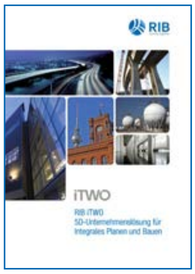
Product informationen and References



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