RIB running together

Annual Report 2020

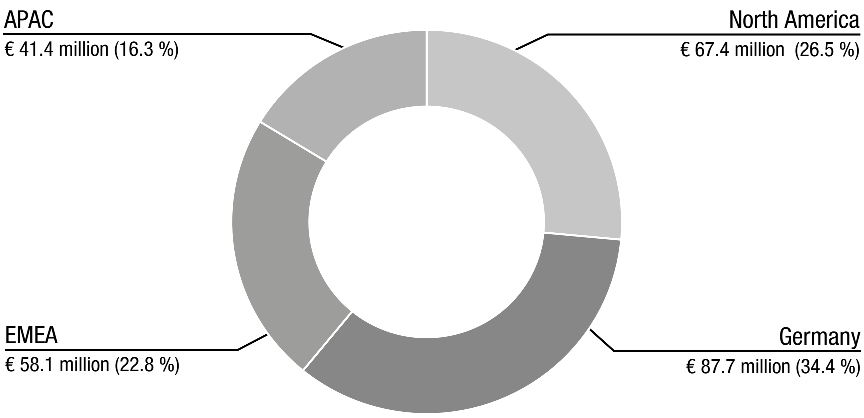
MTWO

Digitize for a sustainable world.

Environmental, Social and Governance

RIB OVERVIEW

REGIONAL REVENUE BREAKDOWN 2020*

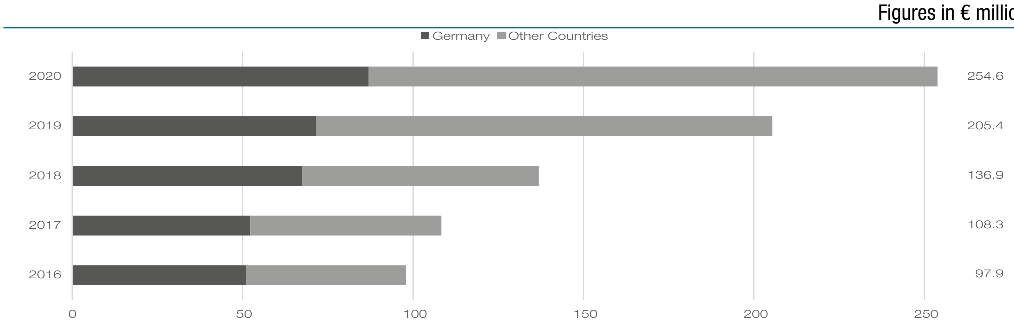


APAC (Asia and Pacific Region)

EMEA (Europe excl. Germany, Middle East and Africa)

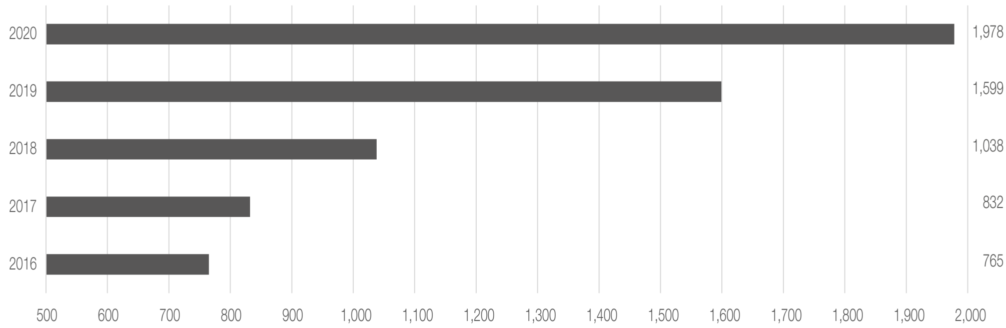
DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON*

Figures in € million



AVERAGE NUMBER OF EMPLOYEES

Annual average



*continuing operations

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 2,700 talents in more than 25 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	2020	2019	2018	2017
Revenue	*254.6	*205.4	136.9	108.3
ARR	*146.6	*112.6	57.9	47.2
NRR	*51.9	*45.4	37.4	33.7
Service	*56.1	*47.4	32.3	19.9
E-Commerce	*0.0	*0.0	9.3	7.5
Operating EBITDA**	***65.3**	***51.2**	**38.8**	**39.9**
as% of revenue	*25.6%	*24.9%	28.3%	36.8%
EBITDA and adjusted for IFRS 16	*65.1	*44.4	37.9	40.3
as% of revenue	*25.6%	*21.6%	27.7%	37.2%
Operating EBT**	***25.0**	***21.5**	**30.5**	**29.2**
as% of revenue	*9.8%	*10.5%	22.3%	27.0%
Operating EBT adjusted for PPA-Afa**	***45.4**	***33.8**	**35.8**	**32.8**
as% of revenue	*17.8%	*16.5%	26.2%	30.3%
Consolidated net profit of the year	*19.5	*9.4	21.9	18.4
Amortization from purchase price allocations (PPA-Afa)	*20.4	*12.3	5.3	3.6
Cash flow from operating activities	**71.2**	**34.8**	**30.6**	**22.8**
Group liquidity***	224.0	125.8	238.2	134.8
Equity ratio	71.7%	74.7%	83.6%	80.5%
Average number of employees	1,978	1,599	1,038	832
Research and development expenses	*38.9	*32.5	26.0	21.4
R&D ratio - iMTWO Segment****	20.0%	19.2%	21.0%	21.2%

*The disclosures for 2019 and 2020 only include amounts from continuing operations
**EBITDA and EBT adjusted for currency effects and one-off/special effects
***Cash and cash equivalents, time deposits and available-for-sale securities
****For 2018 to 2020 adjusted for revenues from Value Added Resellers and Managed Service Providers, 2017 iTWO segment

CONTENT

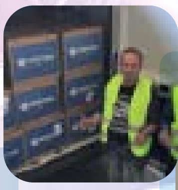
RIB Care
running together Blaue Luftbrücke

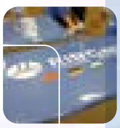
You'll never lockdown alone

2020 did not start the way we anticipated, and millions of people are still in dire straits. But despite this, the efforts and achievements RIB Software teams surpassed our expectations. We are proud to look back on a very successful 2020 regardless of the challenges.

In March 2020, RIB Software rolled out its RIB Care Initiative to fight against COVID-19. The RIB Care team quickly built an air bridge and flew tens of thousands of masks, protective coveralls, ventilators, and other medical supplies from Asia to Europe to help people in need and save lives. In total, the RIB Care initiative contributed around $ 390,000 during the early days of the crisis.

To control the sprawling crisis, many countries imposed lockdown. Thanks to MTWO Cloud, our customers are able to virtually connect their teams and continue their business, and the results are impressive.






Care


RIBCare
RIBCare


cadline


RIB Care

Schneider Electric

Electric and Digital

This year, Schneider Electric SE took a majority stake in RIB Software to jointly accelerate the digital transformation of building and infrastructure industries, turning it into the most advanced, efficient and sustainable industries on the planet, while the combination mainly focuses on sales synergy. RIB Software and Schneider Electric set up joint sales teams in more than 10 zones to develop joint pipeline by the end of Q4 2020 targeting 4 key segments: data centers, transportation, real estate and design firms, and 4 key populations such as strategic accounts, general contractors, electrical & mechanical contractors, and key end users, reaching the sales pipeline amount to 40 million euro. Leveraging the MTWO platform together with SE products, we will facilitate our clients to run their entire projects and processes in an even better way.

SIMII

The first global distribution partnership

In November, RIB and SoftwareONE formed a strategic partnership to accelerate bringing to the market the world-leading MTWO Complete Construction Cloud solution for the AEC industry globally. SIMII is the project name of the 2021 MTWO Go-to-Market strategy, 'SI' stands for SoftwareONE, and 'MII' represents MTWO. As a leading global provider of end-to-end software and cloud technology solutions, SoftwareONE has the capacity to solely offer MTWO technologies to thousands of clients from 60 countries in 3 years. The SIMII project will initially expand its geographic footprints in 20 key countries in 2021 with more than 200 employees on board globally in H1 2021. Backed by the strong partnerships of Schneider Electric and Microsoft, RIB Software and SoftwareONE collaborate on the SIMII project to achieve 150 large deals in 2021.

HIGHLIGHTS 2020

Q1
JAN - MAR

In January, we acquired Intech (Integration Technologies Corp.) - the leading Cloud & Managed services provider for Microsoft Azure in Puerto Rico to expand our customer base across USA and Latin America. RIB Software then invested in VIM AEC, a company that offers an efficient 3D data interchange format to quickly transport design data and geometry from Revit and other BIM sources for engineers and architects to combine the design with data out of the MTWO platform and create a new virtual working environment. RIB also established the RIB CARE Initiative, actively contributing to the world's combat against the Corona virus pandemic with medical supplies, charitable activities and fund donations in the early days of the pandemic. The Q1 Group revenue increased significantly by 39.8% to € 65.0 million and EBITDA by 21.9% to € 15.6 million. We achieved a good start with 6 large deals signed in the first quarter.

Q3
JUL - SEP

In July, Schneider Electric SE completed transaction for voluntary public takeover of RIB Software SE, thus RIB officially joined Schneider Electric. The first phase of the synergy is joining forces in sales activities, setting up joint sales teams in more than 10 zones including US, ANZ, Nordic, UK, Spain, India, DACH, France, Middle East and Africa. RIB Group accomplished solid growth in the first nine months of 2020 with revenue increased by 25.6% to € 190.4 million and EBITDA increased by 68.8% to € 60.6 million. 13 large deals were signed with one phase III deal with Fabcon Precast in the U.S.

Q2
APR - JUN

In June, RIB invested in Beijing Bochao Times Software Co.,Ltd, a leading China-based electric power and engineering design software company, to help drive the Chinese market penetration of iTWO 4.0. Despite COVID-19, RIB closed the first half 2020 with revenue increase of 42.6%, reaching € 131.9 million and EBITDA increase by 117.2%, hitting € 46.7 million. 10 large deals were signed with 1 phase III deal from the German Highway Authority.

Q4
OCT - DEC

In the 4th quarter, the greatest highlight is the SIMII agreement signed between SoftwareONE and RIB Group, which will be the MTWO Go-to-Market strategy in 2021. Together with SoftwareONE, our first global distribution partner, we are teaming up to reach the target of 150 large deals in 20 countries by the end of 2021. In November, RIB expanded its stake in Winjit Technologies Private Limited from 15% to 51%, further strengthening RIB's R&D capability in IoT, AI, Blockchain and Fintech for the AEC industry. NY8 interim was successfully held on 16th December virtually, and the Walter Gropius prize this year was awarded to all helpers who risked their lives to save lives. 6 large deals were signed with 1 phase III deal from Implenia, drawing a perfect close of 2020 with 35 large deals.

MANAGING DIRECTORS

Tom Wolf | CEO

Responsible for: Corporate Strategy

Michael Sauer | CFO

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

Mads Bording Rasmussen | CRO

Responsible for: Global Sales

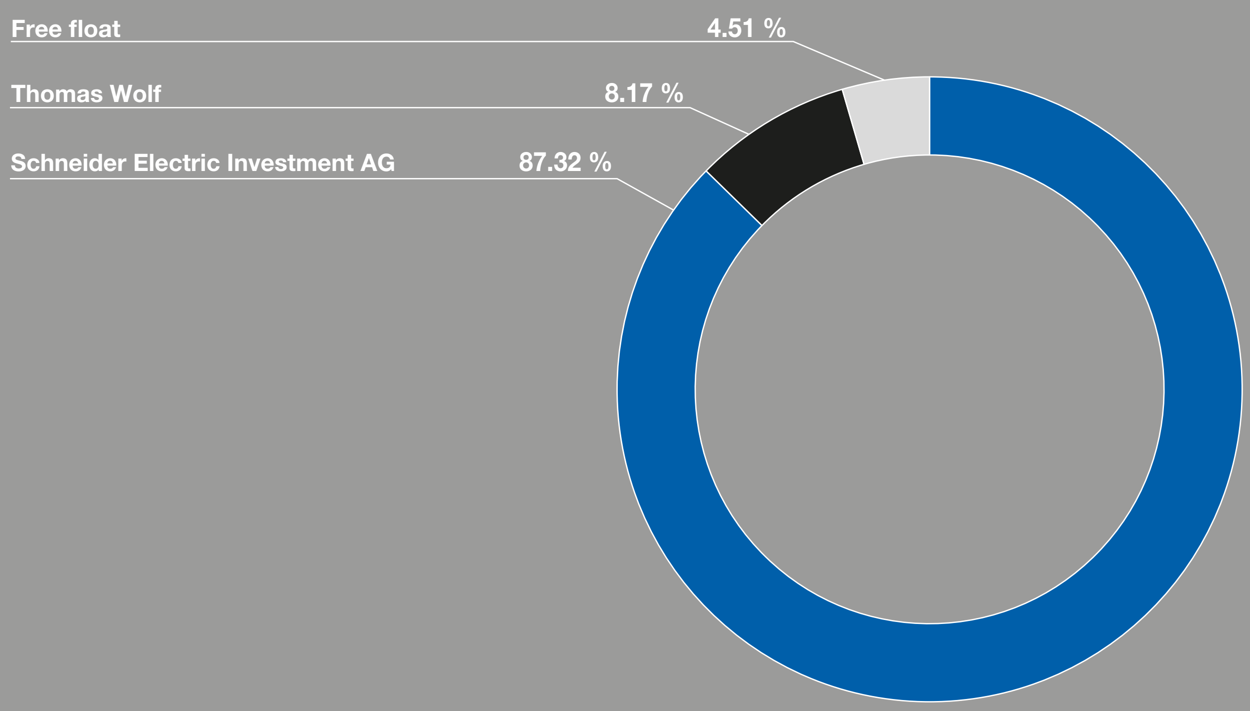
Michael Woitag | COO/ CTO

Responsible for: Operations, MTWO

TO OUR SHAREHOLDERS

SHAREHOLDER STRUCTURE

As of 31 December 2020



LETTER TO OUR SHAREHOLDERS

Tom Wolf, Chairman, CEO

DEAR SHAREHOLDERS,

RIB Group sincerely thanks all shareholders and stakeholders for your trust and support in the last year.

2020 was a uniquely challenging year with great uncertainty and new restrictions that none of us have encountered before. Despite the global uncertainties, it was a remarkable year for RIB. We are grateful for all the successes we have achieved and will continue to build on our business.

The "New Normal": Digital and ESG transformation in RIB Group has begun

In 2020, we see digital and ESG (Environmental, Social and Governance) transformation finally begin in most leading companies and public entities. This shift to greater transparency in Corporate management and greater emphasis on overall stakeholder value creation now forms the foundations of the "New Normal" in the decade ahead. RIB Group will now integrate the vote of all major stakeholders in important corporate decisions.

We have worked very hard to implement new internal structures and are now fully committed to contribute towards ESG issues. It is our target to become the No.1 Sustainable software company in the AEC space by end of 2022.

"

WE STRONGLY BELIEVE THAT OUR MTWO ENTERPRISE CLOUD-PLATFORM, WHICH CAN GO LIVE IN 48 HOURS, IS A GREAT ESG CONTRIBUTION TO THE AEC WORLD.

"

All companies need to have a holistic view of all operational data in order to sail their business in the right direction. Business leaders need to monitor not only project data, but all enterprise data, including financials and key ESG metrics, through smart Dashboard and mobile BI. This is of upmost importance as we embark upon a challenging new decade, that is characterised by digital transformation and mobile work environments.

The concepts and benefits of Digital TWIN and 5D BIM simulation are not new to decision-makers on the project level. But the industry now needs to recognise the same benefits of Digital Twin and 5D BIM simulation on the Enterprise Level in order to thrive in the New Normal. Therefore, we are fully convinced that their investment into MTWO today will "Future-Proof" their business and set them apart from their competitors.

In 2020, we successfully delivered and implemented our MTWO platform for our German and International clients to drive their Digital and ESG Transformation. With MTWO, all stakeholders – including owners, investors, developers, engineers and contractors – are able to manage their business partners via a holistic platform and ensure that they meet all key ESG metrics. MTWO users can monitor not only financial performance but also waste, energy use and pollution as well as mitigate environmental, health and safety risks. By connecting of all stakeholders' data on one platform, performing an ESG audit is easy.

Digital transformation needs to come with a strong ESG strategy to attract employees, clients and investors in the post COVID-19 age and in the New Normal. RIB has started this process now within our organization and within our flagship cloud platform MTWO.

2020 - A Year in Review

We have suspended our guidance for the first time in March, but the RIB management team has managed to achieve the upgraded revenue and operating EBITDA guidance following an increase later during the year. This marks an incredible achievement for our company as we grew annual revenue by 24% to € 254.6 million and operating EBITDA by 27,5% to € 65.3 million. We are one step closer in our midterm plan to reach target of 40+% as the sum of organic growth rate (10%) and EBITA margin (>30%). In the coming year, we are confident that we will achieve greater results and meet our targets as in previous years.

The work-from-home wave brought on by COVID-19 has accelerated digital transformation worldwide. Business leaders now recognise the need for their workers to stay connected remotely and seek the ability to manage projects virtually. Because of this mindset shift, it is estimated that digital transformation has been accelerated by up to seven years. Digital transformation has always been in our mission. We are positive that this digitalisation trend will continue into the future and we are now much closer to achieving the 2 million users target laid out in our five-year plan.

RIB Care: Our 1st social initiative started in 2020

When we saw that the coronavirus pandemic was a real crisis, we made sure to repivot quickly by bringing our operations online, building comprehensive management dashboards and transforming into a virtual sales process. In parallel, we rolled out RIB Care which built a blue air-bridge transporting crucial medical supplies to communities in need. With the support of our board members and global employees, we have contributed $ 390,000 to those most in need.

Schneider Electric's long-time commitment towards sustainability was a crucial factor in RIB shareholders' support in the takeover bid

In July 2020, RIB welcomed Schneider Electric SE as our strategic investor.

Schneider Electric was selected as the world's most sustainable corporation in a prestigious annual list compiled by Corporate Knights, a corporate sustainability- focused media company. The annual ranking was based on an assessment of 8,080 corporations with more than $ 1 billion in revenue.

> FOR RIB, HAVING SCHNEIDER AS A MAJORITY INVESTOR NOT ONLY LENDS US HIGH CREDIBILITY AND CONNECTIONS TO OVER 100,000 POTENTIAL CLIENTS, BUT ALSO SUPPORTED OUR COMPANY IN OUR ESG TRANSFORMATION JOURNEY.

In 2021, we intend to build on our synergies together and look forward to door openers from Schneider Electric where c-level management are introduced. Together, we have identified a joint pipeline of up to € 40 million in key verticals such as Data Centres, Transportation, Real Estate and Design Engineering Firms and have laid the groundwork to bring these deals over the finish line.

International MTWO Cloud and ESG Platform capacity in services, sales and consulting will increase >500%

In December 2020, RIB and SoftwareONE announced our joint partnership to market MTWO over our SIMII project globally. RIB will leverage on SoftwareONE's global sales and service delivery capabilities to bring our world leading MTWO platform to the international AEC market. As the partnership come into force in the beginning of 2021, we will build up capabilities within sales, marketing and services in 20 key countries through this SIMII project in the first year. The partnership aims to roll out MTWO in up to 60 key regions and support the MTWO target to win up to 2 million users worldwide.

More Investments into initiatives that support ESG and Digital Transformation in 2021

Going into 2021, it is most likely that the coronavirus pandemic will continue to be a headwind, particularly for the construction and building industry which is cyclical in nature. It is important in times like these to grow the business with a focus on sustainability. RIB will invest more into ESG initiatives and at the same time, work on stabilising our core business. Anticipating an extended period of virtual work environments, RIB will continue our organisational approach to be decentralised, such that our regional R&D centres can take up more responsibility in product management, localisation and customisation for local releases. This will also benefit the global go-to-market of MTWO in 2021 across 20 key countries in Asia Pacific, Europe, and the Americas.

2021 will be another record year for RIB Group as we accelerate MTWO's international rollout. We are looking forward to outperforming our targets and achieving another milestone in the company history.

Stay healthy and support your community now!

Yours sincerely

Tom Wolf

REPORT OF THE ADMINISTRATIVE BOARD

DEAR SHAREHOLDERS,

The 2020 financial year was a unique and challenging record year for RIB Software SE and the entire RIB Group. We have risen to these challenges and continued to position the company worldwide for the future.

The RIB Group is active worldwide in the software market for construction, plant engineering and infrastructure management. Its core activities include the production and sale of software, the provision of consulting and training services for implementation projects and the provision and operation of digital platforms for the electronic handling of business processes. The RIB Group's software is designed to simplify the planning of construction projects, improve the efficiency of project processing, minimize cost and deadline risks and increase the quality of construction. In doing so, the RIB Group offers its customers the possibility to plan and control the essential cost and revenue-relevant processes throughout the entire project life cycle in an end-to-end, model-based manner using its software. Electronic purchasing processes can be carried out and supply chains controlled and monitored via the RIB Group digital platforms. Here, the demand can be determined from 5D building models, among other things. The RIB Group software and E-commerce solutions form an integrated and comprehensive B2B platform through which its customers can plan, implement and control procurement processes with their business partners. With more than 100,000 customers and more than 770,000 users, the RIB Group is one of the leading providers of business software in the construction industry. Its customers include large construction groups and medium-sized construction companies, the public sector, architecture and engineering companies as well as large companies in industrial and plant construction. With innovative ideas, creativity and new approaches in the fields of cloud computing, supply chain management and artificial intelligence, the RIB Group wants to contribute to the transformation of the construction industry into one of the most sustainable and digital industries in the 21st century. In this context, the importance of the subscription model and the provision of software in the public cloud continues to increase for the software segment iMTWO, and the share of recurring revenue (ARR) was further increased in 2020.

The COV19 pandemic has accelerated digital transformation enormously. It is important in this context that this transformation is accompanied by a strong ESG strategy. This encompasses sustainability in the fields of environment (environmental protection, energy efficiency issues, etc.), social aspects (occupational safety, health protection, diversity, social commitment, etc.) and governance as sustainable corporate management (corporate values, management and control processes, etc.). RIB has started to implement these principles within its organization and within the iMTWO cloud platform. One example of this is RIB CARE, an initiative launched in spring 2020 that delivers important medical supplies to where they are urgently needed worldwide. For this, employees worldwide and the managing directors have taken on social responsibility with donations and have made an important contribution.

The acquisition of Schneider Electric as a long-term strategic investor was a major milestone in the 2020 financial year. Schneider Electric shares the visions of the RIB Group and together we intend to create a global leader in digital and sustainable smart building solutions.

Work of the Administrative Board

In the 2020 financial year, the Administrative Board of RIB Software SE dealt intensively with the strategic, economic and personnel development of RIB Software SE and the Group and fully performed the duties incumbent on it under the law, the Articles of Association and the Rules of Procedure. On the basis of the detailed and timely written and oral reports of the Managing Directors, the Administrative Board monitored their work and provided advice. In addition, there was a regular exchange of information between individual members of the Administrative Board and the Managing Directors. The Administrative Board was therefore always informed about the strategies of the Managing Directors in all business areas, the intended business policy, the business planning, including the financial, investment and personnel planning, the profitability of the company, the current course of business and the situation of the company and the Group. The Administrative Board was comprehensively involved in all decisions of fundamental importance for the company at an early stage and discussed these with the Managing Directors in each case. Decisions and measures of the Executive Board, for which the approval of the Administrative Board was required according to legal provisions, the Articles of Association and the Rules of Procedure, were approved after examination and discussion by its members. Some of these were prepared in detail in the existing committees of the Administrative Board and recommended to the Administrative Board for resolution.

Composition of the Administrative Board

The Administrative Board of RIB Software SE consists of eight members in accordance with Article 6 No. 1 of the company's Articles of Association. In the 2020 financial year, the Administrative Board comprised the following members:

- Mr Tom Wolf (Chairman)
- Mr Philippe Delorme (since August 26, 2020; Vice-Chairman since October 14, 2020),
- Mr Mads Bording Rasmussen,
- Prof. Martin Fischer,
- Prof. Dr Rüdiger Grube,
- Mr Klaus Hirschle (until August 20, 2020),
- Ms Sandy Möser (until February 14, 2020, until then also Vice-Chairperson),
- Dr Matthias Rumpelhardt,
- Mr. Michael Sauer (Vice-Chairman from February 19, 2020 to October 14, 2020) and
- Mr Axel Tismer (since December 14, 2020).

Messrs Delorme and Tismer were each appointed by the Stuttgart District Court at the request of the Managing Directors.

Five members of the Administrative Board are non-executive members of the Administrative Board pursuant to Section 6 No. 2 of the Articles of Association

Sessions and resolutions of the Administrative Board

In the 2020 financial year, the Administrative Board held eight meetings. These were held as telephone or video conferences. Meeting attendance was very high again. All Board Members attended at least half of the meetings of the Administrative Board and the committees to which they belong. Personnel matters relating to the Managing Directors were discussed and resolved upon while they were excluded from the meetings. The same applies to the meetings and resolutions in which the takeover bid by Schneider Electric was discussed and resolutions were passed. In order to avoid possible conflicts of interest, the Managing Directors who were directly affected by the resolutions did not participate in the discussions and resolutions or abstained from voting.

At the two meetings on February 5 and February 12, 2020, the negotiations with Schneider Electric regarding their participation and the related framework conditions were the subject of telephone consultations. The Administrative Board had already been informed in detail by the Managing Directors in the weeks beforehand about Schneider Electric's interest in submitting a takeover bid for RIB Software SE. The Managing Directors reported in summary on the current state of negotiations and the Administrative Board approved the commissioning of a specialized investment bank to prepare a fairness opinion. In addition, a Big Four auditing firm was also commissioned to prepare a fairness opinion. Both fairness opinions served as the basis for the Administrative Board's reasoned opinion pursuant to Section 27 of the German Securities Acquisition and Takeover Act (WpÜG) on the appropriateness of the consideration offered by Schneider Electric Investment AG, an indirect subsidiary of Schneider Electric SE, as part of the takeover bid. The subject of the information and deliberations on February 12 was the transaction structure and the associated timing. The members of the Administrative Board were provided with comprehensive documents, which were explained and discussed in detail. The Administrative Board passed the necessary resolutions. The subject of the consultations, detailed discussions and resolutions at the meeting on March 30 was the substantiated statement of the Administrative Board pursuant to Sections 34, 27 of the German Securities Acquisition and Takeover Act (WpÜG) on the takeover bid of Schneider Electric Investment AG, which was published on the same day.

At the meetings of the Administrative Board on February 19, March 26, June 25, August 5, October 14 and December 9, 2020, the Managing Directors provided detailed information on the current business development, strategic considerations, the status of the completed Phase II and III deals, the M & A projects, the development of turnover and earnings, the financial and liquidity situation and the status in research and development.

At the meeting on February 19, 2020, the Administrative Board elected Mr Michael Sauer as Vice Chairman of the Administrative Board and Mr Klaus Hirschle as a member of the Audit Committee and the Nomination and Remuneration Committee with effect from February 15, 2020, replacing Ms Sandy Möser, who had resigned her mandates as a member of the Administrative Board and the two committees with effect from the end of February 14, 2020. Another subject of the deliberations and resolutions was the declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). The current declaration of compliance was published on the company's website immediately afterwards.

On March 26, 2020, the Administrative Board dealt with the annual and consolidated financial statements, the combined management report for the 2019 financial year and the proposal for the appropriation of net profit. In addition to its own examination, the Administrative Board also dealt with the audit by the auditor and the results of the audit. The Chairman of the Audit Committee reported in detail on the results of the committee's consultations with the auditors on its findings and conclusions from the audit of the annual and consolidated financial statements as at December 31, 2019. The Administrative Board approved the annual financial statements of RIB Software SE and the consolidated financial statements of the Group and adopted the annual financial statements of RIB Software SE. It concurred with the Managing Directors' proposal for the appropriation of profits. The report of the Administrative Board for the 2019 financial year was adopted and it was decided to propose to the company's Annual General Meeting the election of BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, (BW PARTNER) as auditors for the annual and consolidated financial statements as at December 31, 2020. Another topic of discussion was the draft of the reasoned opinion of the Managing Directors and the Administrative Board on the voluntary public takeover bid of Schneider SE. A resolution on this was not yet passed because the statement contained financial information for the 2019 financial year and could therefore only be announced after publication of the annual report. In addition, resolutions were passed on personnel matters of the Managing Directors, which had been prepared by the Nomination and Remuneration Committee. In addition, Mr Michael Woitag was appointed as a further Managing Director as of April 1, 2020. The Administrative Board approved a budget for RIB CARE.

At the meeting on June 25, 2020, the Managing Directors explained the key financial figures for the 2019 financial year and reported on business development in the first quarter of 2020. They also presented their report to the Annual General Meeting. In view of considerations regarding the sale of shares in a subsidiary in the USA, the Administrative Board approved a specific, case-by-case amendment to the forfeiture provision of the 2015 share option program in the event of a disinvestment of this subsidiary. The planned sale of the xTWO (E-commerce) business division was also discussed on the basis of an independent evaluation by an external expert.

On August 5, 2020, the Managing Directors reported on current business development, the results achieved in the second quarter of 2020, M&A activities, the planned joint sales activities with Schneider Electric and the investments in the field of cyber security. The Administrative Board approved the transfer of the international shareholdings from RIB Limited, Hong Kong, to RIB International Holding PTE Limited, Singapore.

At the meeting on October 14, 2020, the Managing Directors explained possible strategies to accelerate the rollout of the MTWO platform worldwide and to increase the number of users from the current 500,000 (MTWO and older product generations) to 2 million MTWO users in the period 2023 to 2025 as part of their reporting on business performance. Reports were given on completed acquisitions and ongoing negotiations in the field of M&A. In addition, initial planning approaches for 2021 and 2022 were presented and the assumptions for these were explained. Another focus of the reporting and discussions at this meeting was the scheduled revision and further development of the RIB Software SE risk management system. As part of the regular reports from R&D, the Administrative Board was informed about the current developments in the field of cyber security tests, product developments and the planned optimization measures as part of the delivery and implementation of the software at the customers to increase effectiveness and customer satisfaction. The resolution adopted at the previous meeting on the transfer of the international shareholdings to the subsidiary in Singapore was modified to the effect that the shares in the US holding company should be transferred directly to RIB Software SE. Other resolutions passed at the meeting concerned the election of Mr Philippe Delorme as Vice-Chairman of the Administrative Board and as a member of the Audit and the Nomination and Remuneration Committees, the acquisition of further shares in a software company in India a divestment and the amendment of the business allocation plan of the Managing Directors to the effect that Mr Woitag (COO) was additionally assigned the function of CTO on an interim basis.

At the Administrative Board meeting on December 9, 2020, a very positive assessment of the business development for the year 2020 could be drawn, despite the difficult framework conditions. The RIB Group achieved the most successful financial year in its history. A very large part of this was due to increased sales revenue on the one hand and strict cost management on the other. The Managing Directors reported on the acquisition of a strategic distribution partner for the global rollout of MTWO. The main focus of the meeting was the presentation, discussion and resolution of the business and investment planning for the 2021 financial year. Another resolution was passed to amend the Articles of Association due to the issue of shares from the conditional capital.

Where necessary, the Administrative Board also made decisions by way of circular resolutions. These related to acquisitions of shares in companies, the adoption of the agenda and the proposed resolutions for the Annual General Meeting on June 26, 2020, capital increases at subsidiaries to finance corporate growth, the granting of a convertible bond by a subsidiary and two divestments. These resolutions were each passed on the basis of detailed information

Administrative Board Committees

In order to optimize processes and coordination within the Administrative Board, the committees listed below were active in the 2020 financial year in accordance with Section 34(4) Sentence 1 of the German SE Implementation Act (SEAG).

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee held two meetings in the 2020 financial year, on March 26 and June 25, 2020. All committee members participated in these meetings.

Topics of deliberations and resolutions on March 26, 2020, were the election of a new committee chair, the recommendations for adoption by the Administrative Board on the amount of the short-term target remuneration of the Managing Directors for 2019, the amount of remuneration from the long-term remuneration component for the period 2017 to 2019, the targets for variable remuneration for the 2020 financial year and the targets for the long-term remuneration component for the period 2020 to 2022, as well as the appointment of a new Managing Director (COO) as of April 1, 2020, and on the extension of an employment contract with a Managing Director.

On June 25, 2020, the Nomination and Remuneration Committee dealt with the allocation of stock options to the Managing Directors, executives and employees of RIB Software SE and its affiliated companies and resolved a recommendation for resolution by the Administrative Board, subject to approval of the 2020 Stock Option Program by the Annual General Meeting and the entry of the revised conditional capital in the Commercial Register in accordance with Article 4(5) of the Articles of Association.

The members of the Nomination and Remuneration Committee during the financial year were:

- Ms Sandy Möser (until February 14, 2020, until then also Chairperson)
- Prof. Dr Rüdiger Grube (Chairman since March 26, 2020)
- Dr Matthias Rumpelhardt
- Mr Klaus Hirschle (February 15 to August 20, 2020)
- Mr Philippe Delorme (since October 14, 2020).

Audit Committee

The Audit Committee held the following consultations in the 2020 financial year:

On March 25, 2020, the committee dealt with the financial statements and the consolidated management report for RIB Software SE and the Group for the 2019 financial year in the presence of the auditor and the Chief Financial Officer.

The auditor explained the focal points and the results of their audit in detail. The auditor's report also included the results of the audit of the internal control system and the early risk detection system. As a result, the auditor confirmed that the Administrative Board had taken the measures required under Section 22(3) Sentence 2 SEAG, in particular to establish a monitoring system, in an appropriate manner and that the monitoring system is suitable for the early identification of developments that could jeopardize the continued existence of the company/Group. In addition, against the background of the pending takeover bid by Schneider Electric, the Audit Committee passed a resolution to terminate the ongoing selection process for another auditor for the joint audit of the 2020 consolidated financial statements with BW PARTNER and to propose to the Annual General Meeting that the current auditor be elected for the financial statements as at December 31, 2020.

On November 20, 2020, the auditor provided information on the timing of the audit and the significant changes that have arisen for the course of the audit as a result of the acquisition of the majority of shares by Schneider Electric and the resulting inclusion of the RIB Group in the consolidated financial statements of Schneider as at December 31, 2020.

At the Committee's meeting on December 8, 2020, the focal points of the audit for the 2020 financial statements were discussed and determined and the fee for BW PARTNER's audit services was decided. In addition, the Committee approved the provision of tax advisory services by the auditor within the meaning of EU Regulation No. 537/2014/Section 319a(3) German Commercial Code (HGB) and increased the budget for this until December 31, 2021.

In addition, conference calls were held to discuss current issues, such as the initiation of the selection process for the 2020 audit on February 06, 2020, and the status of the auditors' work on the company's separate and consolidated financial statements as at December 31, 2019, on February, 10, 2020.

The members of the Audit Committee in the financial year were:

- Dr Matthias Rumpelhardt (Chairman)
- Mr Philippe Delorme (since October 14, 2020)
- Prof. Dr Rüdiger Grube
- Mr Klaus Hirschle (February 15 to August 20, 2020)
- Ms Sandy Möser (until February 14, 2020).

Dr Matthias Rumpelhardt is an independent member of the Administrative Board and has expertise in the fields of accounting and auditing in accordance with Section 107(4) and Section 100(5) AktG.

Audit of the annual and consolidated financial statements

The annual financial statements of RIB Software SE prepared in accordance with the HGB and the IFRS consolidated financial statements as at December 31, 2020, as well as the combined Group management report and management report for the 2020 financial year, including accounting, were audited by the auditors BW PARTNER and issued with unqualified audit opinions on **March 17, 2021**, each of which received an unqualified audit opinion. The auditor confirmed that in its opinion, based on the findings of the audit, the annual financial statements and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of RIB Software SE and the Group in accordance with the applicable financial reporting framework. Furthermore, the auditor confirmed that the combined management report is consistent with the annual financial statements and the consolidated financial statements and accurately presents the opportunities and risks of future development.

The auditor had been elected by the Annual General Meeting on June 26, 2020 at the proposal of the Administrative Board. In a letter dated May 28, 2020, BW PARTNER had previously confirmed to the Chairman of the Audit Committee that there were no circumstances that could impair its independence as auditor or give rise to doubts about its independence. BW PARTNER also stated the extent to which non-audit services were performed for the company in the previous financial year or are contractually agreed for the following year. It was agreed with the auditor that it would inform the Audit Committee and the Administrative Board without delay of any grounds for disqualification or partiality that arose during the audit as well as of all findings and occurrences of significance for the tasks of the Administrative Board that come to light during the performance of the audit. In addition, it was agreed that the auditor would inform the Administrative Board if facts were discovered during the audit that revealed an inaccuracy in the declaration regarding the German Cooperate Governance Codex (DCGK) issued by the Administrative Board and note this in the audit report.

The Audit Committee and the Administrative Board received the drafts and copies of the financial statement documents and the audit reports for the company and the Group as well as the proposal of the Managing Directors for the appropriation of the net profit with sufficient advance notice to allow a thorough review of all documents. The documents were discussed in detail at the meetings of the Audit Committee on March 23, 2021, and the Administrative Board on March 25, 2021. The auditor reported on the main results of its audit and in particular also addressed the particularly important audit matters (key audit matters) and the respective procedures during the audit. The auditor also provided information on its findings regarding the internal control system and the early risk detection system and was available for additional questions and information. At the meeting of the Administrative Board, the Chairman of the Audit Committee reported in detail on the audit of the annual and consolidated financial statements, the combined Group management report and management report - including the non-financial statement contained therein - as well as on the audit of the proposal for the appropriation of the net profit by the Audit Committee. He also informed the Administrative Board that there were no indications of possible bias on the part of the auditor and what services were provided by BW PARTNER outside of the audit of the financial statements. In accordance with Article 321(4a) HGB, the auditor confirmed that it had complied with the applicable regulations on independence during the audit. Furthermore, in accordance with Article 6(2)(a) of the EU Statutory Audit Regulation, the auditor has declared that the audit firm, audit partners and members of senior management and the management staff carrying out the statutory audit are independent of the audited entity.

The Administrative Board was able to satisfy itself that the audit was properly conducted by the auditor. It was able to satisfy itself that the audit reports - as well as the audit itself - complied with the legal requirements. The Administrative Board then approved the result of the audit and, since there were no objections to be raised after the final result of its own audit, approved the annual financial statements, the consolidated financial statements and the combined management report for the company and the Group. The annual financial statements of RIB Software SE are thus adopted. On this basis, the Administrative Board endorsed the proposal of the Managing Directors for the appropriation of the net profit as at December 31, 2020. Finally, the Administrative Board adopted the present report to the Annual General Meeting.

Dependency Report

In accordance with the requirements of Section 314 AktG, the Administrative Board also examined the report submitted to it by the Managing Directors pursuant to Section 312 AktG on the relationships of RIB Software SE with affiliated companies (dependency report) for the 2020 financial year. The dependency report was also audited by the auditor and issued with the following audit opinion:

“Having duly examined and assessed the report in accordance with our professional duties, we confirm that the factual statements made in the report are correct and that the consideration paid by the company in respect of the legal transactions listed in the report was not unreasonably high.”

The auditor’s report on the dependency report was available to all members of the Administrative Board. The Administrative Board raised no objections after its own examination and after discussion by the Audit Committee and the auditor. It noted and approved the results of the auditor’s review of the dependency report.

Thanks to

The Administrative Board would like to thank the Managing Directors as well as the Executive Boards and Managing Directors of the subsidiaries and all employees of the RIB Group worldwide for their dedicated and very successful work in the past financial year.

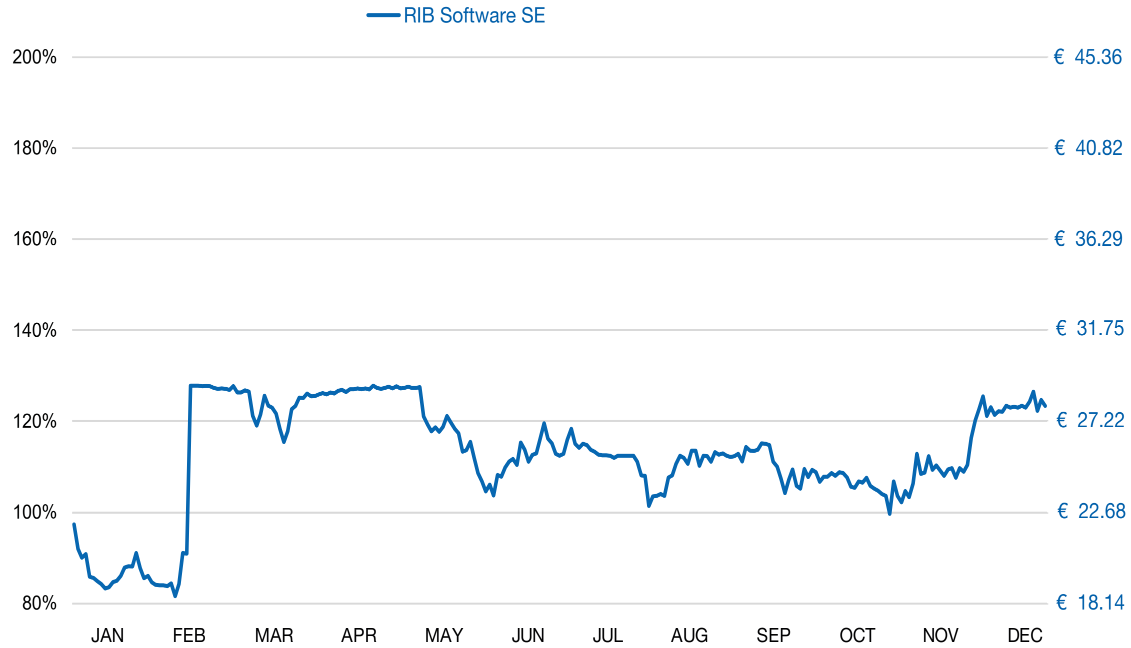
Stuttgart, 25 March 2021

On behalf of the Administrative Board

Tom Wolf
Chairman

RIB ON THE CAPITAL MARKET

RIB SHARE PRICE DEVELOPMENT 2020



The RIB stock started the 2020 financial year on 02 January at a price of € 22.08 and reached its annual high of € 29.00 per share in mid-February. On March 20, Schneider Electric published an acquisition offer. Afterwards, Schneider Electric Investment AG held 87.64% of the shares in RIB Software SE. The RIB Software SE share ended the financial year on 30 December 2020 at a closing price of € 28.40.

DIVIDEND PAYMENT OF € 0.98 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 11 May 2021, the Administrative Board will suggest that in the financial year of 2021, the shareholders are paid a dividend of € 0.98 per share for the previous financial year. This corresponds to a total distribution of € 51.0 million. In financial year 2020, a dividend of € 0.12 per share was paid out.

SHARE FACTS

Figures in €, if not otherwise indicated	2020	2019
Earnings per share - basic	0.34	0.19
Earnings per share - diluted	0.34	0.19
Dividend per share*	0.98	0.12
Share price at the beginning of the report period	22.08	11.85
52-week high	29.00	25.72
52-week low	10.30	10.30
Share price at the end of the report period	22.60	22.60
Authorised capital at the end of the reporting period	52,091,159.00	51,899,298.00
Issued shares in circulation at the end of the reporting period	52,091,159.00	48,180,271.00
Share change at end of the reporting period	25.22%	90.72%

* Suggestion by the Administrative Board to the annual general meeting of RIB Software SE on 11 May 2021

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 30 November 2020	€ 52,091,159.00
Number of shares as of 30 November 2020	52,091,159
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
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.

Tom Wolf
Chairman
Managing Director
Corporate Strategy /
Global Allance

Mads Bording Rasmussen
Managing Director
Global Sales

Michael Sauer
Managing Director
Corporate Finance /
M&A / Sales DACH

8 Administrative Board Members

THE ADMINISTRATIVE BOARD

Prof. Martin Fischer

Dr. Matthias Rumpelhardt

Philippe Delorme
Deputy-Chairman

Prof. Dr. Rüdiger Grube

Axel Tismer

CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE REPORT

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 18 February 2021 (the "**2021 Declaration of Compliance**") and the reasons contained therein. The 2021 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 16 December 2019, applicable at the time of the submission of the 2021 Declaration of Compliance, was published by the Federal German Ministry of Justice and Consumer Protection on 20 March 2020 in the official section of the Federal Gazette and is publicly accessible on the website **www.dcgk.de**.

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 or has a personal relationship with such a major competitor. No advisory or other service agreements or work contracts are in existence between the members of the Administrative Board and the Company.

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.

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 control and participation rights in the Annual General Meeting. 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 generally entitled to participate in the Annual General Meeting. Shareholders 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.

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 2019, 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.

In addition, all RIB Group employees are offered online training on the subject of compliance.

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 European 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 European 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 2020. 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 arising 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 European 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 15 May 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. 8 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 onetier 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 (proxyvoter bound by instructions), 3.7 para. 1 (opinion to a public takeover offer) and para. 2 (behaviour during a public takeover offer) as well as 3.10 (Corporate Governance report), 4.1.3 (Compliance) and 4.1.4 (risk management and -controlling) of the Code are incumbent upon the Administrative Board of RIB Soft-

ware 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 nonmanaging 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 companyspecific 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.

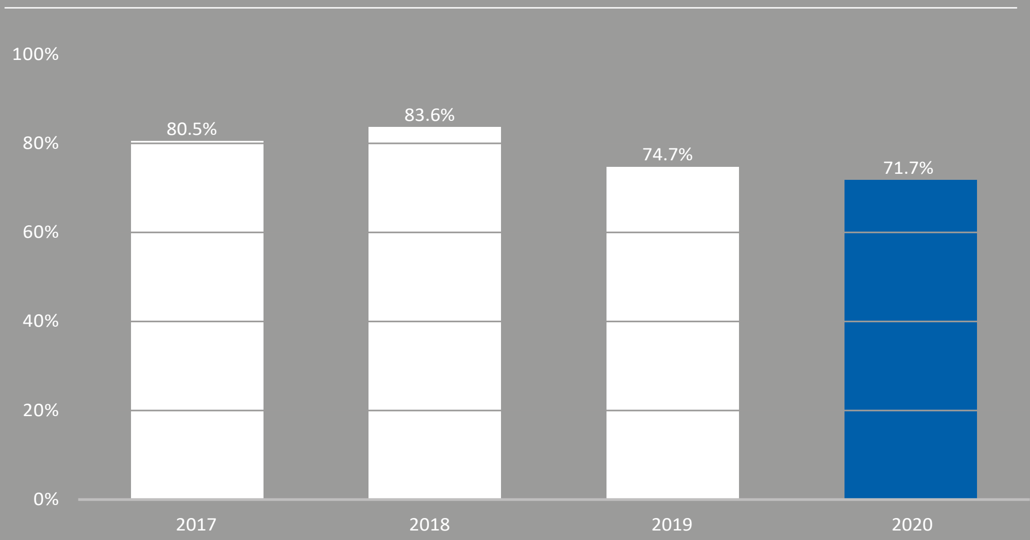
  The The Administrative Board does not set a general limit for the length of membership in the Administrative Board. Setting a limit for the length of membership in the Administrative Board is not in the interest of the company and its shareholders, since there is no compelling connection between the 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, February 2020

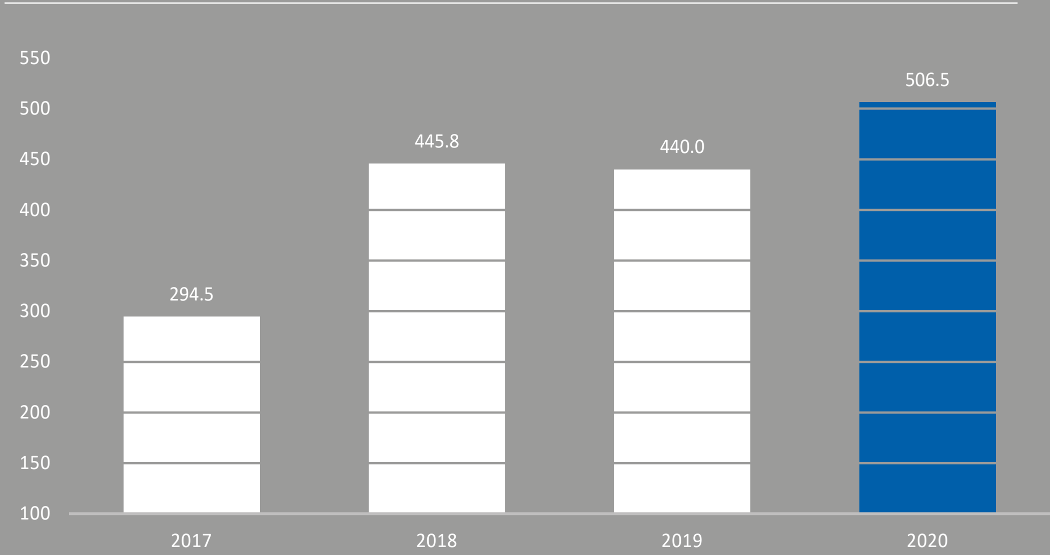
RIB Software SE
The Administrative Board

EQUITY RATIO 2017 - 2020



CHANGES IN EQUITY 2017 - 2020

Figures in € million



CONSOLIDATED GROUP MANAGEMENT REPORT

AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2020

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, Europe, the Middle East, the USA, South Africa, Australia, New Zealand and Asia. RIB Software SE is headquartered in Stuttgart.

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 affords 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 solutions form an integrated and comprehensive cloud platform which allows our customers to plan, implement, and manage procurement processes together with their business partners.

More than 700,000 Users worldwide

With more than 770,000 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 and medium-sized construction companies, the public sector, architecture and engineering companies as well as large industrial and plant construction companies. Our strategic goal is to help transform construction into one of the most advanced industries in the 21st century with innovative ideas, creativity and new approaches to cloud computing, supply chain management and artificial intelligence.

Since the successful completion of the voluntary public takeover bid by Schneider Investment AG on 10 July 2020, the RIB Group has been part of the French Schneider Electric Group. Schneider Electric is a global leader in power technologies, real-time automation and integrated software solutions for residential, commercial, data centre, infrastructure and industrial applications. In the financial year 2019, the Schneider Electric Group generated revenue of € 27.2 billion and employed approximately 135,000 permanent employees in more than 100 countries. As a strong partner, Schneider Electric wishes to support the international expansion plans and strategic goals of the RIB Group.

Reporting segments
For corporate management purposes, among other things, the RIB Group is structured into segments. The reporting segment iMTWO comprises our software business, while the reporting segment xYTWO encompasses our 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. Some of our software is marketed together with third-party software solutions, which we purchase from other manufacturers and resell to our customers. In addition, as an „agent", we also broker the provision of software solutions and related services from other manufacturers to customers. 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.

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. Furthermore, we market other internally developed software products with different application areas. 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 internally developed MTWO solution portfolio can be supplemented by additional products and services from Microsoft at the customer's request. As the first vertical cloud platform for the construction industry, MTWO is designed to simplify 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 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 further expansion of the business segment YTWO (SCM) was temporarily suspended in the reporting year in favour of the faster development of the MTWO platform and was therefore 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. In addition, transaction fees charged for the use of the YTWO platform may also depend on the procurement volume. The potential revenues in this case are higher than in the provision model, and the continuation of the YTWO platform thus remains a promising option.

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, the xTWO platform is primarily used in the consumer area (B2C) for the online organisation of procurement and delivery of building products. As this is not part of the core business of the RIB Group, we divested ourselves of the xTWO (E-commerce) area in August 2020 and sold the business area as a whole.

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 further development capacities in China, the USA, Denmark, Austria, Spain, Hong Kong, India, 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 of iTWO are managed by RIB Ltd. and through subsidiaries in China, Asia, Australia, the Middle East, Africa, the UK and the USA. Additionally, in the reporting period, we gained a strategic partner for the marketing of the MTWO platform - SoftwareONE - who will be responsible for the non-exclusive distribution of iTWO 4.0 via the MTWO platform as a value added reseller (VAR) starting from the financial year 2021.

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 Europe GmbH, based in Stuttgart, which is a subsidiary of RIB Software SE operating primarily in German-speaking countries.

A.2 BUSINESS DEVELOPMENT AND POSITION OF THE RIB GROUP

A.2.1 Framework conditions in the market

COVID-19 Pandemic as a global catastrophe

As a global disaster, the COVID-19 pandemic was an all-consuming factor in politics, health care, economics, and public life in 2020, causing high excess mortality and severe economic implications in most countries of the world.

According to the OECD forecasts, in view of the second wave of the coronavirus, which has now persisted since the fourth quarter of 2020 and which has led to further massive constraints on economic activity and public life, global GDP is expected to contract by 7.6% in 2020 and still remain well below pre-crisis levels at the end of 2021[1].

Public debt has reached exceptionally high levels in many countries as a result of the extensive government financial assistance provided in the context of the COVID-19 pandemic with the aim of supporting the economy and the health sector. Despite the existing stimulus programmes, the first effects on public sector investment in infrastructure projects and new technologies were already noticeable in 2020. For example, a survey conducted by the Hauptverband der deutschen Bauindustrie ("Main Association of the German Construction Industry") during the first coronavirus wave among 370 companies in the mainstream construction industry[2] showed that demand for new construction projects had declined, while public-sector tenders were down. This negative effect intensified significantly over the survey period. 26% of the companies reported this finding in March, while in April, the share already amounted to 45%. During the same period, the percentage of companies which complained about cancellations of projects also increased from 24% to 32%. 61% of the companies stated that municipalities had suspended decisions on construction projects, land-use plan procedures and planning law creation due to the poor budget situation. The „Bundesverband der privaten Immobilienwirtschaft"

1) Berlin Centre - Organisation for Economic Co-operation and Development (oecd.org)

2) Economic impact of the coronavirus on the German construction industry - Die deutsche Bauindustrie

(German Association of the Private Real Estate Industry) confirms these findings in a survey of its members conducted in March 2020[3].

In our assessment, these developments observed in Germany represent a global problem that directly affects our main target groups in all industrialised nations of the world. In countries particularly hard hit by the pandemic, the negative effects were even more noticeable than in Germany.

During the first hard lockdown in the spring, we comprehensively restructured internal processes in many companies of the RIB Group to ensure that we were able to continue providing professional support to our customers under the given travel and contact restrictions and to maintain ongoing sales processes. For this purpose, suitable activities were regionally outsourced to employees working from home, while consultations or training courses as well as sales processes were largely conducted online via video conferences. In this way, we were able to ensure that relatively few ongoing implementation projects and customer orders were postponed or suspended indefinitely, despite the difficult global conditions resulting from the COVID-19 pandemic.

Despite the organisational measures taken, we did experience noticeable declines in some regions as a result of the pandemic, particularly with regard to service revenue. Consequently, we took advantage of subsidies offered by regional governments and optimised cost structures in several companies of the RIB Group. Furthermore, in order to minimise investment risks in the second half of the year, we suspended our M&A activities until further notice. Although this had a significant impact on the projected sales and EBITDA contribution from acquisitions, thanks to the measures that were immediately initiated, our overall operating business was not as significantly affected by the pandemic as initially expected.

Future Digitization picks up speed

We believe that digitally networked, integrated and virtual processing of planning, production and operations, as well as industrial prefabrication of components and artificial intelligence, had the potential to improve the efficiency of processes in companies in such a way that their competitiveness could be largely maintained even in a year as hard hit by the pandemic as the year 2020. 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 production and maintenance costs will be, with all of these questions already answered in the project phase.

Thanks to our iTWO 4.0 / MTWO cloud platform, a growing number of intelligent iTWO 4.0 apps and many integrated complementary solutions from our subsidiaries, affiliates and partners, we were able to offer our customers a solution portfolio that responded very well to these technology trends in the financial year 2020.

Although, according to OECD surveys, global GDP contracted significantly in the reporting period as a result of the COVID-19 pandemic, while the economic situation in our key markets of the United States and China was additionally negatively impacted by the bilateral tariff measures introduced as a result of trade tensions between the two countries, we were nevertheless able to take advantage of our strong competitive position and, despite the difficult economic conditions worldwide, successfully tap into the IT investment potential in our target groups and markets in the financial year 2020, thus continuing our growth recorded in recent years.

3) This is how the coronavirus affects the German housing industry | AssCompact News for insurance companies and the financial sector

A.2.2 Business development of the RIB Group

As in previous years, our business continued to develop very positively in the reporting period. Total sales increased by 21.0% to € 259.8 million (previous year: € 214.6 million) and are composed as follows[4]:

in € million	2020	2019	DIFF
Annual recurring revenue from the software business (ARR)	146.6	112.6	30.2%
Non-recurring revenue from the software business (NRR)	51.9	45.4	14.2%
Service	56.1	47.4	18.3%
Sales in continued business areas	**254.6**	**205.4**	**24.0%**
E-Commerce (discontinued business area)	5.2	9.2	-43.5%
Total	**259.8**	**214.6**	**21.0%**

A.2.3 Key performance indicators of RIB Software SE

Operating EBITDA margin significantly above previous year

Sales increased by 13.8% to € 74.9 million (previous year: € 65.8 million). Operating EBITDA of € 25.2 million was 24.8% up on the previous year (€ 20.2 million). The EBITDA margin of 33.6% was significantly higher than the previous year figure (30.7%).

As a consequence of the reconciliation from “earnings after taxes” to “operating EBITDA“:

in € million	2020	2019
Earnings after taxes	**17.8**	**18.5**
plus taxes on income and earnings	7.4	7.1
plus interest and related expenses	0.4	0.1
plus write-downs of financial assets	0.0	0.2
less write-ups of financial assets	-1.3	0.0
less other interest and similar income	-0.3	-0.7
less income from participating interests	-0.5	-3.4
plus depreciation and amortisation	0.4	0.3
plus expenses from foreign currency translation	2.7	0.0
less income from foreign currency translation	-1.3	-1.9
Operating EBITDA	**25.2**	**20.2**

A.2.4 Key performance indicators of the RIB Group

Significant increase in Group sales

Due to the difficult-to-assess consequences of the COVID-19 pandemic on the further development of the RIB Group, we suspended our M&A activities as of the second half of 2020 with a view to minimising acquisition risks and protecting existing financial reserves. Although this led to a corresponding reduction in the projected revenue and EBITDA contribution from acquisitions, our Group sales[5] rose significantly by 24.0% to € 254.6 million (previous year: € 205.4 million). Operating EBITDA of € 65.3 million was 27.5% up on the previous year (€ 51.2 million). The operating EBITDA margin reached 25.6% (previous year: 24.9%).

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

5) Unless expressly stated otherwise, the following key figures in the profit and loss account relate to the continued business areas

As a consequence of the reconciliation from “earnings before income taxes” to “operating EBITDA”:

in € million	2020	2019
Earnings before income taxes	**31.2**	**20.7**
plus the share of earnings from participations accounted for using the equity method	0.1	0.1
plus financial expenses	1.4	0.8
less financial income	-0.8	-1.2
plus depreciation and amortisation	37.3	30.1
plus impairment losses	2.2	0.0
plus expenses from foreign currency translation	2.6	0.6
less income from foreign currency translation	-2.0	-2.3
plus expenses for acquisition activities	0.0	2.2
plus expenses / less income from subsequent measurement of purchase price liabilities	-5.1	0.2
less income from COVID-19 grants	-1.7	0.0
Operating EBITDA	**65.3**	**51.2**

In the **reporting segment iMTWO**, sales posted a significant increase of 23.9% and amounted to € 254.2 million (previous year: € 205.2 million). Operating EBITDA[6] amounted to € 65.0 million and was thus significantly higher than in the previous year (€ 52.4 million). The operating EBITDA margin of 25.6% remained at the previous year ‘s level (25.5%).

In the **reporting segment xYTWO**, sales of € 5.5 million (including the sales generated in the discontinued business areas) were significantly (-41.5%) down on the previous year (€ 9.4 million), which is mainly due to the deconsolidation of the xTWO area (E-commerce) as of 31 August. The operating EBITDA[7] was slightly positive at € 0.5 million (previous year: € -1.3 million).

A.3 KEY EVENTS IN THE REPORTING PERIOD

A.3.1 Acquisition of 87.64% of the shares in RIB Software SE by Schneider Electric Investment AG

On 13 February 2020, Schneider Electric Investment AG announced that it would offer the shareholders of RIB Software SE to acquire all registered shares of RIB Software SE by way of a voluntary public takeover bid, including all ancillary rights, in particular, the profit participation rights existing at the time of the settlement of the offer, against payment of cash consideration in the amount of € 29.00 per share. The completion of the takeover bid was subject to various conditions, such as the achievement of a minimum acceptance threshold of 50% plus one share of the share capital of RIB Software SE, the granting of merger control and other regulatory approvals as well as the fulfilment of further conditions customary in the market.

Execution of the takeover offer

Also on 13 February 2020, Schneider Electric Investment AG and RIB Software SE entered into a Business Combination Agreement, which contains the main terms and conditions of the takeover bid as well as the common intentions and views in this respect. On the same day, Schneider Electric Investment AG announced that it did not intend to enter into a domination and/or profit and loss transfer agreement with RIB Software SE following the completion of the takeover bid.

6) Currency effects (2020: expenses of € 0.7 million/ 2019: income of € 1.7 million); Special effects: income/expenses from the adjustment of purchase price liabilities (2020: income of € 5.1 million/ 2019: expenses of € 0.2 million), expenses from acquisition activities (2020: € 0.0 million/ 2019: € 2.2 million), income from COVID-19 grants (2020: € 1.7 million/ 2019: € 0.0 million).

7) Expenses from deconsolidation of the xTWO business segment (E-commerce) (2020: € 0.8 million/ 2019: € 0.0 million)

The takeover bid was published on 20 March 2020. The bid and the agreements concluded with the shareholders of RIB Software SE as a result of the acceptance of the bid were executed on 10 July 2020 after all the terms and conditions of the bid had been fulfilled within the specified deadlines. Since then, Schneider Electric Investment AG has held 87.64% of the shares in RIB Software SE. The Chairperson of the Administrative Board of RIB Software SE and Managing Director (CEO), Mr Thomas Wolf, continues to hold 8.2% of the shares as of the end of the reporting period, with the remainder in free float. The RIB Group is consolidated in the Schneider Electric Group and reported in its Consolidated Financial Statements as part of the Energy Management business area.

Joint objective

Schneider Electric and RIB focus on a similar network of partners and customers in the construction sector and now wish to jointly pursue the objective of contributing to transforming construction into one of the most advanced industries in the 21st century, by taking advantage of innovative ideas, creativity and new approaches in the areas of building automation, cloud computing, supply chain management and artificial intelligence.

A.3.2 Acquisition activities

In January 2020, the RIB Group acquired 60% of the shares in **Integration Technologies Corp.** (hereinafter: **Intech**), San Juan, Puerto Rico, from a financial investor. The company founder and the management continue to jointly hold 40% of the company and intend to support the expansion and further growth of Intech in the coming years. However, the purchase agreement includes the option for the RIB Group to increase its share to 100%.

Intech consults, designs, transforms, and manages secure cloud services on behalf of clients for networking, unified communications, and business-critical applications on the Microsoft Azure cloud platform. The strategic goal of Intech and RIB is to integrate Intech into the MTWO ecosystem with a view to further accelerating the expansion of global Cloud Infrastructure 24/7 on the MTWO platform, based on the highest quality and performance.

In June 2020, the RIB Group acquired 51% of the shares in **Beijing Bochao Times Software Co. Ltd.** (hereinafter: **Bochaosoft**). Bochaosoft was founded in 1993, is headquartered in Beijing and, with around 350 employees, is China's leading provider of software solutions for companies in the power generation, oil and gas, petrochemical, metallurgy, hydraulic engineering and municipal construction sectors. A large proportion of Chinese engineering and design firms, as well as many state-owned enterprises in the construction sector, use Bochaosoft software.

Around one third of Bochaosoft's employees are active in research and development, working on software for 2D/3D design, quantity takeoff and costing, as well as a newly developed CIM (City Information Modelling) solution for municipal construction with integrated IoT technologies, which conceptually complements our iTWO 4.0 platform in a great way. RIB and Bochaosoft share a common vision of the digitalisation of the construction industry and, by building on the development expertise and strong brand names of the two companies, they wish to significantly expand their market shares in China.

In September 2020, the RIB Group increased its shares in **Building Systems Design Inc., USA,** (hereinafter: **BSD**) to 100%, having acquired 60% of the shares in the previous year. Under the terms of the Purchase Agreement concluded in 2019, the sellers were granted put options in respect of the 40% company shares which they continued to hold, the exercisability of which was conditioned upon the occurrence of certain events. The acquisition of the majority of shares in RIB Software SE by Schneider Electric Investment AG represented such an event. On this basis, the sellers exercised their option right and thus sold their remaining shares to the RIB Group.

In the financial year 2019, the RIB Group had, inter alia, acquired 70% of the business shares in **Construction Computer Software PTY Ltd.** (hereinafter: **CCS**), based in South Africa, whereas in Germany, it had increased its shares in **RIB Leipzig GmbH** (hereinafter: **RIB Leipzig**) from 51% to 75%. It had also acquired 15% of the shares in the Indian **Winjit Technologies Private Limited** (hereinafter: **Winjit)**, combined with the right to acquire a majority stake in Winjit within the next 4 years. In view of the promising prospects arising from the cooperation with these three companies, particularly in the area of international expansion of the MTWO platform, we increased our shares in RIB Leipzig in January 2020 and in CCS in May 2020 to 100% in each case. In addition, in November 2020, we exercised our right to acquire a majority stake in Winjit and increased our participation to 51%.

A.3.3 Strategic partnership with SoftwareONE

Strategic partnership with SoftwareONE

In November 2020, the RIB Group and the Swiss **SoftwareONE Holding AG** (hereinafter: **SoftwareONE**) signed a strategic partnership agreement. The objective of the cooperation is to accelerate the market introduction of the MTWO platform globally. By entering into this partnership, which has now been operational since the beginning of 2021, the RIB Group and SoftwareONE are committed to jointly driving technological innovation for the architecture, engineering and construction (AEC) industries worldwide.

SoftwareONE is a leading provider of platforms, solutions and services with 30 years of experience in the software and technology environment. With approximately 5,800 employees and sales and service capabilities in 90 countries, SoftwareONE provides software and cloud solutions from a variety of manufacturers to approximately 65,000 business customers. SoftwareONE shares (SWON) are listed on the SIX Swiss Exchange.

SoftwareONE‘s service portfolio includes sales of software solutions, software lifecycle management, and all aspects of cloud-first advisory, delivery, as well as managed solutions. SoftwareONE has extensive technical expertise to help companies design and implement their technology roadmap. SoftwareONE‘s offers are consolidated on its proprietary PyraCloud platform, which provides customers with data-driven information about the software solutions deployed in their cloud.

For the partnership with RIB Group, SoftwareONE will leverage its global market presence and expertise to support the marketing of the MTWO platform worldwide. To this end, SoftwareONE plans to hire approximately 230 new employees by 30 June 2021 in the areas of sales, consulting and administration exclusively for MTWO. The mutually agreed business plan also foresees SoftwareONE signing a minimum number of MTWO contracts each year until the end of 2023. Both measures will be implemented according to a contractually agreed milestone plan, which includes specific targets for the first three years of the partnership.

Increasing staff capacity for the MTWO area in the financial year 2021 represents significant upfront costs for SoftwareONE. Under the cooperation agreement, RIB and SoftwareONE had therefore agreed that RIB would contribute to these set-up costs in the form of a „set-up fee“. The set-up fee of € 8.1 million ($ 10 million) was paid by RIB to SoftwareONE in December 2020.

A.3.4 Syndicated financing of up to € 150 million for further acquisitions

As already announced in the previous year‘s Management Report, in the present reporting period, RIB Software SE concluded a syndicated loan agreement for a syndicated credit line of € 150 million aimed at financing further acquisitions planned for the future. As we significantly reduced our M&A activities during the reporting period due to the COVID-19 pandemic, the credit facility has not been drawn upon to date.

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 results of operations. In the reporting year, a Business Intelligence (BI) dashboard was introduced that enables an even more transparent evaluation and graphical presentation of key figures.

The key financial performance indicators, both at the individual RIB Software SE company level and at Group level, are sales 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.

The key non-financial performance indicator at Group level is the number of iTWO 4.0 and MTWO users. The key figure takes into account all iTWO 4.0 users in private and public cloud installations, with a particular focus on 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. When determining revenue indicators, we divide the sales revenue from the marketing of software usage rights into annual recurring revenues (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 clouds. In addition to this classification by revenue type, within the ARR category, we distinguish whether we ourselves are commissioned to provide the respective services to the customer or whether our service consists of arranging for these services to be provided 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 level particularly include the production costs of the services performed to achieve the sales 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 the key figures 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 and 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 within the different areas according to sales processes in the areas of Key Accounts and Mass Market, and between activities for new customers and existing customers.

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. This ensures that, in addition to the sales pipeline, the resulting individual sales activities, the bid forecast and the customer sales achieved are 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 are 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 not all planned projects can be implemented, 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 time. 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

Increase in the number of employees at the R&D centers

The number of employees in the research and development centres of the RIB Group increased to an annual average of 555 (previous year: 418), which corresponds to an increase of 32.8%.

R&D expenses (total of capitalised R&D costs and R&D costs recognised as expenses) increased by 19,7% to € 38.9 million in the reporting period (previous year: € 32.5 million). The increase of € 6.4 million is mainly due to the inclusion of Bochaosoft, CCS and BSD (+€ 6.5 million), acquired either in the previous year or in the reporting period, each of which has larger development capacities of its own. The scheduled staff reduction at our Chinese development company GZ TWO, which had begun in the financial year 2019 and continued in the reporting year, led to a reduction in R&D expenses (by € 1.2 million).

Capitalised development costs of € 13.6 million were 11.5% higher than in the previous year (€ 12.2 million). The capitalisation ratio (share of capitalised R&D costs in total R&D expenditures) remained high at 35.0% (previous year: 37.5%), since the RIB Group continued to make sustainable investments in the development of new and innovative products, also in the financial year 2020, with a view to securing its competitiveness and its future.

The R&D ratio (total of capitalised R&D costs and R&D costs recognised as expenses presented as a percentage of sales revenue in the iMTWO segment) amounted to 15.3%, and was thus at the previous year's level (15.8%).

Selected development priorities in the reporting period

iTWO 4.0

Further development of modules for the iTWO 4.0 platform

During the reporting period, the existing modules were improved and optimised. The focus here was on further standardisation and improvement of the user experience (UX). Moreover, the linking of data processes between the various business transactions was further optimised.

In addition to the expansion of the integration to iTWO finance, the connection to SAP was also improved and further developed. This significantly increased the number of data objects for exchange as well as the convenience for the user.

Alongside these specific integrations and interfaces, the standard interface was greatly expanded. This means that data from iTWO 4.0 can now be better consumed and supplemented by third-party systems. In addition to the convenience of the interfaces, the focus of the development was particularly on the security of the data transmission.

The iTWO 4.0 technology was supplemented by a transport system. This makes it possible to exchange settings, configurations and necessary data between development, test and production systems. It can also be used to quickly prepare a training system. All in all, this greatly reduces the time and effort required for the transfer of customer-specific configurations and reduces potential errors during this process.

Another development focus was on the expansion of the controlling and evaluation function. Furthermore, the RIB Datapine technology was integrated as a Business Intelligence component (BI+). On this basis, modern and user-friendly dashboards were created, which prepare company and construction site controlling data from iTWO 4.0 and other applications, such as iTWO finance or SAP, in a highly transparent manner.

In addition to BI+, iTWO site is now also an integral part of the iTWO 4.0 platform. iTWO site serves as a mobile component for accessing all data of the platform. To this end, the existing app was greatly improved with regard to user experience (UX). Moreover, iTWO site serves as a collaboration system between the various project participants. It stores all documents in a central construction file. The integrated archive function increases the security of data and documents.

MTWO

With focus in the area of MTWO was on the simplified provision and optimised operation of the basic technology. In close cooperation between the iTWO 4.0 Development Team and the specialists responsible for the technical optimisation of the MTWO platform in SaaSplaza's Technical Cloud Team, the initial installation process for new customers were greatly simplified. In addition, updates can now be provided automatically.

Furthermore, by efficiently leveraging Microsoft Azure's cloud technology, we have reduced the operating costs of the MTWO cloud for our end customers. Through automatic scaling, it was possible to reduce these costs yet again, while at the same time improving the performance for the user.

Operating costs for end customers reduced

The operations dashboard summarises the key information. In addition to scaling, these are also used to further improve the MTWO application. Possible failures can thus be detected at an early stage and greatly reduced.

Cybersecurity

The security of the data in our software solutions is another key concern. To this end, our rules for „Security by Design" were further developed. On this basis, security tests (PEN tests) were conducted and repeated at fixed intervals. The tests are first repeated by our specialised Test Team and subsequently by external security experts. The results are presented transparently in a dashboard, with the detected security problems quickly rectified. In addition, the further development of the security rules and tests is being adapted and extended based on the results.

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

The xTWO (E-commerce) business segment was sold in the reporting period and recorded as a discontinued business area in the 2020 Consolidated Financial Statements. In the previous year, the business segment was not classified as “held for sale”. For comparison purposes, the previous year‘s figures have therefore been adjusted by the amounts resulting from the discontinued business area. Unless specifically indicated below, the following analyses of the results of operations relate exclusively to the continued business areas.

B.1 RESULTS OF OPERATIONS

Once again, the RIB Group grew strongly in the reporting period. Total sales increased by 24.0% to € 254.6 million (previous year: € 205.4 million). In the business segment iMTWO, which has a significant impact on the results of operations of the RIB Group, sales revenue increased by 23.9%. 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, sales in the iMTWO segment grew only slightly by 0.9%. In the business segment xYTWO, which has significantly less impact on the results of operations of the RIB Group, sales (including the discontinued business areas) fell to € 5.5 million (previous year: € 9.4 million), which resulted from the deconsolidation of the xTWO (E-commerce) area in the reporting year.

The geographical breakdown of total sales is as follows:

- **Domestic:** sales increased by 22.3% to € 87.7 million (previous year: € 71.7 million). As in the previous year, the increase is mainly due to the significant rise in demand for iTWO 4.0, in particular as a result of a major Phase III order completed in the reporting year.

- **International:** international sales increased by 24.8% to € 166.9 million (previous year: € 133.7 million). EMEA (excluding Germany) accounted for € 58.1 million (previous year: € 61.3 million), APAC accounted for € 41.4 million (previous year: € 31.4 million), while € 67.4 million was generated in North America (previous year: € 41.0 million).

Operating EBITDA of € 65.3 million was 27.5% up on the previous year (€ 51.2 million). The operating EBITDA margin reached 25.6% (previous year: 24.9%).

Operating EBT of € 31.2 million was 50.7% up on the previous year (€ 20.7 million).

Consolidated net income (including the discontinued business areas) of € 18.7 million was € 9.6 million higher than in the previous year (€ 9.1 million). When the elements of the Group statement of comprehensive income not recognised as expenses or income are included, total consolidated earnings amounted to € 1.4 million (previous year: € 10.2 million).

Development of the reporting segments

Reporting segment iMTWO

In the reporting period, **total iMTWO sales** increased by 23.9% to € 254.2 million (previous year: € 205.2 million). This strong growth is largely attributable to the acquisitions made in the reporting year and the previous year. Adjusted for the acquisition-related sales increases, the iMTWO area only achieved a low organic sales growth of around 0.9%. The low organic growth in the reporting year is partly due to the ongoing transformation from the licence to the subscription model, though primarily due to the restrictions on our business activities resulting from the COVID-19 pandemic. Owing to the associated travel restrictions and visit bans, the pandemic had a significantly negative impact on our service revenue in the reporting period and, in some cases, obstructed ongoing sales processes.

The development of the individual **revenue types** in the iMTWO segment was as follows:

Annual recurring revenue **(ARR)** increased by 30.2% to € 146.2 million (previous year: € 112.3 million). This includes revenue of € 118.8 million from marketing of software solutions by the Group itself (previous year: € 94.8 million) and revenue of € 27.8 million from the brokerage of software solutions from other manufacturers in our capacity as an agent (previous year: € 17.7 million). Adjusted for acquisition-related sales increases, organic sales growth of around 7.8% was achieved in the ARR area.

The individual revenue types of the ARR area developed as follows:

- **Subscription revenue** increased by 40.5% to € 87.7 million (previous year: € 62.4 million). Adjusted for acquisitions, the organic growth in subscription revenue totalled around 6%. While the revenue from the brokerage of software solutions from other manufacturers, adjusted for acquisitions, was at the level of the previous year, the subscription revenue from the marketing of our own software solutions increased organically by around 8%. This growth is mainly due to the increasing marketing of iTWO 4.0 / the MTWO platform in the subscription model and the corresponding increase in MSP services. It demonstrates the increasing transformation of software marketing from the licence model to the subscription model.

- **Support revenue** increased by 16.8% to € 53.6 million (previous year: € 45.9 million). Around half of this increase results from the companies acquired in the previous year and in the reporting period. The remaining increase corresponds to the steady growth in licence revenue seen in recent years.

- **Managed Services** revenue grew by 22.5% to € 4.9 million (previous year: € 4.0 million), mainly as a result of an acquisition made in the previous year and the increasing provision of managed services by the Group company SaaSplaza, which specialises in this area, in connection with the marketing of the MTWO platform.

Non-recurring revenue **(NRR)** increased by 14.3% to € 51.9 million (previous year: € 45.4 million). The increase is attributable to the companies acquired in the reporting period and in the previous year. In addition, RIB Software SE was able to increase the NRR revenue by around € 2.3 million, mainly due to the further growth in key account sales generated with iTWO 4.0, from € 11.0 million to € 13.5 million. Of this amount, € 7.9 million was attributable to a major Phase III order (previous year: € 6.1 million). Otherwise, when adjusted for acquisitions, sales of software licences in the NRR area decreased by around € 4.3 million. In addition to the COVID-19 restrictions, this was due to the ongoing transformation from a licence to a subscription model and a planned decline in licence revenue generated with our non-web-based legacy software products.

Service revenue increased by 18.4% to € 56.1 million (previous year: € 47.4 million). Excluding the companies acquired in the previous year and in the reporting period, there was nevertheless a decrease of approximately € 2.0 million, down to € 45.3 million, although service revenue increased by around € 1.9 million to € 10.7 million, in particular due to major customer orders generated with iTWO 4.0 in the DACH region. The decline in sales, when adjusted for acquisitions, was attributable to the fact that some of the service days to be provided on site at the clients‘ premises were cancelled due to the travel and visit bans imposed regionally as a result of the COVID-19 pandemic, which could not be replaced by remunerated online consulting days. In regional terms, this particularly affected the USA (€ -1.4 million) and the Middle East (€ -1.1 million). In addition, the area of automation of production processes in precast concrete plants was particularly affected in the DACH region, because the installation and commissioning of the control technology and the PPS system in the plant requires the presence of specialists on site. In this area, a significant decline in service revenue of € 2.5 million, down to € 1.5 million, was recorded in the reporting year as a direct consequence of the pandemic.

Cost of sales amounted to € 107.0 million, and were thus 14.3% higher than in the previous year (€ 93.6 million), though growing at a lower rate than the segment sales. Cost of sales mainly comprise the cost of goods purchased, personnel expenses and material costs of the Support and Consulting areas, as well as amortisation of internally developed software and of technology acquired as part of company acquisitions.

Gross profit increased by 32.0% to € 147.2 million (previous year: € 111.5 million). Due to the disproportionately low increase in the cost of sales compared to the growth in sales, the **gross margin** grew by 3.6 percentage points to 57.9% (previous year: 54.3%). Adjusted for the acquisitions made in the reporting period and in the previous year, the gross margin of 55.3% remained at the previous year's level (54.3%).

In the Software area (ARR and NRR), the gross margin amounted to 67.9% (previous year: 65.3%). The margin increase of 2.6 percentage points is particularly due to the fact that companies operating in the market as resellers and MSP providers recorded a significant increase in their gross margin of 10.7 percentage points. In the other business areas, the gross margin increased slightly by 0.3 percentage points.

In the reporting year, the Service area also posted an increase in the gross margin. In this area, the gross margin amounted to 22.6% and was thus 4.9 percentage points up on the previous year (17.7%). This significant margin improvement is mainly the result of process optimisations, leading to an increase in per capital output.

Sales and marketing expenses rose by 34.0% to € 64.6 million, which represents a disproportionately high increase compared to the segment sales (previous year: € 48.2 million). The increase includes € 6.2 million of the portion of the set-up fee totalling € 8.3 million paid to our new distribution partner SoftwareONE in December 2020, which was recognised as sales expenses. The item also includes € 2.4 million higher expenses from the measurement of receivables from customers. This increase is primarily due to the measurement of expected future bad debt losses, in which we took into account a higher bad debt rate as a result of the COVID-19 pandemic. Adjusted for these effects, sales and marketing expenses rose by 16.2% to € 56.0 million, which represents a disproportionately low increase compared to the growth in total iMTWO sales (23.9%).

Administrative expenses increased by 33.8% to € 29.3 million (previous year: € 21.9 million). The increase is mainly due to the acquisitions made in the reporting year and in the previous year.

R&D expenses increased by 27.1% to € 25.3 million (previous year: € 19.9 million). When capitalised expenses for internally developed software are additionally considered, R&D expenses amounted to € 38.9 million (previous year: € 32.1 million) and were thus 21.2% up on the previous year. For more information, we refer to the explanatory comments in Section A.5.

The balance of **other operating income and expenses** amounted to € 7.9 million, and thus increased significantly compared with the previous year (€ 3.2 million). The increase resulted mainly from significantly higher income from the subsequent measurement of purchase price liabilities (+€ 5.3 million) and additional income from government grants (+€ 1.7 million) due to the COVID-19 pandemic. This was offset by a € 2.0 million increase in expenses from foreign currency translation.

Operating EBITDA amounted to € 65.0 million and was thus significantly higher than in the previous year (€ 52.4 million). The operating EBITDA margin of 25.6% remained at the previous year 's level (25.5%).

Reporting segment xYTWO[8]

Revenue of € 5.5 million (previous year: € 9.5 million) was significantly lower than in the previous year due to the sale of the business segment xTWO (E-commerce) completed in August 2020. It mainly includes

8) The information on the reporting segment xYTWO contains figures generated in the discontinued business area of xTWO (E-commerce)

E-commerce revenue of € 5.2 million (previous year: € 9.2 million). In addition, the segment sales include subscription revenue of € 0.4 million (previous year: € 0.3 million) resulting from the provision of iTWO 4.0 to the pilot customers of the YTWO platform.

Cost of sales of € 7.4 million (previous year: € 11.1 million) include expenses for the procurement of goods in the amount of € 4.4 million (previous year: € 7.9 million), which result from the trade in construction products via the xTWO platform. In addition, cost of sales include scheduled amortisation of rights in repurchased software in the amount of € 3.0 million (previous year: € 3.0 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 starting from the financial year 2018.

The balance of other operating income and expenses in the amount of € -2.6 million (previous year: € 0.1 million) includes an impairment of goodwill of the YTWO (SCM) business segment in the amount of € 2.2 million and the expense from the deconsolidation of the xTWO (E-commerce) business segment in the amount of € 0.8 million.

The operating segment EBITDA was slightly positive at € 0.5 million (previous year: € -1.3 million). The increase results in particular from a significant increase (from € -1.4 million to € 0.2 million) in the EBITDA contribution of EMC Invest (formerly YTWO Limited), which was fully consolidated for the first time in the previous year. This increase is mainly attributable to a personnel transfer from EMC Invest to another Group company.

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 71.7% of the balance sheet total (previous year: 74.7%). In the reporting period, equity increased by 15.1% from € 440.0 million to € 506.5 million.

Equity ratio of 71.7% for the RIB Group

The asset structure changed compared to the previous year mainly as a result of the sale of treasury shares. Non-current assets amount to € 404.2 million and are thus slightly up on the previous year (previous year: € 389.1 million). They accounted for 57.2% (previous year: 66.1%) of the balance sheet total as of the balance sheet date. The investments made in the reporting year were fully self-financed. Current assets increased significantly to € 302.5 million (previous year: € 199.9 million). A share of € 102.6 million of this increase relates, in particular, to cash and cash equivalents, which had increased to € 221.9 million (previous year: € 123.8 million). The sale of treasury shares to Schneider Electric made a significant contribution to this, with the Group receiving income of € 104.5 million from the sale.

Liquidity

Cash flow from operating activities amounted to € 71.2 million (previous year: € 34.8 million) and thus increased by more than 100.0%.

Adjusted for interest and income tax payments, cash flow from operating activities amounted to € 82.0 million and was thus € 38.8 million higher than the comparable previous year’s figure (€ 43.2 million), which is mainly due to the strong improvement in operating EBITDA (€ +14.1 million) and a reduction in the amount of funds tied up in the working capital by € 9.2 million, which is related to the reporting date (previous year: increase in the amount of tied-up funds by € 4.4 million).

Cash flow from investing activities, not accounting for cash inflows and outflows from short-term investments in securities and cash and cash equivalents, amounted to € -60.6 million (previous year: € -111.7 million).

The significant decrease in cash outflow from investments compared with the previous year is particularly due to reduced net cash outflow (i.e. cash outflows less cash acquired) from the acquisition of consolidated companies and cash outflow from investments in participations totalling € 44.9 million (previous year: € 87.0 million). The investments made in the reporting year relate in particular to the acquisition and investments in participations in Bochaosoft (€ 18.2 million), BSD (€ 12.8 million) and CCS (€ 7.1 million).

In addition, the item contains cash outflow from investments in internally developed software and other intangible assets in the amount of € 14.6 million (previous year: € 12.7 million). It accounts for around € 6.4 million (previous year: € 6.8 million) and is particularly attributable to the further development of the iTWO 5D and iTWO 4.0 products.

In the reporting year, cash flow from financing activities amounted to € 91.3 million and was thus clearly positive (previous year: € -38.2 million).

The cash flow was characterised by the income of € 104.5 million resulting from the sale of treasury shares in RIB Software SE as part of the takeover by Schneider Electric.

In contrast, the share buyback programme completed in the previous year had led to cash outflows for the acquisition of treasury shares in the amount of € 19.5 million in 2019.

The item also includes dividend payments to the shareholders of RIB Software SE in the amount of € 5.8 million (previous year: € 8.6 million).

Cash flow from financing activities also includes cash outflows from lease liabilities of € 6.6 million (previous year: € 6.2 million).

Cash balance at the end of the period

Cash balance at the end of the reporting period amounted to € 223.9 million (previous year: € 125.7 million). The item contains cash and cash equivalents amounting to € 221.9 million (previous year: € 128.8 million) as well as time deposits with banks in the amount of € 2.0 million (previous year: € 1.9 million) made for the purposes of short-term treasury management.

In addition to an existing bank loan for the financing of a real estate investment, which was valued at € 4.4 million as of the balance sheet date (previous year: € 4.8 million) as well as two further bank loans totalling € 3.0 million (previous year: € 1.1 million), no other credit lines were used in the reporting period. As of the balance sheet date, the Group had a committed but unused credit line of € 150.0 million. We refer to our comments in this regard presented in Section A.3.4.

The RIB Group was able to service its payment obligations at all times.

Major financing projects

The credit line of € 150 million provided by a consortium of banks to finance planned acquisitions was not drawn down in 2020.

For information on the presentation of the principles and objectives of the Group's financial management, we refer to the Notes to the Consolidated Financial Statement, Note (45).

B.3 ASSET SITUATION

As of the balance sheet date, the balance sheet total amounted to € 706.7 million and thus increased by approximately 20.0% compared with the previous year, which was mainly due to cash inflows from the sale of treasury shares as well as the increased business volume (previous year: € 589.0 million).

Balance sheet total increases by 20.0% compared to previous year

In the reporting period, negative foreign currency translation differences of € 17.2 million (previous year: positive foreign currency translation differences of € 1.4 million) were recognised in the consolidated statement of comprehensive income, which resulted from the translation of the assets and liabilities of the consolidated foreign companies from the local currencies into the Group's functional currency. This was particularly due to the development of the local currencies of the subsidiaries in Hong Kong, South Africa and the USA. Because the euro increased in value in relation to these currencies during the reporting period, the net assets of these companies denominated in euro as of the balance sheet date had a lower value than at the start of the reporting year. Accordingly, on the liabilities side of the consolidated balance sheet, the foreign currency translation reserve, amounting to € 4.5 million and recognised as consolidated equity, fell to € -9.3 million.

The carrying amounts of goodwill totalled € 179.0 million and were thus higher than in the previous year (€ 172.6 million), accounting for 25.3% (previous year: 29.3%) of the balance sheet total. The increase is due to the acquisition activities undertaken by the RIB Group in the reporting period.

Carrying amount of goodwill above previous year

Consequently, the carrying amount of other intangible assets increased compared with the previous year, totalling € 176.5 million as of the balance sheet date (previous year: € 157.1 million). This item thus accounts for 25.0% (previous year: 26.7%) of the balance sheet total. As a result of company acquisitions, intangible assets totalling € 40.6 million were recognised in the reporting year (previous year: € 51.6 million). These essentially relate to acquired technology (€ 16.5 million), in particular as part of the acquisition of Bochaosoft, and acquired customer relationships (€ 23.4 million), in particular as part of the acquisition of Bochaosoft and Winjit.

As of the balance sheet date, the item "property, plant and equipment", which totals € 16.2 million (previous year: € 16.8 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.

Property held as a financial investment relates to EOC I, which is located in the direct vicinity of EOC II, as well as parts of EOC II leased to third parties.

The carrying amounts of participations accounted for using the equity method amounted to € 5.9 million as of the balance sheet date (previous year: € 8.4 million) The reduction is mainly due to the acquisition of a majority stake in Winjit, India, in the reporting period, which was previously accounted for using the equity method.

Other non-current financial assets decreased significantly to € 4.7 million (previous year: € 11.8 million). The reduction results mainly from offsetting a loan receivable (€ 7.3 million) against the purchase price obligation as part of the acquisition of the remaining shares in BSD.

Trade receivables increased slightly and amounted to € 54.8 million as of the balance sheet date (previous year: € 52.2 million).

The item „Non-current assets held for sale“ includes an office building in the USA. We intend to sell this property and we had already initiated a sales process in the previous year. Due to the current development of real estate prices in the USA, the value of the property was written down by € 0.4 million to € 2.2 million as of 31/12/2020 following a market value appraisal.

Other current financial assets mainly relate to time deposits with banks, which were made for the purposes of short-term treasury management (reporting year: € 2.0 million, previous year: € 1.9 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 € 45.8 million as of the balance sheet date (previous year: € 20.0 million). This increase mainly results from a financial liability in the amount of € 40.1 million recognised in connection with the acquisition of Bochaosoft. The liability was to be recognised because, within the framework of the company acquisition, conditional acquisition obligations and rights were agreed with the remaining shareholders in respect of the shares still held by them, thus placing an obligation on us to acquire these shares if certain target values should be achieved.

As of the balance sheet date, current liabilities increased significantly by € 22.8 million and amounted to € 104.7 million (previous year: € 81.9 million). A share of € 6.7 million of this increase relates to other liabilities and is particularly due to personnel and other liabilities of Bochaosoft, which was acquired in the reporting period. Compared with the previous year, other current financial liabilities increased by € 5.6 million and amounted to € 9.1 million. These liabilities arise, in particular, from acquisitions of companies and investments in participations. Most of the increase results from the reclassification of a financial liability reported as long-term in the previous year. In addition, trade payables (by € 2.9 million to € 24.6 million) and deferred income (by € 2.8 million to € 25.3 million) increased in line with the expansion of the business.

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, entrepreneurial 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.

Our most significant non-financial performance indicator is the number of iTWO 4.0 and MTWO users[9], which is implemented as a further key figure in our control system. We had projected a target of 100,000 users for iTWO 4.0 and MTWO for the financial year 2020. With 104,478 users, we were 4.5% above this target as of the reporting date.

9) 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

Revenues of € 74.9 million and thus 13.8% above the previous year

Revenue amounted to € 74.9 million, and was thus 13.8% up on the previous year (€ 65.8 million). The vast majority of this amount, € 67.6 million or 90.2%, is attributable to our main product, iTWO, which corresponds to an increase in sales of 17.8% (previous year: € 57.4 million). As in previous years, sales generated with the other product groups amounting to € 6.3 million (previous year: € 7.5 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 14.4% to € 33.3 million (previous year: € 29.1 million). It includes subscription revenue of € 4.9 million (previous year: € 3.6 million) and support revenue of € 28.4 million (previous year: € 25.6 million). The growth in support revenue of 11.0% corresponds to the continuous growth in software licence revenue posted in recent years and is slightly higher than in the previous year (9.4%). This is because one Phase III order had been completed in 2019, which generated support revenue in the subsequent year.

Non-recurring revenue (NRR) increased by 9.6% to € 29.8 million (previous year: € 27.2 million). Although total sales generated with our other products continued to decline in line with our projections, the above increase resulted from a significant increase in licence revenue generated with iTWO 4.0, of which around € 7.9 million is attributable to a Phase III order completed in the reporting period. The previous year's figure also included a Phase III order, from which licence revenue of € 6.1 million was recognised in sales.

Revenue from services accounted for € 10.8 million (previous year: € 8.6 million). The growth in service revenue of 25.3%, which is disproportionate in relation to the increase in NRR licence revenue, is due in particular to current 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 € 4.4 million (previous year: € 4.6 million) essentially includes reimbursements of expenses from affiliates in the amount of € 2.7 million (previous year: € 2.5 million) and income from foreign currency translation of € 1.3 million (previous year: € 1.9 million).

Cost of materials increased by 15.4% to € 27.8 million (previous year: € 24.1 million). In particular, the item includes expenses for purchased services in the amount of € 25.7 million (previous year: € 21.9 million). These essentially relate to expenses for software development services purchased from affiliates (reporting year: € 14.9 million, previous year: € 14.5 million) and services (reporting year: € 8.1 million, previous year: € 5.8 million). The continued high cost of purchased software development services is mainly due to extensive development activities for new iTWO 4.0 modules and mobility apps. The increase in purchased services results from the transfer of consulting employees from RIB Germany to RIB COE, which had begun in 2019 and was completed in the first quarter of the reporting year. Prior to the implementation of this measure, a small share of the services purchased from RIB COE continued to be provided by RIB Deutschland in exchange for a commission, which had been recognised in other operating expenses.

Personnel expenses in the reporting period amounted to at € 2.5 million and were thus slightly down on the previous year (€ 2.9 million). Of these personnel expenses, approximately € 0.7 million (previous year: € 0.6 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 € 25.2 million (previous year: € 21.5 million) mainly include sales commissions of approximately € 14.3 million, which were paid in the reporting period to the subsidiaries responsible for sales in the German-speaking market (previous year: € 15.8 million). This item also includes expenses for consulting and valuation services in connection with the public takeover bid by Schneider Electric (€ 0.7 million) and commissions and fees for taking out the syndicated credit line (€ 0.4 million). Apart from this, the increase in other operating expenses is particularly due to foreign currency translation expenses of € 2.7 million (previous year: € 0.0 million) included in this item. These expenses are mainly the result of changes in the exchange rate between the euro and the US dollar, coupled with correspondingly high holdings of cash and cash equivalents and financial assets denominated in US dollars.

The financial result of € 1.8 million is significantly lower than the previous year figure of € 3.8 million. The main reason for the decrease is the dividend income received in the previous year from subsidiaries in the amount of € 3.4 million. In the reporting year, the dividend income received from subsidiaries amounted to only € 0.5 million.

A write-up of shares in a subsidiary amounting to € 1.3 million included in this figure had a positive effect on the financial result. Unscheduled depreciation had been recognised on the shares in the financial years 2017 and 2019. As a result of an internal restructuring measure implemented within the Group, the reasons for the lower valuation ceased to apply in the financial year 2020 and a write-up to the original acquisition costs could thus be applied.

Operating EBITDA of € 25.2 million was 24.8% up on the previous year (€ 20.2 million). In this context, reference is made to the reconciliation from “earnings after taxes” to “operating EBITDA” explained in Section A.2.3.

Annual net profit amounted to € 17.8 million (previous year: € 18.4 million).

In reconciling annual net income for the purpose of calculating the balance sheet profit, it was necessary to record high income from the sale of treasury shares (€ 33.4 million). This income resulted in particular from the sale of treasury shares to Schneider Electric based on the public takeover bid. RIB Software SE received income of € 104.5 million from this sale, which led to an increase in issued capital of € 3.6 million, an increase in capital reserves of € 68.5 million as well as income from the sale of treasury shares (€ 32.4 million), and thus to an increase in balance sheet profit. Taking into account the profit carried forward from the previous year (€ 0.5 million), the balance sheet profit as of the balance sheet date amounts to € 51.7 million (previous year: € 6.3 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 (96.8%; previous year: 96.1%). The Company is thus almost entirely self-financed. Equity increased by € 119.7 million year-on-year to € 498.9 million (previous year: € 379.3 million). As described in the preceding paragraph, € 104.5 million of this amount was attributable to the sale of treasury shares to Schneider Electric. As a result, the balance sheet total increased significantly to € 515.2 million as of the balance sheet date (previous year: € 394.5 million).

Equity ratio of 96.8% at RIB Software SE

As of the balance sheet date, non-current assets, totalling € 385.9 million, were higher than in the previous year (€ 323.9 million) and accounted for 74.9% of the balance sheet total (previous year: 82.1%). The increase in non-current assets mainly relates to financial assets and results from several capital increases carried out at the Group‘s foreign subsidiaries with a view to financing acquisitions and investments in participations.

Current assets as of the balance sheet date amounted to € 128.0 million (previous year: € 69.6 million), thus accounting for 24.9% (previous year: 17.7%) of the balance sheet total.

Investments

Cash flow from investing activities, totalling € -56.8 million (previous year: € -40.9 million) includes cash outflow from investments in financial assets of € 58.7 million (previous year: € 120.2 million). This mainly relates to cash deposits of € 54.5 million as part of cash capital increases carried out in 2020 at subsidiaries in China, the USA and Singapore with a view to financing acquisition activities. Also included are purchase price payments of € 2.3 million for the increase in the shares in RIB Leipzig GmbH.

Liquidity

Cash flow from operating activities up 81.8%

Cash flow from operating activities increased by 81.8% to € 24.9 million in the reporting period (previous year: € 13.7 million). The increase is due to the significantly higher operating result of € 25.3 million (previous year: € 19.9 million), coupled with a simultaneous reduction in the amount of funds tied up in the area of trade receivables by € 3.1 million.

In the reporting year, cash flow from financing activities amounted to € 98.2 million and was thus clearly positive (previous year: € -28.4 million). It mainly includes cash inflow from the sale of treasury shares to Schneider Electric (€ 104.5 million) and dividend payments to the shareholders (reporting year: € 5.8 million; previous year: € 8.6 million).

As of the balance sheet date, the cash balance of € 113.5 million was significantly higher than the previous year figure of € 49.6 million. The main reason for this increase is the cash inflow from the sale of treasury shares in the reporting period.

As of the balance sheet date, cash balance only included cash on hand and short-term bank deposits.

With the exception of one bank loan, which was valued at € 4.4 million as of the balance sheet date (previous year: € 4.8 million), no credit lines were used in the reporting period. As of the balance sheet date, the Company had a committed but unused credit line of € 150.0 million. We refer to our comments in this regard presented in Section A.3.4.

RIB Software SE was able to service its payment obligations at all times throughout the reporting period.

Other information on net assets

The company has hidden reserves in the form of non-capitalised internally developed software.

Within financial assets, there were significant changes in the reporting year due to intra-Group restructuring measures. These are as follows:

In October 2020, we transferred the shares in the country holding company for our activities in the USA from RIB Ltd. (Hong Kong) to RIB Software SE. The transfer took place in connection with a capital reduction at RIB Ltd. Consequently, the addition of the shares in the US holding company with a carrying amount of € 90.8 million was offset by a reduction in the carrying amount of the shares in RIB Ltd. of almost the same amount.

In December 2020, we transferred the shares in the holding company for our MTWO/MSP activities from RIB Ltd. (Hong Kong) to our subsidiary in Singapore. This transaction led to an increase of € 33.3 million in the carrying amount of the shares in RIB Singapore, which was also offset by a reduction in the carrying amount of the shares in RIB Ltd. as a result of a further capital reduction.

These measures therefore had no significant impact on the value of the financial assets as a whole.

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

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. The acquisitions and investments made in recent years have enabled us to significantly expand our product and service portfolios and through new strategic partnerships, such as that with SoftwareONE, to create extensive additional capacity for marketing our products and the MTWO platform. Supported by our rapid response to the significant travel and contact restrictions imposed as a result of the COVID-19 pandemic, we were able to further expand our market position in Germany and internationally and, as in the previous year, generate strong growth in sales and earnings. 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. In summary, we assess the business development of the RIB Group as favourable overall, and refer to Section I.1.

With Schneider Electric, the RIB Group gained a significant shareholder in the financial year 2020 who, as a strong strategic partner, intends to support us in significantly expanding our international market position and transforming construction into one of the most advanced industries in the 21st century. As a part of the Schneider Electric Group, we can benefit from the Schneider Group‘s global customer network because we focus on the same markets and target groups and share the same vision of digitalising the construction industry.

Building on this strong position, we expect to continue to successfully tap into significant portions of the potential IT investment opportunities in our target groups and markets, even though the large increase in government debt due to the COVID-19 pandemic will most likely lead to a significant global decline in public and private investment in infrastructure and IT projects over the next few years, which could have a negative impact on our key target groups in the coming years.

The RIB Group has a high level of cash balance amounting to € 223.9 million and thus the necessary financial reserves to finance its further growth. Following the conclusion of the syndicated loan agreement for a syndicated credit line of € 150 million, our financial capabilities were once again significantly increased in the reporting period, enabling us to exploit additional growth potential through further strategic acquisitions in the coming years, if required.

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 2020 amounts to € 52,091,159.00 and is divided into 52,091,159 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 far as we are aware based on the available notifications pursuant to the German Securities Trading Act ("WpHG"), as of the balance sheet date, the shareholders that held direct or indirect interests in the share capital of RIB Software SE in excess of 10% of the voting rights were Schneider Electric SE, Rueil-Malmaison, Frankreich (due to the attribution of voting rights of Schneider Electric Investment AG via Schneider Electric Industries SAS and the attribution of voting rights of Mr Mads Bording Rasmussen, Ms Carla Sauer, Mr Michael Sauer, Mr Thomas Wolf and Ms Yvonne Wolf) as well as the Managing Directors of the Company, Mr Thomas Wolf, Singapore, Mr Michael Sauer, Germany, and Mr Mads Bording Rasmussen, Denmark, as well as the wives of Mr Wolf and Mr Sauer, Ms Yvonne Wolf, Singapore, and Ms Carla Sauer, Germany (all due to the attribution of voting rights of Schneider Electric Investment AG). 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"). Please refer to Section C.5. of the Notes to the Annual Financial Statements of RIB Software SE for the disclosures on treasury shares made in accordance with Section 160 (1) no. 2 of the German Stock Corporation Act ("AktG").

The Company has a one-tier corporate governance structure as defined in Article 38 (b) 2nd alternative of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (the SE Regulation). In accordance with Article 43 (3), Article 46 of the SE Regulation, Section 6 (3) and (4) of the Articles of Association, the members of the Administrative Board are appointed by the Annual General Meeting 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 Article 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 Article 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) 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 € 2,291,404.00 by issuing a maximum of 2,291,404 new registered shares with a par value of € 1.00 per share („Conditional Capital 2020/I“). The conditional capital increase will only be implemented to the extent that subscription rights have been issued under the 2011 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 20 May 2011 (as amended by the resolution of the Annual General Meeting of 4 June 2013), the 2015 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 10 June 2015 or the 2020 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 26 June 2020, and provided that the holders of the subscription rights exercise their subscription rights and the Company does not grant treasury shares or make a cash payment to satisfy the subscription rights. The Administrative Board is exclusively responsible for granting and settling subscription rights to members of the Board of Management of the former RIB Software AG as well as for granting and settling subscription rights to Managing Directors, while the Managing Directors are responsible for granting subscription rights to the other beneficiaries. The issue of shares from Conditional Capital 2020/I will be effected at the exercise price determined as the issue price in the relevant authorisation. 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.

The conditional capital increase approved by the Annual General Meeting of 15 May 2018 under agenda item 11 could only be implemented until the end of 14 May 2020. As this had not occurred, the Administrative Board adopted a resolution dated 18 February 2021, nullifying the provisions of the Articles of Association on the Conditional Capital 2018 without replacement. Pursuant to Section 8 (3) of the Articles of Association of RIB Software SE, the Administrative Board is authorised to adopt amendments to the Articles of Association that concern the wording only.

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. Pursuant to Section 12 (2) of the Articles of Association, 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 Article 9 (1) (c) (ii) and Article 59 of the SE Regulation, as well as 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 20 March 2020, Schneider Electric Investment AG made 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. On 10 July 2020, Schneider Electric Investment AG announced the successful completion of the voluntary public takeover bid. All closing conditions have since been satisfied, including CFIUS approval received on 2 July 2020. The voluntary public takeover bid was thus settled.

As part of the acquisition of Building Systems Design Inc. (BSD), headquartered in Atlanta, USA, the sellers were granted put options in respect of their remaining 40% stake in BSD, which could be exercised upon the occurrence of certain future events. Among other things, the exercise of the put options was provided for in the event that a so-called „change of control“ event occurred at the level of RIB Software SE by 31 December 2023. Accordingly, a change of control event was deemed to have occurred if one party acquired more than 50% of the shares in RIB Software SE as part of a transaction or a series of related transactions. The successful execution of the takeover bid by Schneider Electric Investment AG represented such a change of control event. The option price was staggered over time and thus depended on the year in which this condition occurred. For the year 2020, i.e. the year in which the acquisition by Schneider Electric Investment AG was completed, the option price was based on a company value of $ 60 million. For details, please refer to the presentation in the Notes to the Consolidated Financial Statements, Note (33).

The Company has not otherwise entered into any 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. Due to the public takeover of the company by Schneider Electric Investment AG, the existing change-of-control clause in the respective employment contracts of the Managing Directors, Thomas Wolf and Michael Sauer, was adjusted. 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. Within the meaning of this provision, a change of control shall be deemed to have occurred (i) if the representatives of Schneider Electric Investment AG and/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. As already provided for in the previous regulation, should Thomas Wolf or Michael Sauer exercise their special right of termination, they shall be entitled to a settlement, 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 and the 2020 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 European 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 February 2020:

In accordance with Article 9 (1) (c) (ii) of the Council Regulation No 2157/2001 of 8 October 2001 on the Statute for a European 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 15 May 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 Articles 43-45 of the SE Regulation in conjunction with Sections 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 8 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 No. 2.3.2 sentence 2 (Voting Representative Bound by Instructions), No. 3.7 (1) (Statement on a Takeover Bid) and No. 3.7 (2) (Conduct during a Takeover Bid), as well as No. 3.10 (Corporate Governance Report), No. 4.1.3 (Compliance) and No. 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 Implementing 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. 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. In 2020, the Administrative Board met a total of 9 times. All the meetings were conducted via video conferences due to the coronavirus pandemic.

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 was composed of the following members in the reporting period:

- Sandy Möser (Chairperson until February 14, 2020),
- Prof. Dr Rüdiger Grube (Chairperson from March 26, 2020)
- Dr Matthias Rumpelhardt,
- Klaus Hirschle (from February 15, 2020 to August 20, 2020),
- Philippe Delorme (from October 14, 2020).

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. The Audit Committee was composed of the following members in the reporting period:

- Dr Matthias Rumpelhardt (Chairperson),
- Prof. Dr Rüdiger Grube,
- Sandy Möser (until February 14, 2020)
- Klaus Hirschle (from February 15, 2020 to August 20, 2020),
- Philippe Delorme (from October 14, 2020).

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 2020 and 2019 is as follows:

2020 (€ thousand)	Remuneration 1	Remuneration 2	Total
Sandy Möser (until 14/02/2020)	4.1	0	4.1
Dr Matthias Rumpelhardt	22.0	18.0	40.0
Klaus Hirschle (until 20/08/2020)	14.1	6.2	20.2
Prof. Martin Fischer	22.0	0.0	22.0
Prof. Dr Rüdiger Grube	22.0	16.6	38.6
Philippe Delorme (from 26/08/2020)	0.0	0.0	0.0
Axel Tismer (since 14/12/2020)	0.0	0.0	0.0
Total remuneration	**84.2**	**40.8**	**124.9**

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**

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 for Mr Thomas Wolf, Mr Michael Sauer and Mr Mads Bording Rasmussen, who were appointed Managing Directors as well as serving as 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 2020 and are subject to the condition that the RIB Group's operating EBITDA achieves a minimum growth rate in the period from 01/01/2020 to 31/12/2022. 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	Michael Woitag (since 01/04/2020)	Subtotal
Exceeding lower threshold	75.0	75.0	60.0	41.3	251.3
Exceeding upper threshold	150.0	150.0	120.0	82.5	502.5

The long-term targets will be calculated after submission of the audited Consolidated Financial Statements for the financial year 2023.

Since the share-based remuneration programme and the authorisation to issue subscription rights set up in the financial years 2013 and 2015, respectively, expired on 9 June 2020 and the 2015 Stock Option Plan permitted the granting of subscription rights by no later than 1 July 2019, the 2015 Stock Option Plan was cancelled by resolution of the Annual General Meeting of 26 June 2020 and a resolution was adopted on a new authorisation to grant subscription rights to the members of the management and employees of RIB Software SE or an affiliate (2020 Stock Option Plan). With respect to the structure of the share-based remuneration programme launched in the financial years 2013 and 2015, we refer to the explanatory comments in Section C.5 of the Notes to the Annual Financial Statements of RIB Software SE and to Note (31) of the Notes to the Consolidated Financial Statement. Within the scope of this programme, the Managing Directors were offered pre-emptive rights in accordance with the conditions of the existing stock option plan, which were accepted by all Managing Directors.

The remuneration paid to the Managing Directors in the financial years 2020 and 2019 is as follows:

2020 (€ thousand)	Remuneration 1	Remuneration 2	Remuneration 3	Total Remuneration
Thomas Wolf	299.0	250.0	334.2	883.2
Michael Sauer	316.0	250.0	233.9	799.9
Mads Bording Rasmussen	165.2	160.6	206.6	532.4
Michael Woitag (since 01/04/2020)	150.1	50.0	139.7	339.8
Total remuneration	**930.3**	**710.6**	**914.4**	**2,555.3**

2019 (€ thousand)	Remuneration 1	Remuneration 2	Remuneration 3	Total Remuneration
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**

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

2020 (units or € thousand)	Thomas Wolf	Michael Sauer	Mads Bording Rasmussen	Michael Woitag
Options granted in the reporting period (units)	14,347	10,043	8,869	6,000
Options exercised in the reporting period (units)	25,000	25,000	4,000	0
Options outstanding at the end of the reporting period (units)	157,825	110,477	49,564	6,000
Share in the recognised total cost of the share-based remuneration (€ thousand)	430.6	303.1	140.8	9.0

I. FORECAST, OPPORTUNITY AND RISK REPORT

I.1 TARGET ACHIEVEMENT OF FORECASTS FOR THE FINANCIAL YEAR 2020

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

In December of the previous year, taking into account the M&A investments planned for the financial year 2020, we had forecast revenue for the RIB Group in the range of € 260 to 300 million and operating EBITDA[10] of between € 52 million and € 60 million. In anticipation of a major iTWO 4.0 Phase III order, we had adjusted our guidance in an ad hoc announcement on 31 January 2020, increasing the revenue forecast to a range of € 270 to 310 million and the operating EBITDA forecast to a range of € 57 to 65 million. These target figures had been stated in the previous year's forecast report.

From the second quarter of 2020 onwards, we were no longer able to reliably estimate what impact the rapid global spread of the coronavirus would have on the further economic development of the RIB Group. We therefore suspended the M&A activities planned for the second half of the year in order to preserve our existing liquidity reserves. After the expected Phase III order was received on 25 June, we again adjusted our guidance for financial year 2020 in an ad hoc announcement issued on the same day. This takes into account both the share of revenue from the Phase III order expected to be recognised in the income statement in the reporting year as well as the lower revenue and EBITDA contribution from the originally planned acquisitions due to the suspension of our M&A activities. Also taken into account were the effects of the process and cost optimisation measures, both implemented and still planned, as a result of the COVID-19 pandemic, as well as the effects of the coronavirus state grants received in some regions on the RIB Group's revenue and results of operations. On this basis, we communicated revenue of between € 240 and 270 million and operating EBITDA of between € 55 and 75 million as our new guidance for the financial year 2020.

The achieved consolidated revenue of € 259.8 million (including the discontinued business areas) is in the upper half of the adjusted guidance, while the operating EBITDA of € 65.3 million is in the upper third. Against the backdrop of the considerably negative impact of the COVID-19 pandemic on the global economy, we are, overall, very satisfied with this level of target achievement.

We assess the target achievement of the segments as follows:

a) The revenue achieved in the r**eporting segment iMTWO** in the amount of € 254.2 million (previous year: € 205.2 million) results in growth of 23.9%. As we had forecast an increase in revenue in the reporting segment in line with the growth in consolidated revenue (21.0%), this is slightly above our expectations. At € 65.0 million, the operating EBITDA achieved is on a par with the operating EBITDA of the RIB Group (€ 65.3 million) and thus also meets our expectations.

b) In the **reporting segment xYTWO**, we had not forecast any significant transaction revenue for the business segment YTWO (SCM). The achieved revenue of € 0.4 million relates to subscription revenue from the provision of iTWO 4.0 and, as in the previous year, does not include any transaction revenue. As we suspended the further development of the business segment in favour of the further expansion of the MTWO platform in the reporting year, this is in line with our expectations.

   Due to the sale of the business segment **xTWO** (E-commerce), which was completed in August, the achie-

10) 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.

ved revenue of € 5.2 million was significantly below the previous year figure (€ 9.2 million). However, when extrapolated to 12 months, it would most likely have exceeded the previous year‘s value, so the achieved half-year revenue of this segment thus corresponds to our expectations of slight growth in sales.

Operating EBITDA in the reporting segment **xYTWO** amounts to € 0.5 million and includes slightly positive EBITDA contributions from both business segments. This corresponds to the break-even EBITDA contributions forecast for 2020 for xTWO (E-commerce) and YTWO (SCM), and thus meets our expectations.

I.1.2 Target User forecast for iTWO 4.0 and MTWO

Increase in iTWO 4.0 and MTWO users to 104,487

For the financial year 2020, we had expect the number of iTWO 4.0 and MTWO users[11] to grow by around 44% to 100,000 users. The actual number of users reached 104,487 users. This is 4.5% above the forecast value (+50.7% up on the previous year) and fully meets our expectations.

I.1.3 Sales and operating EBITDA forecast for RIB Software SE

For RIB Software SE, we had projected sales and operating EBITDA in 2020 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. With a revenue of € 74.9 million (+13.8% year-on-year) and operating EBITDA of € 25.2 million (+24.8% year-on-year), as well as a completed major Phase III order in the licence model, all these forecasts were exceeded.

I.2 FORECASTS FOR THE FINANCIAL YEAR 2021

The RIB Group has grown continuously in recent years thanks to its innovative products and services, and through acquisitions. With Schneider Electric, we have had a strong majority shareholder at our side since 2020, who wishes to support our future growth and the achievement of the RIB Group‘s strategic goals as a strategic partner. Thanks to our high level of liquid assets and a syndicated credit line of € 150 million, we have strong financial reserves to hedge medium- and long-term economic risks, which have increased significantly over the past year as a result of the negative impact of the COVID-19 pandemic on the global economy. In addition, we can use our financial reserves again, if necessary, to tap into further sales and earnings potential through new 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 web-based software solutions, such as our 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 represents a significant competitive advantage for the RIB Group.

Due to the difficult-to-quantify long-term global impact of the COVID-19 pandemic on our national and international business development, we intend to preserve our liquidity and reduce acquisition activities in 2021 compared to previous years, as well as consolidate our already very comprehensive platform-based ecosystem of high-quality industry solutions as well as the capacities for marketing our products and the MTWO platform. In view of the above, we provide the following forecasts for the financial year 2021, which are subject to increased risks as a result of the persisting COVID-19 pandemic.

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

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

Group sales of €280 to €310 million planned for 2021

Taking into account the M&A investments planned for the financial year 2021 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 € 280 to 310 million and **operating EBITDA**[12] of between € 65 and € 75 million for the RIB Group.

This forecast is based on the following assumptions:

a) For the **reporting segment iMTWO**, we expect strong sales growth, corresponding to the increase in Group sales, and operating EBITDA on a par with that projected for the RIB Group.

b) In the **reporting segment xYTWO**, due to the sale of the business segment xTWO (E-commerce) in the reporting period, only revenue from the business segment YTWO (SCM) will be generated in the future. In 2020, we greatly reduced our activities in this business segment and intend to maintain this reduced level in 2021 as well. Consequently, we continue to expect no significant transaction revenue in 2021, while at the same time projecting break-even operating EBITDA.

I.2.2 User forecast for iTWO 4.0 and MTWO

For the financial year 2021, we expect the number of iTWO 4.0 and MTWO users[13] to reach between 150,000 and 200,000 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 2021 and can invoice significant parts of such an order with effect on sales and earnings.

12) 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.
13) For a precise definition of the key figure, we refer to Section A.4.1

I.3 OPPORTUNITY REPORT

With Schneider Electric, the RIB Group has gained a significant strategic anchor shareholder in the financial year 2020. Schneider Electric and RIB focus on a similar network of partners and customers in the construction sector and now wish to jointly drive the further development of the RIB Group with innovative ideas, creativity and new approaches in the areas of building automation, cloud computing, supply chain management and artificial intelligence. To this end, the RIB Group also intends to open up new sales regions and markets in the coming years through sustainable investments in innovative software solutions and services, also in the area of „Smart Buildings“, and to increasingly expand its market position as one of the leading providers of software for the construction industry worldwide, probably also through acquisitions starting again from 2022. In doing so, we intend to focus on the following:

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 internally 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, cloud computing and building automation. 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. This also includes tapping into the Schneider Electric Group‘s customer and partner networks, which we intend to open up to the RIB Group from 2021 onwards with the support of Schneider Electric‘s sales organisation. In this case, too, we wish to pursue the proven strategy of winning over the largest and most important companies in each region as technology partners for the use of our software solutions, which aims at catalysing the introduction of the RIB Group’s software products by major business partners of these companies in a next step. In order to ensure that we are able to provide the required additional sales and service capacities in a timely manner as early as 2021, we concluded a cooperation agreement with SoftwareONE in the reporting year. In addition, we will continue to expand our partner network of MSP partners, complementary product providers and value added resellers as needed starting from 2022 onwards.

Strategic acquisitions. Presumably from 2022 onwards, the RIB Group intends 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 through 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 the users of our client-based software solutions to iTWO 4.0. Particularly in respect of the strategically important MTWO cloud, we see further improved growth opportunities in the medium to long term. This is due to the fact that in 2020, in addition to our existing cooperation partner Microsoft, we were able to gain another strong partner - SoftwareONE - who will support us as a value added reseller in the international marketing of MTWO from the financial year 2021 onwards. In line with the growth in revenue from licence and subscription agreements, this will also result in further growth opportunities for our service and support revenue in this reporting segment.

b) In the **reporting segment xYTWO**, the sale of the business segment xTWO (E-commerce) in the reporting year marks the end of the RIB Group‘s E-commerce activities. The reporting segment, however, continues to have good long-term growth opportunities, because in the business segment YTWO (SCM), transaction fees are incurred when an agreed procurement volume is exceeded, which can be significantly higher than the SaaS fees for the provision of iTWO 4.0. Since, for the time being, we do not wish to invest further in the business segment YTWO (SCM) in favour of the faster expansion of the MTWO platform, the reporting segment xYTWO will be of little importance for the economic success of the RIB Group until further notice.

Overall view of the opportunity situation

Since 10 July 2020, the RIB Group has been part of the French Schneider Electric Group. With sales revenue in the double-digit billion range, a global sales network that focuses on the same markets and target groups as the RIB Group and with around 135,000 permanent employees, Schneider Electric will be the RIB Group's most important strategic partner in the future. As a result, we are stronger than ever in our markets thanks to our innovative strength and our comprehensive, state-of-the-art solution portfolio. With the iTWO 4.0 cloud enterprise platform technology, a steadily growing number of intelligent iTWO 4.0 apps and many integrated complementary software solutions as well as services offered by our subsidiaries, affiliates and strategic partners, we offer our customers in the private and public cloud a solution portfolio that responds 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 a high level of financial strength to continue investing in new product developments and targeted acquisitions.

In light of the above, we are of the opinion that the RIB Group has very good opportunities to continue to strongly expand its market position in subsequent years, despite the unforeseeable long-term impact of the COVID-19 pandemic on the global economy.

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. The regional structure of the reporting channels and responsibilities ensures that risks arising from foreign Group companies and affiliates are also identified promptly and reliably throughout the entire Group. What is also taken into account is 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.

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.

In our risk reporting, we differentiate between the following main risk areas:

S - Strategic risks

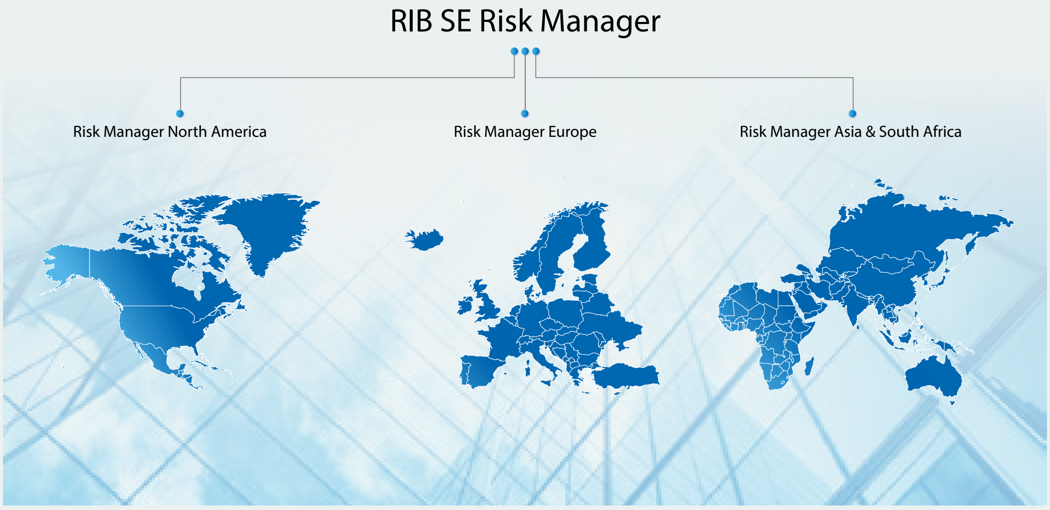
O - Operational risks

C - Compliance risks

R - Reporting risks

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 supported by the Risk Manager of RIB Software SE and by other regional Risk Managers who are responsible for the USA, EMEA and APAC regions.



The individual risks identified in the respective risk areas are classified as follows within the scope of a quantitative and qualitative risk analysis:

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

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.

With regard to the risks arising from the use of financial instruments, we refer to the explanatory comments in Text item 45.C. of the Notes to the Consolidated Financial Statements.

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 Risks recorded in the reporting period

The main risk areas relevant to the RIB Group are assigned to number ranges as follows and classified in a risk heat map on a quarterly basis according to the probability of occurrence and significance:

- 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:

<table>
<tr><th colspan="6">RISK OVERVIEW RIB SOFTWARE SE Detail Q4/2020</th></tr>
<tr><td>0</td><td>highly probable</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1</td><td>probable</td><td>1.105</td><td></td><td></td><td></td></tr>
<tr><td>15</td><td>possible</td><td>2.202</td><td>1.402
2.114 | 2.308 | 2.315</td><td>1.102 | 1.313 | 2.006 | 2.118
2.101 | 2.117 | 2.502 |
2.201
3.107 | 3.304</td><td></td></tr>
<tr><td>21</td><td>improbable</td><td>2.306
4.209</td><td>1.312
2.003
3.001 | 3.211 | 3.601
4.212</td><td>1.307 | 1.208 | 1.314 | 1.505
| 2.206 | 2.204 | 2.302
2.005 | 1.210 | 4.001</td><td>1.506
2.205 | 2.301</td></tr>
<tr><td colspan="2" rowspan="2">37</td><td>minor</td><td>medium</td><td>significant</td><td>severe</td></tr>
<tr><td>4</td><td>10</td><td>20</td><td>3</td></tr>
</table>

Although in the reporting period, the impact of the COVID-19 pandemic on the operating business of the RIB Group was less severe than expected, risk 2,006 „Global COVID-19 pandemic“ was newly included and assessed in the fourth quarter due to the still undetermined further spread of the pandemic. The further development of this risk is monitored permanently and given the highest priority in all areas.

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, as in the previous year, 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. Due to the good development of the RIB Group‘s operating business, risk 2,301 (fulfilment of customer expectations) increased slightly and thus exceeded the threshold of “significant” to “severe”. This also applies to risk 2,205 (risk of default by major customers), which despite having increased only slightly in the reporting period, nevertheless exceeded the threshold of “significant” to “severe”. Furthermore, risk 2,201 (currency risks) was upgraded from minor to significant in the reporting year, as the COVID-19 pandemic led to greater volatility in exchange rates and thus to increased currency risks. With regard to cybercrime risks, risk 2,118 was newly included in the reporting period, as was risk 2,006 (global pandemic, e.g. COVID-19). Risk 2,006 relates to potential, even stricter restrictions on economic activity due to the COVID-19 pandemic, which could result in declines in sales. Risk 2,118 refers to the threat of unauthorised access to iTWO / MTWO data.

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

Analogously to 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 developed in line 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.

J. DECLARATION PURSUANT TO SECTION 312 (3) SENTENCE 3 OF THE GERMAN COMPANIES ACT (AKTG)

In their report on the relationships with affiliates (Section 49 (1) SEAG in conjunction with Section 312 (1) sentence 1 of the German Companies Act), the Managing Directors have made the following final declaration:

„For each of the legal transactions listed in the report on our relationships with affiliates, our Company received appropriate consideration based on the circumstances that were known to us at the time the respective legal transactions were carried out. In the reporting period, we neither took nor failed to take any measures at the instigation or in the interest of these companies which would have been subject to reporting obligations.“

Stuttgart, 12 March 2021

RIB Software SE

The Managing Directors

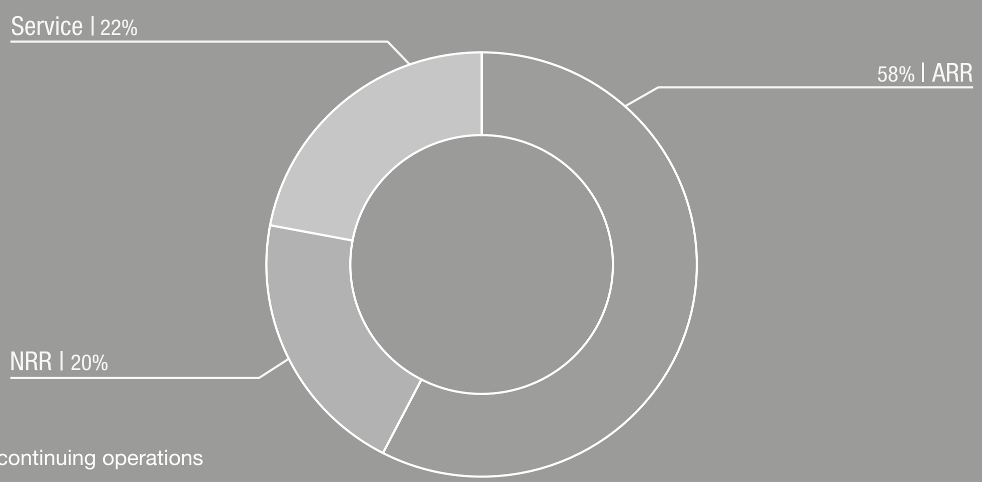
Thomas Wolf

Michael Sauer

Mads Bording Rasmussen

Michael Woitag

ANALYSIS OF REVENUE 2020*

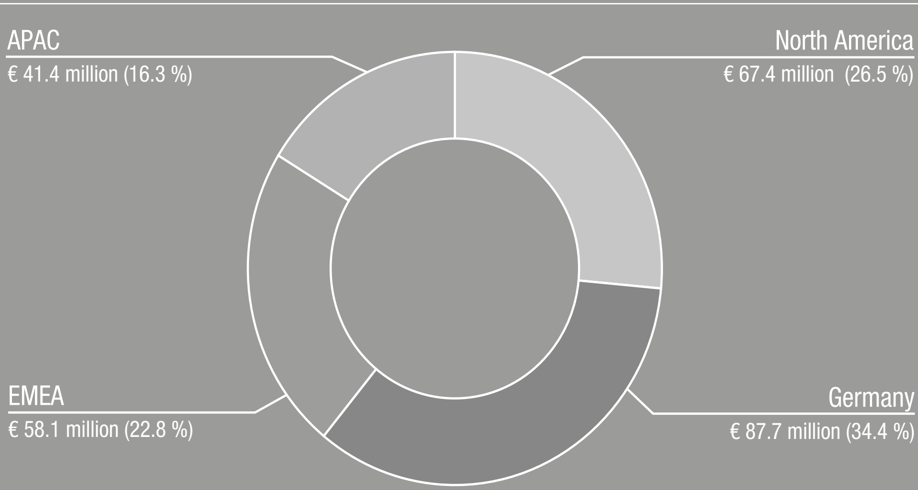


* continuing operations

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2020

REVENUE BREAKDOWN 2020*



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

* continuing operations

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2020

€ thousand unless otherwise indicated	Notes	2020	2019[1]
Continuing operations			
Revenue	**(10)**	**254,581**	**205,446**
Cost of sales	(11)	-109,930	-96,863
Gross profit		**144,651**	**108,583**
Other operating income	(12)	13,642	5,038
Sales and marketing expenses		-64,581	-48,459
General administrative expenses		-29,488	-22,568
Research and development costs		-25,303	-20,296
Other operating expenses	(13)	-7,065	-1,895
Financial income	(15)	765	1,190
Financial expenses	(15)	-1,399	-819
Share of earnings from investments accounted for using the equity method	(22)	-70	-60
Profit before tax		**31,152**	**20,714**
Income tax expenses	(16)	-11,697	-11,280
Profit from continuing operations		**19,455**	**9,434**
Discontinued operations			
Loss from discontinued operations after tax	(9)	-805	-306
Consolidated net profit		**18,650**	**9,128**
Profit attributable to non-controlling interests		2,332	171
Profit attributable to the owners of the parent company		16,318	8,957
Earnings per share based on the profit attributable to the shareholders of RIB Software SE:			
basic	**(17)**	**€ 0.33**	**€ 0.19**
diluted	**(17)**	**€ 0.32**	**€ 0.18**
Earnings per share - continuing operations			
basic	(17)	€ 0.34	€ 0.19
diluted	(17)	€ 0.34	€ 0.19

1) The previous year's figures were adjusted by the amounts generated in the discontinued business area xTWO (E-commerce). Please refer to Note (9) in the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR 2020

Figures in thousand €	2020	2019
Consolidated net profit	**18,650**	**9,128**
Components not reclassified to profit or loss in subsequent periods:		
Remeasurements	11	-287
Other comprehensive income after tax for components not reclassified to profit or loss	**11**	**-287**
Components reclassified to profit or loss in subsequent periods:		
Foreign currency translation differences	-17,245	1,368
Other comprehensive income after tax for components reclassified to profit or loss	**-17,245**	**1,368**
Other comprehensive income after tax	**-17,234**	**1,081**
Total comprehensive income	**1,416**	**10,209**
thereof attributable to non-controlling interests	-1,039	-12
thereof attributable to the owners of the parent company	2,455	10,221

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS AS OF 31.12.2020

Figures in thousand €	Note	31/12/2020	31/12/2019
Goodwill	(18)	179,034	172,573
Other intangible assets	(19, 21)	176,473	157,122
Property, plant and equipment	(19)	16,209	16,773
Rights of use	(19, 20)	13,990	15,185
Investment property	(19, 23)	6,544	6,956
Investments accounted for using the equity method	(22)	5,886	8,377
Other financial assets	(25)	4,725	11,837
Deferred tax assets	(16)	1,351	250
Total non-current assets		**404,213**	**389,073**
Inventories	(27)	2,573	2,807
Trade receivables	(28)	54,834	52,162
Income tax assets		1,738	2,635
Other financial assets	(25)	4,476	4,177
Non-current assets held for sale	(24)	2,201	2,797
Other non-financial assets	(26)	14,778	11,505
Cash and cash equivalents	(29)	221,879	123,821
Total current assets		**302,479**	**199,904**
Total assets		**706,692**	**588,977**

Figures in thousand €	Note	31/12/2020	31/12/2019
Subscribed capital	(30)	52,091	51,899
Capital reserves	(30)	323,916	304,721
Retained earnings	(30)	95,040	84,780
Other components of equity	(32)	-9,964	3,899
Treasury shares	(30)	0	-37,134
Equity attributable to the owners of the parent company		**461,083**	**408,165**
Non-controlling interests	(33)	45,453	31,802
Total equity		**506,536**	**439,967**
Provisions for pensions	(35)	3,610	3,759
Bank liabilities		6,973	5,498
Other provisions	(37)	303	242
Other financial liabilities	(40)	45,848	20,025
Lease liabilities	(20)	9,619	10,822
Deferred tax liabilities	(16)	29,124	26,728
Total non-current liabilities		**95,476**	**67,074**
Bank liabilities		419	438
Trade payables	(36)	24,593	21,713
Income tax liabilities		5,718	3,513
Other provisions	(37)	2,099	1,604
Accruals	(38)	15,980	13,916
Deferred income	(39)	25,340	22,460
Other financial liabilities	(40)	9,075	3,454
Lease liabilities	(20)	5,000	5,060
Other liabilities	(41)	16,455	9,778
Total current liabilities		**104,680**	**81,936**
Total liabilities		**200,155**	**149,010**
Total equity and liabilities		**706,692**	**588,977**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL

Figures in thousand €	Subscribed capital	Capital reserves	Retained earnings
Notes	(30)	(30)	(30)
As of 01/01/2019	**51,741**	**316,734**	**84,898**
Consolidated net profit	-	-	8,957
Other comprehensive income	-	-	-
Total comprehensive income	**0**	**0**	**8,957**
Sale of treasury shares	-	661	-
Purchase 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 and 01/01/2020	**51,899**	**304,721**	**84,780**
Consolidated net profit	-	-	16,318
Other comprehensive income	-	-	-
Total comprehensive income	**0**	**0**	**16,318**
Sale of treasury shares	-	69,674	-
Dividend payment	-	-	-5,796
Acquisition of non-controlling interests without a change of control	-	-11,625	-
Transactions with non-controlling interests	-	-	-
Additions to financial liabilities from company acquisitions	-	-41,226	-
Dividend payment to non-controlling interests	-	-	-
Other changes		88	-262
Share-based remuneration	192	2,284	-
As of 31/12/2020	**52,091**	**323,916**	**95,040**

L YEAR 2020

	Other components of equity					
	Currency translati-on reserve	Revaluation reserve	Treasury shares	Equity attributable to owners of the parent company	Non-controlling interests	Equity according to consolidated balance sheet
	(32)	(32)	(30)		(33)	
	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**
	-	-	-	16,318	2,332	18,650
	-13,874	11	-	-13,863	-3,371	-17,234
	-13,874	**11**	**0**	**2,455**	**-1,039**	**1,416**
	-	-	37,134	106,808	-	106,808
	-	-	-	-5,796	-	-5,796
	-	-	-	-11,625	-13,581	-25,206
	-	-	-	-	29,567	29,567
	-	-	-	-41,226	-	-41,226
	-	-	-	-	-1,296	-1,296
	-	-	-	-174	-	-174
	-	-	-	2,476	-	2,476
	-9,328	**-636**	**0**	**461,083**	**45,453**	**506,536**

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2020

Figures in thousand €	Note	2020	2019
Cash flow from operating activities:			
Consolidated net profit		**18,650**	**9,128**
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of rights of use from leases	(14)	7,936	7,418
Amortisation of intangible assets	(14)	29,324	22,579
Depreciation of investment property	(14)	250	318
Impairment of goodwill	(18)	2,179	0
Changes in impairment losses on trade receivables		2,375	-241
Other non-cash items		-344	-2,535
Share of profit(-)/loss from associates		70	60
Interest expenses and other financial expenses	(15)	1,401	824
Financial income	(15)	-765	-1,190
Tax expenses		11,697	11,280
		72,773	**47,641**
Changes in working capital:			
Increase/decrease(-) in provisions and accruals		3,337	-1,366
Increase(-)/decrease in receivables and other assets		-1,481	-8,106
Increase/decrease(-) in advance payments received	(41)	-374	-978
Increase/decrease(-) in trade payables and other liabilities		7,722	6,002
Cash inflows from operating activities		**81,977**	**43,193**
Interest paid		-224	-283
Interest received		427	713
Income tax paid		-10,971	-8,838
Net cash flow from operating activities		**71,209**	**34,785**
Cash inflow from the sale of non-current assets		107	0
Cash inflow from the sale of discontinued operations		1,300	0
Acquisition of property, plant and equipment		-1,234	-2,578
Acquisition/production of intangible assets		-14,624	-12,678
Cash outflow from the acquisition of companies consolidated at equity		0	-7,825
Cash outflow from the acquisition of consolidated companies less cash acquired		-22,722	-77,184
Cash outflow from the acquisition of non-controlling interests without a change of control		-22,163	-2,000
Purchase(-)/sale of available-for-sale securities		0	-12
Cash outflow from credits and loans granted		-1,244	-9,392
Cash inflow from financial investments as part of short-term treasury management		1,911	32,907
Cash outflow from financial investments as part of short-term treasury management		-1,971	-1,911
Net cash flow from investing activities		**-60,640**	**-80,673**

Figures in thousand €	Note	2020	2019
carry forward: Net cash flow from investing activities		**-60,640**	**-80,673**
Cash outflow from the repayment of bank loans	(14)	-927	-2,015
Cash outflow from dividend payment		-5,796	-8,644
Cash inflow from the sale of treasury shares	(30)	104,498	0
Cash inflow from the exercise of stock options		192	158
Cash outflow from the repayment of other financial liabilities	(14)	-1,482	-1,538
Cash inflow from bank loans taken out		2,708	0
Cash outflow from non-controlling shareholders		-1,296	-443
Cash outflow from lease liabilities	(20)	-6,561	-6,210
Cash outflow from the acquisition of treasury shares		0	-19,511
Net cash flow from financing activities		**91,336**	**-38,203**
Net change in cash and cash equivalents		**101,905**	**-84,091**
Cash and cash equivalents at the beginning of the period		123,821	205,245
Currency-related change in cash and cash equivalents		-3,847	2,667
Cash and cash equivalents at the end of the period		**221,879**	**123,821**
Composition of cash and cash equivalents:			
Liquid assets, unrestricted		210,798	119,174
Liquid assets, restricted		11,081	4,647
Total		**221,879**	**123,821**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020

1. CORPORATE INFORMATION

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

The Company was established as a stock corporation in Germany on 07 October 1999 and has been listed on the regulated market of the Frankfurt Stock Exchange since February 2011. On 22 September 2014, the Company was included in the TecDAX technology index. On 24 September 2018, the Company was also admitted to the SDAX. As of 30 April 2020, the admission criteria for the TecDAX and SDAX were no longer met. The Company is therefore no longer included in these indices.

The Company is entered in the Commercial Register B (Stuttgart Register Court) under number HRB 760459. The Company's registered address is Vaihinger Straße 151, 70567 Stuttgart, Germany.

The Company's financial year is the same as the calendar year. The Consolidated Financial Statements were prepared in euro. Unless otherwise indicated, all amounts are stated in thousands of euro (€ thousand), rounded in accordance with standard commercial practice. Due to the presentation of figures in thousand €, rounding differences may arise for individual items.

On 12 March 2021, 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 23 March 2021, the Audit Committee of RIB Software SE will deal with the Consolidated Financial Statements. The Administrative Board will decide on the approval at its meeting on 25 March 2021.

On 20 March 2020, Schneider Electric Investment AG, Düsseldorf, submitted a voluntary public takeover bid to acquire all shares in RIB Software SE. After the final condition of the bid had been satisfied on 02/07/2020, the takeover was completed on 10/07/2020. Since this date, the majority of the shares in RIB Software SE have been held directly by Schneider Electric Investment AG, Düsseldorf, and indirectly by Schneider Electric SE, Rueil-Malmaison, France. For the first time since the reporting year, the Group has thus been included in the consolidated financial statements of the ultimate parent company, Schneider Electric SE, which prepares its consolidated financial statements for both the largest and the smallest group of companies, with the Group belonging to the latter. The consolidated financial statements of Schneider Electric SE are published on the website of the Official Journal of the French Republic (Journal Officiel de la République Française, JORF).

2. ACCOUNTING AND REPORTING PRINCIPLES

The Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European 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 International Accounting Standards Board (IASB) has adopted a number of new or revised standards, the application of which is mandatory for financial years beginning on 01 January 2020. The requirements resulting from the applied standards were 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) were consistently applied throughout the reporting period. The Consolidated Financial Statements were prepared on a historical cost basis unless explicitly stated otherwise.

3. EFFECT OF NEW OR REVISED IFRS

The IASB has issued the following standards or amendments to existing standards that have been endorsed by the EU and are effective for reporting periods beginning on or after 01/01/2020:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to IFRS 3 Business Combinations - Definition of a Business
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform
- Amendments to IFRS 16 Leases - COVID-19-Related Rent Concessions

The aforementioned amendments to existing standards have no or only immaterial effects on these Consolidated Financial Statements.

The Group has applied the amendment to IFRS 16 published in May 2020. The amendment provides lessees with a practical expedient in accounting for lease concessions granted as a direct consequence of the COVID-19 pandemic. The practical expedient permits lessees not to assess whether lease concessions occurring as a result of the COVID-19 pandemic are lease modifications. For individual contracts, the Group was granted a (partial) waiver of real estate lease payments for a period of up to three months as a direct consequence of the COVID-19 pandemic. There were no further changes. The waiver of lease payments had an immaterial effect on the income statement.

IFRS 17 Insurance Contracts published by the IASB has not yet been endorsed by the EU and, according to our current assessment, will have no effect on the Group.

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 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 associate is a company over which RIB Software SE has a 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 associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates 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 associate or joint venture.

The provisions of IFRS 9 are applied to determine whether there are any indications that the investments in associates 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, associates, 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. Taking these adjustments into account, the financial statements of all consolidated companies are based on uniform accounting policies.

The balance sheet date of all consolidated companies was 31 December 2020.

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

	Domestic	Foreign
Fully consolidated companies	12	85
Joint ventures	2	1
Associated companies	0	3
Companies not consolidated due to their immateriality	0	5

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

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 (50).

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 reporting com pany 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 associate 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 (c) or (d) exercises control, joint control or significant influence, or directly or indirectly holds a significant share of the voting rights in the company.

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 on a pro rata basis at the time of acquisition.

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 depreciation 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 its 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.

Property, plant and equipment and depreciation

Tangible assets 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 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. Where the use of property, plant and equipment extends beyond the original expected useful life, we make a corresponding change insofar as we assess the effects of this change to be material.

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 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 the 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 of time 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, the Group recognises an asset for the right of use granted and a lease liability. 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 recognised 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. Upon 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.

The 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 selling costs 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 the 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 following 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: (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 through 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 on the basis of the individual financial assets.

Financial assets measured at amortised cost

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, foreign currency 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 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 on the basis of expected credit losses. Impairment losses are recognised for financial assets measured at amortised cost and 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 level, an impairment loss is measured in the amount of the expected 12-month credit loss. This corresponds to the expected credit loss resulting from default events 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 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 the simplified approach for 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 recovering them.

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 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 (40).

Derecognition of financial liabilities

The Group derecognises a financial liability when the contractual obligations are fulfilled, cancelled or 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, and the difference between the respective carrying amounts is 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 and settle the liability at the same time.

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. Property, plant and equipment and investment property are no longer subject to scheduled depreciation as soon as they are 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 at 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 Group, this distinction is particularly important in the case of a transfer of treasury shares as part of company acquisitions. Contractual obligations are classified as equity instruments in accordance with the provisions of IAS 32.21 et seq. if the Group is obliged to deliver a fixed number of treasury shares to settle an obligation. If, on the other hand, 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 redemption of treasury shares do not affect 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.

Taxes on income and earnings

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 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, carry-forward of unused tax credits and 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 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 tax rates (and tax laws) that are valid or announced on the balance sheet date are applied.

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 the deferred taxes relate to the same taxable entity and the same tax authority.

Value-added tax

Sales revenue, expenses and assets are presented at their net value less value-added tax, with the exception of the following cases:

- if the sales 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 with the value-added tax 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 sales 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, sales 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

Sales 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
Sales revenue results from the provision of software solutions for limited use in exchange for an ongoing fee.

In the subscription model, in addition to the actual provision of the 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 the software and the IT infrastructure. We generally classify such arrangements as the granting of rights to access our intellectual property and recognise sales 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 sales 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 the third-party software or the 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 subject to limitations and regardless of the period over which 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 maintenance 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, sales revenue from these agreements is recognised over the period of time 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 already been completed.

As a rule, we invoice fees for services and other consulting services after the service has been provided or on the basis of 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

In the business segment xTWO (E-commerce), which was discontinued in the reporting year, the Group generated sales revenue from the trade in building materials, particularly in the sanitary sector. This revenue was recorded following the delivery of the ordered goods. At that time, the Group was deemed to have fulfilled its performance obligations. Customer return rights were taken into account by reducing sales revenue by an estimated return rate based on empirical values.

As a rule, we invoiced fees for merchandise after delivery. Insofar as we received advance payments on orders received, these contractual liabilities were reported under other liabilities.

The Group sold the business segment xTWO (E-commerce) in the reporting year.

(g) Significant financing component

If the period between the transfer of the promised goods and services to the customer and the agreed payment date is more 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 the 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

In some cases, the Group makes payments to customers with a view to promoting the sale of its own products and services. These payments are generally recognised as a deduction from the transaction price and thus from revenue, unless the payment to the customer is made in exchange for a separately identifiable good or service transferred from the customer to the Group. In the reporting year, the Group entered into a strategic partnership with the Swiss company SoftwareONE Holding AG (hereinafter: SoftwareONE) for the purpose of the global distribution of the MTWO platform. Please refer to our comments in this regard presented in Section A.3.3. of the Group Management Report. Based on the arrangements of the cooperation agreement concluded with SoftwareONE, the Group paid a set-up fee of € 8.1 million ($ 10.0 million) to SoftwareONE in the reporting year, which was accounted for according to the rules applicable to consideration payable to customers. For information on the discretionary decisions and estimates involved, please refer to the comments made in Note (5) (g) below.

(j) 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 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 euro (€), 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 euro 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.

The defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the 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 scheme 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) the service cost and (ii) the net financing cost or income.

The 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 on the basis of 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 reduced.

(b) Other post-employment benefits

These post-employment benefits are defined benefit plans under which employees receive lump-sum severance payments after termination of employment. The amount of severance payments is based on the length of service and also 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 they will 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 onwards, 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 with equity instruments. The fair values are determined as of the grant date. Up to and including the financial year 2019, these had been measured using a Monte Carlo simulation. The binomial model has been in use since the financial year 2020. 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.

Further details of our share-based remuneration arrangements can be found in Note (31).

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 met. 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 on the basis of 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 depreciation and 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 must 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 the 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 the goodwill impairment test, please refer to Note (18).

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 forecast 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 the planning and discounting of 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 forecast 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 on the basis of impairment assessments. The impairment assessment of receivables involves the use of estimates and discretionary decisions. When measuring incurred and expected losses on receivables, the risk of default must be assessed based on available current and historical information, as well as future expectations, according to which it is no longer probable that the full invoice amount will be received. Impaired receivables are written down by the amount of the incurred or expected loss on the receivable. 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 the 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 (40) and (45).

(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 a large number of 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 sales revenue should be recognised at a specific date or over a specific period of time. 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 of time, 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 taken into account based on past empirical values. In addition, the amount of outstanding performance obligations is influenced by exchange rate fluctuations.

(g) Consideration payable to customers

In accounting for consideration payable to customers, the first step is to determine whether the payment is made in exchange for a separate good or service transferred from the customer to the Company. This assessment involves the exercise of discretion.

Unless the consideration from the customer is assessed to be a separate good or service, the consideration payable to the customer is recognised as a deduction from the transaction price and thus generally from the sales revenue generated with the customer. In this case, further discretionary decision and estimates may be required, particularly if the consideration paid to the customer is related to sales revenue expected to be generated in future periods to which the Group has no contractual right, and the amount of which cannot be measured reliably. In such a case, based on a forward-looking valuation, an assessment must be made as to whether and, if so, in what amount, the consideration paid should be recognised as an asset in the balance sheet or otherwise expensed in profit or loss.

In the reporting year, the aforementioned questions were of material importance to our Consolidated Financial Statements due to the establishment of a strategic partnership with the Swiss SoftwareONE Holding AG (hereinafter: SoftwareONE). (With regard to the subject matter of the strategic partnership with SoftwareONE, we refer to our comments in this regard presented in Section A.3.3. of the Group Management Report)

Pursuant to the cooperation agreement, the Group paid a set-up fee of € 8.1 million ($ 10.0 million) to SoftwareONE in December 2020, which was not assessed to represent consideration for a separate good or service. The business plan adopted jointly with SoftwareONE envisages that SoftwareONE will market our MTWO product in the years 2021 to 2023, so we expect to generate corresponding sales revenue, provided that theses developments proceed according to plan. However, there is no sufficient certainty that this future sales revenue will be generated and following a detailed valuation, we have decided to recognise a partial amount of € 1.9 million of the set-up fee paid in the amount of € 8.1 million as an asset in the balance sheet as of 31/12/2020 and to expense the remaining partial amount of € 6.2 million. As the Group had not yet recorded any sales revenue in the financial year 2020 arising from the cooperation agreement concluded with SoftwareONE, in our opinion, it would not have been appropriate to recognise the expensed portion of the set-up fee as a deduction from the sales revenue. As these are upfront costs for the establishment of a new distribution channel, we have recognised the amount of € 6.2 million as a distribution expense.

(h) Recognition and measurement of other provisions
Provisions are liabilities whose maturity or amount is uncertain. Due to the fact that 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 2020 has changed as follows compared with the scope of consolidation as of 31 December 2019:

	Domestic	Foreign
Full consolidation of companies as part of business combinations	0	9
Full consolidation of newly established companies	0	0
Companies fully consolidated for the first time in the reporting period	**0**	**9**
Companies deconsolidated or merged in the reporting period	**4**	**1**

In June 2020, all assets and liabilities of the business segment xTWO (E-commerce) required for its operations were sold by the subsidiary xTWO GmbH, Hungen, to the subsidiary xTWOmarket GmbH, Hungen. The sale took place within the framework of an asset deal by way of singular succession. In addition to the assets and liabilities of the business segment xTWO (E-commerce), all employment relationships were transferred to xTWOmarket GmbH, Hungen, by operation of law in accordance with Section 613a of the German Civil Code (BGB). In this context, xTWO GmbH changed its name to RIB Deutschland GmbH, while xTWOmarket GmbH changed its name to xTWO GmbH.

Pursuant to an agreement dated 03/08/2020, the Group sold all shares in xTWO GmbH (formerly: xTWOmarket GmbH). The purchase price amounted to € 1,300 thousand and was collected in full in September 2020. Due to the sale of its participation, the Group lost control over the subsidiary, and xTWO GmbH (formerly: xTWO-market GmbH) was thus deconsolidated as of 31/08/2020. The carrying amount of the net assets disposed of at the time of deconsolidation was approx. € 2,093 thousand and included the goodwill of the business segment xTWO (E-commerce) in the amount of € 689 thousand, which was fully disposed of in this context. The deconsolidation resulted in a loss for the Group of around € 793 thousand. Please refer to our comments on discontinued operations presented in Note (9).

For further comments on business combinations and their effects on the Consolidated Financial Statements, please refer to Note (7).

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 (50).

7. BUSINESS COMBINATIONS

In the financial year 2020, the Group made a total of three company acquisitions. In our opinion, the acquisition of Beijing Bochao Times Software Co., Ltd, Beijing, People's Republic of China (hereinafter: Bochaosoft), with a purchase price of € 25.2 million is material to the presentation of the annual financial statements and is therefore discussed below. In addition, Integration Technologies Corp., Puerto Rico (hereinafter: Intech), and Winjit Technologies Private Limited, Satpur Nashik, India (previously accounted for using the equity method; hereinafter: „Winjit"), were also acquired in the reporting period. The agreed purchase prices for these companies total € 6.4 million.

A. Acquisition of Bochaosoft

a) Consideration transferred

Pursuant to an agreement dated 09/06/2020, the Group acquired 51% of the shares in Beijing Bochao Times Software Co., Ltd, Beijing, People's Republic of China (hereinafter: „Bochaosoft" or „Bochao"). While the acquisition date was 06/07/2020, for reasons of simplification, Bochaosoft is included in the Consolidated Financial Statements as of 01/07/2020. The consideration for the acquisition of the shares amounts to approx. € 25,211 thousand (CNY 199.7 million). The purchase price is to be paid by transfer of liquid assets. A partial amount of approx. € 22,106 thousand was paid immediately after the acquisition date. The further purchase price instalments are due for payment in June 2021 and, if contractually agreed performance targets are met, in June 2022. If the performance targets are not met, the aforementioned purchase price will be reduced by approx. € 1,029 thousand.

We have agreed conditional purchase obligations and rights with the remaining shareholders in respect of the further 49% of the shares. Accordingly, we are obliged to acquire these shares in 2022, provided that Bochaosoft does not fall short of the agreed earnings targets in 2020 and 2021. The purchase price of the further shares shall then be based on the enterprise value of Bochaosoft, which is to be calculated using a multiplier method based on Bochaosoft's results. In this context, the enterprise value was limited to a maximum amount of approximately € 88.4 million (CNY 700 million), so a maximum purchase price of approximately € 43.3 million (CNY 343 million) may result for the 49% of the shares. We assume that there is a sufficient degree of probability that the agreed target values will be achieved, which means that the conditional obligation to acquire the further 49% of the shares in the company constitutes a financial liability for the Group which was recognised in the amount of the present value of the exercise price of approx. € 40,115 thousand (CNY 319,320 thousand) and reclassified from equity.

If the conditions of the purchase obligation are not met, the Group has a purchase option in respect of the further 49% of the shares, i.e. in this case, we are entitled, but not obliged, to acquire these shares. We can exercise the purchase option in two tranches in 2022 and 2023. The option prices are, likewise, based on the enterprise value of Bochaosoft determined using a multiplier method.

b) Identifiable assets acquired and liabilities assumed

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

Figures in thousand €	Fair value 01/07/2020
Intangible assets	31,540
Property, plant and equipment	232
Rights of use	1,761
Other financial assets	2,120
Other non-financial assets	52
Trade receivables	6,926
Cash and cash equivalents	3,901
Total identifiable assets	**46,532**
Deferred tax liabilities	3,354
Trade payables	667
Lease liabilities	1,834
Other current financial liabilities	3,920
Total identifiable liabilities	**9,775**
Identifiable net assets	**36,757**

The intangible assets of € 31,540 thousand in total are mainly attributable to software products developed by Bochaosoft (€ 15,032 thousand) as well as existing customer contracts and the associated customer relationships (€ 15,821 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	25,211
Value of non-controlling interests	24,223
Subtotal	49,434
Less net assets	-36,757
Goodwill	**12,677**

The components of non-controlling interests were measured at fair value. The fair value of the non-controlling interest is based on the total enterprise value of Bochaosoft underlying the acquisition of our 51% participation. We determined this enterprise value using a multiplier method based on the results of Bochaosoft. The value of the non-controlling interests corresponds to 49% of the total enterprise value of Bochaosoft determined in this way.

Goodwill is generally 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
Bochaosoft is one of China's leading providers of digitisation solutions for the design, construction and maintenance phases in the engineering and construction sector. The company is also expanding in the area of Smart Cities by integrating IoT technologies. RIB and Bochaosoft share a common vision of digitising the construction industry. Building on the development expertise and the strong brand names of the two companies, RIB and Bochaosoft intend to jointly strengthen the market position of the iTWO 4.0 technology in China. In addition, Bochaosoft will leverage RIB's global network to expand its international market share as part of the Chinese „One Belt, One Road" initiative.

As a result of the transaction, Groups sales in the reporting period increased by around € 11,700 thousand, while comprehensive income increased by around € 448 thousand.

If the transaction had already been completed as of 01/01/2020, sales revenue in the reporting period would have increased by around € 17,809 thousand, while comprehensive income would have decreased by approx. € 799 thousand.

B. Acquisition of Winjit

Pursuant to an agreement dated 29/10/2020, the Group acquired a further 36% of the shares in the Winjit Group (hereinafter: Winjit) whose parent company Winjit Technologies Private Limited, Satpur Nashik, India, and now holds 51% of the shares. The date of acquisition was 17/11/2020. For reasons of simplification, the purchase price allocation was based on the value ratios as of 30/11/2020. The transactions between 17/11/2020 and 30/11/2020 were immaterial. Furthermore, there were no material changes in value ratios during this period.

a) Consideration transferred
Pursuant The consideration transferred for the 36% of the shares acquired amounts to a total of € 4,865 thousand ($ 5,876 thousand) and is composed of a cash purchase price of € 4,214 thousand ($ 5,076 thousand) and a contingent purchase price (earn-out) of € 651 thousand ($ 800 thousand). The cash purchase price was paid in full in the reporting year.

The contingent consideration is dependent on the achievement of certain performance targets. As the Group currently assumes that the performance targets will be met, the contingent consideration was recognised as other financial liability. Please refer to Note (40).

b) Previously held shares

Following the increase in the shares which the Group already held prior to the date of acquisition, the Group has now obtained control in the course of a business combination achieved in stages. At the time of acquisition, the fair value of the shares already held amounted to € 2,027 thousand. The remeasurement of the shares at the time of acquisition resulted in a loss of € 443 thousand. Income amounting to € 122 thousand recognised in other comprehensive income up to the time of acquisition was reclassified to the income statement through profit or loss. As a result of the fair value adjustment, € 321 thousand was recognised under financial expenses.

8. SEGMENT REPORTING

For corporate management purposes, the Group is organised into business units according to its products and services. Segment reporting distinguishes between the two reporting segments iMTWO and xYTWO. The reporting segment iMTWO comprises the software business, while the segment xYTWO encompasses the 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. Some of our software is marketed together with third-party software solutions, which we purchase from other manufacturers and resell to our customers. In addition, as an „agent", we also broker the provision of software solutions and related services from other manufacturers to customers. 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 the 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 on the basis of 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.

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, the xTWO platform is primarily used in the consumer area (B2C) for the online organisation of procurement and delivery of building products. As this is not part of the core business of the RIB Group, we divested ourselves of the xTWO (E-commerce) area in August 2020 and sold the business area as a whole.

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 sales revenue presented is mainly revenue from external customers.

The accounting policies of the reportable segments correspond to the Group‘s accounting policies presented in Note (4).

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

2020			
Figures in thousand €	iMTWO	xYTWO [2]	Total
Revenue, external	**254,206**	**5,548**	**259,754**
ARR	**146,225**	**375**	**146,600**
Subscription	87,724	375	88,099
Support	53,568	-	53,568
Managed services	4,933	-	4,933
NRR	**51,882**	**-**	**51,882**
Licences	51,882	-	51,882
Services	**56,099**	**-**	**56,099**
E-Commerce	**-**	**5,173**	**5,173**
Cost of sales	**-107,012**	**-7,408**	**-114,420**
ARR / NRR	-63,636	-3,018	-66,654
Services	-43,376	-	-43,376
E-Commerce	-	-4,390	-4,390
Research and development costs	**-25,259**	**-44**	**-25,303**
ARR / NRR	-25,259	-44	-25,303
Services	-	-	-
E-Commerce	-	-	-
Sales and marketing costs	**-64,570**	**-611**	**-65,181**
General administrative expenses	**-29,338**	**-543**	**-29,881**
Other operating income and expenses	**8,710**	**-2,625**	**6,085**
Segment EBIT	**36,737**	**-5,683**	**31,054**
Financial results			-707
thereof share of earnings from investments accounted for using the equity method	-70	-	-70
Income tax expenses			-11,697
Consolidated net profit			**18,650**
Segment EBITDA	**71,070**	**-335**	**70,735**
EBITDA margin	28.0%	-6.0%	27.2%
Further segment information:			
Depreciation and amortisation / impairment losses of the segments	**-34,333**	**-5,348**	**-39,681**

Other operating income and expenses of the reporting segment iMTWO include non-cash income in the amount of € 5,706 thousand, resulting from the remeasurement of the financial liability in connection with the acquisition of the outstanding shares in CCS. Please refer to Note (40).

Other operating income and expenses of the reporting segment xYTWO include impairment losses on the goodwill of the business segment YTWO (SCM) in the amount of € 2,179 thousand. Please refer to Note (18).

2) The information on the reporting segment xYTWO contains figures generated in the discontinued business area of xTWO (E-commerce). Please refer to Note (9).

2019

Figures in thousand €	iMTWO	xYTWO[3]	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**	**-**	**45,435**
Licences	45,435	-	45,435
Services	**47,418**	**-**	**47,418**
E-Commerce	**-**	**9,160**	**9,160**
Cost of sales	**-93,643**	**-11,097**	**-104,740**
ARR / NRR	-54,651	-3,017	-57,668
Services	-38,992	-203	-39,195
E-Commerce	-	-7,877	-7,877
Research and development costs	**-19,941**	**-355**	**-20,296**
ARR / NRR	-19,941	-355	-20,296
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
Income tax expenses			-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**

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

3) The information on the reporting segment xYTWO contains figures generated in the discontinued business area of xTWO (E-commerce). Please refer to Note (9).

Reconciliation of information on reportable segments with the figures reported in the Consolidated Financial Statements:

Figures in thousand €	2020	2019
Revenue from the reportable segments	259,754	214,606
Elimination of discontinued operations	-5,173	-9,160
Revenue from continuing operations	254,581	205,446
Profit of the reportable segments before income tax	30,347	20,408
Elimination of discontinued operations	805	306
Profit from continuing operations before income tax	31,152	20,714

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 €	2020	2019
Germany	89,160	73,789
(thereof discontinued operation)	1,500	2,031
Rest of EMEA (Europe, Middle East and Africa)	60,256	65,535
(thereof discontinued operation)	2,121	4,222
EMEA region	**149,416**	**139,324**
(thereof discontinued operation)	**3,621**	**6,253**
APAC (Asia and Pacific)	42,954	34,257
(thereof discontinued operation)	1,552	2,881
North America	67,384	41,025
(thereof discontinued operation)	-	26
Total revenue	**259,754**	**214,606**
(thereof discontinued operation)	**5,173**	**9,160**

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

Figures in thousand €	31/12/2020	31/12/2019
Germany	84,666	81,320
Remaining EMEA Region (Europe, Middle East and Africa)	84,099	97,501
EMEA Region	**168,765**	**178,821**
People's Republic of China (including Hong Kong)	93,948	58,989
Remaining APAC Region (Asia and Pacific)	53,265	46,381
APAC Region	**147,213**	**105,370**
North America	88,235	104,882
Total	**404,213**	**389,073**

Information on important customers

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

9. DISCONTINUED OPERATION

In August 2020, the Group sold the business segment xTWO (E-commerce). Since the xTWO platform, which was operated by the business segment, used for the procurement and delivery of buildings products and mainly aimed at the consumer sector (B2C), was not part of the Group's core business, a strategic decision was made to divest ourselves of the business segment as a whole.

The business segment xTWO (E-commerce) had not previously been classified as a discontinued operation or as held for sale.

The previous year's figures in the consolidated income statement were adjusted accordingly so that the discontinued operation could be presented separately from the continuing operations. In this context, the previous year's amounts were also adjusted accordingly in the further comments on the consolidated income statement presented in the Notes.

a) Results from the discontinued operation

Figures in thousand €	2020	2019
Revenue	5,173	9,160
Expenses	-5,185	-9,466
Result from operating activities	**-12**	**-306**
Income tax expenses	0	0
Result from operating activities after tax	**-12**	**-306**
Loss from the sale of discontinued operation	-793	0
Income tax from the sale of discontinued operation	0	0
Loss from discontinued operations after tax	**-805**	**-306**
Earnings per share based on the profit attributable to the shareholders of RIB Software SE:		
Basic earnings per share	€ -0.02	€ -0.01
Diluted earnings per share	€ -0.02	€ -0.01

The loss from the discontinued operation is fully attributable to the owners of the parent company.

b) Effects of the sale on the Group's balance sheet items

Figures in thousand €	2020
Goodwill	-689
Intangible assets	-31
Property, plant and equipment	-129
Inventories	-1,171
Trade receivables	-67
Other financial and non-financial assets	-43
Cash and cash equivalents	-853
Trade payables, accruals and other liabilities	890
Net assets and liabilities	**-2,093**
Consideration received in cash	1,300
Cash and cash equivalents sold	-853
Net cash inflows	**447**

c) Cash flow from the discontinued operation

Figures in thousand €	2020	2019
Cash flow from operating activities	-245	125
Net cash flow from financing activities	147	-101
Net cash flow in the reporting year	**-98**	**24**

10. REVENUE

Revenue breaks down as follows:

Figures in thousand €	2020	2019
ARR	146,600	112,593
NRR	51,882	45,435
Services	56,099	47,418
Revenue from continuing operations	**254,581**	**205,446**
Revenue from discontinued operations (E-commerce)	5,173	9,160
Total revenue	**259,754**	**214,606**

Revenue from the marketing of software rights is divided into annual recurring revenues (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 sales revenue from the E-commerce area relates entirely to the discontinued business area of xTWO (E-commerce). Other revenue does not include any revenue from discontinued operations and no reconciliation of these amounts is thus necessary.

ARR is broken down by revenue type as follows:

Figures in thousand €	2020	2019
Subscription	88,099	62,691
Support	53,569	45,923
Managed services	4,932	3,979
Total	**146,600**	**112,593**

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, in particular, 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 the above 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 €	2020	2019
Revenue from marketing by the Group itself	118,781	94,822
Revenue from brokerage services as agent	27,819	17,771
Total	**146,600**	**112,593**

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.

11. COST OF SALES

The cost of sales essentially includes the cost of goods purchased, personnel costs and material costs in the Support, Subscription and Service areas as well as the amortisation of internally developed software and acquired technology. Amortisation of internally developed software amounted to € 7,755 thousand in the reporting year (previous year: € 6,931 thousand). Amortisation of acquired technology amounted to € 8,046 thousand in the reporting year (previous year: € 4,989 thousand). In addition, amortisation of reacquired software rights in the amount of € 2,964 thousand is included in the reporting period (previous year: € 3,017 thousand).

12. OTHER OPERATING INCOME

The other operating income is composed of the following items:

Figures in thousand €	2020	2019
Income from the subsequent measurement of purchase price liabilities	5,706	15
Income from the release of provisions and accruals	760	172
Income from public subsidies	1,738	400
Income from foreign currency translation	2,007	2,276
Rental income from investment property	1,117	880
Miscellaneous	2,314	1,295
Total	**13,642**	**5,038**

Other operating income includes income from the subsequent measurement of purchase price liabilities in connection with the complete acquisition of the shares in CCS; see also Note (33 B).

The Group received non-repayable public grants abroad amounting to € 1,676 thousand in connection with the COVID-19 pandemic, which are reported under other operating income.

13. OTHER OPERATING EXPENSES

The other operating expenses are composed as follows:

Figures in thousand €	2020	2019
Expenses from foreign currency translation	2,639	636
Expenses from the subsequent measurement of purchase price liabilities	634	260
Miscellaneous	3,792	999
Total	**7,065**	**1,895**

Miscellaneous other operating expenses include impairment losses on the goodwill of the business segment YTWO (SCM) in the amount of € 2,179 thousand. Please refer to Note (18).

14. OTHER FINANCIAL INFORMATION

Figures in thousand €	2020	2019
Personnel expenses:		
Wages and salaries	110,675	94,431
Social security and pension costs	15,042	12,182
Total	**125,717**	**106,613**
Scheduled depreciation and amortisation:		
of intangible assets	29,313	22,445
of property, plant and equipment	2,081	1,869
of investment property	242	318
of rights of use from leases	5,710	5,430
Total	**37,346**	**30,062**
Presentation of scheduled amortisation of intangible assets in the income statement:		
Cost of sales	18,764	14,952
General administrative expenses	109	39
Sales and marketing expenses	10,185	7,309
Research and development costs	255	145
Total	**29,313**	**22,445**
Total expenses for research and development		
Research and development expenses	38,853	32,497

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 €	31/12/2019	cash-effective	non-cash-effective			31/12/2020
			Acquisition	Reclassification	Change in fair values	
Non-current bank liabilities	5,498	1,461	14	-	-	6,973
Other non-current financial liabilities	20,025	-8,417	43,176	-3,849	-5,087	45,848
Current bank liabilities	438	-25	6	-	-	419
Other current financial liabilities	3,454	-522	1,961	3,849	333	9,075
Total liabilities from financing activities	**29,415**	**-7,503**	**45,157**	**0**	**-4,754**	**62,315**

15. FINANCIAL INCOME AND EXPENSES

Financial income and expenses are composed as follows:

Figures in thousand €	2020	2019
Financial income:		
Interest income from banks	132	763
Interest income from loans granted to other companies	320	206
Income from compound interest on receivables measured using the effective interest rate method	78	124
Miscellaneous	235	97
Total	**765**	**1,190**
Financial expenses:		
Interest expense from lease liabilities	-607	-522
Compound interest on financial liabilities	-220	-240
Adjustments to the fair value of existing investments in companies now subject to consolidation	-321	-
Miscellaneous	-251	-57
Total	**-1,399**	**-819**

16. TAXES ON INCOME AND EARNINGS

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 tax 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 €	2020	2019
Actual income tax	14,175	12,657
Deferred income tax	-2,478	-1,377
Total tax expense	**11,697**	**11,280**

A reconciliation between the expected tax expense, which is calculated by multiplying the profit before tax 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 €	2020	2019
Profit before taxes	**30,347**	**20,408**
Expected tax expense	9,265	6,231
Non-tax-deductible expenses and tax-free income	654	996
Tax gains/losses for which no deferred taxes were/will be recognised	854	932
First-time capitalisation of tax loss carry-forwards	-770	-
Change in the realisability of deferred tax assets	229	691
Tax credits	-388	-
Tax rate differences for foreign subsidiaries	2,416	2,117
Tax effect from measurement using the equity method	120	18
Tax relating to other periods	-375	51
Miscellaneous	-308	244
Tax expense according to income statement	**11,697**	**11,280**

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 €	Balance as of 31/12/2019 and 01/01/2020	Addition from first-time consolidation (with no effect on profit or loss)	Deferred taxes recognised as income / (expense) in the consolidated income statement during the year	Deferred taxes (charged)/credited to other comprehensive income during the year	Balance as of 31/12/2020
Intangible assets	1,894	-	-379	-125	1,390
Other financial assets	-	-	308	-	308
Trade receivables and other receivables	462	-	258	-15	705
Pension provisions	609	29	1	-5	634
Deferred income	595	-	539	-62	1,072
Other current provisions	341	-	-31	-10	300
Accruals	416	-	-64	-33	319
Carry-forward of unused tax losses	2,565	503	861	-111	3,818
Miscellaneous	349	-	-25	-38	286
Total	**7,231**	**532**	**1,468**	**-399**	**8,832**

Figures in thousand €	Balance as of 31/12/2018 and 01/01/2019	Addition from first-time consolidation (with no effect on profit or loss)	Deferred taxes recognised as income / (expense) in the consolidated income statement during the year	Deferred taxes (charged)/credited to other comprehensive income during the year	Balance as of 31/12/2019
Intangible assets	95	1,149	355	295	1,894
Other financial assets	-	-	-	-	-
Trade receivables and other receivables	433	114	-85	-	462
Pension provisions	501	-	-17	125	609
Deferred income	310	526	-260	19	595
Other current provisions	154	-	185	2	341
Accruals	71	369	-25	1	416
Carry-forward of unused tax losses	2,482	1,391	-1,318	10	2,565
Miscellaneous	164	92	360	-267	349
Total	**4,210**	**3,641**	**-805**	**185**	**7,231**

The deferred tax assets from tax loss carry-forwards relate to subsidiaries in the USA, the Netherlands, Great Britain, South Africa, Australia, Singapore and Germany. It is likely that future taxable profits will be available, against which the unused tax losses can be offset. In the financial year 2020, tax losses from previous years were partially offset against taxable income.

The deferred tax income resulting from the first-time recognition of previously unrecognised deferred tax income on tax loss carry-forwards amounts to approx € 770 thousand in the reporting year. Due to the utilisation of previously unrecognised tax losses, the actual tax expense was reduced by approx. € 532 thousand.

As of the balance sheet date, unused tax losses carry-forwards amounted to € 12,741 thousand (previous year: € 12,758 thousand). None of these amounts are recognised as deferred tax assets as it seems unlikely that sufficient taxable profit will be available in the future, against which these loss carry-forwards could be offset. These are tax losses of subsidiaries in China, Singapore, the USA, the Netherlands and Germany. The tax loss carry-forwards in China, Singapore and Germany can be used indefinitely. In the USA, some of the tax loss carry-forwards expire in the years after 2030, 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 on tax loss carry-forwards in the amount of € 503 thousand were added due to the first-time consolidation of Intech.

Deferred tax liabilities

Figures in thousand €	Balance as of 31/12/2019 and 01/01/2020	Addition from first-time consolidation (with no effect on profit or loss)	Reclassifications	Deferred taxes recognised as expense/(income) in the consolidated income statement during the year	Deferred taxes charged/ (credited) to other comprehensive income during the year	Balance as of 31/12/2020
Intangible assets	31,666	5,687	-	-1,166	-1,750	34,437
Property, plant and equipment	520	3	-	-41	-7	475
Investment property	397	-	-	136	-	533
Trade receivables and other receivables	451	-	-	-69	-	382
Miscellaneous	675	-	-	130	-27	778
Total	**33,709**	**5,690**	**0**	**-1,010**	**-1,784**	**36,605**

Figures in thousand €	Balance as of 31/12/2018 and 01/01/2019	Addition from first-time consolidation (with no effect on profit or loss)	Reclassifications	Deferred taxes recognised as expense/(income) in the consolidated income statement during the year	Deferred taxes charged/ (credited) to other comprehensive income during the year	Balance as of 31/12/2019
Intangible assets	21,064	12,145	-204	-1,563	224	31,666
Property, plant and equipment	486	108	109	-184	1	520
Investment property	310	-	-	87	-	397
Trade receivables and other receivables	319	-	-	132	-	451
Miscellaneous	183	1,051	95	-654	-	675
Total	**22,362**	**13,304**	**0**	**-2,182**	**225**	**33,709**

As of the balance sheet date, the subsidiaries of the Group had accumulated profits of approx. € 110,800 thousand (previous year: € 76,592 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 a deferred tax expense of € 4 thousand (previous year: deferred tax income of € 125 thousand) arising 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 €	31/12/2020	31/12/2019
Deferred tax assets	1,351	250
Deferred tax liabilities	29,124	26,728

A share of € 22,702 thousand (previous year: € 21,065 thousand) of the deferred tax liabilities will probably only be realised after more than twelve months.

17. EARNINGS PER SHARE - DILUTED AND BASIC

Earnings per share are calculated on the basis of the share of earnings attributable to the shareholders of RIB Software SE as presented in the table below.

Figures in thousand €	2020	2019
Share of earnings attributable to the shareholders of RIB Software SE - diluted and basic	**16,318**	**8,957**
Thereof from continuing operations	17,123	9,263
Thereof from discontinued operations	-805	-306

Figures in thousands of shares	2020	2019
Weighted average of shares in circulation - basic	50,187	48,086
Dilution effect	815	910
Weighted average of shares in circulation - diluted	51,002	48,996

Earnings per share in €	2020	2019
From continuing operations		
basic	0.34	0.19
diluted	0.34	0.19
From discontinued operations		
basic	-0.02	-0.01
diluted	-0.02	-0.01

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.

18. 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 €	31/12/2020	31/12/2019
Reporting segment iMTWO	**175,158**	**165,652**
Business segment YTWO (SCM)	-	*2,279*
Business segment xTWO (E-commerce)	-	*689*
Reporting segment xYTWO	**-**	**2,968**
Development unit GZ TWO	**2,982**	**3,059**
Arriba Finance	**894**	**894**
Total	**179,034**	**172,573**

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 (19). In the financial year 2020, goodwill increased by € 14,821 thousand as a result of business combinations, please refer to our comments in this regard presented in Note (7). The goodwill of the business segment xTWO (E-commerce) was disposed of in full as part of the sale of the business segment in the reporting period. The goodwill of YTWO (SCM) was completely written off in the reporting period. For information on impairment testing, please refer to the comments below. The 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 generally determined to be the same as their value 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 further business acquisitions in the financial years 2021 and 2022, albeit in view of the COVID-19 pandemic - on a reduced scale compared with prior years. In addition, the plans include sales revenue and earnings contributions from the strategic partnership with SoftwareONE, which has been in place since the end of 2020. Both the planned acquisitions and the strategic partnership should lead to a further increase in the Group's profitability. The cash flow forecasts for the purpose of goodwill impairment testing excluded the effects expected from planned acquisitions and the strategic partnership with SoftwareONE.

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 and the business segment YTWO (SCM), cash flow projections 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. The business segment xTWO (E-commerce) was sold in the course of the financial year; see also our comments in Note (9).

For the development unit GZ TWO, cash flow projections 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 Finanzen in the medium term. This was taken into account when determining the recoverable amount, and cash flow projections for the remaining limited marketing period were used. No perpetual annuity was taken into account here.

The following discount rates were applied:

Figures in%	2020	2019
Reporting segment iMTWO	8.08	8.89
Business segment xTWO (E-commerce)	-	9.09
Business segment YTWO (SCM)	6.76	5.55
Development unit GZ TWO	7.13	9.78
Arriba Finance	20.73	19.91

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 2021, the reporting segment iMTWO is assumed to achieve annual revenue growth in a range of about 5.5% to about 7.5% over the detailed 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 Finanzen by iTWO finance, cash flow was projected for a limited period of 7 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 Finanzen 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 2021, 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 sales 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 significantly exceed their respective recoverable amounts.

Fair value

The further development of the business segment YTWO (SCM) was temporarily suspended in the reporting year in favour of the faster development of the MTWO platform. As a consequence of the limited business activities in this operating segment and the resulting, significantly lower sales revenue, the value in use was lower than the carrying amount of the segment assets. We therefore opted for the higher fair value less costs to sell as the recoverable amount of the business segment YTWO (SCM). This value resulted in an impairment of this cash-generating unit. Consequently, an impairment loss on goodwill in the amount of € 2,179 thousand was recognised and included in other operating expenses. The remainder of the change in goodwill of the business segment YTWO (SCM) results from foreign currency translation differences.

The fair value of the business segment YTWO (SCM) is allocated to level 3 of the fair value hierarchy. Approximately 92% of the segment assets (before taking goodwill into account) are attributable to the carrying amount of the software rights reacquired by the Group. The market-based approach was used to measure the fair value of these software rights. As the reacquired software rights mainly relate to the iTWO 4.0 software developed by the Group, the Management determined the market price of these rights on the basis of the currently valid price structure and taking into account individual enhancements to the software as well as any necessary upgrades and maintenance work that would presumably be required in the event of a potential sale of the software rights to third parties.

Discount rates

The interest rates used are pre-tax interest rates and take into account the specific risks of the relevant units.

19. DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY IN THE FINANCIAL YEAR 2020

	Acquisition or production costs						
Figures in thousand €	As of 01/01/2020	Additions from business combinations	Additions	Disposals	Reclassi-fications	Currency translation adjustments	As of 31/12/2020
1. Goodwill	**180,870**	**14,821**	**0**	**689**	**0**	**-5,492**	**189,510**
2. Other intangible assets							
a) Internally generated software	92,700	0	13,550	0	0	-619	105,631
b) Customer relationships	74,521	23,425	596	0	0	-2,577	95,965
c) Purchased technology	45,037	16,455	0	0	0	-2,574	58,918
d) Purchased software	2,427	688	478	16	0	-105	3,472
e) Software rights reacquired	25,196	0	0	0	0	-2,282	22,914
f) Miscellaneous	30	0	0	12	0	0	18
	239,911	**40,568**	**14,624**	**28**	**0**	**-8,157**	**286,918**
3. Property, plant and equipment							
a) Land and buildings	12,943	0	64	8	1,110	112	14,221
b) Furniture and fixtures	9,996	590	1,010	411	0	-205	10,980
c) Advance payments made and assets under construction	988	0	122	0	-1,110	0	0
	23,927	**590**	**1,196**	**419**	**0**	**-93**	**25,201**
4. Investment properties	**8,221**	**0**	**0**	**0**	**0**	**-275**	**7,946**
5. Rights of use from leases							
a) Land and land use rights	880	0	227	11	0	-22	1,074
b) Buildings	15,593	2,182	739	1,278	0	-642	16,594
c) Vehicles	1,538	213	747	354	-7	-6	2,131
d) Furniture and fixtures and office equipment	1,489	0	1,182	188	7	-4	2,486
	19,500	**2,395**	**2,895**	**1,831**	**0**	**-674**	**22,285**

	Depreciation and amortisation (cumulative)							**Carrying amounts**	
	As of 01/01/2020	Additions	Impairment losses	Disposals	Reclassifi-cations	Foreign currency adjustments	As of 31/12/2020	As of 31/12/2020	As of 31/12/2019
	8,297	**0**	**2,179**	**0**	**0**	**0**	**10,476**	**179,034**	**172,573**
	45,466	7,755	0	0	0	-278	52,943	52,688	47,234
	16,166	10,223	0	0	0	-209	26,180	69,785	58,355
	16,649	8,046	0	0	0	-53	24,642	34,276	28,388
	1,243	336	0	13	0	74	1,640	1,832	1,184
	3,247	2,964	0	0	0	-1,189	5,022	17,892	21,949
	18	0	0	0	0	0	18	0	12
	82,789	**29,324**	**0**	**13**	**0**	**-1,655**	**110,445**	**176,473**	**157,122**
	1,255	373	0	6	0	144	1,766	12,455	11,688
	5,898	1,779	0	356	0	-95	7,226	3,754	4,098
	0	0	0	0	0	0	0	0	988
	7,153	**2,152**	**0**	**362**	**0**	**49**	**8,992**	**16,209**	**16,774**
	1,265	**242**	**0**	**0**	**0**	**-105**	**1,402**	**6,544**	**6,956**
	23	39	0	11	0	-1	50	1,024	857
	3,157	4,148	0	1,079	0	-175	6,051	10,543	12,436
	500	647	0	349	0	0	798	1,333	1,038
	635	950	0	188	0	-1	1,396	1,090	854
	4,315	**5,784**	**0**	**1,627**	**0**	**-177**	**8,295**	**13,990**	**15,185**

19. 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 translation 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) Miscellaneous	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 made 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 and office equipment	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	Foreign 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**

20. 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 (19). The Group also concluded leases with a term of twelve months or less. In addition, there are leases of low value. In respect of these leases, the Group takes advantage of practical auxiliary methods applicable to short-term leases and to leases based on low-value assets. The amounts recognised in the income statement that are attributable to leases are presented in the following table:

Figures in thousand €	2020	2019
Interest expenses for lease liabilities	607	522
Expenses for short-term leases	97	65
Expenses for leases of low-value assets	93	113

The following table illustrates the breakdown of lease liabilities by maturity (undiscounted):

Figures in thousand €	2020	2019
Due within one year	5,579	5,577
Due between one and five years	9,785	10,012
Due in more than five years	1,656	1,753
Total	**17,020**	**17,342**

Total amounts recognised in the cash flow statement:

Figures in thousand €	2020	2019
Total cash outflow for leases	6,678	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. Where 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 and property held for sale. From the lessor‘s perspective, all leases are classified as operating leases, as not all risks and opportunities essentially associated with ownership are transferred.

In 2020, the Group recorded rental income of € 1,117 thousand (previous year: € 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 €	31/12/2020	31/12/2019
Due within one year	1,032	1,099
Due between one and five years	1,634	2,305
Due in more than five years	1,157	1,293
Total	**3,823**	**4,697**

21. OTHER INTANGIBLE ASSETS

A. Internally developed software

The internally developed software iTWO 4.0 and iTWO 5D is of material importance for the Group. 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. iTWO 5D is a fully integrated software solution for digital planning and construction (ERP 5D). iMTWO market place contains software solutions that are directly related to the iTWO and MTWO product family, whereas iMTWO hybrid essentially contains new solutions acquired through company acquisitions. Please also refer to Section A.5 of the Group Management Report.

Of the carrying amount of internally developed software of € 52,688 thousand (previous year: € 47,234 thousand), the following amounts are attributable to iTWO 4.0 / iTWO 5D as well as to further components of the iMTWO software solutions:

Figures in thousand €	31/12/2020	iTWO 4.0	iTWO 5D	iMTWO market place	iMTWO hybrid
Carrying amount	52,688	19,923	14,166	12,953	5,646
thereof not yet completed as of the balance sheet date	2,143	0	0	646	1,497
Remaining amortisation period for modules completed by the reporting date	1 to 10 years				

Figures in thousand €	31/12/2019	iTWO 4.0	iTWO 5D	iMTWO market place	iMTWO hybrid
Carrying amount	47,234	16,894	15,533	11,376	3,431
thereof not yet completed as of the balance sheet date	1,450	0	350	55	1,045
Remaining amortisation period for modules completed by the reporting date	2 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 financial year 2018. 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.).

22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Figures in thousand €	Notes	31/12/2020	31/12/2019
Investments in associates	(A)	4,733	6,992
Investments in joint ventures	(B)	1,153	1,385
Total		**5,886**	**8,377**

A. Associated companies

Investments in associates mainly relate to the following companies:

Cadline

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 focuses on selling the MTWO solution. Cadline is not listed on the stock exchange. The Group‘s share in Cadline is 20%.

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 on the previous year includes only the results for the period from April to December 2019.

Figures in thousand €	31/12/2020	31/12/2019
Assets and liabilities of the associate		
Non-current assets	476	475
Current assets	10,688	11,393
Non-current liabilities	23	26
Current liabilities	6,028	7,179
Equity (100%)	**5,113**	**4,663**
Thereof attributable to the Group (20%)	1,023	933
Goodwill identified on acquisition	1,625	1,625
Hidden reserves in other assets identified on acquisition	470	470
Amortisation of identified hidden reserves	-108	-43
Foreign currency translation differences	-131	-50
Carrying amount of the investment in the associate	**2,879**	**2,935**

Figures in thousand €	2020	2019
Revenue	**9,964**	**7,522**
Overall result (100%)	1,151	1,080
Thereof attributable to the Group (20%)	230	216
Dividend received	58	0

Capricot

Capricot, one of the top BIM technology experts on the Indian subcontinent, 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. The iTWO 4.0 technology and MTWO Cloud platform technology will be offered to the Indian market through the Capricot Group of Companies. Capricot is not listed on the stock exchange. The Group holds 20% of the shares in Capricot.

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. Due to the first-time accounting for the shares using the equity method as of 31/12/2019, no information is available on the results in the financial year 2019.

Figures in thousand €	31/12/2020	31/12/2019
Assets and liabilities of the associate		
Non-current assets	419	656
Current assets	6,765	8,075
Non-current liabilities	1,445	2,503
Current liabilities	2,220	2,291
Equity (100%)	**3,519**	**3,937**
Thereof attributable to the Group (20%)	704	787
Goodwill identified on acquisition	520	520
Hidden reserves in other assets identified on acquisition	464	464
Amortisation of identified hidden reserves	-58	0
Foreign currency translation differences	0	9
Carrying amount of the investment in the associate	**1,630**	**1,780**

Figures in thousand €	2020	2019
Revenue	**14,556**	**-**
Overall result (100%)	115	-
Thereof attributable to the Group (20%)	23	-

Winjit

In the previous year, the Group had acquired 15% of the shares in the Winjit Group, which had been accounted for using the equity method. The carrying amount of the shares as of 31/12/2019 was € 2,276 thousand.

Pursuant to an agreement dated 29/10/2020, the Group acquired a further 36% of the shares in the Winjit Group, thus gaining control. The Winjit Group has been fully consolidated since the acquisition date of 17/11/2020. In connection with the business combination achieved in stages, the shares already held were measured at fair value and taken into account in the measurement of goodwill. Please refer to our comments in Note (7).

Miscellaneous

In addition, the Group holds 40% of the shares in Yegertek. 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 investment in the associate is accounted for using the equity method. The company is not quoted in an active market and the fair value is thus not disclosed.

B. Investments in joint ventures

In March 2019, the Group, together with Saint-Gobain Beteiligungen GmbH, Offenbach am Main, Germany (hereinafter: Saint-Gobain), established the 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 interest using the equity method. For reasons of materiality, the summarised financial information is not reconciled. As of 31/12/2019, the carrying amount of the participation according to the equity method was € 1,153 thousand (previous year: € 1,385 thousand).

The Group also holds 50% of the 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.

23. INVESTMENT PROPERTIES

As of the balance sheet date, investment property comprised two office properties in China.

In the previous year, the office property in the USA had been reclassified as a non-current asset held for sale. Please refer to our comments in Note (24).

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 financial year 2018, part of the property, which had been fully used by the Group by that point, was let in the financial year 2019 and reclassified as an 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 approx € 20 thousand (previous year: € 13 thousand). In the reporting period, rental income in the amount of € 1,054 thousand (previous year: € 790 thousand) was generated from the properties and recorded in other operating income. The operating expenses that are directly attributable to the investment properties during the reporting period amount to approx. € 117 thousand (previous year: € 49 thousand).

The total recoverable amount of the properties was approx. € 12,758 thousand as of the balance sheet date (previous year: € 12,814 thousand). The fair value is generally determined at level 2 (of the 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 €	2020	2019
Balance at the beginning of the year	6,956	5,548
Acquisition or production costs		
Reclassification to non-current assets held for sale	0	-880
Reclassification of previously owner-occupied property (from property, plant and equipment)	0	2,234
Amortisation and depreciation	-242	-318
Amortisation and depreciation (cumulative)		
Reclassification to non-current assets held for sale	0	42
Reclassification of previously owner-occupied property (from property, plant and equipment)	0	-248
Foreign currency translation differences	-170	578
Balance at the end of the year	**6,544**	**6,956**

24. 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 commenced in October 2019, with the sale initially expected to have been completed by December 2020. In view of the COVID-19 pandemic, the sales process has been delayed and is likely to extend until the end of 2021. The property continues to be actively advertised on the market. The Group‘s intention to sell remains unchanged.

The property is currently used primarily by the Group itself, but because it is no longer expected to be needed in the future, the Group is seeking to sell it. Due to the low rental income of € 63 thousand (previous year: € 90 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 31/12/2020, the office property is recognised at its carrying amount of € 2,201 thousand (previous year: € 2,797 thousand. The fair value of the asset held for sale of € 2,363 thousand (previous year: € 3,076 thousand), before costs to sell of € 162 thousand (previous year: € 223 thousand) was classified as a fair value of level 2 (of the fair value hierarchy) in the reporting year based on a valuation report. The recoverable amount was determined on the basis of an expert opinion prepared by the property valuers Valbridge, Atlanta, taking into account the respective market conditions. The valuation was performed by way of comparison with the sales prices of comparable properties and using the earnings method of valuation, taking into account the rental income that can be realised on the market as well as a market-specific capitalisation rate.

The subsequent measurement as of 31/12/2020 resulted in an expense of € 362 thousand, which is reported under other operating expenses.

25. OTHER FINANCIAL ASSETS

Other financial assets of the Group are composed of the following items:

Figures in thousand €	31/12/2020		31/12/2019	
	non-current	current	non-current	current
Other receivables	4,097	2,180	11,320	2,165
Time deposits	-	1,971	-	1,911
Available-for-sale securities	-	101	-	101
Miscellaneous financial assets	628	225	517	-
Total	**4,725**	**4,476**	**11,837**	**4,177**

Other receivables include a convertible loan granted to Softtech Engineer Limited, India. It had been granted in December of the financial year 2019 in the amount of € 1,484 thousand with the right to convert it into a participation of up to 10% within the next 18 months. As of the financial year 2020, the amount of the convertible loan is € 1,327 thousand and has a remaining term of 6 months until the right can be exercised. The previous year had included long-term loans of € 7,325 thousand to the shareholders of BSD, which were repaid in full in the reporting year. Please refer to Note (33 B.).

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 euro. 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 €	2020	2019
Balance at the beginning of the year	101	87
Additions	0	21
Disposals	0	-7
Balance at the end of the year	**101**	**101**

Other non-current financial assets include investments in non-consolidated subsidiaries and associates which, due to their dormant 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.

26. OTHER NON-FINANCIAL ASSETS

The current other non-financial assets of the Group are composed of the following items:

Figures in thousand €	31/12/2020	31/12/2019
Prepaid expenses	7,646	7,478
Other receivables	3,555	673
Other tax refund claims	676	850
Contract assets	2,901	2,504
Total	**14,778**	**11,505**

After deduction of advance payments received in the amount of € 8,771 thousand, contract assets in the amount of € 2,901 thousand are recognised as of the balance sheet date. The contract revenue recorded in the reporting period amounts to € 10,602 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 € 11,672 thousand.

As of 31/12/2020, other receivables include an asset in connection with the strategic partnership with SoftwareONE AG in the amount of € 2,037 thousand. Please refer to our comments in Note (5).

27. INVENTORIES

Inventories are composed of the following items:

Figures in thousand €	31/12/2020	31/12/2019
Merchandise	213	2,163
Work in progress	1,882	130
Finished goods	478	524
Total inventories, gross	**2,573**	**2,817**
Allowance for impairment	0	10
Total inventories, net	**2,573**	**2,807**

The cost of inventories recorded as an expense in the reporting period amounts to € 9,038 thousand and includes expenses for purchased services of € 381 thousand.

28. TRADE RECEIVABLES

The development of trade receivables is as follows:

Figures in thousand €			**thereof due in more than one year**	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Trade receivables (gross)	59,823	54,777	5,393	5,167
Allowance for impairment	-4,989	-2,615	-	-
Trade receivables (net)	**54,834**	**52,162**	**5,393**	**5,167**

The carrying amounts of the Group‘s trade receivables correspond almost exactly to their fair values.

As of 31/12/2020, 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
31/12/2020	59,823	37,454	9,171	4,979	1,882	981	5,356
thereof gross carrying amount with unimpaired credit worthiness	52,825	36,910	9,127	4,964	1,824	-	-
thereof gross carrying amount with impaired credit worthiness	6,998	544	44	15	58	981	5,356
Allowance for im-pairment	-4,989	-383	-396	-68	-449	-550	-3,143
Weighted average loss rate	8.3%	1.0%	4.3%	1.4%	23.8%	56.1%	58.7%

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 gross carrying amount with unimpaired credit worthiness	46,369	29,177	11,653	3,322	2,217	-	-
thereof gross carrying amount with impaired credit worthiness	8,408	-	-	-	-	2,720	5,688
Allowance for im-pairment	-2,615	0	-1	-81	-543	-717	-1,273
Weighted average loss rate	4.8%	0.0%	0.0%	2.4%	24.5%	26.3%	22.4%

The development of allowances for impairment of trade receivables based on expected credit losses over the entire term is as follows:

Figures in thousand €	2020	2019
Opening balance	2,615	2,856
Additions	2,492	839
Utilisation	-526	-1,952
Reversal	-377	-113
Addition from first-time consolidation	886	983
Foreign currency translation differences	-101	2
Closing balance	**4,989**	**2,615**

Trade receivables are measured at amortised cost less expected credit losses. Upon first-time recognition of the receivables, all credit losses that are expected to occur during the term of the receivables are taken into account. Since the reporting year, the Group has used a simplified impairment model based on an impairment matrix.

In addition, allowance for impairment are recognised on individual receivables as soon as there are objective indications of impairment.

The allocation to allowance for impairment on trade receivables resulted in expenses of € 2,492 thousand (previous year: € 839 thousand), which were recorded in the income statement as sales and marketing expenses. The allocations relate both to allowance for impairment on individual receivables from customers whose credit worthiness the Group considers to have been impaired and to allocations in connection with the first-time use of an impairment matrix.

With regard to the default risks underlying the allowance for impairment on trade receivables, as well as the methods and assumptions used, please refer to our comments in Section C. of Note (45).

29. CASH AND CASH EQUIVALENTS

Figures in thousand €	31/12/2020	31/12/2019
Cash on hand	49	97
Bank balances	221,830	123,724
Liquid assets	**221,879**	**123,821**
Thereof unrestricted	210,798	119,174
Thereof restricted	11,081	4,647

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.

Restricted cash and cash equivalents

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 € 11,081 thousand (previous year: € 4,647 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.

Unused credit lines

In the reporting period, RIB Software SE concluded a syndicated loan agreement for a syndicated credit line of € 150 million with a view to financing its planned further acquisitions. The credit line has not been used to date.

30. EQUITY

Subscribed capital / own shares

Quantity	2020	2019
Issued and outstanding shares:		
Balance as of 01/01	**48,180,271**	**49,230,111**
Sale of treasury shares	3,719,027	106,272
Pre-emptive rights exercised under the Stock Option Plan	191,861	157,888
Purchase of treasury shares	-	-1,314,000
Balance as of 31/12	**52,091,159**	**48,180,271**

The number of issued shares are fully paid up. The par value of the registered shares is € 1.00 each. In the reporting year, 115,642 treasury shares were used as part of the purchase price for the acquisition of further shares in RIB Leipzig GmbH, Zwenkau. In July 2020, 3,603,385 treasury shares were additionally sold to Schneider Electric Investment AG, Düsseldorf, on the basis of the public takeover bid submitted by the company.

In the reporting year, 191,861 options from the Stock Option Plan were exercised by eligible employees.

The number of outstanding shares as of the balance sheet date of 31/12/2020 had thus increased to 52,091,159.

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.

In January of the financial year 2020, 115,642 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 RIB Leipzig GmbH. The transferred shares are thus once again outstanding.

In July of the financial 2020, 3,603,385 treasury shares with a par value of €1.00 each were sold to Schneider Electric Investment AG, Düsseldorf, at a purchase price of € 29.00 per share on the basis of the public takeover bid submitted by the company. Consequently, the Company received liquid assets in the amount of € 104,498 thousand. The transferred shares are thus once again outstanding and the Company no longer holds any treasury shares as of 31/12/2020.

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 €
Balance as of 01/01/2019	**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
Balance as of 31/12/2019	**3,719,027**		**3,719**	**7.17***	**37,134**
Disposals 2020	-115,642	January 2020	-116	-0.22	-1,155
Disposals 2020	-3,603,385	July 2020	-3,603	-6.95	-35,979
Balance as of 31/12/2020	**0**		**0**	**0.00**	**0**

* Due to the change in the share capital during the year, the sum of percentage changes does not equal the percentage share as of 31/12/2019 and 31/12/2020.

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 14/05/2023 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 must generally be offered to the 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

Conditional Capital 2020/1 - Stock Option Plan

By resolution of the Annual General Meeting of 26/06/2020, the conditional capital for servicing the pre-emptive rights from the Stock Option Plan (previously referred to as „Conditional Capital 2015/1") was revised as follows:

The Company's share capital is conditionally increased by up to € 2,291,404.00 (previous year: € 1,179,540.00) by issuing up to 2,291,404 (previous year: 1,179,540) new registered shares with a par value of € 1.00 each („Conditional Capital 2020/1").

Pursuant to the 2011 Stock Option Plan 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), the 2015 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 10/06/2015, or pursuant to the 2020 Stock Option Plan in accordance with the resolution of the Annual General Meeting of 26/06/2020, 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. In the reporting year, the share capital was increased by € 191,861.00 (previous year: € 157,888.00) by issuing 191,861 (previous year: 157,888) new registered shares with a par value of € 1.00 each.

The term of the pre-emptive rights is 7 years. The pre-emptive rights may only be exercised after a period of 4 years if the beneficiary is employed by the Company or an affiliate at that time and the conditions for exercising the pre-emptive rights have been met.

For the pre-emptive rights issued under the 2011 and 2015 Stock Option Plans, the prerequisite for exercisability was that the Company's share price exceeded a certain value on a total of 60 stock exchange trading days. The last relevant performance target in respect of the share price related to the period from 01/07/2019 to 30/06/2020.

The exercisability of the pre-emptive rights issued under the 2020 Stock Option Plan is contingent on the achievement of defined performance targets (see Note 31).

At the end of the reporting period, subject to the expiry of the waiting period of 4 years, there were a total of 848,578 exercisable pre-emptive rights (see Note 31).

Issuance of bonds („Conditional Capital 2018")

The Annual General Meeting of 15/05/2018 had authorised the Administrative Board to issue convertible, warrant or profit participation bonds and/or profit participation rights (or combinations of these instruments) (together: „bonds") up to 14/05/2020 with a total nominal value of a maximum of € 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 par 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.

To this end, the share capital was 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").

In the reporting year, no use was made of the authorisation to issue the bonds described above. By resolution dated 18/02/2021, the Administrative Board subsequently nullified the provisions of the Articles of Association relating to Conditional Capital 2018 without replacement.

Capital reserves

The change in capital reserves in the reporting period is composed as follows:

Figures in thousand €	2020
Balance as of 01/01/2020	**304,721**
Sale of treasury shares	69,674
Share-based remuneration	2,284
Acquisition of non-controlling interests without a change of control	-11,625
Additions to financial liabilities from company acquisitions	-41,226
Other changes	88
As of 31/12/2020	**323,916**

Revenue reserves

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.

31. STOCK OPTION PROGRAMS

By resolution of the Annual General Meeting of 26/06/2020, the 2015 Stock Option Plan was cancelled. By 31/12/2019, a total of 964,999 pre-emptive rights had been granted under the 2015 Stock Option Plan.

Also by resolution dated 26/06/2020, the Annual General Meeting revised the 2020 Stock Option Plan. Accordingly, the Managing Directors of the Company, with the approval of the Administrative Board, were authorised to grant up to 1,548,616 pre-emptive rights by 25 June 2025.

The term of the pre-emptive rights is 7 years. The pre-emptive rights may only be exercised after a period of 4 years if the beneficiary is employed by the Company or an affiliate at that time and the conditions for exercising the pre-emptive rights have been met.

The pre-emptive rights issued under the 2020 Stock Option Plan shall become exercisable if one of the two performance targets explained below is achieved:

Performance Target 1:

The sum of the EBITA margin and organic sales growth in the financial year in which the rights are issued equals or exceeds a certain amount, namely:

- a value of 25% in the financial year from 01 January 2020 to 31 December 2020;
- a value of 27% in the financial year from 01 January 2021 to 31 December 2021;
- a value of 32% in the financial year from 01 January 2022 to 31 December 2022;
- a value of 35% in the financial year from 01 January 2023 to 31 December 2023;
- a value of 39% in the financial year from 01 January 2024 to 31 December 2024;
- a value of 41% in the financial year from 01 January 2025 to 31 December 2025;

If Performance Target 1 has been achieved, all pre-emptive rights issued on the relevant issue date shall become exercisable, subject to the expiry of the waiting period of 4 years.

Performance Target 2:

Either the EBITA margin or the organic sales growth or both financial indicators exceed the corresponding comparative previous year's value in the financial year in which the rights are issued.

If Performance Target 1 has not been achieved, but Performance Target 2 has, 30% of the pre-emptive rights issued on the relevant issue date shall become exercisable, subject to the expiry of the waiting period of 4 years.

The exercise price of a pre-emptive right is € 1.00. The pre-emptive rights expire without compensation at the end of their term, but not before the end of the second exercise period in the last year of the term.

In the reporting period, a total of 93,004 stock options were granted on 01/09/2020.

Movement of subscription rights	**Stock options**		**Phantom shares**	
	2020	**2019**	**2020**	**2019**
Balance at the beginning of the reporting period	964,999	847,718	0	9,500
Converted phantom shares	0	9,500	0	-9,500
Granted in the reporting period	93,004	303,919	0	0
Forfeited in the reporting period	17,564	38,250	0	0
Exercised in the reporting period	191,861	157,888	0	0
Lapsed in the reporting period	0	0	0	0
Balance at the end of the reporting period	848,578	964,999	0	0
Exercisable at the end of the reporting period	0	9,250	0	0

As part of the share-based remuneration programme, 310,019 pre-emptive rights were granted in the financial year 2020, the exercisability of which was contingent on the aforementioned performance targets. In the financial year 2020, Performance Target 1 was not met, while Performance Target 2 was. This means that 30% of the pre-emptive rights granted thus became exercisable and a total of 93,004 stock options were ultimately granted.

The weighted average share price for options exercised during the reporting period was € 23.29 (previous year: € 23.23).

The weighted average remaining term of the outstanding stock options as of the balance sheet date is 4.73 years. There are no vested outstanding stock options.

The pre-emptive rights were valued using a binomial model, taking into account the possibility of early exercise of the pre-emptive rights within the exercise windows. The following parameters were used in the measurement of the pre-emptive rights:

	Share options
Measurement date	01/09/2020
Exercise price	€ 1.00
Share price	€ 25.44
Risk-free interest rate	-0.60%
Dividend yield	1.27%
Expected volatility	46.77%
Duration	7 years
Fair value	**€ 23.29**

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 stock options recorded in the financial year 2020 amount to € 2.3 million (previous year: € 2.0 million).

As of 31/12/2020, the exercised stock options result in liabilities with a carrying amount of € 0 thousand (previous year: € 680 thousand).

32. OTHER EQUITY COMPONENTS

The other components of equity are composed of the following items:

Figures in thousand €	31/12/2020	31/12/2019
Foreign currency translation reserve	-9,328	4,546
Remeasurement reserve	-636	-647
Total	**-9,964**	**3,899**

The foreign currency translation reserve includes differences arising from the translation of the financial statements of foreign subsidiaries. The decrease is mainly due to the development of the Hong Kong dollar, the US dollar and the South African rand against the euro in the reporting period. The remeasurement reserve includes actuarial gains and losses from pension provisions and similar obligations.

33. NON-CONTROLLING INTERESTS

A. Measurement of non-controlling interests

The table below provides information on the net assets of the Group's subsidiaries with material non-controlling interests (before consolidation entries) as of 31/12/2020. 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 Holding	Bochao	US CAD	Winjit Group
Percentage of non-controlling interests	**40%**	**49%**	**40%**	**49%**
Non-current assets	15,332	43,846	13,568	9,202
Current assets	13,295	17,579	18,833	3,582
Non-current liabilities	-3,443	-4,622	-5,245	-2,543
Current liabilities	-12,430	-7,547	-13,382	-1,258
Net assets	**12,754**	**49,256**	**13,774**	**8,983**
Net assets of the non-controlling interests	5,102	24,135	5,510	4,402
Revenues	14,685	11,833	19,859	491
Annual net profit/loss	2,282	421	2,394	-145
Other comprehensive income	35	59	-1,263	-190
Overall result	**2,316**	**480**	**1,131**	**-335**
Profit allocated to non-controlling interests	913	206	957	-71
Other comprehensive income attributable to non-controlling interests	14	29	-505	-93
Dividend allocated to non-controlling interests	464	-	408	-
Cash flow from operating activities	**6,670**	**5,222**	**7,133**	**168**

B. Acquisition of non-controlling interests

In January 2020, the Group acquired additional shares in **RIB Leipzig GmbH**, Zwenkau (hereinafter: **RIB Leipzig**), in the amount of 25%. The investment thus increased from 75% to 100%. The carrying amount of the total net assets of RIB Leipzig in the Group amounted to € 6,320 thousand at the time of acquisition. The change in the carrying amount of the non-controlling interests was recorded directly in equity and is presented below.

Figures in thousand €	2020
Carrying amount of non-controlling interests acquired	987
Fair value of the consideration paid	-4,611
Decrease in equity attributable to the owners of the parent company	**-3,624**

In February 2020, the Group acquired a further 2% interest in **RIB datapine GmbH**, Berlin (formerly: datapine GmbH; hereinafter: **RIB datapine**), at a purchase price of approx. € 97 thousand. The investment thus increased from 75.05% to 77.05%. In the purchase agreement, mutual call and put options were agreed in respect of the remaining shares. Since the Group can no longer evade this obligation, a purchase price liability was recognised for the shares still outstanding. Please refer to our comments in Note (40). In connection with the recognition of the purchase price liability, the Group derecognised all non-controlling interests and recorded them directly in equity. The carrying amount of the total net assets of RIB datapine in the Group amounted to € 1,770 thousand at the time of acquisition.

Figures in thousand €	2020
Carrying amount of non-controlling interests acquired	434
Fair value of the consideration paid	-97
Fair value of the recognised purchase price liability	-1,111
Decrease in equity attributable to the owners of the parent company	**-774**

In May 2020, the Group acquired additional 30% of the shares in **Construction Computer Software (Pty) Limited**, Johannesburg, South Africa (hereinafter: **CCS**). The investment thus increased from 70% to 100%. The carrying amount of the total net assets of CCS in the Group at the amounted to € 33,553 thousand at the time of acquisition.

The Group had acquired 70% of the shares in the company prior to the increase in the financial year 2019, thereby obtaining control over CCS. In the course of this acquisition, mutual call and put options were agreed in respect of the 30% interest now acquired, which would have been exercisable in 2023 according to the original agreement. At the time of acquisition, the Group recognised a financial liability of approx. € 12,356 thousand (ZAR 196,015 thousand) for the written put option, the recognition of which led to a reduction in the capital reserve. For further details on the acquisition completed in the financial year 2019 and the financial liability recognised in this connection, please refer to Notes (7.B.) and (40) to our Consolidated Financial Statements for the year ended 31 December 2019.

The increase in the participation from 70% to 100%, which was completed in the reporting period, was carried out on the basis of an early exercise of the Group's call option mutually agreed between the parties, at a purchase price deviating from the original agreement. The disposal of the acquired non-controlling interests leads to an increase in the equity of the parent company in the amount of their carrying amount of € 10,039 thousand.

The purchase price paid for the acquired non-controlling interests amounted to approx. € 7,147 thousand (ZAR 142,794 thousand). Due to the subsequent measurement of the financial liability at the time of acquisition, there was a positive effect on earnings in the amount of the difference between the amortised carrying amount of the financial liability and the actual purchase price to be paid. This income of € 5,706 thousand was recorded in these Consolidated Financial Statements under other operating income. The disposal of the carrying amount of the non-controlling interests was recorded directly in equity and is presented below:

Figures in thousand €	2020
Carrying amount of non-controlling interests acquired	10,039
Purchase price liability	12,853
Income from the difference between the amortised carrying amount of the purchase price liability and the actual purchase price to be paid	-5,706
Fair value of the consideration paid	-7,147
Increase in equity attributable to the owners of the parent company	**10,039**

In September 2020, the Group acquired additional 40% of the shares in **Building Systems Design Inc.**, Atlanta, USA (hereinafter: BSD). In connection with the acquisition of 60% of the shares in BSD in the financial year 2019, the sellers had been granted this put option in respect of the remaining company shares of 40% in the event that a so-called „change of control" event occurred at the level of RIB Software SE within four years following the sale. In the Consolidated Financial Statements 2019, this contingent put option had been recorded under contingent liabilities in Note (43) to the Consolidated Financial Statements, to which we hereby refer.

The acquisition of the majority of the shares in RIB Software SE by Schneider Electric Investment AG, Düsseldorf, in July 2020, represented such a „change of control“ event and the conditions for exercising this put option were thus satisfied. The Group‘s investment in BSD thus increased from 60% to 100%. The amount of the option price was approx. € 20,499 thousand ($ 24,000 thousand); approx. € 12,785 thousand ($ 14,968 thousand) of this amount was paid in cash, while approx. € 7,714 thousand ($ 9,032 thousand) was offset against the loans granted to the sellers in the previous year. The carrying amount of the net assets of BSD in the Group amounted to approx. € 4,885 thousand at the time of acquisition. The disposal of the carrying amount of the non-controlling interests was recorded directly in equity and is presented below:

Figures in thousand €	**2020**
Carrying amount of non-controlling interests acquired	2,121
Fair value of the consideration paid	-20,499
Decrease in equity attributable to the owners of the parent company	**-18,378**

34. DIVIDENDS

The balance sheet profit of RIB Software SE as of 31/12/2020 amounts to € 51,682 thousand. Of this amount, a partial amount of € 144 thousand is subject to a payout block. As of 31/12/2020, the total unappropriated profit available for distribution to the shareholders is thus € 51,538 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 € 0.98 per share, or a total of € 51,049 thousand, to the shareholders in the financial year 2021. This dividend is yet to be approved by the Annual General Meeting and has therefore not been accounted for as a liability in these Consolidated Financial Statements. At the time of the submission of the proposed resolution by the Managing Directors, the company held no treasury shares.

Should the number of dividend-bearing shares change by the time the resolution on the appropriation of profits is adopted, the Administrative Board will submit a revised resolution on the appropriation of profits to the Annual General Meeting, allowing for the changes.

A dividend of € 0.12 per share was paid out in the financial year 2020.

35. 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 to these defined contribution plans amounted to €2,839 thousand in the financial year 2020, and to € 2,647 thousand in the financial year 2019.

The following actuarial methods and assumptions are used to determine the pension provision:

- Basis of calculation: actuarial tables of 2018 G
- Actuarial interest rate: 0.75% p.a. (2019: 1.10% p.a.)
- Pension increase rate: 1.50% p.a. (2019: 1.50% p.a.)
- Fluctuation rate: 2.50% p.a. (2019: 2.50% p.a.)

(a) The present value of the defined benefit obligations and the fair value of plan assets:

Figures in thousand €	2020	2019
Present value of the defined benefit obligation	3,610	3,759
Net liability from defined benefit plans	**3,610**	**3,759**

(b) The movement in the net liability for defined benefit plans is as follows:

Figures in thousand €	2020	2019
Pension obligations 01/01	3,759	3,456
Current service cost	13	11
Net interest expense	40	68
Remeasurement - actuarial loss/gain (-)	-15	412
Thereof: from changes in financial assumptions	150	387
Thereof: experience adjustments	-165	25
Pension payments	-187	-188
Pension obligations 31/12	**3,610**	**3,759**

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 €	2020	2019
Service cost	13	10
Net interest expense	40	68
Total expenditure	**53**	**78**

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 €	2020	2019
Long-term pension provisions	3,423	3,571
Short-term pension provisions	187	188
Total pension provisions	**3,610**	**3,759**

The expected contributions arising from pension obligations that are to be made in the financial year 2021 amount to € 196 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 €

Measurement parameters	Sensitivity in percentage points	Pension provisions
Actuarial interest rate	- 0.25	3,844
Actuarial interest rate	+ 1.25	3,399
Inflation rate	- 0.5	3,427
Inflation rate	+ 2.0	3,809

The weighted average term of the defined benefit obligations as of 31/12/2020 is 12 years (previous year: 12 years).

36. 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.

37. OTHER PROVISIONS

Changes in other provisions are as follows:

Figures in thousand €	Warranty provisions	Post-employment benefits	Other long-term benefits	Legal disputes	Miscellaneous	**Total**
Balance as of 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
Addition	226	96	19	123	86	550
Foreign currency translation differences	-	7	-	-	-	7
As of 31/12/2019 and 01/01/2020	**472**	**832**	**242**	**148**	**152**	**1,846**
Addition from first-time consolidation	-	145	-	-	-	145
Utilisation	316	117	-	113	17	563
Reversal	-	-	-	35	-	35
Addition	429	102	61	450	36	1,078
Foreign currency translation differences	1	-71	-	-	1	-69
Balance as of 31/12/2020	**586**	**891**	**303**	**450**	**172**	**2,402**

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 2020 was based on a discount rate of 0.75% p.a. (2019: 1.10% p.a.) and on a salary trend of 1.75% p.a. (2019: 1.75% p.a.).

The provisions for post-employment benefits are provisions for restructuring and severance claims. The addition from first-time consolidation is attributable to Winjit.

The provision for legal disputes with a former employee included in the previous year was used up during the reporting period. The allocation in the amount of € 450 thousand relates to a legal dispute with a customer of the Group.

38. ACCRUALS

Accruals are presented as follows:

Figures in thousand €	31/12/2020	31/12/2019
Accrued expenses for salaries and social security	9,358	9,646
Licence liabilities	408	380
Commissions	1,832	1,079
Provisions for outstanding invoices	3,085	1,156
Other income	1,297	1,655
Total	**15,980**	**13,916**

39. 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.

Deferred income increased ever so slightly in the reporting year due to additions from business acquisitions of € 19 thousand (previous year: € 7,236 thousand). For more information on company acquisitions, please refer to Note (7).

A partial amount of € 25,898 thousand (previous year: € 17,056 thousand) of the increases in deferred income resulted from invoicing and the maturity of invoices to customers. A partial amount of € 23,037 thousand (previous year: € 14,364 thousand) of the decreases in deferred income resulted from the fulfilment of performance obligations, which were recognised in sales revenue in the reporting year.

Outstanding performance obligations of the Group related to transaction prices from customer contracts in connection with sales revenue that had not yet been realised. These include both deferred income and contractual performance obligations from existing customer contracts that had 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 31/12/2020, there are outstanding performance obligations with a transaction price of approx. € 95,142 thousand (previous year: approx. € 91,578 thousand). The majority of this transaction price is expected to be realised as revenue within twelve months of the balance sheet date.

40. 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 fair values of the financial liabilities for the acquisition of RIB SAA, RIB IMS and ICS made in previous years were reviewed and remeasured where necessary. In connection with the acquisition of the outstanding shares in CCS, the financial liability was remeasured and subsequently settled in full. In the reporting period, further financial liabilities were recorded in the Group for Bochao, RIB datapine and Winjit. The details of the changes in other financial liabilities are explained below.

Other financial liabilities are as follows:

Figures in thousand €	31/12/2020		31/12/2019	
	non-current	current	non-current	current
Liability from the acquisition of RIB SAA	-	3,503	3,072	-
Liability from the acquisition of RIB IMS	2,981	-	2,743	-
Liability from the acquisition of ICS	-	1,676	-	1,410
Liability from the acquisition of Levtech	-	165	-	189
Liability from the acquisition of CCS	-	-	12,390	-
Liability from the acquisition of Redstack	-	348	346	-
Liability from the acquisition of Bochao	40,819	2,050	-	-
Liability from the acquisition of the associate Winjit	641	-	-	224
Liability from the acquisition of the associate Cadline	-	-	-	276
Liability from the share increase in RIB datapine	1,094	-	-	-
Miscellaneous	313	1,333	1,474	1,355
Total	**45,848**	**9,075**	**20,025**	**3,454**

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 position of writer under the put option agreement results in a financial liability for the Group with a fair value of € 2,632 thousand calculated at the time of acquisition. Of this amount, a partial amount of € 1,582 thousand was allocated to the acquisition of the company, while a partial amount of € 1,050 thousand was allocated to a separate transaction in the form of a fee agreement.

The financial liability allocated to the business acquisition was recognised in full as part of the accounting for the business combination. The financial liability allocated to the separate transaction is accrued over a 66-month period and charged to personnel expenses. It is included in financial liabilities and, as of the balance sheet date, it amounts to € 1,419 thousand. Personnel expenses attributable to the reporting period amount to € 254 thousand. The compounding of financial liabilities resulted in an interest expense of € 43 thousand.

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 enterprise value of RIB SAA, which is to be calculated using a contractually agreed measurement 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 and maximum price for the outstanding 25% amounts to a total of € 1,750 thousand and € 4,000 thousand, respectively.

The measurement-relevant period for the exercise of the options covers the financial years 2019 and 2020. Based on our current calculations, the average operating result after tax of RIB SAA as of the option date amounts to approx. € 935 thousand. We assume that a purchase price of € 3,503 thousand will need to be paid for the currently outstanding 25% of the shares as of the option date. Of this amount, a partial amount of € 2,102 thousand is attributable to the acquisition of the company. The resulting financial liability was recognised in the corresponding amount. The subsequent measurement of the financial liability in the reporting period resulted in an expense of € 134 thousand.

In the financial year 2018, the Group had acquired 80% of the shares in **RIB IMS**. The share purchase agreement also contains additional agreements on the acquisition of the outstanding 20% of the 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 had been 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 2020, earnings projection assumes sales growth of between approx. 3% p.a. and 5% p.a., combined with a slight improvement in earnings.

Based on our updated calculations, we assume that the consolidated EBITDA of RIB IMS at the exercise date will be in a range between approximately € 1.6 million and approximately € 1.7 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 € 3,012 thousand will need to be paid as of the option date for the currently outstanding share of 20%. The financial liability with a fair value of € 2,981 thousand is measured by discounting this partial amount at the balance sheet date using a term-appropriate, risk-adjusted interest rate of 0.85%. The subsequent measurement of the financial liability in the reporting period resulted in an expense of € 214 thousand. Interest expenses of € 24 thousand result from the compounding of the financial liability.

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 additional expenses of no more than € 219 thousand.

In the financial year 2018, the Group had acquired 40% of the shares in **ICS**. In addition, the Company is contractually obliged to acquire the outstanding 60% of the 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 date of acquisition 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. € 1,676 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 a price floor have been agreed, as a result of which the exercise price of the option will range between approx. € 1,225 thousand ($ 1,500 thousand) and approx. € 2,445 thousand ($ 3,000 thousand. Of the purchase price, a partial amount of up to approx. € 1,630 thousand ($ 2,000 thousand) 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 subsequent measurement of the financial liability in the reporting period resulted in an expense of € 286 thousand. The compounding of the financial liability resulted in an interest expense of € 2 thousand. 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 additional expenses of no more than € 808 thousand.

In the financial year 2018, the Group had acquired 50% of the shares in **EMC** and has since held 100% of the shares. In the purchase agreement, a contingent purchase price of up to approx. € 5,341 thousand ($ 6,000 thousand) was agreed, which is contingent on the achievement of certain performance targets. On the basis of current projections, the Group still does not expect that this contingent purchase price will be disbursed. Consequently, no liability was recognised as of the balance sheet date.

In the financial year 2019, the Group had acquired 60% of the shares in the **Levtech** Group (hereinafter: Levtech). 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. Of the cash purchase price, a partial amount of € 1,005 thousand was settled by transfer of liquid assets. The remaining amount of € 165 thousand ($ 202 thousand) is only due for payment when contractually agreed conditions are met or after the expiry of agreed warranty periods and is thus reported as a current financial liability.

In the financial year 2019, the Group had acquired 70% of the shares in the **CCS** Group (hereinafter: CCS) whose parent company Construction Computer Software (Pty) Ltd, Johannesburg, South Africa. The date of acquisition was 29/07/2019.

With regard to the further 30% of the shares, the Group and the remaining shareholders had agreed mutual call and put options, which could originally be exercised in 2023. The option prices were based on the enterprise value of CCS, which was 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 had been limited to a maximum amount of approximately € 14,668 thousand ($ 18,000 thousand).

For the written put option, a financial liability of around € 12,356 thousand had been recognised at the time of acquisition. The recognition of the liability resulted in a reduction of the capital reserve by the corresponding amount. The projected operating EBITDA for the financial year 2022 was relevant for the measurement. Interest expenses of € 27 thousand result from the compounding of the financial liability.

On 17/04/2020, on the basis of an early exercise of the call option mutually agreed between the parties, an increase to 100% was carried out in the reporting year. The agreed purchase price was lower than the amount expected to be required for the settlement of the written put option in the financial year 2023. The purchase price liability was therefore remeasured in the reporting year prior to settlement, resulting in income from the remeasurement of € 5,706 thousand, which is reported under other operating income. For more information, please refer to our comments in Note (12).

In addition, there is a financial liability of € 348 thousand arising from the acquisition of Redstack in the financial year 2019, while the financial liabilities from the acquisitions of Cadline and Winjit made in the previous year were settled in cash in the reporting period.

Pursuant to an agreement dated 28/02/2020, the Group acquired a further 2% of the shares in **RIB datapine**. In the purchase agreement, mutual call and put options were agreed in respect of the remaining shares. Since the Group can no longer evade this obligation, a purchase price liability was recognised for the shares still outstanding in the amount of € 1,111 thousand. This financial liability was measured at a fair value of € 1,094 thousand as of the balance sheet date by discounting the amount using a term-appropriate, risk-adjusted interest rate of 0.85%.

Pursuant to an agreement dated 09/06/2020, the Group acquired 51% of the shares in **Beijing Bochao Times Software** Co., Ltd, Beijing, People‘s Republic of China (hereinafter: „Bochaosoft“ or „Bochao“). The date of acquisition was 06/07/2020. With regard to the remaining 49% of the shares, conditional purchase obligations and rights have been agreed with the remaining shareholders. Accordingly, the Group is obliged to acquire these shares in 2022, provided that Bochaosoft does not fall short of the agreed earnings targets in 2020 and 2021. The purchase price of the further shares shall be based on the enterprise value of Bochaosoft, which is to be calculated using a multiplier method based on Bochaosoft‘s results. If the minimum earnings targets are achieved, this will result in a relevant enterprise value of around € 83.3 million (CNY 660 million) and a purchase price for the 49% of the shares of around € 40.8 million (CNY 323 million). In the agreement on the acquisition of the additional shares, the relevant enterprise value was limited to a maximum amount of approximately € 88.4 million (CNY 700 million), so a maximum purchase price of approximately € 43.3 million (CNY 343 million) may result for the 49% of the shares. We assume that there is sufficient probability that the agreed target values will be achieved, so a financial liability in the amount of the present value of the exercise price of approx. € 40,115 thousand (CNY 319,320 thousand) was recognised at the time of acquisition and reclassified from equity. This financial liability was measured at a fair value of € 39,803 thousand as of the balance sheet date by discounting the amount using a term-appropriate, risk-adjusted interest rate of 0.85%.

In addition, as of the balance sheet date, there continue to be financial liabilities from the outstanding purchase price instalments for the acquisition of Bochaosoft, which are due for payment in 2021 and 2022. Of this amount, a partial amount of € 1,016 thousand is reported under non-current liabilities, while a partial amount of € 2,050 thousand is reported under current financial liabilities.

Pursuant to an agreement dated 29/10/2020, the Group acquired an additional 36% of the shares in **Winjit** and now holds 51% of the shares. The date of acquisition was 17/11/2020. The intangible assets were remeasured on the basis of updated planning at the time of acquisition. An earn-out provision was included in the purchase agreement, according to which an earn-out payment must be made in 2022 if certain earnings targets for the financial years 2020 and 2021 are achieved. As of the balance sheet date, a financial liability of around € 641 thousand was recognised for this purpose.

41. OTHER LIABILITIES

Other liabilities are as follows:

Figures in thousand €	31/12/2020	31/12/2019
Advance payments received on orders (contractual liabilities)	1,966	2,340
Tax liabilities	4,778	4,786
Social security liabilities	341	455
Liabilities to employees	3,613	510
Liabilities from leasing expenses	135	43
Miscellaneous	5,622	1,644
Total	**16,455**	**9,778**

The Group's other liabilities are non-interest-bearing. The carrying amounts of other liabilities correspond almost exactly to their fair values.

A partial amount to € 2,639 thousand (previous year: € 1,873 thousand) of the increases in advance payments received results from the receipt of payments for service obligations that had not yet been fulfilled as of the balance sheet date. A partial amount of € 3,013 thousand (previous year: € 2,859 thousand) of the decrease results from the fulfilment of performance obligations. Of this amount, € 3,013 thousand (previous year: € 2,859 thousand) was recorded in sales revenue.

42. FINANCIAL OBLIGATIONS

The acquisition of RIB SAA in 2015 resulted in a financial liability of € 1,394 thousand, which, according to plans, will be accumulated and recognised in earnings until the time of settlement. As of the balance sheet date of 31 December 2020, a partial amount of € 63 thousand had not yet been recognised. For more information, please refer to our comments in Note (40).

43. CONTINGENT LIABILITIES

As of 31/12/2020, there were no contingent liabilities for the Group.

In the financial year 2019, as part of the acquisition of Building Systems Design Inc., there was a contingent liability arising from the put option granted to the seller in respect of the remaining shares in the company (40%). Due to the exercise of the put option and the associated payments made in the reporting year, there are no longer any contingent liabilities. For more information, please refer to Note (33 B.).

44. TRANSACTIONS WITH RELATED PARTIES

a) Transactions with related parties and their effects on the consolidated financial statements are presented in the following table:

Figures in thousand €	Comment	2020	2019
Joint ventures:			
Income from goods and services (other operating income)	(1)	135	-
Other related parties:			
Sale of shares in xTWO GmbH / business area xTWO (E-commerce) (other operating expenses of discontinued operations)	(2)	-793	-
Rental of premises (other operating expenses)	(3)	-23	-65
Rental of land (other operating expenses)	(4)	-24	-
Leasing of a logistics building (other operating income)	(5)	9	-
Non-consolidated subsidiaries			
Purchased consulting services (other operating expenses)	(6)	-	-210
Other affiliates:			
Income from cost reimbursements (other operating income)	(9)	184	-
Service revenue	(9)	60	-
Total		**-452**	**-275**

b) Outstanding balances in connection with related parties are presented in the following table:

Figures in thousand €	Comment	31/12/2020	31/12/2019
Receivables from non-consolidated subsidiaries:			
Loan granted to 3D Prodigy	(7)	123	130
Receivables from associates:			
Loan granted to Capricot	(8)	786	891
Receivables from other affiliates:			
Receivables from Schneider Electric Industries SAS	(9)	244	-
Liabilities to non-consolidated subsidiaries:			
Liabilities to Lubanco	(6)	60	65

Comments:

(1) In the reporting period, the Group generated income from the sale of software and the provision of consulting services to the joint venture SGTWO AG, Düsseldorf, in the amount of € 135 thousand (previous year: € 0 thousand).

(2) The Group discontinued the business area xTWO (E-commerce) in the reporting period. In a first step, all assets and liabilities of this business area required for its operations were sold to the subsidiary xTWOmarket GmbH, Hungen, within the framework of a so-called asset deal. Subsequently, the shares in this company were sold - after a previous change of name to xTWO GmbH - at a purchase price of € 1,300 thousand. The transaction resulted in a loss for the Group of around € 793 thousand. For more information, please refer to our comments in Note (6). The purchaser of the shares in xTWO GmbH, and thus of the business area xTWO (E-commerce), was TWIN Technology SE, Leipzig, in which the Chairperson of the Group's Administrative Board, Mr Thomas Wolf, holds a majority interest.

(3) In the reporting period, as a result of the rental of business premises, the Group made rental payments to Mühl24 GmbH, Hungen, in the amount of € 19 thousand (previous year: € 57 thousand) and to Thomas & Yvonne Wolf Grundbesitz Hungen I GbR in the amount of € 4 thousand (previous year: € 8 thousand). The payments were made in the respective reporting period. The Chairperson of the Administrative Board of the Group, Thomas Wolf, has an indirect majority interest in Mühl 24 GmbH, Hungen, and in Thomas & Yvonne Wolf Grundbesitz Hungen I GbR.

(4) In the previous year, the Group had constructed a logistics building on third-party land. The logistics building was completed on 31/12/2019. The land on which the logistics building is located is owned by Thomas & Yvonne Wolf Grundbesitz Hungen II GbR, Hungen. In the financial year 2019, in connection with the construction of the logistics building, a lease agreement was concluded with this company in respect of the land on which the logistics building is located. The lease has a term of 10 years, commencing on 01 January 2020. The leased area totals 6,084 sq m. Rental payments of € 24 thousand were made in the reporting period. The Group can extend the lease on the same terms for a further 5 years at a time until 31/12/2034. The lessor is obliged to take over the logistics building at the market value, less dismantling costs, at the end of the lease. The Chairperson of the Group's Administrative Board, Mr Thomas Wolf, indirectly holds a majority interest in Thomas & Yvonne Wolf Grundbesitz Hungen II GbR.

(5) Following the sale of xTWO GmbH, Hungen (see Note (6)), the Group leased the logistics building described under (4) to this company. In the reporting year, the Group generated leasing income of approx. € 9 thousand in connection with the lease of the building. There were no outstanding receivables as of the balance sheet date.

(6) In the previous year, the Group had 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 its immateriality. These consulting services amounted to € 210 thousand. As of the balance sheet date, the Group had outstanding liabilities of € 60 thousand arising from these consulting services. No consulting services were used in the reporting year.

(7) 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 € 123 thousand.

(8) As of the balance sheet date, the Group had outstanding receivables from a loan agreement with the associate, Capricot Technologies Private Limited, Bangalore, India, amounting to € 786 thousand.

(9) In the reporting period, the Group advanced expenses for audit services in the amount of € 184 thousand to Schneider Electric Industries SAS, Rueil-Malmaison, France, and subsequently passed the same amount on to this company. In addition, the Group generated revenue from services provided to other companies in the Schneider Electric Group in the amount of € 60 thousand. The Group still has outstanding receivables from this amounting to € 244 thousand.

All business transactions described above are based on standard market terms.

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 (47).

45. 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 31/12/2020						
At fair value through profit or loss						
Money market and investment funds	-	86	86	-	-	86
Corporate bonds	-	15	15	-	-	15
Convertible loans	1,327	-	-	1,327	-	1,327
Total	**1,327**	**101**	**101**	**1,327**	**-**	**1,428**
Measured at amortised cost						
Trade receivables	54,834	-	-	-	-	-
Other receivables	4,949	-	-	-	-	-
Time deposits	1,971	-	-	-	-	-
Other financial assets	853	-	-	-	-	-
Cash and cash equivalents	221,879	-	-	-	-	-
Total	**284,486**	**-**	**-**	**-**	**-**	**-**

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**	**-**	**-**	**-**	**-**	**-**

II. Financial liabilities

Figures in thousand €	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
As of 31/12/2020					
At fair value through profit or loss					
Derivatives	47,963	-	5,179	42,784	47,963
Measured at amortised cost					
Trade payables	24,593	-	-	-	-
Other financial liabilities	6,959	-	-	-	-
Liabilities to banks*	7,392	-	-	-	-
Other liabilities**	721	-	-	-	-
Total	**87,628**	**-**	**5,179**	**42,784**	**47,963**

*The bank liabilities have a remaining term of 11 years and are to be repaid in equal quarterly instalments.
**Not included are other liabilities in the amount of € 15,734 thousand, which do not represent 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 represent financial liabilities.

B. Determination of the fair values

The Group uses the following hierarchy to determine and disclose fair values of financial instruments:

- **Level 1:**
  fair values determined by quoted unadjusted prices in active markets for identical assets or liabilities.

- **Level 2:**
  fair values determined using valuation techniques where all inputs that have a significant effect on the fair value recognised are observable, directly or indirectly.

- **Level 3:**
  fair values determined using valuation techniques where all inputs that have a significant effect on the fair value recognised in the balance sheet cannot be observed directly or indirectly.

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 2020 are derivative financial liabilities from company acquisitions. Please refer to Note (40) 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, RIB IMS and Bochao. 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 (40).

No reclassifications were made between levels 1 and 2 during the reporting period. The liabilities arising from the option agreements as part of the acquisition of RIB SAA and ICS were reclassified from level 3 to level 2 as of the balance sheet date, as all data relevant to the calculation could be observed either directly or indirectly as of 31/12/2020 and no more forward-looking discretionary decisions were thus involved. Please refer to our comments in Note (40).

Financial liabilities measured at fair value developed as follows in the reporting year:

Figures in thousand €	2020	2019
As of 01/01	**19,615**	**6,613**
Changes with no effect on earnings		
Acquisition of company shares	40,115	12,356
Amortisation payment	-7,147	-
Foreign currency differences	102	-
	33,070	**12,356**
Changes with an effect on earnings		
Income from the subsequent measurement of purchase price liabilities (other operating income)	-5,706	-15
Expenses from the subsequent measurement of purchase price liabilities (other operating expenses)	634	260
Personnel costs from accumulation of purchase price liabilities (cost of sales)	254	240
Expenses from the compounding of interest on purchase price liabilities (financial expenses)	96	161
	-4,722	**646**
As of 31/12	**47,963**	**19,615**
Gains/losses(-) from the measurement of financial liabilities	4,722	-646

The changes with an effect on earnings include income from the subsequent measurement of financial liabilities amortised in the reporting period in connection with the acquisition of further shares in CCS amounting to € 5,706 thousand. Expenses in the amount of € 634 thousand arising from the subsequent measurement of financial liabilities are reported under other operating expenses. In addition, expenses in the amount of € 254 thousand are included and reported under cost of sales (previous year: € 240 thousand). For information on changes with an effect on earnings, please also refer to our comments in Note (40).

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 € 42,784 thousand. An increase or decrease in the key assumptions would have the following effects on their carrying amount:

Figures in thousand €

Valuation parameter	Sensitivity	Carrying amount
Discount rate used for the discounting period	+ 1 percentage point	42,162
Discount rate used for the discounting period	- 1 percentage point	43,420
Growth rate of projected sales in the detailed planning period	+ 10.0%	42,803
Growth rate of projected sales in the detailed planning period	- 10.0%	42,764

C. Financial risk management and policy

The Group continues to operate mainly in Europe, 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 Eurozone, North America and Asia, and the majority of sales and procurement transactions are conducted in euro.

The Group conducts its business in regions outside the Eurozone 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 (euro) 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 euro had been 10% stronger against the above-mentioned foreign currencies as of 31/12/2020, additional expenses of € 3,403 thousand would have been charged to the consolidated annual net profit, thus reducing the total comprehensive income by € 42,256 thousand. If the euro had been 10% weaker against the above-mentioned foreign currencies as of 31/12/2020, additional income of € 3,403 thousand would have been included in the consolidated annual net profit, thus increasing the total comprehensive income by € 42,256 thousand.

(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 31/12/2020 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 31/12/2020 and did not exist as of 31/12/2019.

(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 € 7,392 thousand. Of this amount, a significant portion in the amount of € 4,400 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 (36). 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 (40).

(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 reported in the consolidated balance sheet.

(a) Trade receivables

The carrying amount of trade receivables amounted to € 54,834 thousand as of 31/12/2020 (previous year: € 52,162 thousand) and thus represents the maximum default risk in relation to these assets.

The default risk is controlled by checking the credit worthiness of customers prior to contract conclusion. For this purpose, the Group uses credit assessments from external rating agencies (if available).

Terms and conditions of payment are adjusted appropriately if the credit worthiness 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. 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.

In order to determine whether there are objective indications that the credit worthiness of trade receivables is impaired, these are monitored locally on an ongoing basis.

Trade receivables are measured at amortised cost less expected credit losses. The Group reviews the recoverable amount of each receivable at the end of each reporting period. As criteria for the impairment of trade receivables, the Group takes account of overdue payments, information about significant payment difficulties on the part of the customer, or non-compliance with existing payment plans, if applicable. If a payment is more than 90 days overdue, this alone is not necessarily regarded as an indication of a bad debt. In addition to the above factors, the financial position of the customer and historical experience are taken into account in determining an appropriate allowance for irrecoverable amounts.

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 worthiness 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.

The Group applies the simplified approach to trade receivables, whereby the expected credit loss over the entire term is recognised as soon as these receivables are first recorded. Since the reporting year, the Group has used a simplified impairment model based on an impairment matrix for all trade receivables. This is down with a view to taking account of the credit losses expected over the entire term of the receivables as soon as they are recognised for the first time. Based on the country of origin of the customers, they are classified into different risk classes within the impairment matrix. To determine the credit losses expected over the entire term, the Group uses a loss rate that is comprised of various estimated default rates for each level of overdue, as well as our experience of actual credit losses in recent years. Forward-looking information is added to the loss rates to account for differences between economic conditions during the periods in which the historical data was collected, current conditions, and expected changes in economic conditions during the expected remaining life. This forward-looking information is based, in particular, on changes in country risk ratings and on forecasts of future economic developments in the industries in which our customers primarily operate.

In the previous year, the measurement of the credit losses expected over the entire term was not based on the impairment matrix used in the reporting year, but was instead determined on a higher aggregation level. The calculation method used for estimating the credit losses expected over the entire term was changed, in particular, to take into account the increased uncertainty of future economic development in view of the COVID-19 pandemic and the associated macroeconomic risks.

For reasons of materiality, the Group did not recognise any impairment losses on contract assets in accordance with IFRS 15. If there are indications that a customer can no longer meet their payment obligations towards RIB, a detailed analysis of the credit risk is performed, so that a corresponding individual value adjustment can be made.

There are no significant risks for the Group due to individual debtors or counterparties. Due to the large number of our customers from a variety of countries around the world, as well as the different company sizes, the effects of default by individual customers are immaterial.

With regard to the recorded impairment losses and their changes in the reporting year, we refer to our comments in Note (28).

(b) Other financial assets

As of 31/12/2020, the Group held other financial assets of € 9,201 thousand (previous year: € 16,014 thousand). This sum thus represents the maximum default risk with regard to these assets.

It includes short-term time deposits of € 1,971 thousand (previous year: € 1,911 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

As of 31/12/2020, the Group held cash and cash equivalents of € 221,879 thousand (previous year: € 123,821 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 deb-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.

46. 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 €	**2020**
Audit services	311
Other related-services services	-
Tax consultancy services	53
Other services	76
Total	**440**

47. REMUNERATION OF THE COMPANY‘S ADMINISTRATIVE BOARD AND THE MANAGING DIRECTORS

The total remuneration granted to the Managing Directors in the financial year 2020 amounts to € 2,555 thousand (previous year: € 3,181 thousand). The total remuneration for their work in the financial year 2020 includes non-performance-related basic remuneration („Remuneration 1“) of € 930 thousand (previous year: € 888 thousand). In addition, it also includes performance-related remuneration („Remuneration 2“) in the amount of € 711 thousand (previous year: € 1,097 thousand). Remuneration 2 includes an amount of € 709 thousand (previous year: € 677 thousand), which was granted subject to the achievement of performance targets agreed for the financial year 2020. In the previous year, an amount of € 420 thousand was included in Remuneration 2 as a long-term remuneration component. In the financial year 2020, share-based remuneration („Remuneration 3“) in the amount of € 914 thousand (previous year: € 1,196 thousand) was also granted.

As of 31 December 2020, there are open balances resulting from the remuneration of the Managing Directors in the amount of € 879 thousand (previous year: € 1,097 thousand) for the portion of „Remuneration 2" relating to the financial year 2020 and reported as accruals.

In the financial year 2020, pensions and surviving dependents' benefits amounting to € 25 thousand were paid to former members of the Executive Board and their surviving dependents (previous year: € 25 thousand).

Pension provisions of € 209 thousand (previous year: € 378 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 2020 amounts to € 125 thousand (previous year: € 147 thousand). This remuneration is reported as current liabilities as of 31 December 2020.

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.

48. AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

Employees pursuant to Section 314 (1) (4) of the German Commercial Code (HGB)

Headcount	2020	2019
General administration	275	217
Research and development	555	418
Marketing/sales	355	302
Support/consulting	793	662
Total	**1,978**	**1,599**

49. DISCLOSURES REGARDING THE CORPORATE GOVERNANCE CODE

The Administrative Board has issued the declaration of compliance for the financial year 2020 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.

50. DISCLOSURES ON SHAREHOLDINGS PURSUANT TO SECTION 313 (2) OF THE GERMAN COMMERCIAL CODE (HGB)

	Abbreviations	Share of capital in%*
Fully consolidated companies:		
Germany:		
iTWO Baufabrik 4.0 F&E GmbH, Stuttgart	iTWO Baufabrik	100.00
RIB Cloud AG, Stuttgart (prior: MTWO AG, Stuttgart)	MTWO	100.00
RIB COE Europe GmbH, Stuttgart	RIB COE	100.00
RIB Cosinus GmbH, Freiburg	RIB Cosinus	100.00
RIB datapine GmbH, Berlin (prior: datapine GmbH, Berlin)	RIB datapine	77.05
RIB Deutschland GmbH, Stuttgart (prior: xTWO GmbH, Hungen)	RIB Deutschland	100.00
RIB Engineering GmbH, Stuttgart	RIB Engineering	100.00
RIB IMS GmbH, Dinslaken (prior: IMS Gesellschaft für Informations- und Managementsysteme mbH)	RIB IMS	80.00
RIB Information Technologies AG, Stuttgart	RIB IT	100.00
RIB Leipzig GmbH, Zwenkau	RIB Leipzig	100.00
SaaSplaza GmbH, Unterföhring	SaaSplaza DE	100.00
YTWO Europe GmbH, Stuttgart	YTWO Europe	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
AIC Winjit Technologies Foundation, Satpur Nashik/India	AIC Winjit	100.00
Beijing Bochao Times Software Co.,Ltd, Peking/People's Republic of China	Bochao	51.00
Beijing Bochao Times Software Co.,Ltd Wuhan Branch, Wuhan/People's Republic of China	Bochao Wuhan	100.00
Building Systems Design Inc., Atlanta/USA	BSD	100.00
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	100.00
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	EMC Invest Ltd	100.00
eMeasure Limited, Hong Kong/People's Republic of China	eMeasure	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, Zürich/Switzerland	IMS CH	100.00
Integrated Computer Systems Support, Inc., Redmond/USA	ICS	40.00
Integration Technologies Corp., San Juan/Puerto Rico, USA	Intech	60.00
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	MTWO Holding Ltd.	100.00
MTWO 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, Kopenhagen/Denmark	RIB A/S	100.00
RIB Asia Ltd, Hong Kong/People's Republic of China	RIB Asia	100.00
RIB Cosinus AG, Luzern/Switzerland	RIB CCH	100.00
RIB Creative Australia Pty Ltd, Brisbane/Australia (prior: Exactal Creative Australia Pty Ltd)	RIB Creative AU	100.00
RIB Creative Limited, Hong Kong/People's Republic of China (prior: Exactal Creative Limited)	RIB Creative HK	100.00
RIB Holdings Pty Ltd, Brisbane/Australia (prior: Exactal Holdings Pty Ltd)	Exactal Holding	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 International Holding PTE. Limited, Singapore (prior: RIB PTE. Limited)	RIB Singapur	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 Malaysia Sdn Bhd, Kuala Lumpur/Malaysia (prior: Exactal Malaysia Sdn, Bhd)	RIB Malaysia	100.00
RIB Pacific Limited, Auckland/New Zealand (prior: Exactal Pacific Limited)	RIB Pacific	100.00
RIB SAA Software Engineering GmbH, Wien/Austria	RIB SAA	75.00
RIB Singapore Pte Ltd, Singapore (prior: Exactal (Singapore) Pte Ltd)	Exactal Singapore	100.00
RIB Software (UK) Limited, London/United Kingdom	RIB UK	100.00

RIB Software Corporation, Austin/USA (prior: Exactal Corporation)	Exactal Corporation	100.00
RIB Software DMCC, Dubai/United Arab Emirates	RIB DMCC	100.00
RIB Software International Limited, Hong Kong/People's Republic of China (prior: Exactal Group Limited)	Exactal Group Ltd.	100.00
RIB Software NZ Limited, Auckland/New Zealand	RIB NZ	100.00
RIB Software PTY Ltd, Sydney/Australia	RIB PTY	100.00
RIB Solutions (UK) Ltd, London/United Kingdom (prior: Exactal Europe Limited)	Exactal Europe	100.00
RIB Solutions Limited, Hong Kong/People's Republic of China (prior: Exactal Limited)	Exactal Ltd. HK	100.00
RIB Spain SA, Madrid/Spain	RIB Spain	100.00
RIB stavebni Software s.r.o., Prag/Czechia	RIB Prag	100.00
RIB Technologies Pty Ltd, Brisbane/Australia (prior: Exactal Technologies Pty Ltd)	Exactal Tech.	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 Inc., Encinitas/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
Winjit Inc, Wilmington/USA	Winjit US	100.00
Winjit Singapore Pte Ltd., Singapore	Winjit Singapore	100.00
Winjit South Africa Pty Ltd., Randburg/South Africa	Winjit South Africa	100.00
Winjit Technologies Private Limited, Satpur Nashik/India	Winjit India	51.00
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
Zhengzhou Bochao Times Software Technology Co.,Ltd, Zhengzhou/People's Republic of China	Bochao ZH	100.00
Joint ventures:		
5D Institut GmbH, Friedberg/ Germany	5D Institut	50.00
SGTWO AG, Düsseldorf/ Germany	SGTWO	50.00

Associated companies:		
Cadline Limited, Staines-Upon-Thames/United Kingdom	Cadline	20.00
Capricot Technologies Private Limited, Bangalore/India	Capricot	20.00
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
Chongqing Bochao Times Software Co.,Ltd, Chongqing/ People's Republic of China	Bochao Chongqing	51.00
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	TWO.ex Ltd.	100.00

*) Participation in accordance with Section 16 of the German Stock Corporation Act (AktG)

Stuttgart, 12 March 2021

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf

Michael Sauer

Mads Bording Rasmussen

Michael Woitag

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, 12 March 2021

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf

Michael Sauer

Mads Bording Rasmussen

Michael Woitag

The auditor‘s report reproduced below also includes a „Report on the audit of the electronic reproductions of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with Section 317 (3b) HGB“ („ESEF Report“). The subject matter underlying the ESEF Note (ESEF documents to be audited) is not attached. The audited ESEF documents are published in the Federal Gazette (Bundesanzeiger) and can be viewed or accessed there.

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 2020, 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 2020 to 31 December 2020, 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 2020 to 31 December 2020. 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 2020 and the results of operations for the fiscal year from 1 January 2020 to 31 December 2020 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 European 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 2020 to 31 December 2020. 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. (10) of the consolidated notes.

The risk for the financial statements

In the 2020 fiscal year, RIB achieved revenue of € 254.6 million, which 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.

Approach taken in the audit

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.

<u>Our conclusions</u>
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. (18) of the consolidated notes.

<u>The risk for the financial statements</u>
The consolidated balance sheet for 31 December 2020 discloses goodwill of € 179.0 million (25.3% of the consolidated balance sheet total). RIB allocates goodwill to cash-generating units or groups of cash-generating units and performs impairment tests at this level on an annual or ad hoc basis. An impairment exists if the recoverable amount of a cash-generating unit is below its carrying amount, whereby the recoverable amount is defined as the higher of fair value less costs to sell and value in use. In a first step, RIB determines the values in use of the cash-generating units. If these are below their carrying amount, the fair value less costs to sell is determined.

RIB determines the value in use by means of a valuation model according to the discounted cash flow method. The value in use is an estimated value, the determination of which takes into account both past and future expected developments. The basis of the valuation is the cash flow forecasts for the next five years approved by the legal representatives. Discounting is carried out using the average weighted cost of capital of the respective cash-generating unit. The determination of the discount rates is based on country-specific assumptions about future market developments. The result of these valuations is highly dependent on how the legal representatives estimate the future cash inflows as well as on the discount rates used in each case. The valuation is therefore subject to significant uncertainties.

The value in use is an estimated value, the calculation of which takes into account both past and expected future developments. The valuation is based on the cash flow forecasts for the next five years approved by the legal representatives. Discounting is performed using the weighted average cost of capital of the respective cash-generating unit. The determination of the discount rates is based on country-specific assumptions about future market developments. The outcome of these valuations depends to a large extent on how the legal representatives estimate future cash inflows and on the discount rates used in each case. The valuation is therefore subject to significant uncertainties.

For the cash-generating unit of the YTWO (SCM) business segment, the fair value less costs to sell was determined as the recoverable amount. The recoverable amount of the YTWO (SCM) business segment was below the carrying amount and was not sufficient to cover the goodwill. As a result, an impairment loss of € 2.2 million was recognized in the consolidated income statement for the goodwill of the YTWO (SCM) business segment. The valuation was based on a market-based approach. The fair value less costs to sell also represents an estimated value, the determination of which takes into account both past and future expected developments and requires the exercise of judgment.

In all other cases, the values in use determined by RIB were higher than the carrying amounts of the cash-generating units.

As the valuation is subject to significant uncertainties and due to the complexity of the valuation, we have assessed this matter as particularly important..

<u>Approach taken in the audit</u>
We checked the valuation models used by RIB to determine the values in use both mathematically and methodically. 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.

We have verified the determination of the fair value less costs to sell both mathematically and methodically. We discussed the assumptions underlying the calculation with RIB employees from the development, sales and accounting departments and compared them with other available information in order to assess their appropriateness.

<u>Our conclusion</u>
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 2020 financial year, RIB acquired control over other companies as part of three acquisitions. The acquisition of Beijing Bochao Times Software Co. Ltd., Beijing/People's Republic of China (hereinafter referred to as "Bochaosoft") was significant for the presentation of the Group's financial position, net assets 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.3.2. of the Group Management Report.

The risk for the financial statements

The purchase price for the acquisition of Bochaosoft amounted to approximately € 25.2 million. In accounting for the acquisition, identifiable assets and liabilities of € 36.8 million, non-controlling interests of € 24.2 million and goodwill of € 12.7 million were recognized. The recognized assets relate in particular to software technology developed by Bochaosoft itself (€ 15.0 million) and to customer contracts and related customer relationships (€ 15.8 million). RIB has consulted an external expert in determining the fair values of the identifiable assets and liabilities and the purchase price allocation. The contractual agreements underlying the acquisition of the company are extensive and, in addition to the actual arrangements for the acquisition of shares in the company, also include other arrangements relevant to accounting, such as the agreement of call and put options on further shares in the company and other agreements reached with the sellers on the occasion of the acquisition of the company.

Due to the scope and complexity of the agreements made in connection with the business combination, there is a risk that matters may be inaccurately reflected in the financial statements. The identification and measurement of intangible assets and assumed liabilities are complex and rely heavily on judgments and estimates. The key assumptions relate to the future revenue and margin development of Bochaosoft, the estimated amount or useful life of the license and customer retention rates used, and the interest rates used to discount the projected cash flows. These values are estimates, the determination of which takes into account both past and expected future developments. Estimates involve judgments and uncertainties in the measurement of events that have already occurred or are only likely to occur in the future. Estimated values therefore involve an increased risk of misstatement in the financial statements.

Approach taken in the audit

In order to gain an understanding of the acquisition, we first interviewed the legal representatives of RIB about the underlying strategic considerations and objectives. Furthermore, we examined the purchase agreement and the other agreements concluded in connection with the acquisition in order to identify agreements made therein with an effect on the accounting of the acquisition. We reconciled the purchase price with the purchase agreement and the evidence of payment.

We assessed the competence, skills and objectivity of the expert and gained an understanding of the expert‘s work. As part of the audit of the purchase price allocation, we assessed the methodological approach of the external appraiser engaged 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 revenue and earnings forecasts on which the valuation was based with those responsible and reconciled them with the Group‘s budget planning. We compared the valuation parameters used in the valuation models, in particular the interest rates used to discount cash flows, with our own assumptions and publicly available market data. In order to assess the mathematical accuracy, we verified selected calculations from a risk-oriented perspective. Finally, we assessed whether the disclosures in the notes on the material acquisition 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 2020 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

REPORT ON THE AUDIT OF THE ELECTRONIC REPORTING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO Section 317 (3b) HGB (German Commercial Code)

OPINIONS

Pursuant to Section 317 (3b) of the German Commercial Code (HGB), we have performed a reasonable assurance engagement to determine whether the data contained in the file „ribsoftware_187719.zip"(SHA256 hash value: AE3C2C10C7A4972E4C2FABA991AE3C75166363DF534A5E8195ACCCA86B7FC31A), which is available in our protected client portal for the issuer, and whether the reproductions of the consolidated financial statements and the group management report (hereinafter also referred to as „ESEF documents") prepared for the purpose of disclosure comply with the requirements of section 328 para 1 HGB for the electronic reporting format („ESEF format") in all material respects. In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the aforementioned file and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) of the HGB regarding the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2020 to 31 December 2020 contained in the preceding „Report on the audit of the consolidated financial statements and the group management report", we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

BASIS FOR THE AUDIT OPINION

We conductedour audit of the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file in accordance with Section 317 (3b) of the German Commercial Code(HGB) and in compliance withdraft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Section 317 (3b) of the HGB (IDW EPS 410) Our responsibility thereunder is further described in the section „Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of theIDW Quality Assurance Standard:Anforderungen an die Qualitätssicherung in der (IDW QS1)

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE BOARD OF DIRECTORS FOR THE ESEF DOCUMENTS

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the group management report in accordance with section 328 (1) sentence 4 no. 1 of the German Commercial Code and for the award of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 of the German Commercial Code.

Furthermore, the company's management is responsible for the internal controls as they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of section 328 (1) HGB.

The legal representatives of the Company are also responsible for submitting the ESEF documents together with the auditor's report and the attachedaudited consolidated financial statements and audited group management report as well as other documents to be disclosed to the operator of the Federal Gazette

The Board of Directors is responsible for overseeing the preparation of the ESEF documentation as part of the financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of section 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore

- identify and assess risks of material non-compliance with the requirements of section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.

- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, for the technical specification for that file.

- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited group management report.

- we assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering

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 26 June 2020. The Administrative Board assigned the audit to us on 08 December 2020. 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, 17 March 2021

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 2020 (HGB) (EXCERPT)

BALANCE SHEET AS OF 31 DECEMBER 2020

RIB Software SE, Stuttgart

ASSETS

	Figures in €	31/12/2020	31/12/2019
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	85,429.02	98,951.17
	II. Property, plant and equipment		
	1. Land and buildings	7,941,319.97	8,072,767.23
	2. Furniture and fixtures	367,768.53	404,396.64
		8,309,088.50	8,477,163.87
	III. Financial assets		
	1. Investments in affiliated companies	376,479,338.32	314,629,448.20
	2. Loans to affiliated companies	979,870.56	671,153.89
	3. Interests in companies	12,500.00	20,000.00
		377,471,708.88	315.320.602,09
		385,866,226.40	**323,896,717.13**
B.	**Current assets**		
	I. Inventories		
	Unfinished goods	293,120.00	360,320.00
	II. Receivables and other assets		
	1. Trade receivables	11,812,682.94	14,941,493.29
	2. Receivables from affiliated companies	1,877,607.56	2,804,236.82
	3. Other assets	496,835.72	1,956,731.45
		14,187,126.22	19,702,461.56
	IV. Cash on hand and bank balances	113,491,876.64	49,562,168.69
		127,972,122.86	**69,624,950.25**
C.	**Prepaid expenses**	**1,358,029.57**	**969,772.06**
		515,196,378.83	**394,491,439.44**

EQUITY AND LIABILITIES

	Figures in €	31/12/2020	31/12/2019
A.	**Equity**		
	I. Issued capital		
	1. Subscribed capital - conditional capital: € 7,444,426.00	52,091,159.00	51,899,298.00
	2. less nominal amount of treasury shares	0.00	-3,719,027.00
		52,091,159.00	48,180,271.00
	II. Capital reserves	395,118,114.76	324,780,230.32
	III. Retained earnings		
	Legal reserves	47,588.47	47,588.47
	IV. Retained earnings	51,682,409.92	6,262,703.00
		498,939,272.15	**379,270,792.79**
B.	**Provisions**		
	1. Pension provisions	2,175,631.00	2,344,980.00
	2. Provisions for taxation	2,490,000.00	1,778,425.00
	3. Other provisions	1,547,650.00	1,518,340.00
		6,213,281.00	**5,641,745.00**
C.	**Liabilities**		
	1. Liabilities to financial institutions	4,400,000.00	4,800,000.00
	2. Trade payables	262,313.93	658,756.94
	3. Liabilities to affiliated companies	2,161,103.11	1,991,974.18
	4. Other liabilities	1,320,954.14	723,447.53
	- of taxes: € 51,472.78 (prior year: € 486,410.17)		
	- of which social security liabilities: € 1,844.76 (prior year: € 6,107.78)		
		8,144,371.18	**8,174,178.65**
D.	**Prepaid expenses**	**1,899,454.50**	**1,404,723.00**
		515,196,378.83	**394,491,439.44**

INCOME STATEMENT FOR THE FINANCIAL YEAR 2020

RIB Software SE, Stuttgart

	Figures in €		2020	2019
1.	Revenues		74,877,568.74	65,810,313.70
2.	Decrease / Increase in inventories of work in progress		-67,200.00	225,120.00
3.	Other operating income		4,449,724.33	4,577,769.21
	- of which from currency translation:	€ 1,314,541.38		
	(prior year:	€ 1,922,016.64)		
4.	Material costs			
	a) Expenses for goods		-2,070,645.36	-2,177,178.85
	b) Expenses for services purchased		-25,705,492.85	-21,933,331.17
			-27,776,138.21	-24,110,510.02
5.	Personnel expenses			
	a) Wages and salaries		-2,278,729.33	-2,551,145.91
	b) Social security and pension costs		-211,930.98	-395,956.57
	- Of which for pension schemes:	€ -6,960.35		
	(prior year:	€ -132,958.19)		
			-2,490,660.31	-2,947,102.48
6.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		-366,978.87	-344,111.92
7.	Other operating expenses		-25,232,378.76	-21,474,927.43
	- of which from currency translation:	€ -2,747,306.82		
	(prior year:	€ -6,326.69)		
8.	Income from investments		532,449.40	3,402,067.83
	- of which from affiliated companies	€ 532,449.40		
	(prior year:	€ 3,402,067.83)		
9.	Income from loans from financial assets		18,716.67	1,153.89
	- from affiliated companies	€ 18,716.67		
	(prior year:	€ 1,153.89)		
10.	Other interest and similar income		310,987.60	709,814.36
	- from affiliated companies	€ 80,418.17		
	(prior year:	€ 52,803.67)		
11.	Depreciation of financial assets		0.00	-200,000.00
12.	Write-up on financial assets		1,300,000.00	0.00
13.	Interest and similar expenses		-377,776.02	-107,868.00
	- of which write-ups	€ -62.169,00		
	(prior year:	€ -72,518.00)		
14.	Income tax expense		-7,362,656.91	-7,085,036.28
15.	**Earnings after taxes**		**17,815,657.66**	**18,456,682.86**
16.	Other taxes		-16,013.18	-33,375.63
17.	**Net profit for the year**		**17,799,644.48**	**18,423,307.23**
18.	Profit carried forward from the prior year		467,193.44	1,387,915.63
19.	Income from the sale of treasury shares		33,415,572.00	954,322.56
20.	Expenses from the acquisition of treasury shares		0.00	-14,502,842.42
21.	**Retained earnings**		**51,682,409.92**	**6,262,703.00**

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 15:	RIB
Back cover	Shutterstock, RIB (print version only)	Page 18,34,82:	Shutterstock, RIB
		Page 27:	Shutterstock, RIB
Page 3,4:	Shutterstock		
Page 5,6:	Shutterstock, RIB		
Page 7,8:	Shutterstock		
Page 9,10:	Shutterstock, RIB		
Page 11,12:	Shutterstock		

Design and realisation:
RIB Software SE, Stuttgart

Print:
Walter Esser printSolutions GmbH, Korntal-Münchingen

FSC®
www.fsc.org
MIX
Paper from responsible sources
Papier aus verantwortungsvollen Quellen
FSC® C089491

RIB running together

March 2021

Trademarks:
RIB, RIB iTWO, ARRIBA, the RIB logo and the iTWO logo are registered Trademarks of RIB Software SE in Germany and optionally in other countries. All other trademarks and product names is property of the respective owners. After deadline changes may have occurred. RIB does not guarantee its accuracy.

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 2021

30 April 2021	Quarterly Statement (January - March 2021)
11 May 2021	Annual General Meeting
30 July 2021	Interim Report (January - June 2021)
29 October 2021	Quarterly Statement (January - September 2021)

CONTACT

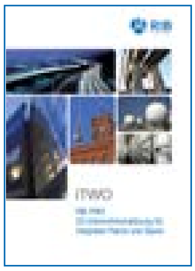
RIB Software SE
Vaihinger Straße 151
70567 Stuttgart

Investor Relations
Phone: +49 (0) 711 7873-191
Fax: +49 (0) 711 7873-311

E-Mail: **investor@rib-software.com**
Internet: **www.rib-software.com/en/group/home/**

Careers
Internet: **www.rib-software.com/en/group/career/**

Product information and References



www.rib-software.com/en/references/
www.rib-software.com/itwo-broschuere

RIB
running together

RIB Software SE
Investor Relations
Vaihinger Straße 151
70567 Stuttgart

Phone: +49 711 7873-191
Fax: +49 711 7873-311
E-Mail: investor@rib-software.com
Internet: www.rib-software.com