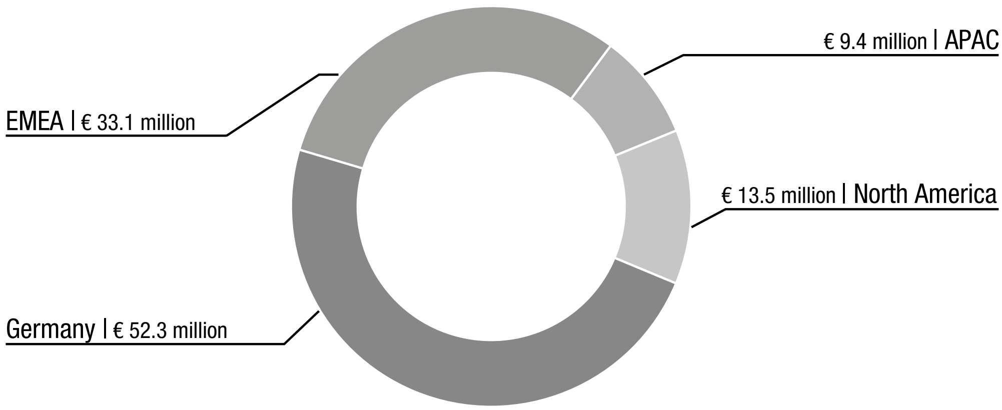
RIB
running together

Hey TWO!

ANNUAL REPORT
2017

RIB OVERVIEW

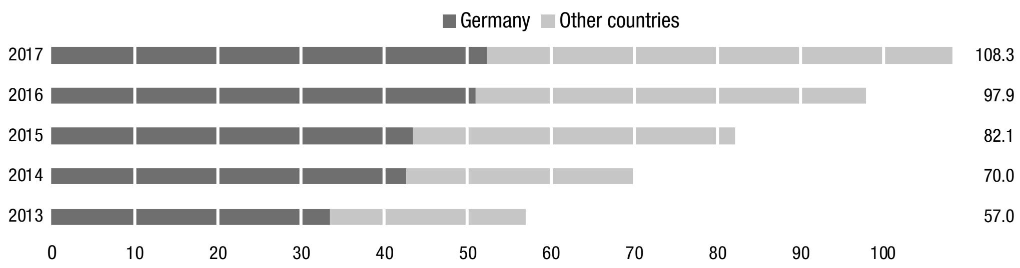
REGIONAL REVENUE BREAKDOWN 2017



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

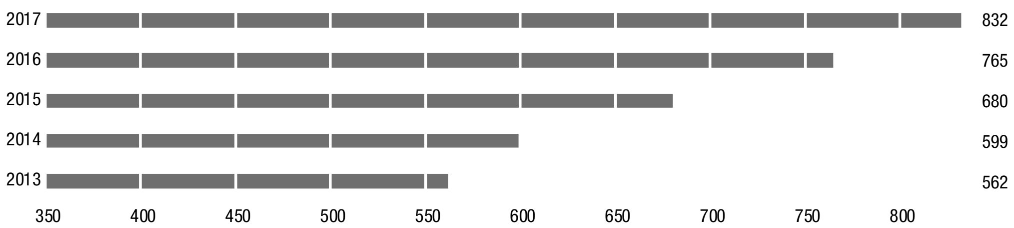
DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON

Figures in € million



AVERAGE NUMBER OF EMPLOYEES

Annual average



COMPANY PROFILE

RIB Software SE is an innovator in construction business. The company creates, develops, and offers iTWO³ – new thinking, new working method and new technology - for construction projects across various industries worldwide. iTWO today is the world's first Cloud / License based Big Data 5D BIM enterprise solution for construction companies, industrial companies, developers and investors. Since its inception in 1961, RIB Software SE has been the pioneer in construction innovation, exploring and bringing in new thinking, new working method and new technology to enhance construction productivity, and transforming the construction industry into the most advanced and digitalized industry in the 21st century. RIB is headquartered in Stuttgart, Germany, and listed in Prime Standard Frankfurt Stock Exchange since 2011. With about 800 talents located in over 30 offices worldwide, RIB is serving 100,000 clients including construction contractors, sub-contractors, developers, owners, investors and governments, in the field of building construction, infrastructure, EPC sector and more.

MUNICH STRATEGY GROUP TOP 100 RANKING

RIB defends its top position in 2016 and is also ranked #1 in 2017 among 3,500 evaluated medium-sized industrial companies with revenues of up to € 800 million.The study was conducted by the Munich Strategy Group and assesses revenue growth and profit ratio over the past five years with a weighting of 50% each. RIB is the first company to defend last year's place 1. In addition, RIB is the most successful "Longterm Champion" over the last 8 years. Dr. Sebastian Theopold, Managing Director of the Munich Strategy Group and author of the study: "RIB SE not only thinks innovations from the customer's point of view, opening up new possibilities for them, but also contributes to revolutionizing an entire industry with its vision of a digital construction industry."

CONSOLIDATED FIGURES - OVERVIEW

€ million unless otherwise indicated	2017	2016	2015	2014
Revenue	108.3	97.9	82.1	70.0
Software licences	34.7	28.9	20.1	23.1
Software as a Service / Cloud	13.0	12.5	12.0	8.7
Maintenance	33.2	27.1	23.8	21.7
Consulting	19.9	22.7	20.0	15.8
e-commerce	7.5	6.6	6.2	0.7
Operating EBITDA*	**39.9**	**33.0**	**20.9**	**25.7**
as % of revenue	36.8 %	33.7 %	25.5 %	36.7 %
Operating EBT*	**29.2**	**23.2**	**12.4**	**19.3**
as % of revenue	27.0 %	23.7 %	15.1 %	27.6 %
Consolidated net profit of the year	18.4	14.4	10.5	20.8
Cash flow from operating activities	**22.8**	**51.5**	**19.4**	**20.7**
Average number of employees	832	765	680	599
Group liquidity**	134.8	135.4	177.0	137.9
Equity ratio	80.5%	82.1 %	86.3 %	85.0 %
Research and development expenses	21.4	18.8	17.0	14.6
R&D ratio - iTWO segment	21.2 %	20.6 %	22.3 %	21.0 %
Annual average number of R&D-employees	336	307	269	243

* EBITDA and EBT adjusted by: Currency effects (2017: -0.1; 2016: -0.4; 2015: +3.8; 2014: +3.7) and one-off / special effects (2017: +0.5; 2016: +0.1; 2015: +0.2; 2014: +5.9).

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

HIGHLIGHTS 2017

JANUARY - MARCH | Q1

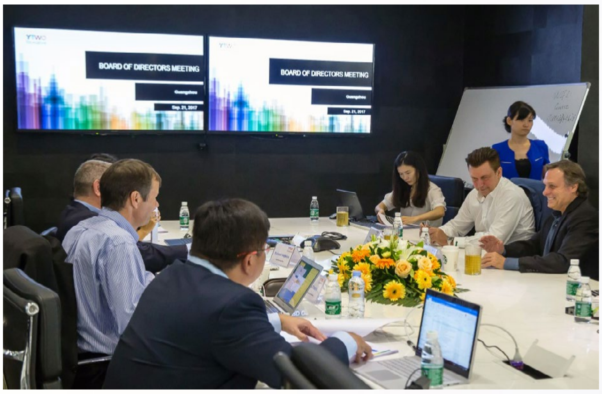
The RIB Group announces its figures for the 2016 financial year. With revenues of € 97.9 million and an increase of 57.9% in EBITDA, the best financial year in the company's history is achieved. A Phase-III-contract and the conclusion of a first strategic partnership with CG Gruppe AG for the usage of the YTWO platform complete a successful start in the 2017 financial year.

APRIL - JUNE | Q2

RIB Software AG completes the conversion into a European Stock Company (*Societas Europaea*) and now trades as RIB Software SE. The SE conversion takes into account the transnational business activities of the company. In addition, a cooperation agreement is signed with the city of Heidelberg for the world's first IT research project for the complete virtual planning of a district. Five Phase-II-contracts are announced and a successful first quarter 2017 reported.

JULY - SEPTEMBER | Q3

The RIB Group successfully starts the second half of the 2017 financial year with 8 Phase-contracts. The key figures for the first six months are announced. Operating EBITDA increases by 81.6% to € 24.7 million. For the first time, the RIB Group exceeds the threshold of 800 employees worldwide. In addition, the first board meeting of YTWO Formative takes place at the iTWO 5D LAB in Guangzhou.



OCTOBER - DECEMBER | Q4

RIB organizes the 5th iTWO World in Guangzhou and focuses on "Vertical Cloud and Artificial Intelligence". McTWO, the virtual assistant of the RIB, an interface communicating with human language, is presented to the public. At the end of the financial year, a total of 30 phase-contracts have been reached. The share price reflects the successful development of the RIB Group. For the first time, the market capitalization amounts more than € 1 billion at the end of the year.

CONTENT

The successful first year

YTWO Formative recorded a successful year in 2017 - its first year after establishment, with 5 large deals achieved. In the 1st quarter, YTWO Formative signed the 1st strategic partnership with CG Gruppe AG, a leading German real estate developer with around € 4.7 billion planned project volume for the next five years. The 2nd deal was signed in the 2nd quarter with MyHome Group, a leading Chinese developer planning to manage and support a project volume of USD 29 billion through 100 pre-fab factories over the next five years. YTWO Formative has reached more milestones in the fourth quarter 2017 and cemented the success of the platform in the future. A Letter of Intent was signed with a large Home Builder. In addition, on 14th December, YTWO signed a Memorandum of Understanding (MoU) with Country Garden Holdings, a leading global property developer, with annual revenue exceeding USD 80 billion. Based on the success of the platform in 2017, Flex has waived its redemption right for YTWO Formative. In 2018, YTWO Formative will continue to focus on attracting customers in its key regions USA, China and Germany.

MTWO

RIB allies with Microsoft to deliver the world's first vertical cloud for the construction and real estate industry

Cloud technology's future is vertical. Cloud technology is transforming the way IT services are delivered and used, and is expanding quickly from a general-purpose data services platform to a series of industry tailored solutions. To transform the construction industry into the most advanced industry with vertical intelligent cloud solutions, RIB has joined forces with Microsoft to design the world's first vertical cloud - MTWO - for the real estate and construction industry. With MTWO, RIB has entered into a new era akin to creating the 5D-era 8 years ago. MTWO is the vertical cloud solution based on RIB's iTWO 4.0 5D BIM enterprise technology, complemented by Microsoft's Azure, and next-generation Artificial Intelligence, Internet of Things and mixed reality applications using HoloLens glasses. First users are expected to be on the MTWO Platform in Q2 2018. The target is to invest heavily in 2018 and to increase cloud revenues significantly in 2019. The business model is to charge for subscribing to the software and data services provided by Microsoft and RIB in the cloud, which creates a multi-billion market opportunity for RIB worldwide. With the new cloud offering, RIB will also transform its consulting and maintenance service into advanced managed services through working with managed services providers.


SMS
AI

Hey TWO!

RIB enters the era of artificial intelligence

Artificial intelligence is creating a new era and empowering many industries to reach a new level of productivity. RIB Chairman and CEO Mr. Tom Wolf announced during iTWO World 2017 that the company will work together with the iTWO Community to develop the world's first Artificial Intelligence - McTWO - for the real estate and construction industry. “In 2025, >50% of an engineering job will be done by the artificial engineer”, said Mr. Tom Wolf. As a leader in the real estate and construction sector, RIB will leverage its big data cloud-based iTWO technology to develop the AI solution McTWO which can think, act and interact with humans. The alliance with cloud partners such as Microsoft and the growing iTWO Community will accelerate the incubation of McTWO for this industry, which in return will empower the people using the iTWO technology to multiply their success. The future has begun. Productivity leaps of unimaginable magnitude will be achievable.

FACTS ON THE SHARE

€ 12.40

Price at the beginning of the reporting period

€ 25.37

Annual high

€ 24.82

Price at the end of the reporting period

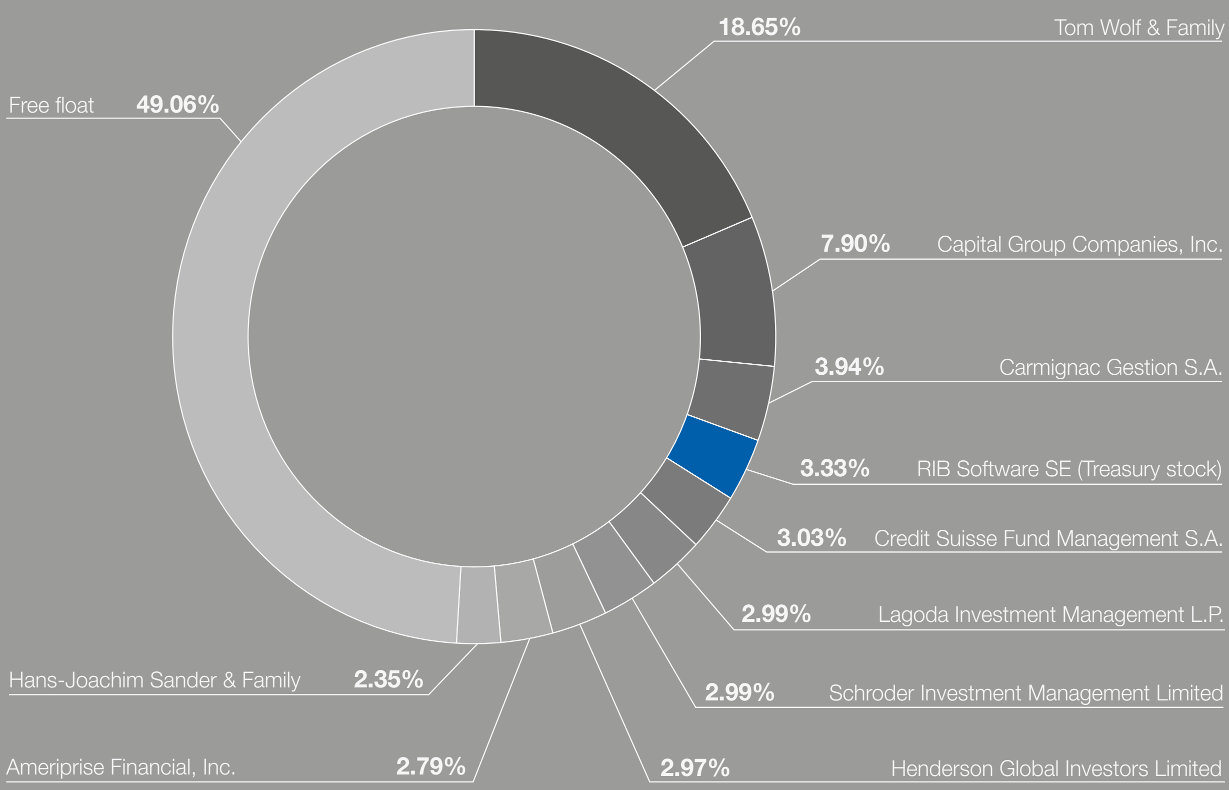
+100.16%

Price increase at the end of the reporting period

TO OUR SHAREHOLDERS

SHAREHOLDER STRUCTURE

As of 31 December 2017



LETTER TO OUR SHAREHOLDERS

Tom Wolf, Chairman of the Administrative Board, CEO

DEAR SHAREHOLDERS, DEAR FRIENDS OF ITWO TECHNOLOGY

RIB's shares were first listed in the OTC market in Hamburg for € 0.88 in 2010. Our target to grow our business from a SME to a large enterprise (with a share price of € 88.00) within 10 years, which we announced during our IPO in 2011 (at a share price of € 8.88). This will only happen with a proven story (POC) and a mission, which needs to be accomplished by the end of 2020. Our mission remains to digitally transform our clients from traditional to the most advanced companies and to support the creation of cities for the knowledge age. If our iTWO Technology becomes one of the key pillars to run new thinking and new processes, we will hopefully reach our target.

Why am I fully dedicated to and invested in this mission since 36 years? When I grew up, I envisioned how to change the world into a better place. Fortunately, our parents and grandparents gave us the trust and freedom to turn our ideas into reality and supported my generation in rebuilding the world. Our parents did not stop us, not even when we needed them to adapt their behavior to our ideas.

Markets moved into Industry 3.0. My generation created new cities and infrastructure with more jobs, improved living conditions and better access to education. As a result, billions of people can now enjoy a longer life and there is a bright future for our children. This is the achievement of our generation, but now we are the parents and grandparents. We now have to support our children to rebuild and develop the cities and the infrastructure suitable to support the move into Industry 4.0 or the knowledge age. We all know we left a lot of work for them to do! It is our duty to support our children to create new jobs and to build a better world, the same way our parents supported us.

In 2030, Artificial Intelligence (AI) will be smarter than the human brain. iTWO users will work hand in hand with McTWO, our AI engineer. To use a higher intelligence to support our daily lives, to solve human problems and to finally offer the same improvement in living conditions as our parents did to us is our challenge. We need to team up now to create the cities and the infrastructure, which make sure that the next generations can attain a better life and to reach new cultural, individual and social achievements. Cities mirror the status of our society. Every day they give us the answer if we are on track or if we need to do better.

Now we have 1000 days left and completed 2/3 of the 2020 RIB marathon. We have globalized our RIB organization, and transformed iTWO Technology from a 5D enterprise desktop solution to a leading 5D enterprise cloud solution. We have won pilot clients, thought leaders and real visionaries to join our iTWO community. We won 200 of these leaders in 2017 and our target is to celebrate together with 1000 iTWO visionaries at iTWO World in 2020.

To reach the final target, we have developed two initiatives: YTWO, together with Flex, the world's leading supply chain solutions provider, and MTWO, together with Microsoft, the world's leading Cloud and AI company. While Flex has successfully transformed more than 10 industries, Microsoft has shown in its strategic alliance with Adobe its ability to create a leading vertical cloud solution together with a domain expert.

In both initiatives we are targeting to increase our user community to two million and our iTWO community to 1000 visionaries in the near future.

Our future as human-beings will be heavily influenced by the development of AI technologies. Therefore iTWO Technology needs become smart and the IQ of our solution needs to grow every year. In the next 1000 days, we need to develop the brain of "McTWO", the leading artificial engineer, who should be able to take over up to 50% of the engineering tasks over voice commands in the long-term. The working hours saved and quality improvement achieved by McTWO will define the value of his service.

My vision is that the potentially twenty million named user community in the building and infrastructure industry can book access to iTWO technology, no matter if they are a SME with only one user or a large enterprise with over 100,000 users. They should be able to use our YTWO and MTWO IaaS, PaaS and SaaS Cloud Platform right away by simply buying a license and run on their own IT environment. Our target is to increase our RIB user community to two million users in the near future and to an even higher level in the long-term.

What are the milestones we need to achieve to finally execute our 2020 vision? In the next 500 days, we need to win managed service providers who offer related services to the iTWO community 24/7 worldwide and we need to maintain our existing good relationship with our key partners like Flex and Microsoft, as well as develop new partnerships. We will need to shift now our R&D team step by step into the AI and Cloud field. We will not rest to work on this target and to develop our team and our leaders. We will develop our community of iTWO visionaries and communicate openly with our shareholders about our progress and our strategy. But we know that trade wars, competition or other market changes can force us into extra rounds.

Thank you for your support in the season 2017 and looking forward to team up with you in the next 1000 days.

Yours

Tom (Thomas) Wolf

REPORT OF THE ADMINISTRATIVE BOARD

ON THE 2017 FINANCIAL YEAR TO THE ANNUAL GENERAL MEETING OF RIB SOFTWARE SE ON 15 MAY 2018

DEAR SHAREHOLDERS,

The transformation changing the legal form of the company into a European Company (Societas Europaea, SE) according to the resolution of the General Meeting of RIB Software AG dated 31st May 2016 was entered in the commercial register on 3rd April 2017. Accordingly, this report has been prepared by the Supervisory Board until and including 2nd April 2017 and by the Administrative Board from 3rd April 2017 onwards.

The Supervisory Board and subsequently, the Administrative Board have dutifully performed the tasks which constitute their obligations according to the law, the articles of association and rules of procedure. The Managing Directors (members of the Executive Board until 2nd April 2017) have directly involved the entire Administrative Board in all decisions of fundamental importance for the company at an early stage. The Administrative Board also assisted the Managing Directors in the advisory capacity in the previous financial year and monitored the management based on the written and verbal reports of the Managing Directors within the framework of the Administrative Board's meetings. The Chairman of the Administrative Board, the Chairman of the Audit Committee and the Chairwoman of the Nomination and Remuneration Committee have worked closely and regularly to exchange information and ideas with the Managing Directors and have updated themselves with important developments, also between the meetings of the governing bodies. In the meantime, the other members of the Administrative Board have been involved in the exchange of information in writing by e-mail or have been informed about the important findings and developments during the following meetings of the Administrative Board.

The Managing Directors have regularly reported on the corporate planning, course of business, further strategic development and the respective current situation of the Group. Based on the reporting of the Managing Directors, we have extensively discussed the business development and important decisions and procedures for the company and passed the necessary resolutions to implement them. The strategic orientation of the company has been agreed on within the Administrative Board. The proposed resolutions of the Managing Directors have been approved by the Administrative Board or the competent committees after a thorough examination and consultation.

The financial year 2017 of RIB Software SE was characterized by further consistent development of the software (with a focus on iTWO 4.0 and iTWO 3D – the integration of 3D CAD systems), acquisition of new clients, successful development of YTWO-Business and implementation of a strategic investment in Asia (increased shareholding in Exactal).

In our opinion the development of a vertical cloud solution for our clients in the building industry would have the enormous strategic importance for the future medium- and long-term development. We would like to provide our clients with a combination of Software as a Service (SaaS), Infrastructure as a Service (IaaS) and Platform as a Service (PaaS). Standard software for this platform for the building industry should be iTWO 4.0. For this purpose, a strategic alliance with Microsoft has been formed with the objective of creating the first global vertical cloud platform MTWO for the building sector.

Meetings of the Administrative Board and key areas

One meeting of the Supervisory Board and four meetings of the Administrative Board took place in the reporting year. The attendance at the meetings of the Administrative Board and its committees was 100%. Mads Bording (member of the Executive Board until 1st April 2017 and Managing Director from 3rd April 2017) regularly participated in the meetings of the Administrative Board as a guest. The Members of the Executive Board or Managing Directors did not participate in the discussions of the personnel issues related to them. The necessary resolutions between regular meetings of the Administrative Board were passed by a written circulation procedure. They referred to the following issues in the financial year:

- appointment of Mads Bording as Managing Director (from 3rd April 2017);

- necessary clarifying resolutions after the entry of the transformation changing the legal form of the company into a SE (rules of procedure for the Administrative Board and

Managing Directors, invitation and proposed resolutions for the General Meeting on 30th May 2017 and the declaration of compliance with the German Corporate Governance Code (DCGK);

- increased shareholding in Exactal Group Ltd., Hong Kong.

The subjects of regular consultations during the plenary meetings of the Administrative Board were revenue and earnings performance, financial position and profit, strategic issues, as well as risks and opportunities of business development.

During the meeting on *22nd March 2017*, the Supervisory Board dealt with the financial statements and combined management report for RIB Software AG and the Group as at 31st December 2016, report of the Supervisory Board, and agenda for the General Meeting on 30th May 2017. The annual financial statement of RIB Software AG as at 31st December 2016 was approved and thus adopted. The consolidated financial statement for the financial year 2016 was approved by the Supervisory Board. Moreover, personnel issues of the members of the Executive Board were discussed and the relevant resolutions were passed. It was resolved to update the declaration of compliance with the German Corporate Governance Code (DCGK) and there was a preliminary discussion about adjusting the rules of procedure for the Administrative Board and Managing Directors.

During the meeting of the Administrative Board on *30th May 2017*, the Managing Directors reported on the current business and financial situation after the financial statement of the first quarter and submitted their report for the discussion at the forthcoming General Meeting. Moreover, a resolution on the allotment of options to Managing Directors, management personnel and employees within the Group under 2015 share option programme was passed.

During the meeting on *1st August 2017*, the Managing Directors reported on the current business development and the results achieved in the second quarter.

Apart from the report on the current business and financial position, the subject of the meeting of the Administrative Board on *18th October 2017* was also the concept of developing a vertical cloud solution with a strategic partner for our existing and future clients. In this context, the Administrative Board approved the creation of MTWO Ltd. Moreover, the Administrative Board passed the resolution and thus, expressed its consent for the increased shareholding in Exactal Group Ltd., Hong Kong proposed by the Managing Directors.

During the meeting on *6th December 2017*, the Administrative Board dealt with the report on the current business situation, projection of the financial year 2017 and planning for the financial year 2018. As in the case of previous meetings, the key areas of the Managing Directors' report were the current number of concluded iTWO 4.0 deals, number of clients acquired for YTWO platform and current situation with software development (iTWO 4.0, YTWO, iTWO 3D). Moreover, the current status of MTWO was reported. The resolution on the increased shareholding of RIB Ltd. in Exactal Group Ltd. to 75% was updated as regards the amount of increase and amount of the shares used for partial financing of the transaction and exclusion of subscription rights of the shareholders with respect to those shares. This was necessary because the exact number of shares was not yet fixed at the time the contract was signed as it depended on the 60 day average price before the closing date.

Committees of the Administrative Board

The Administrative Board assigned its members to the two committees by circular resolution dated 4th April 2017. Both committees were constituted on 29th May 2017.

The following persons were identified as members of the **Nomination and Remuneration Committee**: Ms Sandy Möser (Chairwoman), Mr Klaus Hirschle and Dr Matthias Rumpelhardt.

The members of the **Audit Committee** are Dr Matthias Rumpelhardt (Chairman), Mr Klaus Hirschle and Ms Sandy Möser.

Two meetings of the Audit Committee and the Nomination and Remuneration Committee, respectively, were held in the financial year 2017. All members participated in the respective meetings.

During the meeting on *21st March 2017*, in the presence of the statutory auditor and Chief Financial Officer, the **Audit Committee** held a discussion on the financial statements as at 31st December 2016, the combined management report for RIB Software AG and the Group, as well as audit reports of the auditor. The auditor reported on the key areas and results of the audit. The auditor was available for questions and detailed clarifications. In the course of this, it was reported on the audit of the internal control system and the risk management system, both of which, in the opinion of the auditors, are capable of identifying developments that could jeopardize the continued existence of the company at an early stage. As a result, a proposal was submitted for a resolution on the adoption of 2016 annual financial statement and approval of 2016 consolidated financial statement of RIB Software AG to be passed during the plenary meeting of the Supervisory Board on 22nd March 2017.

On *5th December 2017*, the meeting of the Audit Committee was held. During the meeting, the content of the audit of the financial statement for the financial year 2017 was preliminary discussed together with the competent statutory auditor. The Audit Committee hereby determined, in particular, the (preliminary) audit-related crucial facts and other important key areas for the audit of the annual and consolidated financial statement of RIB Software SE for the financial year 2017.

During its meeting on *21st March 2017*, the **Nomination and Remuneration Committee** prepared the resolutions for the Supervisory Board as regards the appointment of Mads Bording as the member of the Executive Board and contractual arrangements with him. Moreover, the committee focused on checking the adequacy of the compensation for the members of the Executive Board and prepared the proposals for the Supervisory Board to change the contracts and compensation of the other members of the Executive Board, as well as defined the objectives of variable compensation for the purpose of passing the resolution by the Supervisory Board.

On *29th May 2017*, the committee prepared the resolution of the Administrative Board on allotment of the options for Managing Directors, management personnel and employees of RIB Software SE and its associated companies.

Composition of the Administrative Board

According to Section 6, Para. 1 of the company's articles of association, the Administrative Board of RIB Software SE is composed of eight Members. The following persons were appointed as the members of the first Administrative Board by the General Meeting on 31st May 2016: Prof. Martin Fischer, Klaus Hirschle, Sandy Möser (Deputy Chairwoman), Dr Matthias Rumpelhardt, Michael Sauer, Helmut Schmid, Steve Swant, Thomas Wolf (Chairman).

Mr Helmut Schmid will leave on 31st March 2018 for personal reasons. We would like to thank him for an excellent cooperation and wish him all the best for his personal and professional future.

Corporate governance and declaration of compliance

Taking into account the amended version of the German Corporate Governance Code (Version of 7th February 2017), the Administrative Board submitted a declaration of compliance which was published in April 2017 at **http://group.rib-software.com/de/investor-relations/corporate-governance/declaration-of-compliance** and has been permanently available since then.

The conflicts of interest of the Managing Directors or members of the Administrative Board which must be immediately disclosed during the plenary meeting and notified to the General Meeting did not occur in the financial year 2017.

Annual and consolidated financial statements 2017

BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, (hereinafter "BW PARTNER") audited the accounts and consolidated accounts of RIB Software SE for the financial year 2017. Following the suggestion of the Supervisory Board, the General Meeting on 30th May 2017 selected BW PARTNER to be the auditor of the financial statement and consolidated financial statement. Before the Supervisory Board proposed BW PARTNER to the General Meeting as the auditor, BW PARTNER had confirmed to the Chairwoman of the Supervisory Board and the Audit Committee that there had been no circumstances which could have affected its independence as the statutory auditor. At the same time, BW PARTNER had also explained the scope of services provided to the Group in the previous financial year or contractually agreed with the Group for the following year, apart from the audit of financial statement. The Supervisory Board agreed with the auditor that the latter would inform them and would indicate in the audit report, if during the performance of the audit the facts were established which showed the incorrectness of the statement submitted by the Executive Board and Supervisory Board or by the Administrative Board as regards the German Corporate Governance Code (DCGK). BW PARTNER audited the annual financial statement of RIB Software SE compiled according to the regulations of the German Commercial Code (HGB), the consolidated financial statement compiled according to Section 315e of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) and the combined group management report and RIB Software SE management report, as well as certified them with the unqualified audit opinion. Thereby, the auditor confirmed that in its opinion and based on the findings made during the audit, the annual financial statement and the consolidated financial statement, taking into account the applicable provisions of financial reporting, provided the representation of assets, finances and profit of RIB Software SE and the Group which corresponds with the actual circumstances. Further, the auditor confirmed that the combined group management report and management report are consistent with the annual or consolidated financial statement, respectively, generally provide an accurate representation of the position of RIB Software SE and the Group and adequately describe the risks and opportunities.

On 12th March 2018 the Managing Directors of RIB Software SE prepared the accounts and consolidated accounts for the financial year 2017, which included the annual financial statement and consolidated financial statement as well as combined group management report and management report, and they released the above to be immediately transferred to the Administrative Board.

During the meeting of the Audit Committee on 20th March 2018 the above-mentioned documents and the proposal of the Managing Directors for the distribution of retained profit were examined in detail. The competent statutory auditor provided a detailed report about the audit and audit results, as well as explained the audit report. Thereby, the auditor also stated that its audit of the internal control and early risk detection systems revealed that the Administrative Board had taken the appropriate measures required by § 22 (3) sentence 2 SEAG (in particular to set up a monitoring system), and that the monitoring system is capable of detecting developments that could jeopardize the continued existence of the Group at an early stage. The questions of the committee members were answered in full.

The audit reports of the statutory auditor were submitted to all Members of the Administrative Board and were discussed in detail during the balance sheet meeting of the Administrative Board on 21st March 2018. The auditor was available for explanations and answers to the questions. The Chairman of the Audit Committee provided a full report on the committee's audit of the annual and consolidated financial statement, of the combined management report and management report, including the non-financial statement included therein, and the examination of the proposal for distribution of the retained profit.

The Audit Committee also informed us that there were no indications whatsoever of any partiality of the statutory auditor and it informed us what services of BW PARTNER were provided, apart from the financial statement audit. The auditor has confirmed in accordance with § 321 (4a) HGB that he complied with the applicable rules on independence during the audit. The auditor also stated, in accordance with Article 6 (2) letter (a) of the EU-APrVO, that the audit firm, audit partners and members of the senior management and senior management who perform the audit are independent of the audited entity.

The Administrative Board and the Audit Committee were convinced that the audit had been properly performed by BW PARTNER. Thereupon, the Administrative Board approved the results of the financial statement audit based on the report and recommendation of the Audit Committee, and since it had no objections to raise after the final result of its own audit, the Administrative Board approved the annual financial statement and consolidated financial statement as at 31st December 2017, as well as the combined group management report and management report. Thus, the annual financial statement was adopted.

The Managing Directors propose to distribute the retained profit as at 31st December 2017 for the payment of EUR 0.18 dividend per share entitled to dividend, and to carry forward the remaining amount to a new account. The Administrative Board has approved this proposal.

On behalf of the Administrative Board I would like to thank the Managing Directors and the employees of RIB Software SE, and all Group companies for their hard work and a very good and helpful cooperation in the previous financial year.

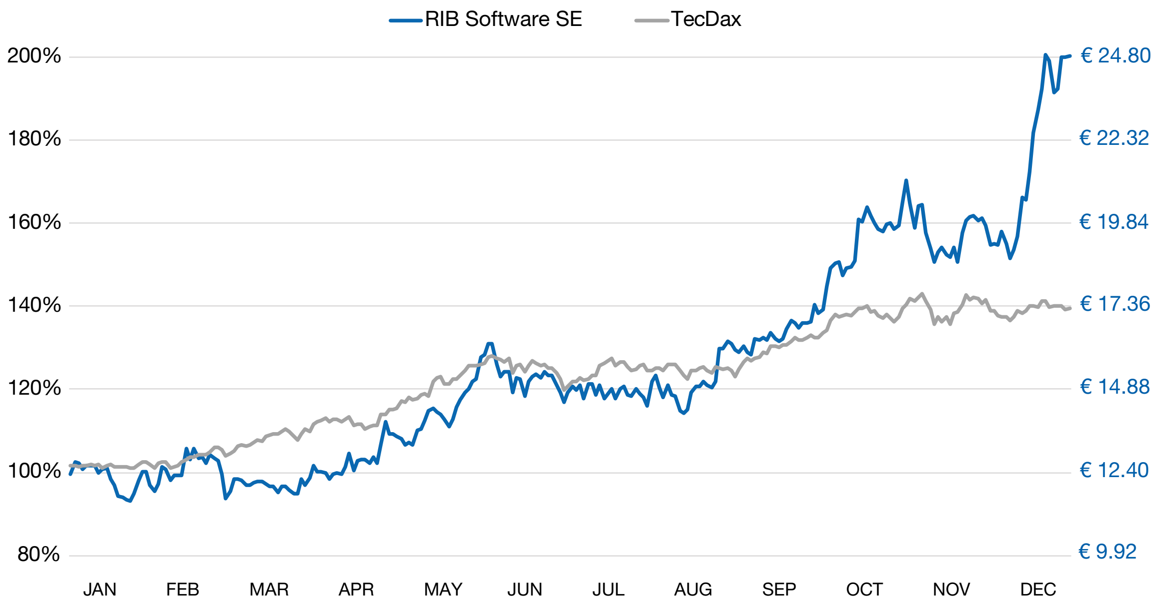
Stuttgart, 21 March 2018

For the Administrative Board

Thomas Wolf
Chairman

RIB ON THE CAPITAL MARKET

SHARE PRICE PERFORMANCE 2017



RIB Software SE started the financial year in 2017 on 02 January with a share price of € 12.40. Subsequently, the price developed in the first nine months of the financial year 2017 on the TecDax level. In the fourth quarter, the share price clearly decoupled from the leading TecDAX index and reached the year's high of € 25.37 per share in mid-December. RIB Software SE ended the financial year on 29 December 2017 with a closing share price of € 24.82, which corresponds to a significant price gain of 100.16% on the year. The market capitalisation at the end of the year 2017 amounted to approximately € 1.16 billion.

DIVIDEND PAYMENT OF € 0.18 PER SHARE (+12.5% COMPARED TO PREVIOUS YEAR)

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 15 May 2018, the Administrative Board will suggest that in the financial year of 2018, the shareholders are paid a dividend of € 0.18 per share for the previous financial year. Following the capital increase in March 2018, this would correspond to a payout sum of approx. € 9.1 million. In financial year 2017, a dividend of € 0.16 per share was paid out.

SHARE FACTS

Figures in €, if not otherwise indicated	2017	2016
Earnings per share - basic	0.41	0.32
Earnings per share - diluted	0.40	0.32
Dividend per share*	0.18	0.16
Share price at the beginning of the report period	12.40	10.91
52-week high	25.37	14.86
52-week low	11.41	8.00
Share price at the end of the report period	24.82	12.46
Authorised capital at the end of the reporting period	46,845,657.00	46,845,657.00
Issued shares in circulation at the end of the reporting period	45,287,075.00	44,973,371.00
Share price increase at end of reporting period	100.16%	14.21%

* Suggestion by the Administrative Board to the annual general meeting of RIB Software SE on 15 May 2018

RIB Software SE is registered with the commercial register of the District Court of Stuttgart (Amtsgericht Stuttgart), Germany under registration number HRB 760459. Since 07 January 2016 RIB Software SE has been listed under the ticker symbol RIB (formerly RSTA).

Share capital on 23 March 2018	€ 51,530,222.00
Number of shares on 23 March 2018	51,530,222
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

Specialist information concerning the shares can be found on our website **www.rib-software.com/investors/**. You can also find annual and interim reports as well as other information on RIB Software SE.

CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE REPORT

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

Responsible corporate governance

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

The Administrative Board of RIB Software SE largely complies voluntarily and with conviction 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 RIB Software SE's Declaration of Compliance and the reasons contained therein.

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

Avoidance of conflicts of interest

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

No advisory or other service agreements or work contracts are in existence between the members of the Administrative Board and the Company.

Deductible for D&O insurance

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

Composition and remuneration of the Managing Directors

The Administrative Board ensures a long-term succession planning. 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 suitable candidates for a position as Managing Director. From the perspective of the Administrative Board, a high target for the quota of women in the level of the Managing Directors would therefore entail the risk that it could not be met from the outset. Against this background, the Administrative Board has set a target of 0%, which is to be achieved by 14 February 2023.

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

Elections to the Administrative Board and targets for its composition

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

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

Annual General Meeting

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

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

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

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

Risk management and compliance

The responsible handling of business related risks is one of the principles of good corporate governance. The Administrative Board ensures adequate risk management and risk controlling within the Company. Detailed information about risk management is provided in the Risk Report on pages 72 to 76 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.

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 **http://group.rib-software.com**. 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 (**http://group.rib-software.com** – 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 exempt from the publication obligation 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. This obligation applies irrespective of the remuneration and the type of acquisition as soon as a threshold value of € 5,000 per calendar year is reached or exceeded. Insofar as the Company has been notified of such transactions, this information has been duly published in the company register.

In fiscal year 2017, Dr. Matthias Rumpelhardt, member of the Administrative Board, acquired a total of 6,700 shares in the Company through Avalanche GmbH, which is closely related to him.

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

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

The Administrative Board (*Verwaltungsrat*) of RIB Software SE declares pursuant to Art. 9 para. 1 lit. c) (ii) of the Council Regulation (EC) no. 2157/2001 of 8 October 2001 on the Statute of a 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, RIB Software SE has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 5 May 2015, effective since 12 June 2015, and will comply with the recommendations of the version dated 7 February 2017, effective since 24 April 2017 (the "**Code**"), in each case under consideration of the particularities of the one-tier board system of RIB Software SE described under no. 1 with the exceptions described under no. 2, and to the extent not complied with, why not.

1. Particularities of the one-tier corporate governance system

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

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

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

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

- The responsibilities of the Management Board set out in Secs. 2.3.2 sent. 2 (proxy-voter bound by instructions), 3.7 para. 1 (opinion to a public take-over offer) and para. 2 (behaviour during a public take-over 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 Software SE, Sec. 22 para. 6 SEAG.

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

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

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

2. Deviations from the Recommendations of the Code

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

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

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

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

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

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

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

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

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

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

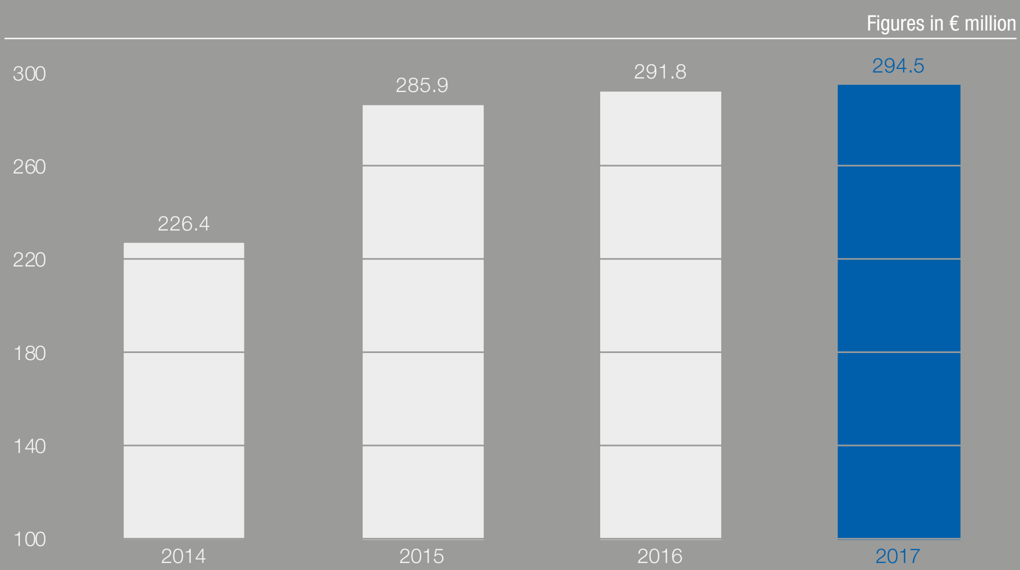
- Section 5.4.1 para. 4 GCGC: The Administrative Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the company when making its election proposals. The recommendation of the Code implies more than merely insignificant legal risks; hence, to comply with it, is not in the interest of the company.

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

Stuttgart, this March 2018

RIB Software SE
The Administrative Board

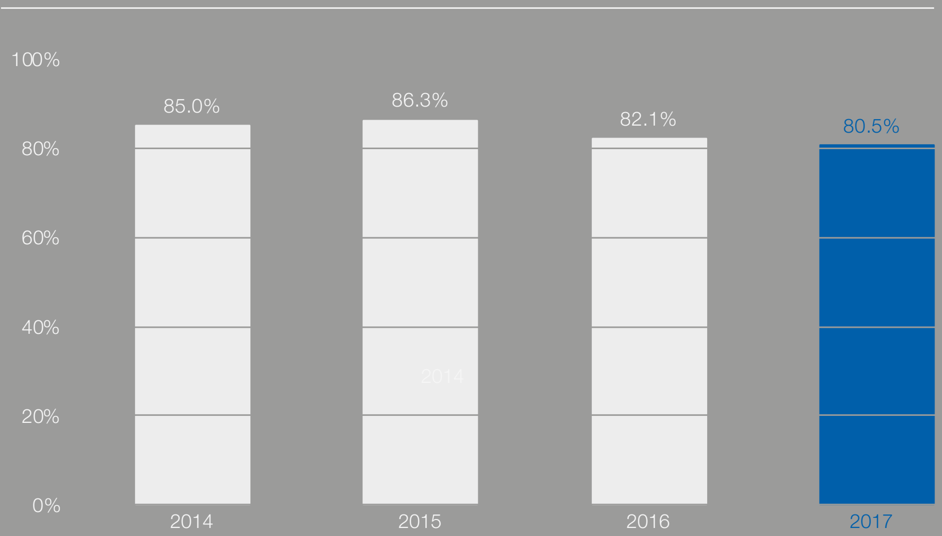
CHANGES IN EQUITY 2014 - 2017



CONSOLIDATED GROUP MANAGEMENT REPORT

AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2017

EQUITY RATIO 2014 - 2017



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 (hereafter: RIB SE) is headquartered in Stuttgart. RIB SE has subsidiaries in Germany, Europe, the US, Australia, and Asia.

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

Our software is designed to simplify the planning of construction projects, increase the efficiency of project management, minimize cost and deadline risks, and increase 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 over our digital platforms and manage and monitor supply chains. For this purpose, they can determine needs from 5D building models. Our software and e-commerce solutions form an integrated and comprehensive B2B platform over which our customers can plan, implement, and manage acquisition processes together with their business partners.

More than 100,000 customers in total

With more than 100,000 customers all over the world, we are one of the leading providers for business software for the construction industry. Our customers include approximately 6,000 major construction companies and medium-sized construction businesses. We have about 9,000 customers in the public sector, architecture and engineering companies, and major industrial and plant construction companies. More than 85,000 customers use our online services such as iTWOtx or our collaboration and project management platform iTWOcx to communicate with all project participants on the basis of an industry-specific internet forum.

For the purpose of corporate management, the Group is also structured into reporting segments:

Reporting segment iTWO
In the reporting segment iTWO, we grant our customers non-exclusive, open-ended software usage rights based on licensing agreements. As an alternative, we also individually deliver our software in customer-owned IT infrastructures (private clouds) or computer centres operated by third parties (public clouds) for a fee and with a time limit. Independent of the chosen utilization model, our customers can also conclude contracts for additional hotline services and the provision of the latest software versions (maintenance) or hire consulting and training services in connection with the software implementation.

Reporting segment YTWO
In the reporting segment YTWO (known as “xTWO” in the previous year), we offer our customers web-based platforms for the electronic representation of business processes. Similar to last year, the reporting segment encompasses the two business segments of xTWO (e-commerce) and YTWO (SCM). In the 2017 financial year, we strengthened our strategic focus in this area on YTWO (SCM). At this point we were able to use the know-how we had accumulated in the xTWO business segment in the structuring of the article database on the YTWO (SCM) platform. It is expected that the xTWO (e-commerce) area will in future have a declining economic significance in this segment. By way of expressing this development, we have decided to rename the reporting segment YTWO.

In conjunction with the YTWO platform, the business model of the RIB Group generates revenue in the reporting segment iTWO from the sale or provision of software licences and the delivery of maintenance services to the joint venture YTWO Ltd. On the other hand, in the YTWO (SCM) business segment we are also expecting increasing transaction fees obtained by YTWO Ltd. corresponding to our participation rate of 50%.

YTWO Ltd. is providing its customers with iTWO 4.0 technology on the YTWO platform for the model-based planning and implementation of construction projects, if they organize their supply chain management (SCM) completely or at least partially via the YTWO platform and pay a corresponding transaction fee depending on the acquisition volume. The USP of this approach is that, for the first time, customers can organize bundled acquisition processes consolidated from building models and linked project schedules via their own end-to-end business software - provided on the YTWO platform as a software service (SaaS). Our joint venture partner Flex, one of the leading providers of electronic manufacturing services in the world, organizes just-in-time delivery right to the construction site.

Several development sites worldwide

We currently organize our research and development activities on a decentralized basis. The RIB Group has development sites in Stuttgart, Vienna, Copenhagen, Madrid, Atlanta, Memphis, Sydney, and Guangzhou. The German versions of iTWO 5D and iTWO 4.0 are developed under the leadership of RIB SE and the international versions under the leadership of RIB Limited, Hong Kong. To this end, the companies use the development capacities of the RIB Information Technologies AG and a Chinese subsidiary as well as other subsidiaries in the USA, Denmark, Austria, Spain, and Australia.

In German-speaking countries (D/A/Ch), we organize product sales under the umbrella of RIB SE via two German subsidiaries, RIB Engineering GmbH and RIB Deutschland GmbH. International sales are managed under the umbrella of RIB Limited, Hong Kong, via subsidiaries in Asia, Australia, the Middle East,U.K. and the USA.

A.2 BUSINESS DEVELOPMENT AND POSITION OF THE RIB GROUP

A.2.1 Market conditions

Increasing globalisation, the internet and the growing significance of smart communication technologies have led to the creation of a new generation of enterprises, which develop integrated and interactive joint business processes with their business partners. The associated digital linking of people and enterprises has triggered a social and economic revolution with significant consequences for the global economy.

And now the next technological leap forward is already in view. In future, artificial intelligence (AI) will enable a computer to process tasks, which would otherwise require human intelligence to solve them. As the most important IT-based innovation and research objective of the future, artificial intelligence has become the focus of universities, start-ups, software and hardware vendors, car makers, banks and insurance companies. A race to attract the best talents with AI know-how is already in train. According to the founder of Amazon, Jeff Bezos, in future there will “be no institution on the planet, no government agency and no enterprise that cannot be improved with artificial intelligence”. Intelligent computer programmes will in future understand exactly what we are saying, and will provide their own solution proposals autonomously. Cars equipped with artificial intelligence will be able to drive independently, even in difficult traffic situations. Artificial intelligence will help in the treatment of diseases, make investing money more profitable, optimise the consumption of energy and much more besides. Artificial intelligence could revolutionise our lives in the next 10 to 20 years to an extent never seen before.

These new developments and the increasing digitalization of building processes mean that virtual construction and digitally networked business processes have evolved into a new mega trend within the construction industry. Artificial intelligence will doubtlessly achieve every greater importance here too. As in other industries, where the state-of-the-art already includes virtual reality and AI technology provides support to complicated maintenance or assembly works, in future simply by looking at a technical component of a built structure using VR glasses will visualise the relevant information to it. The observer will be informed how the components are to be assembled during the construction phase, and at what it cost, what it is made of, and how it will be subsequently maintained and repaired during the use phase.

With our end-to-end enterprise platform, iTWO 4.0, and growing number of intelligent iTWO 4.0 apps, we are providing a solution fully in keeping with the current technological trends. It is our belief that digitally networked, integrated virtual planning, production, and operating processes and the industrial prefabrication of components and artificial intelligence have the potential to impact the future development of the construction sector significantly, and we anticipate expect an increasing willingness to invest in web-based digital software platforms in this area, or to use software as a service and to utilise AI technology.

In addition to these favourable parameters, our target groups' willingness to invest also depends on the general economic conditions. According to the OECD's 2017 Economic Outlook, the global economy is again expanding at its highest rate since 2010 and, based on a cross-border comparison, the upturn in increasingly taking place synchronously. The rise in the macroeconomic demand is attributable to strong growth in employment, a moderate increase in investments and a revival of the growth in trade. According to the OECD's projections, global GDP growth will rise to 3.75% in 2018, before slowing somewhat again in 2019.

However, the OECD also says that the repercussions of the financial crisis can still be felt in the areas of investment, trade, productivity and wage trends. Nevertheless, a certain improvement is expected for 2018 and 2019, because enterprises will be making new investments in the modernisation of their capital stock. This could lead to increasing IT investments, and positively impact on the business development of the RIB Group. However, growth in the emerging economies is being held back by ponderous efforts at reform and financial risks as a consequence of high indebtedness, particularly in China. This could have negative effects on our business activities, especially in China.

The continued rise of protectionism and the threat of retaliatory measures could also have negative effects on the growth of the domestic and world economy, resulting in a deteriorating budget situation on an international level. It is still not clear what the impact of the UK's referendum vote to leave the European Union will be on the economic situation within Europe, increasing the probability of a long phase of uncertainty until the future of the trade relations with the rest of the EU have been clarified. In view of this, the willingness of our target groups and markets to invest, especially in Europe and the USA, might develop somewhat cautiously despite a positive trend in digitizing processes in the construction sector and making the associated IT investments.

A.2.2 Business development

Positive business development in the reporting period

As in previous years, the business development was again favourable in the reporting period. Total revenues increased by 10.6% to € 108.3 million (previous year: € 97.9 million), whereby the revenues achieved abroad (€ 56.0 million) exceeded domestic revenues (€ 52.3 million) for the first time (previous year: Abroad € 46.9 million; Domestic € 51.0 million). Sales of software licenses and software as a service / cloud of € 47.7 million were 15.2% higher than the previous year (€ 41.4 million). Maintenance revenue increased by 22.5% to € 33.2 million (previous year: € 27.1 million) Consulting revenue fell by 12.3% to € 19.9 million (previous year: € 22.7 million). The e-commerce revenues increased from € 6.6 million to € 7.5 million (+13.6%).

A.2.3 Key performance indicators of RIB SE

Revenues of RIB SE increase by 12.4%

Revenues increased clearly by 12.4% to € 54.3 million (previous year: € 48.3 million). The operating EBITDA of € 17.3 million was 13.8% higher than in the previous year (€ 15.2 million).

Below, the reconciliation of earnings after taxes to operating EBITDA*:

Figures in € million	2017	2016
Earnings after taxes	**12.9**	**8.5**
plus taxes on income and earnings	5.1	4.8
plus interest and related expenses	0.2	0.2
plus write-downs of financial assets	1.1	0.5
less other interest and similar income	-0.1	-0.2
less income from participating interests	-5.0	-0.9
plus depreciation and amortization	1.7	1.7
plus expenses from currency conversion	1.5	0.9
less income from currency conversion	0.0	-0.4
Operating EBITDA	**17.3**	**15.2**

A.2.4 Key performance indicators of RIB Group

Group revenues rise to € 108.3 million (+10.6%)

Group revenues increased clearly by 10.6% to € 108.3 million (previous year: € 97.9 million). The operating EBITDA increased by 20.9% to € 39.9 million (previous year: € 33.0 million). The operating EBITDA margin reached 36.8% (previous year: 33.7%).

Below, the reconciliation of earnings before income taxes to operating EBITDA**:

Figures in € million	2017	2016
Earnings before income taxes	**29.6**	**22.9**
plus the share of earnings from participations accounted for using the equity method	3.5	0.0
plus financial expenses	0.2	0.4
less financial income	-3.7	-0.4
plus depreciation and amortization	10.7	9.7
plus expenses from currency conversion	1.8	1.0
less income from currency conversion	-1.7	-0.6
less income from the subsequent valuation of purchase price liabilities	-0.5	-0.1
Operating EBITDA	**39.9**	**33.0**

Operating EBITDA margin rises to 40.6% in the iTWO segment

In our high-margin reporting segment iTWO, the operating EBITDA increased by 10.5% to € 100.8 million (previous year: € 91.2 million). The operating EBITDA*** increased by 17.2% to € 40.9 million (previous year: € 34.9 million). The operating EBITDA margin increased accordingly from 38.3% in the previous year to 40.6%.

In the YTWO reporting segment, the business division in formation YTWO (SCM) did not register any investment income from transaction fees. A negative investment result of € -3.7 million was generated due to the ramp up costs connected with the establishment of the YTWO Platform. This value is within our profit forecast for 2017. A negative investment result of up to € -5 million was budgeted. In the xTWO (e-commerce) business area, the revenue increased by 13.6% to € 7.5 million (previous year: € 6.6 million). The operating EBITDA for the still low-margin xTWO (e-commerce) business was € -1.0 million (previous year: € -1.9 million).

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

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

***) Currency effects (2017: expense € 0.1 million / 2016: expense € 0.4 million); Special effects: Income from the adjustment of purchase price liabilities (2017: income € 0.5 million / 2016: Income € 0.1 million)

A.3 KEY EVENTS IN THE REPORTING PERIOD

A.3.1 Development of the Joint Venture YTWO

Flex waives its right of return on YTWO

During the 2017 financial year, the main focus of the business activities of YTWO Ltd. was on the scheduled establishment of enterprise structures and business processes, the recruitment of the necessary managers and staff, and on commencing the marketing of the YTWO Platform. Thus, it was possible to conclude the first three customer contracts in the very same reporting period. In addition, a LoI was signed with a leading home builder in the USA. Furthermore, a PPA Agreement (Pilot Phase Agreement) and a MoU (Memorandum of Understanding) were concluded with one of the largest project development companies in the world. According to the agreement made in the 2016 financial year concerning the establishment of the joint venture company, our Joint Venture Partner Flex was entitled to exercise a right of return in relation to its share in YTWO Ltd., if certain contractually defined profit targets had not been achieved by 01.02.2018. During the reporting period, in agreement with Flex, we postponed the deadline for exercising the termination right. In view of the positive development of the joint venture during the 2017 financial year, Flex prematurely waived its right of return on 24.02.2018.

A.3.2 Takeover of the shares in Exactal Group Limited

Increase of stake in Exactal to 100%

In 2016, RIB Limited acquired a stake of 25% in Exactal Group Limited. Due to the positive business development of this company, we increased our shareholding initially to 75% in November 2017, and then to 100% in January 2018. Exactal was established in Brisbane, Australia in 2003 and it primarily develops and distributes quantity determination and costing software. Exactal has enterprise sites in Australia, the united Kingdom, New Zealand, USA, Malaysia, Singapore and Hong Kong. The main product CostX, is a very good augmentation to the product portfolio of the RIB Group, and it is planned to integrate it into the iTWO 5D and iTWO 4.0 platform.

A.3.3 Conversion of RIB Software AG into an SE

Conversion into a European stock company accomplished

By way of a resolution of the annual general meeting on 31.05.2016, the shareholders agreed to the proposal of the Management Board and Supervisory Board to convert RIB Software AG into a European Company (Societas Europaea - SE). After establishing the necessary conditions, the change of legal form was entered into the companies register on 03.04.2017, at which point it became effective.

A.4 SUBSEQUENT EVENTS

Regarding the significant transactions occurring after the closing date that can have an effect on the accurate presentation of the actual progress of the business, the business performance, the position and the foreseeable development, with regard to RIB SE, we refer to **Section E.** of the notes to the annual financial statement of RIB SE. With regard to the RIB Group, we refer to **Note (47)** of the notes to the consolidated financial statement.

A.5 MANAGEMENT SYSTEM

A.5.1 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, and 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 during the year based on indicators and a detailed report on the sales, cost, and revenue situation.

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

Both indicators are each also used at company and segment level for monitoring and managing the individual companies and the segments.

Aside from that, other revenue indicators are used at Group and company level for management and monitoring purposes. These particularly include the software revenues (software licences and SaaS/Cloud), the maintenance and consulting revenue as well as the trade revenue, each structured by reporting segment, region, and target group.

The cost indicators at the Group, business, and profit centre level particularly include the production costs for the services used to achieve the sales revenue and the costs for research and development, each structured by reporting segment.

The share of earnings flowing into the financial result from the joint venture company YTWO Ltd. are of particularly significant for the reporting segment YTWO.

We also use additional indicators to control and monitor our profit centres in the areas of sales, development, and consulting. They are derived from the essential indicators and compared to quantitative and qualitative targets resulting from our strategic business goals.

A.5.2 Sales management

The sales management is based on detailed market and target group analysis both in national 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. We distinguish by sales processes in the areas of key account and mass market as well as the areas 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 for a continuous TARGET / ACTUAL comparison. This helps manage the achieved sales, as well as the supply forecast and individual sales activities. In key account sales, the CRM system documents sales processes which provide detailed information about the current status of the ongoing sales processes, the planned next steps, and the target data for contract negotiations / closings.

Clear signature and release regulations for quotes, contracts, and orders ensure that the specified sales and price strategies of the company are followed and documented. All sales employees have significant success-dependent income components which ensure the short, medium and long-term goals of the company.

A.5.3 Development management

The RIB Group consults its national and international major customers when developing technical concepts for new software solutions. Existing construction market trends are analysed together with the customer, and the resultant 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). In this situation, the list of requirements are recorded in a Product Backlog and implemented step-by-step in four week long intervals, known as sprints. The Product Increment is produced at the end of each sprint, ready for testing internally or externally by the customer. The test results provide a base for reviewing the product, the requirements and the procedure, and these aspects are developed further in the next sprint. On this basis, the RIB Group is able to determine the required time and resources for developing new software solutions according to the relevant need. The annual business planning coordinates the software projects that can be implemented with the available development resources and have the greatest market potential. If not, all planned projects can be implemented, we either budget the costs for additional development resources and any additional technical equipment needed and included in the business planning or projects with lower sales potential are not released for implementation and/or are deferred to a later time. With these measures, the RIB Group ensures that adequate technical, financial, and other resources exist to complete the development.

The RIB Group uses professional electronic planning and monitoring systems in order to monitor and manage the development projects. The rendered development services are recorded for each project on the basis of the man days required. On this basis, the RIB Group is able to reliably assess the immaterial assets during the development phase. The costs incurred by the development areas are recorded against the relevant cost centres.

A.6 RESEARCH AND DEVELOPMENT

336 employees in R&D area

The number of employees in the research and development centres of the RIB Group increased to an average of 336 for the year (previous year: 307).

In particular, the additional manpower recruited for the iTWO 4.0 area increased the R&D expenditure (total capitalised R&D costs recognised as expenses) during the reporting period by € 2.6 million from € 18.8 million to € 21.4 million (+13.8%).

The capitalised development costs amounted to € 7.7 million, or 8.5% more than the previous year (€ 7.1 million). The capitalization ratio (share of capitalized R&D costs in total R&D costs) in the reporting year was 36.0%, thus declining in keeping with the previous year (previous year: 37.8%). Despite the increase in revenues, at 21.2% the R&D ratio (total of R&D costs capitalized and recorded as expenditure in relation to the sales revenue in the reporting segment iTWO) is slightly above the previous year's figure (20.6%), meaning it continues to be at a high level.

The depreciation of capitalized development costs was € 5.6 million in the reporting period, making it 24.4% above the previous year's figure (€ 4.5 million).

A.6.1 Further development of iTWO 5D

In 2017, one particularly important development focus was the further optimisation and consolidation of the integration of iTWO 5D with other product lines. The new programme versions mean that numerous customer work flows are optimally supported on a cross-product basis.

Other focal points in 2017 included wide-ranging improvements to the 5D model-based working method of iTWO.

For example, the iTWO 5D application server was upgraded such that ever more big data analysis and integration processes are executed via services, thereby removing a significant workload from the workstations, resulting in an additional optimisation of the performance in processing mass data.

To facilitate fast access to model data, particularly with large-sized projects, the 3D objects are now alternatively held in a relational database. With this technology as the basis, we also performed the integration for the Revit 3D CAD system of our co-operation partner Autodesk, which supports users in that the data is exchanged and updated between this Revit CAD application and iTWO 5D in real time. The greatly improved iTWO OnSite module now means there is a mobile model-based performance determination tool available for the construction site.

Alongside these core aspects, there was also a focus on the development of technical upgrades to certain part processes. The following contains some selected functions described in keywords:

- Comprehensive framework enhancements to the variable assistant
- Implementation of the „AKVS" costing for road construction authorities
- Project flat-rate assistant
- Cost allocations according to cost components
- Rule-based generation of process models
- Export and import of the invoice in accordance with GAEB XML 3.2
- Configurable data validation assistant

Extensive developments in the field of iTWO 5D

A.6.2 iTWO civil

One focal aspect in the development of iTWO civil during this reporting period, concerned the BIM area and use of 3D data models in road construction and civil engineering. Prototypes were presented last autumn at INTERGEO, the international trade show for geo data. iTWO civil is not only able to deliver model data for iTWO 5D, it can also access iTWO and IFC data models in order to edit these. This technology will rigorously drive and provide optimum support to the end-to-end process from CAD to RIB iTWO 5D and RIB iTWO 4.0.

One other focal aspect was the high-performance support in the application of point clouds in all display areas, up to and including the presentation within a joint 3D model. This basic data is indispensable for modern planning and billing projects both now and in the future, because it means that the data can be used by laser scanners to rapidly capture the actual construction status or to digitalize existing buildings for which no 3D model data is available.

The development partnership was further intensified with one co-operation partner with regard to the aspect of interacting with the construction site. This enables planning and production data to be sent to the construction site and to machines, as well as to adopt current data (“as built”) from the construction site for the purpose of billing and quality control. This creates transparent, direct communication between the office and the construction site. This ensures a high level of data security, and optimum controlling during the actual construction phase.

A.6.3 iTWO 4.0

Expansion of the product portfolio of iTWO 4.0

Whereas the development focus in 2016 was on the completion of the basic module for an initial marketable version, the emphasis in 2017 was on augmenting the product portfolio with additional modules, on localisation aspects for geographical sales markets as well as the development of portal functions.

iTWO 4.0 constitutes a complete web-based end-to-end solution for the digitization of the entire value-creation chain of a construction project, by networking virtual and real construction activities with the goal of preventing cost and schedule overruns and making construction more sustainable. Following the model of Industry 4.0, construction factories shall in future be home to the “smart” production of intelligent components (“smart factory”), receiving their production targets directly from 5D models.

Together with technology partners from the construction industry, we have created new solutions for the (process) planning and management of resources in all construction phases, which simultaneously represent the basis for a new form of work calculation with real resources.

They are supplemented by additional modules such as simulation of the construction process, facilitating the virtual implementation of the construction process during the actual planning phase itself. It combines 3D elements, costs (from accounting), and time (from scheduling) and represents them together.

Users also have access to a new project-spanning purchasing solution for construction material and construction services which, together and fully integrated with YTWO, represents an attractive supply chain management solution for the construction sector.

Further focal aspects in the development of iTWO 4.0 included:

- Upgrading mobility components that particularly facilitate the use of the technology on the construction site. At this point, various apps are available in the standard app stores to enable site foremen, purchasers, project managers, and controllers to easily use of iTWO 4.0 on mobile devices.

- The development of portal functions, such as the purchasing portal covering the entire subcontractor management process for the general contractors or large construction companies.

- The integration of machine control technology for the prefabricated parts industry into the iTWO 4.0 platform. In future, this will enable production and logistics process for prefabricated construction elements (industrially prefabricated) to be simulated and optimised during the actual planning phase itself.

Extensive developments in the field of iTWO 4.0

- The implementation of the modules for billing and sales.

- The development of a new construction machinery logistics system.

- The development of a warehouse management system for construction firms, with a close integration to purchasing.

- The integration of new technologies, such as virtual reality, augmented reality and artificial intelligence, for which the first solutions are expected during the course of 2018.

Alongside the upgrading of iTWO 4.0 into a standardised "best practice" industry solution, the development of regionally specific content for important target markets will continue. This will take place through the development of country-specific functions, as well as through the accumulation of market-specific model data (3D content), reports and user interfaces.

For the Chinese market the focus includes the development and delivery of content (Chinese rate books), which meets the local, region specific requirements, and which combines 3D and purchasing requirements. In the case of the American market, the specific working methods will be mapped for the implementation of large plant engineering projects (EPC) as well as multi-currency functionalities.

B. EARNINGS, FINANCIAL AND ASSETS POSITION OF THE RIB GROUP

B.1 REVENUE SITUATION

Total turnover increases by 10.6% to € 108.3 million (previous year: € 97.9 million)

Software licence revenues increase by 20.1% to € 34.7 million

Software licence revenues increased by 20.1% to € 34.7 million (previous year: € 28.9 million) and SaaS/Cloud revenues by 4.0% to € 13.0 million (previous year: € 12.5 million). In the key account area, the software licence revenues with iTWO increased by 20.7% to € 13.4 million (previous year: € 11.1 million). This rise is primarily based on the 3 Phase III contracts concluded during the 2017 financial year, and which were partly realised as recognisable sales. In the mass market, software license revenue with iTWO increased by 18.4% to € 13.5 million (previous year: € 11.4 million). The software licence revenues from the other product lines increased by € 1.5 million, from € 6.3 million to € 7.8 million. This includes an increase in revenues of € 1.3 million resulting from the sale of PPS and MES software.

Maintenance revenues grow by 22.5% to € 33.2 million

Recurring maintenance revenue from annual contracts increased by 22.5% to € 33.2 million (previous year: € 27.1 million). This increase is partially attributable to the maintenance charged for the first time to the YTWO joint venture in the amount of € 4.0 million for iTWO 4.0 (previous year: € 0.0 million). Even when this amount is eliminated, the maintenance revenue rose by € 2.1 million to € 29.2 million (+7.8%). Consulting revenue fell by 12.3% to € 19.9 million (previous year: € 22.7 million). This includes a drop of € 2.3 million, which particularly concerns the US market, and is attributable to a postponement of projects to the 2018 financial year. E-commerce revenue increased from € 6.6 million to € 7.5 million (+13.6%).

Distribution of revenues by region

Continuing demand for iTWO nationally and internationally

- **Domestic:** Due to the sustained high demand for iTWO, revenue in Germany increased by 2.5% to € 52.3 million (previous year: € 51.0 million)

- **Abroad:** The strong increase in revenues generated abroad over the previous year, was again repeated during the reporting year. The sales revenue again increased considerably by 19.4% to € 56.0 million (previous year: € 46.9 million). During the reporting year, the RIB Group therefore generated more than half of its revenues (51.7%) outside of Germany for the first time (previous year: 47.9%).

Distribution of revenues by customer groups

- **Key accounts:** Revenues with national and international major customers continued to develop very positively in 2017. The three Phase III contracts in particular, resulted in software revenue with iTWO increasing by 20.7% from € 11.1 million to € 13.4 million.

- **Mass market:** The iTWO sales generated with small customers in the mass market were again very positive during the reporting period and increased by 18.4% to € 13.5 million (previous year: € 11.4 million). As in the previous year, this is mainly due to the fact that existing major customers such as Deutsche Bahn, demand that their business partners exchange model-based project data in iTWO format.

At € 43.0 million, the costs of manufacture were on a par with those in the previous year (€ 42.9 million). The costs of manufacture mainly comprise the expenditure for purchased goods, personnel expenses and material costs for the Support and Consulting areas, as well as depreciation on self-produced software and procured technology.

The gross profit amounted to € 65.3 million, i.e. € 10.3 million more than the previous year (previous year: € 55.0 million), which is largely in step with the increase in group revenue. The gross margin increased compared to the previous year by about 4 percentage points to 60.3% (previous year: 56.2%). At 74.7%, the gross margin in our high-margin business areas License/Software and Software as a Service/Cloud was around 3 percentage points up on the previous year (71.7%). In the consulting area, at 20.1% the gross margin was about 5 percentage points down on the previous year (25.1%). This is largely attributable to the planned build-up of personnel capacities, and the simultaneous decline in consulting revenue, especially as a result of the postponement of projects to 2018. At approx. 11.4% (previous year: approx. 2.5%) the gross margin in the still developing xTWO segment (e-commerce) remains clearly below the gross margin in the other segments of the Group, but nevertheless increased comparison to the previous year.

The expenditure for Sales and Marketing increased considerably to € 21.7 million (previous year: € 18.4 million). The increase particularly resulted from the write-down of receivables against a major British customer, in the amount of € 1.9 million. The receivables had to be written down because the customer unexpectedly filed for insolvency in January 2018. Adjusted for these items, the expenditure for sales and marketing increased by around 7.6% (to € 19.8 million) year-on-year, which reflects the increase in the revenues.

Due to the increased volume of business activity, administration expenditures increased from € 9.7 million to € 10.7 million (+10.3%). A portion of this increase amounting to € 0.2 million, is due to the first-time full consolidation of Exactal.

R&D expenditures increased by 16.1% to € 13.7 million (previous year: € 11.8 million). When capitalized expenditures for self-produced software is taking into account, the R&D expenditures of € 21.4 million (previous year: € 18.8 million) are 13.8% higher than in the previous year. This increase is primarily due to the scheduled increase of personnel development capacities in the area of iTWO 4.0.

Other operating income amounted to € 12.8 million, making it 34.7% higher than in the previous year (€ 9.5 million). This includes revenue from the sale of the second tranche of software licences to the joint venture company YTWO, in the amount of € 7.8 million (previous year: € 7.7 million). The sale of the software licenses was economically and contractually connected to the RIB Group‘s participation in the joint venture. The resulting income was therefore not listed under sales income with customers in the Profit and Loss Statement, but instead constitutes different other operating income.

Furthermore, the increase of this item is particularly attributable to the income from currency conversion differences amounting to € 1.7 million (previous year: € 0.6 million), as well as to the increase income from the leasing of property (increase of around € 0.6 million to € 0.8 million).

Other operating expenses amounted to € 2.4 million, clearly more than in the previous year (€ 1.7 million). The increase largely resulted from an increase in foreign currency expenses to € 1.8 million (previous year: € 1.0 million).

At € -0.1 million, the balance of currency gains and losses was slightly higher than in the previous year (€ -0.4 million). This includes currency losses amounting to € -1.7 million, which, as in the previous year, resulted from correspondingly high interim financial resources from changes in the Euro/US-Dollar and Euro/Hong Kong Dollar exchange rates. This is offset by income of € 1.6 million resulting from changes in the Euro/Hong Kong Dollar exchange rate due to large pools of Euro receivables held by RIB Ltd.

Operating EBITDA increased by 20.9% to € 39.9 million

Operating EBITDA margin rises to 36.8%

The operating EBITDA increased by 20.9% to € 39.9 million (previous year: € 33.0 million). The operating EBITDA margin reached 36.8% (previous year: 33.7%).

The significant increase in financial income to € 3.7 million (previous year: € 0.4 million) resulted from the revaluation of shares of 25% held in the Exactal Group prior to the increase of our investment there. We refer to our relevant remarks on the financial position set out in **Section B.3** below.

The consolidated net profit for the year of € 18.4 million was 27.8% higher than the previous year (€ 14.4 million).

Following the inclusion of the elements of the Group statement of comprehensive income not recognised as expenses or income, there remains total consolidated earnings of € 3.6 million (previous year: € 17.8 million). The considerable decline compared to the previous year resulted from the conversion of the annual financial statements of foreign subsidiaries and joint ventures into the functional currency of the Group. We refer to our relevant remarks on the financial position of the RIB Group set out in **Section B.3** below.

Development of reporting segments

Reporting segment iTWO

Total revenues with iTWO increased by 10.5% to € 100.8 million

In the high-margin reporting segment iTWO, revenues in the reporting period increased by € 9.6 million (+ 10.5%) to € 100.8 million (previous year: € 91.2 million) This includes an increase in iTWO software revenue by 19.6% to € 26.9 million (previous year: € 22.5 million) and an increase in maintenance revenue by 22.5% to € 33.2 million (previous year: € 27.1 million).

The gross margin of 63.9% was again at a high level (previous year: € 60.1%).

Adjusted for the cost resulting from the write-down of receivables against a major customer, the sales and marketing costs rose by € 1.8 million to € 18.7 million (previous year: € 16.9 million). Administration expenses increased by € 1.0 million to € 9.8 million (previous year: € 8.8 million).

The balance of other operating income and expenditure increased by € 7.6 million to € 10.4 million. It includes income of € 7.8 million resulting from the sale of the iTWO 4.0 licenses to the joint venture company YTWO (previous year: € 7.7 million).

Operating EBITDA in the iTWO segment rises to € 40.9 million

The overall very positive sales development increased the operating EBITDA for the reporting segment by 17.2% to € 40.9 million in the reporting period (previous year: € 34.9 million) The operating EBITDA margin increased accordingly from 38.3% in the previous year to 40.6%.

Reporting segment YTWO

In the YTWO (SCM) business area, the YTWO Joint Venture developed according to plan during the reporting period. No transaction fees have yet been generated to date with the YTWO platform. Prompted by the investments made in the establishment of the business areas, a negative return on investment was recorded in the amount of € -3.7 million, which remain under the budgeted loss allocation of up to € -5 million. In the xTWO (e-commerce) area, the revenues rose by € 0.9 million to around € 7.5 million (previous year: € 6.6 million). The operating EBITDA was € -1.0 million (previous year: € -1.9 million) keeping it within the planned range.

B.2 FINANCIAL SITUATION

Capital structure

The capital structure of the RIB Group is still defined by a very high equity capital share of 80.5% of the balance sheet total (previous year: 82.1%). Despite the high consolidated net profit for the year of € 18.4 million, equity increased by just € 2.7 million to € 294.5 million (previous year: 291.8 million), largely due to the exchange rate differences otherwise recorded in the group earnings, in the amount of € -15.0 million.

Consolidated net profit for the year of € 18.4 million

The assets and liabilities structure remained stable from the previous year. The long-term fixed assets on the balance sheet effective date were € 198.6 million (previous year: € 193.4 million), i.e. 54.2% (previous year: 54.4%) of the balance sheet total. The investments made during the reporting year were wholly self-financed. Concerning the partial external financing of real estate investments made during the previous year, we refer to the following remarks concerning the cash flow from financing activities.

Cash flow from operating activities

The cash flow from operating activities amounted to € 22.8 million (previous year: € 51.5 million).

When comparing this to the previous year, it should be considered that the previous year‘s figure was largely influenced by the sale of software licences to the joint venture company YTWO Ltd. During the reporting year, the RIB Group was still receiving incoming payments from the sale of software licences to YTWO Ltd. in the amount of € 4.7 million, while the Group accrued € 37.9 million from this in the previous year. Alongside the incoming payments from the sale of software licences, the RIB Group for the first time received payments in the reporting year from YTWO Ltd. in the amount of € 4.0 million for the contractual maintenance of software licences delivered in the previous year and in the reporting year.

As in the previous year, the cash flow was impacted by irregular income tax payments. The tax on earnings paid in the year under review amounted to € 12.4 million (previous year: € 13.5 million). While the previous year‘s figure was impacted in particular by the retrospective payments made by RIB SE in the 2016 financial year for the years 2014 and 2015 in the amount of € 3.6 million, RIB Limited, Hong Kong, was required to make retrospective tax payments for 2016 and increased advance payments for 2017 totalling approx. € 3.9 million. This was particularly due to the income from the software sales to the joint venture company YTWO, and realised at the level of RIB Limited and taxed in Hong Kong.

When all payment transactions with the joint venture company YTWO Ltd. are eliminated, the cash flow from operating activities during the reporting year (before payments for taxes on earnings) amounted to € 26.5 million (previous year: € 27.1 million).

Investments

The cash flow from investment activities, not accounting for payments made and received on short positions in securities and financial investments, amounted to € -14.0 million (previous year: € -74.7 million).

The significant fall in capital expenditure in comparison to the previous year, is particularly attributable to the previous year’s investment in the joint venture company YTWO Ltd. (€ -55.0 million).

During the 2017 financial year, the item, in particular, contained disbursements for investments in self-produced software in the amount of € -7.7 million (previous year: € -7.1 million). This is especially attributable to the development of the products iTWO 5D (€ 2.7 million) and iTWO 4.0 (€ 3.0 million). Also included here are payments totalling € 4.3 million made in topping up our stake in Exactal Group Limited, Hong Kong, as well as approximately € 4.0 million for the acquisition of commercial property at the sites in Madrid in Spain and in Atlanta in the USA.

Cash flow from financing activities
The cash flow from financing activities amounted to € -1.3 million (previous year: € -15.9 million).

The large difference compared to the previous year is mainly attributable to the inclusion of € 5.8 million in payments made for the acquisition of own shares (reporting period: € 0.0 million), whereas the reporting year includes a payment of € 6.0 million from the arrangement of a bank loan. The bank loan is for the partial debt financing of the purchase made at the end of 2016 of the business premises in Stuttgart in which the RIB Group is headquartered, and which it had leased to that time.

Another significant element of this item is the dividend payments to the shareholders of RIB Software SE, in the amount of € 7.2 million and therefore on a par with the previous year's figure (€ 7.3 million).

Cash and cash equivalents at the end of the period

The financial resource fund at the end of the reporting time frame amounted to € 134.7 million (previous year: € 135.3 million). It contains the cash and cash equivalents amounting to € 100.5 million (previous year: € 116.4 million) and the cash and cash equivalents invested as short-term financial planning in the amount of € 34.3 million (previous year: € 18.9 million). The latter largely concerns time deposits made with banks. With the exception of the aforementioned bank loan, no lines of credit were utilised during the reporting year. The RIB Group was always able to service its payment obligations.

Regarding the presentation the principles and objectives of the financial management of the Group, we refer to the notes to the consolidated financial statement, **Note (43)**.

B.3 ASSET SITUATION

The balance sheet total on the balance sheet effective date is € 366.0 million, therefore it has increased by € 10.6 million in comparison to the previous year (previous year: € 355.4 million).

From the conversion of the assets and liabilities of the included foreign entities into the functional currency of the Group, it was necessary to record negative exchange rate differences of € 15.0 million in the other group income for the reporting time frame (previous year: positive differences in the amount of € 3.6 million). This was particularly due to the development of the local currencies of the subsidiaries in Hong Kong and the USA, as well as that of the joint venture company YTWO Ltd, in comparison to the Euro. Because the Euro increased in value compared to these currencies during the reporting period, the net assets of these companies in Euro, as of the closing date of 31.12.2017, has a lower value than at the start of the reporting year. On the liabilities side of the consolidated balance sheet, the foreign currency translation reserve recognised as group equity amounting to € 11.9 million corresponding fell to €- 3.1 million.

At € 85.0 million, goodwill is significantly higher than in the previous year (€ 67.2 million), accounting for 23.2% (previous year: 18.9%) of the balance sheet total. The increase is largely attributable to an inflow of € 20.5 million in connection with the acquisition of the Exactal Group, while countervailing effects of approximately € -2.6 million resulted from currency adjustments.

The book value of the other intangible assets increased slightly compared to the previous year, totalling € 54.7 million on the closing date (previous year: € 50.0 million). The item includes self-produced software of € 38.9 million (previous year: € 36.8 million), followed by customer relationships at € 9.2 million (previous year: € 7.2 million), and acquired technology at € 6.3 million (previous year: € 5.6 million). The increase in self-produced software by € 2.1 million, is the result of capitalizations performed during the reporting period (€ 7.7 million) less current, scheduled depreciation (€ 5.6 million).

Property, plant and equipment (fixed assets) of € 17.3 million (previous year: € 16.2 million) for the first time include 1.2 million for commercial property in Madrid, Spain, purchased during the reporting period and used by the subsidiary RIB Spain. Otherwise, this item in particular contains commercial property belonging to RIB Software SE at its headquarters in Stuttgart, the EOC II property located in China and used by the Group's locally based development company, and the part of the property used by the Group and purchased during the reporting year at the acquisition cost of approximately € 2.8 million in Atlanta in the USA.

The property held as a investment property concerns the EOC I located directly alongside the EOC II, as well as that part of the property leased to third parties in Atlanta.

The book value of the investments accounted for using the equity method amounted to € 31.2 million as of the balance sheet date, and therefore significantly less than the previous year's figure (€ 52.2 million).

The decrease is particularly attributable, at € 17.9 million to the shares in the joint venture company YTWO Ltd. A partial amount of approximately € 6.5 million is the result of translation of the assets and liabilities of YTWO Ltd. From the local currency into the functional currency of the Group as of the closing date. A further reduction in the book value (by approximately € 7.7 million) results from the consolidation entries for the partial elimination of income from the deliveries of software made during the reporting period by the RIB Group to YTWO Ltd. According to IAS 28.28, the profits from these downstream transactions may be recorded in the consolidated financial statement of the RIB Group only corresponding to the shares of independent shareholders in the joint venture company (i.e. up to 50%). The remaining € 3.7 million reduction in the book value concerns the RIB Group's share in the annual net profits of YTWO, which was to be entered in the profit and loss statement against the Group annual profit.

Apart from this, the reduction in the book value of the investments accounted for using the equity method is attributable to the fact that, during the reporting year, the RIB Group increased its stake in Exactal Group from 25% to 75%, meaning that this company was, for the first time, to be included in the consolidated financial statement in accordance with the full consolidation method. In the previous year the shares were recognised with a book value of € 2.9 million. Due to the transitional accounting arrangement, it was necessary to revalue the previously held shares at fair value. This revaluation produced income of € 3.5 million, which forms part of the financial income.

The trade receivables increased from € 18.4 million to € 24.1 million, largely due to corresponding payment agreements with a Phase III customer (€ 4.1 million) as well as the first-time consolidation of Exactal (€ 1.0 million).

The other current financial assets largely concern time deposits with banks, made for the purposes of short-term treasury management (€ 34.3 million; previous year: € 18.9 million) We refer to our remarks on cash and cash equivalents in **Section B.2** above.

The other current provisions amounting to € 1.8 million (previous year: € 1.2 million) include provisions for legal disputes in the amount of € 0.9 million (previous year: € 0.4 million). The largest single item contained here is connected with a corporate acquisition, which we considered during the reporting period, but which ultimately did not take place. The RIB Group conducted negotiations concerning a corporate acquisition during the reporting period. In November 2017, the potential seller informed us that, in its opinion, we had ended the negotiations in an unlawful manner. On this basis, they made a claim against RIB SE for damages in the amount of € 4.6 million. We promptly rejected these claims as unfounded, and, following a legal appraisal, we are of the opinion that the claims made are wholly unsubstantiated. Nevertheless, we anticipate that RIB SE will not emerge from the case without incurring financial costs, and for this reason we have formed a provision.

The increase in deferred revenues from € 12.8 million to € 19.7 million largely results from the income from software deliveries made to YTWO Ltd in the amount of € 4.2 million, which has been invoiced but not recorded as affecting net income.

B.4 OTHER INFORMATION ON ASSETS

As of 31.12.2017 the joint venture company YTWO Ltd. held cash and cash equivalents in the amount of $ 66.7 million (€ 55.6 million converted at the closing USD/€ exchange rate on 31.12.2017). As of 31 December 2016 the cash and cash equivalents amounted to $ 82.8 million (€ 78.5 million converted at the closing USD/€ rate on 31 December 2016). The reduction of cash and cash equivalents amounted to approximately $ 16 million. This was primarily influenced by the payment of the second instalment to the RIB Group for the delivery of software ($ 5.0 million, approx. € 4.7 million) and the maintenance charges ($ 4.5 million, approx. € 4.0 million), by the payment to the RIB Group of the purchase price for the MAC companies acquired in 2016 ($ 3.1 million, approx. € 2.9 million) and by the payments made for the establishment of the YTWO platform.

B.5 NON-FINANCIAL PERFORMANCE INDICATORS

For us, being successful in business means having a close and cooperative working relationship among our employees, and securely acquiring customers and retaining them over the long term. 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, so 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. Because of our tremendous innovative, entrepreneurial and financial strength, we are able to offer them long-term secure and interesting employment positions. We offer flexible working hours, variable target-based remuneration structures and in-house continuous training programmes. The available courses vary from one region to the next, and are aligned to the specific existing requirements. For example, through our subsidiary RIB Limited, we are able to offer our still growing 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 and engineering firms right across to the construction companies carrying out the building work. We offer them target-group-focussed solutions based on a fully integrated, model-based technology platform. Our software is designed to simply the collaboration between the various project participants, increase the efficiency of project management, while minimising the risk of cost overruns and delays, and enhancing the economic efficiency and quality of the construction work. The highly professional and technical quality of our services enables us to establish long-term and stable customer relationships, and to continually grow our customer base both nationally and internationally.

In order to secure our innovative strength over the long term, we not only work closely with customers, we are also closely committed to various research projects, and maintain close contacts with universities at home and abroad, as well as engaging in innovate partnerships within the industry. One example of this is the 5D Initiative launched by the ENCORD Group (**http://www.5d-initiative.eu/**), the object of which is to promote model-based design and construction within the building industry.

C. EARNINGS, FINANCIAL AND ASSETS POSITION OF RIB SOFTWARE SE

C.1 REVENUE SITUATION

The revenue of € 54.3 million was 12.4% or € 6.0 million above that of the previous year (€ 48.3 million).

Software revenues rose by 14.0%, from € 21.7 to € 24.8 million largely due to strong growth registered by our main product iTWO. The software revenue generated with iTWO particularly increased in the Key Account area, i.e. by 28.3% to € 7.7. million (previous year: € 6.0 million). The revenues generated with iTWO in the mass market grew by approximately 16.7% to € 12.6 million (previous year: € 10.8 million). Maintenance revenue increased by € 1.4 million from € 18.5 million to € 19.8 million (7.3%). Consulting revenue increased by € 0.5 million or 9.2% to € 5.7 million (previous year: € 5.2 million) Total revenues with iTWO increased by 21.5% to € 40.4 million (previous year: € 33.2 million).

These revenues included licence fees from affiliated companies in the amount of € 3.2 million (previous year: € 2.0 million). These all relate to RIB Limited, Hong Kong, which operates the international iTWO software business, based on a licence agreement with RIB SE.

The other operating income amounted to € 2.4 million, slightly down on the previous year (€ 2.5 million). As in the previous year, the item largely comprised cost reimbursements from affiliated companies (€ 2.0 million; previous year: € 1.8 million).

Compared to the previous year, material expenditures increased by 27.1% to € 15.8 million (previous year: € 12.4 million) This item in particular contains expenditure for software development services procured by subsidiaries in the amount of € 12.3 million (previous year: € 10.4 million), and, for the first time, the services procured by RIB COE, a subsidiary established during the reporting period, for supporting customer projects in connection with the implementation of software products of the RIB Group (€ 1.2 million).

At € 3.2 million, the personnel expenditure was on a par with that in the previous year (€ 3.2 million). Approximately € 0.5 million (previous year: € 0.4 million) of the personnel expenditure resulted from granting stock options to the Managing Directors and employees of RIB SE in connection with stock option plans.

The other operating expenditure increased by approx. € 1.4 million to € 21.9 million (previous year: € 20.5 million).

This item mainly includes sales commission of € 15.3 million in the reporting period, which was paid to the subsidiaries responsible for sales in the German-speaking market (previous year: € 14.7 million). Among other things, the item includes currency translation expenses in the amount of 1.5 million (previous year: € 0.9 million). These expenses were largely the result of changes in the Euro/US-Dollar and Euro/Hong Kong Dollar exchange rates, where large volumes of funds existed in these foreign currency during the financial year. The item also includes regular properties and building expenses amounting to approximately € 0.4 million, which is about € 0.5 million less than the previous year‘s figure due to the cessation of the rental charges on the commercial property at the company‘s headquarters, which was acquired at the end of 2016.

At € 3.8 million, the financial result is significantly higher than in the previous year (€ 0.4 million). This increase was prompted by the profit distributions received during the reporting period from subsidiaries, in the amount of € 5.0 million (previous year: € 0.9 million). A contrary effect was exerted on the financial result by the non-scheduled write-down of the shares in the subsidiary xTWO GmbH, in the amount of € 1.1 million, which were performed on the basis of the valuation of the subsidiary in accordance with the income capitalisation valuation method (in the previous year the financial result contained a non-scheduled write-down on the shares in the subsidiary xTWO market GmbH in the amount of € 0.5 million).

The operating EBITDA increased by 13.8% to € 17.3 million (previous year: € 15.2 million).

The annual net profit was € 12.8 million (previous year: € 8.4 million).

Including the profit-carryforward from the previous year, as well as the income from the sale of treasury shares, produces a balance sheet profit of € 15.3 million as of the balance sheet date.

C.2 FINANCIAL AND ASSET SITUATION

Capital structure

The capital structure of the RIB SE remains defined by a very high equity share of 95.0% of the balance sheet total (previous year: 96.8%). The company is practically wholly self-financed.

Almost complete self-financing of the company

The balance sheet total amounted to € 262.2 million as of 31.12.2017, making it € 16.4 million higher than in the previous year (€ 245.8 million). The increase on the assets side is largely attributable to an increase of € 17.0 million in liquid funds, the increase in equity of € 11.1 million on the financing side and an increase of € 5.6 million in liabilities to banks. Non-current assets amounted to € 172.0 million as of the balance sheet date (€ 174.6 million) and accounted for 65.6% of the balance sheet total (previous year: 71.1%).

Investments

Following the considerable investments made during the 2016 financial year, especially in the financial assets, the company‘s investment activities during the reporting year were insignificant.

Liquidity

At € 11.3 million, the operating cash flow was significantly higher than in the previous year (€ 4.3 million). This value was impacted in the previous year by high income tax payments in the amount of € 10.5 million, partially attributable to previous years. When adjusted for income tax payments, the operating cash flow amounted to € 17.4 million, making it 2.6 million higher than the comparative value for the previous year (14.8 million). This is largely attributable to the improvement in the result for the period.

Cash flow from operating activities significantly above previous year‘s level

A positive cash flow from financing activities was recorded during the reporting year, and amounted to € 2.2 million (previous year: negative cash flow amounting to € 13.1 million). It contains payments received from the sale of treasury shares to RIB Ltd. (€ 4.0 million) as well as the arrangement of a bank loan (€ 6.0 million) for partly financing the property investments made at the end of 2016. Among other elements, the item particularly includes dividend payments in the amount of € 7.2 million (previous year: € 7.3 million).

Financial resource fund

The funds balance amounted to € 76.8 million as of the balance sheet date (previous year: € 59.8 million). It contains the financial funds amounting to € 45.4 million (previous year: 43.8 million), comprising € 40.4 million in cash and deposits with banks (previous year: € 38.8 million) and € 5.0 million in cash equivalents (previous year: € 5.0 million). The funds balance also included liquid funds invested as short-term financial planning in the amount of € 31.4 million (previous year: € 16.0 million). The latter largely concerns time deposits made with banks.

With the exception of the aforementioned bank loan, no lines of credit were utilised during the reporting year. RIB SE was always able to service its debts.

Other information on net assets

The goodwill recognised in the previous year in the amount of € 1.4 million, resulted from the fusion of RIB Bausoftware GmbH with the company that took place in 2003. It was subjected to scheduled depreciation across an expected useful life of 15 years, with the reporting year being the final year.

The current assets increased by € 19.2 million to € 89.6 million (previous year: € 70.4 million), particularly due to the increase of liquid funds by approximately 17.0 million to € 71.8 million (previous year: € 54.8 million) and the rise of trade receivables by € 3.2 million to € 9.4 million (previous year: € 6.2 million). These include a customer receivable in the amount of approximately € 4.1 million with a multi-year instalment payment period.

The company possesses hidden reserves in the form of non-capitalised self-produced software.

The increase in the other accruals to € 2.2 million (previous year: € 1.4 million) is particularly attributable to the provisions for legal disputes contained therein to the sum of € 0.9 million (previous year: € 0.4 million). We refer to our relevant remarks on the financial position of the RIB Group set out in **Section B.3** above.

Liabilities increased from € 3.0 million to € 7.0 million. These include bank liabilities in the amount of € 5.6 million from the arrangement of a loan originally for the sum of € 6.0 million for the partial financing of purchase made at the end of 2016 of the commercial property of RIB Software SE in Stuttgart. The loan is repayable in equal quarterly instalments over a period of 15 years. The loan was repaid on schedule during the reporting year.

D. GENERAL STATEMENT ON THE BUSINESS PERFORMANCE AND POSITION OF THE RIB GROUP AND RIB SE

The Management of the RIB Group assumes that the RIB SE and the companies of the RIB Group are very well positioned in the market with their range of solutions and services, based on their high level of innovation, business, and financial strength. With iTWO, the RIB Group was again able to clearly extend its market position in Germany and internationally. In addition to the continued success in developing iTWO sales, the Management of the RIB Group also views the positive market resonance to the new web-based product generation iTWO 4.0 in a very good light. In the field of digital platforms, in particular with the holdings in the YTWO joint venture, the RIB Group is positioned very well for offering solutions for the increasingly important digitization and industrialization of the construction sector. With a continued high level of liquidity, the RIB Group has the necessary financial reserves to finance its further growth.

Good market positioning through innovative solutions

E. TAKEOVER-RELEVANT INFORMATION AND EXPLANATORY REPORT

E.1 INFORMATION ABOUT THE CAPITAL OF THE RIB SE

The capital stock of the RIB SE amounts to € 46,845,657.00 and is divided into 46,845,657 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 any profit-sharing and renewal coupons is excluded.

As of the balance sheet date, the company had civil law ownership of 1,558,582 treasury shares. This includes 51,641 shares for which economic ownership was already transferred as part of the acquisition of Exactal Group Limited completed in the reporting year, so that as of 31.12.2017 only 1,506,941 treasury shares are reported in the financial statement. In November 2017, RIB Limited, a wholly owned subsidiary of RIB SE, increased its stake in the Exactal Group Limited from 25% to 75% by concluding a share purchase agreement. The purchase price was paid partly in RIB SE shares. To this end, RIB SE sold and transferred the necessary number of treasury shares, 258,202, to RIB Limited. Pursuant to Section 71b German Stock Corporation Act (AktG), RIB SE cannot derive any voting rights to its treasury shares. Apart from that there are no restrictions concerning voting rights or the transfer of stock. There are no shares with special rights that confer controlling powers or voting right controls for employees who hold interests in the capital.

As far as we are aware, based on the notifications we have received pursuant to the German Securities Trading Act (WpHG), as of the reporting date only the Chairman of the Administrative Board of RIB SE, Mr Thomas Wolf, Hong Kong, held direct or indirect interests in the capital that exceed 10% of the voting rights. Pursuant to Section 160 (1) German Stock Corporation Act (AktG), interests in the capital that were reported pursuant to Section 33 (1) or (2) of the German Securities Trading Act (WpHG) are disclosed in **Section F.7** “Disclosures According to the German Securities Trading Act” in the notes to the Annual Financial Statements of RIB SE .

Pursuant to the resolution of the shareholder meeting on 10 June 2015, the Administrative Board is authorized to increase the share capital of the company to 9 June 2020 once or several times by a total of € 21,733,480.00 by issuing a maximum of 21,733,480 new registered shares each with a par value of € 1.00 per share in exchange for cash and/or non-cash contributions (Authorised Capital 2015). This authorisation was utilised during the 2015 financial year in the form of a cash capital increase. At this point, a total of 3,378,696 shares were issued, whereby the share capital of the company can be raised up to € 18,354,784 through a further issue of 18,354,784 based on the existing authorisation.

The new shares must be offered to the shareholders for subscription, though they may also be acquired by banks or by companies operating pursuant to Section 53 (1) 1st sentence or Section 53b Abs. 1 1st sentence or (7) of the German Banking Act (KWG) on condition that they offer them to the shareholders for subscription. However, the Managing Directors are authorised to exclude the shareholders' legal subscription right,

(1) insofar as necessary to balance fractional 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) if, in the case of a cash capital increase, which the new shares represent, for which the subscription right is ruled out, does not exceed a total of ten per cent of the share capital, both at the time it takes effect as well as at the time of the exercise of the authorisation, and the issue amount of the new shares does not significantly fall below the stock market price of the shares of the company with the same terms within the meaning of Sections 203 (1 & 2), 186 (3) sentence 4 of the German Stock Corporation Act (Aktiengesetz); deductible from this ten per cent limit is (i) the proportion of the share capital attributable to treasury shares, which are sold at the time of this authorisation coming into effect in indirect or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act, and (ii) the proportion of the share capital attributable to shares subject to conversion and/or option privileges or conversion obligations from bonds and other instruments covered by Section 221 of the German Companies Act, which are issued under exclusion of the subscription right as per Section 186 (3) sentence 4 of the German Companies Act.

The proportion of the share capital which the new shares represent for which the subscription right is ruled out according to paragraphs (1) to (3) above may not in total exceed twenty per cent of the share capital of the company both at the time it takes effect as well as at the time of the exercise of the authorisation. To be deducted from this twenty per cent limit with regard to all possibilities of excluding the subscription right according to paragraphs (a) to (c) above are shares that are used after 10 June 2015 by virtue 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 Companies Act under exclusion of the subscription right, i.e. in a manner other than selling them on the stock market or by way of an offer addressed to all shareholders.

Furthermore, the Administrative Board shall decide on the issue of new shares, the content of the share rights and the terms of the share issue.

The Administrative Board is authorised to adapt the wording of the Articles of Association according to the extent of the capital increase from the authorised capital.

The share capital of the company shall be conditionally increased by a maximum of € 1,548,616.00 by issuing a maximum of 1,548,616 new registered shares with a par value of € 1.00 per share (“Conditional Capital 2015/I”). The conditional capital increase shall only be performed to the extent that subscription rights were issued according to the 2011 stock option plan in accordance with the resolution of the Annual General Meeting of 20 May 2011 (in the version of the resolution of the Annual General Meeting of 4 June 2013) or the 2015 stock option plan in accordance with the resolution of the Annual General Meeting of 10 June 2015, that the holders of the subscription rights make use of their exercise right and that the company does not grant any treasury shares to meet the subscription rights, whereby the Administrative Board is exclusively responsible for granting and handling subscription rights to members of the Executive Board of the former RIB Software AG as well as for granting and handling subscription rights to the Managing Directors. The new shares shall participate in profit from the beginning of the financial year in which the issue occurs.

By resolution of the Annual General Meeting of 30 May 2017, the company is authorised to purchase treasury shares representing up to 10% of the company‘s share capital at the time of the resolution until 29 May 2022 and to use them to the exclusion of the subscription rights of the shareholders. The details are specified in the resolution proposals announced under item 6 of the agenda, in the German Federal Gazette dated 13 April 2017.

E.2 INFORMATION ABOUT APPOINTMENT OR RECALL OF THE MANAGING DIRECTORS AND CHANGES TO THE ARTICLES OF INCORPORATION

Regarding the appointment and dismissal of Managing Directors, reference is made to Section 40 of the Act on the Implementation of COUNCIL REGULATION (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (the SE Regulation) of 22 December 2004 (the "Implementing Act"). Furthermore, Section 12 (1) of the Articles of Association of RIB SE states that the Administrative Board shall appoint one or more Managing Directors. The Administrative Board may appoint one of the Managing Directors to be the Chief Executive Officer and one or two Managing Directors as Deputy Chief Executive Officer(s). The Administrative Board may also appoint deputy Managing Directors. Pursuant to Section 12 Abs. 5 of the Articles of Association of RIB SE, Managing Directors may only be dismissed for a material reason within the definition of Section 84 Abs. 3 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-quarters majority of the votes cast.

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

E.3 TAKE-OVER RELATED INFORMATION

RIB SE has not concluded any significant agreements that are subject to an occurrence of a change of control.

However, the company has concluded compensation agreements with the Managing Directors covering the event of a change of control. The members of the Administrative Board and Managing Directors, Thomas Wolf and Michael Sauer, have a special right of termination over 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 within the definition of the German Securities Acquisition and Takeover Act (WpÜG) or if no such bid has been made, from the time that the de facto change of control becomes known. A "change of control" for the purpose of this provision has taken place if a third party or two or more third parties acting together, through the acquisition of shares or by another means, together account for at least 30% of the voting rights within the definition of Sections 29, 35 (1) sentence 1 of the German Securities Acquisition and Takeover Act, or account for such a number of voting rights resulting in a majority of more than 50% of the votes present or represented at this annual general meeting, and thereby vote against the resolutions proposed by the Administrative Board. Section 22 (1) and (2) of the German Securities Acquisition and Takeover Act applies accordingly. If 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 share option plan of 2015, but may instead use their exercisable options and the as-yet unexercised options within the general exercise time limits, if the performance targets are subsequently achieved.

F. NON-FINANCIAL STATEMENT

Details concerning the non-financial aspects of our business activities have already been disclosed at other points in this management report, and which are referred to as follows:

Subject area	Chapter reference
Business model	A.1.
Employee issues	B.5.
Material risks resulting from business activities	I.4.
Material risks resulting from business relationships	I.4.
Significant non-financial indicators	B.5.

In addition, the following disclosures are also made:

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 main employee matters are provided for in the employment contracts, in accordance with the relevant statutory regulations. These are based on a uniform RIB Group standard, insofar as this is possible on the basis of the local legislation existing in the relevant countries. The Code of Conduct of the RIB Group also states that all employees must be treated equally, regardless of nationality, culture, religion, ethnic background, gender, sexual orientation or age. In addition, there are employee representative bodies existing 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 it operates, the RIB Group 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 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 business. In this respect then, 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, and which are binding on every employee worldwide:

Respect for human rights

Every employee is duty bound to 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 nationality, culture, religion, ethnic background, gender, sexual orientation or age. Employees shall engage with their colleagues and third parties in a fair and open manner, and with 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 is liable 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 in accordance with the relevant laws and regulations.

G. STATEMENT ON BUSINESS MANAGEMENT

G.1 DECLARATION OF COMPLIANCE PURSUANT TO § 161 AKTG

The Administrative Board of RIB SE most recently issued the following Declaration of Conformity in April 2017:

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, RIB Software SE has complied with and will comply with the recommendations of the “Government Commission on the German Corporate Governance Code” in the version dated 5 May 2015, effective since 12 June 2015, (the “Code”) 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.

Particularities of the one-tier corporate governance system

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

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

a) 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.

b) 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.

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

d) 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.

e) 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.

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

Deviations from the Recommendations of the Code

a) Section 3.8 para. 3 GCGC: The D&O in-surance 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.

b) Section 4.2.2 para. 2 GCGC: The Ad-ministrative 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.

c) 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.

The Administrative Board has resolved to propose to the general meeting on 30 May 2017 to amend the authorization to grant subscription rights to the management and to employees of the company or an affiliated company within the frame of the Stock Option Program 2015. This amendment aims at creating the possibility to amend the conditions of the stock options issued under the Stock Option Program 2015 so that a performance target not achieved in one year cannot only be compensated by achieving the performance target for the directly following year, but also by achieving the respective performance targets for the second or third following year. The Administrative Board holds the view that sticking to the performance targets currently in force would lead to results which do not sufficiently reflect the current situation of the company. Such amendment of the conditions of the stock options will constitute a (presumably one-time) deviation from the recommendation under Section 4.2.3 para. 2 sent. 8 GCGC which requires that retroactive changes to performance targets or the comparison parameters shall be excluded.

d) 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.

e) 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.

f) 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.

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

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

h) Section 5.4.1 para. 4 GCGC: The Administrative Board does not disclose the personal and business relations of each candidate with the enterprise, the bodies of the company and any shareholder having a significant share in the company when making its election proposals. The recommendation of the Code implies more than merely insignificant legal risks; hence, to comply with it, is not in the interest of the company.

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

G.2 INFORMATION ON BUSINESS MANAGEMENT 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 that is binding on every employee of our company worldwide. It is designed to help them 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 SE has a one-tier corporate governance structure. The RIB SE corporate bodies ("organs") are the Administrative Board (the administrative organ) and the Annual General Meeting. RIB SE also has Managing Directors who manage daily business of the company.

The **Administrative Board** of RIB SE shall manage the company, define the strategies for its activities and supervise their 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 some of the Managing Directors. The Administrative Board appoints and dismisses 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 Managing Directors. The Administrative Board consists of eight members, who are appointed by the Annual General Meeting without being bound by any nominations. 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 executive management for the third financial year after the term of office began (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. Administrative Board members are eligible for re-election. The Administrative Board of RIB SE continuously comprised eight members during 2017.

The Rules of Procedure of the Administrative Board of RIB 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 were 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. Advisory 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. The Supervisory Board of RIB Software AG (prior to 1 April 17) and the Administrative Board sat a total of 5 times in 2017. If ordered by the Chairperson or by the Deputy Chairperson in the event of the former's absence, resolutions made be adopted outside of meetings of the Administrative Board in writing, by fax, by email, over the telephone or by means of electronic media or by any combination of the aforementioned means of communication. The decisions of the Administrative Board generally require a majority of the votes cast, unless other majorities are stipulated by law. In the event of a voting tie, the vote of the Chairperson shall be counted double, unless he/she 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 quorate if more than one-half of its members, including the Chairperson - or the Deputy Chairperson, in the event that the former is impeded - take part in the vote personally or by way of a written submission of the vote.

The Rules of Procedure of the Administrative Board provide that the Administrative Board forms 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 was specified by the Administrative Board at the time of their appointment. The respective committee elects one member of the committee to be the Chair of the Committee, and another to be his Deputy, unless the law or the Rules of Procedure of the committee stipulate otherwise. The committees are quorate if more than half of the members of the committee in question take part in the resolution vote. The committee shall also be quorate 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 report regularly to it on their work.

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 its 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 issue of declarations of consent). The Nomination and Remuneration Committee currently consists of the following members:

- Sandy Möser (Chairwoman),
- Klaus Hirschle,
- Dr. Matthias Rumpelhardt.

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

The Audit Committee currently consists of the following members:

- Dr. Matthias Rumpelhardt (Chairman),
- Klaus Hirschle,
- Sandy Möser.

The **Managing Directors** manage the daily 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 SE, the rules of procedure for the Managing Directors, the executive organisation chart, the instructions of the Administrative Board and their contracts of employment. 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 significantly importance for the profitability or liquidity of the company.

The Administrative Board shall appoint one or more Managing Directors. The number of Managing Directors shall be determined by the Administrative Board. Four 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 shall be represented by two Managing Directors or one Managing Director together with an authorised company signatory. If only one Managing Director is appointed, this individual shall represent the company alone. The Administrative Board may grant individual Managing Directors the right to represent the company alone, as well as release individual Managing Directors from the limitations of Section 181 German Civil Code (BGB) (alternative version).

The Rules of Procedure for the Managing Directors of RIB SE mainly regulate the foundation 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. Every 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 his Deputy Chief Executive, in the event that the former is impeded - shall have the casting vote.

G.4 COMMITMENTS TO PROMOTE THE PARTICIPATION OF WOMEN AND MEN IN MANAGEMENT POSITIONS

Pursuant to Section 111 (5) German Stock Corporation Act (AktG), on 9 June 2015 the Supervisory Board of RIB Software AG set a target of 0% for the proportion of women on the Executive Board of the company, and a target of 16.67% for the proportion of women on the company‘s Supervisory Board. The deadline for achieving the defined target figures was 30 June 2017. Again on 9 June 2015, pursuant to Section 76 (4) German Stock Corporation Act, the Executive Board of RIB Software AG set a target figure of 0% for the proportion of women in the management level below the Executive Board, with this target to be reached by 30 June 2017. It is indeed the case that a listed company, as a rule, should set target figures for the proportion of women in the first two management levels below the Executive Board. However, because RIB Software AG has only a small number of employees and a flat management structure, there is only one management level below the Executive Board, meaning that a target figure was defined for this management level only.

For the time that RIB Software AG existed in the legal form of an Aktiengesellschaft (German public limited company) during the reference period (meaning up until the time that the change of form to an SE was registered on 3 April 2017), it fulfilled these targets for the proportion of women in management positions: During the 2017 financial year, the Executive Board of RIB Software AG was comprised entirely of men, meaning that the proportion of women in this corporate body was 0%. The Supervisory Board of RIB Software AG contained one woman, Ms. Sandy Möser the Chairperson, which, based on the number of members of the Supervisory Board as defined in the Articles of Association, constitutes a 16.67% proportion of women. There were no women represented in the management level below the Executive Board, meaning that the proportion of women here was 0%.

On 3 April 2017, RIB Software AG was formally converted into a European Company (SE). If the target figure defined for the Supervisory Board of RIB Software AG is transposed onto the Administrative Board of RIB SE, then RIB SE has not fulfil the target figures for the proportion of women on the Administrative Board by 30 June 2017: The Administrative Board RIB Software SE contains one woman, Ms. Sandy Möser the Deputy Chairperson, which, based on the number of members of the Administrative Board as defined in the Articles of Association, constitutes a 12.5% proportion of women. The failure to meet the target is due to the fact that the Administrative Board of RIB SE comprises eight members, whereas the Supervisory Board of RIB Software AG had just six. Another female member was not appointed to the Administrative Board, because apart from the members of the Supervisory Board, only members of the Executive Board of the company were admitted to the Administrative Board, and it was comprised entirely of men. As of 30 June 2017, at RIB SE the managing director level and the management level below the Managing Directors was staffed exclusively by men, meaning that the proportion of women here was 0%. If the target figures defined for RIB Software AG are transposed to RIB SE, RIB SE fulfilled the defined targets for the proportion of women at managing director level and in the management level below the Managing Directors.

Following the expiry of the time limit for achieving the relevant proportions of women in management positions, the Administrative Board of RIB SE did not define any new targets and target achievement periods during the reference period regarding the proportion of women in management positions. However, the Administrative Board did adopt such a target defining resolution on 14 February 2018.

G.5 DESCRIPTION OF THE DIVERSITY CONCEPT

RIB 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 SE. Against this background, the sole considerations when staffing 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 ignored in this respect.

H. REMUNERATION REPORT

H.1 REMUNERATION REGULATIONS OF THE ADMINISTRATIVE BOARD

The members of the Administrative Board receive an annual fixed remuneration (Remuneration 1). The Chairperson of the Administrative Board receives twice and his Deputy one-and-half times this remuneration. The members of a committee of the Administrative Board committee also receive an annual supplementary remuneration (Remuneration 2), provided the committee sat at least one time during the financial year; if a member sits on several committees, he shall receive this remuneration for each committee. Chairmanship of a committee is remunerated at twice the aforementioned amount. Members of the Administrative Board who are members of Administrative Board or one of its committees for only part of the financial year, receive remuneration in proportion to 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 company underwent a change of form from RIB Software AG into a European Company (SE). The change of form became effective when entered into the companies register on 3 April 2017. The aforementioned remuneration regulations came into force only when the change of form became effective. Prior to that, there were largely similar regulations for the remuneration of members of the Supervisory Board. The members sitting on the company's Supervisory Board at the time of the change of form were appointed members of the Administrative Board of the SE during the course of the change.

The remuneration of the individual members of the Supervisory Board (to 2 April 2017) and the Administrative Board (from 3 April 2017) for the 2017 financial year is as follows:

2017 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	22.2	9.7	31.9
Dr. Matthias Rumpelhardt	15.3	9.7	25.0
Klaus Hirschle	13.8	6.6	20.4
Prof. Martin Fischer	13.8	0.0	13.8
Steve Swant	13.8	0.0	13.8
Total Remuneration	**78.9**	**26.0**	**104.9**

The remuneration of the individual members of the Supervisory Board for the 2016 financial year is as follows:

2016 (figures in € thousands)	Remuneration 1	Remuneration 2	Total remuneration
Sandy Möser	24.0	5.0	29.0
Dr. Matthias Rumpelhardt	18.0	5.0	23.0
Klaus Hirschle	12.0	4.0	16.0
Prof. Martin Fischer	12.0	0.0	12.0
Steve Swant	12.0	0.0	12.0
Prof. Dr. Achim Preiß (until 31.05.2016)	5.0	0.0	5.0
Total Remuneration	**83.0**	**14.0**	**97.0**

Insofar and for as long as a member of the Administrative Board is simultaneously a Managing Director, his remuneration as a member of the Administrative Board shall be suspended. This was the case for Mr Thomas Wolf, Mr Michael Sauer and Mr Helmut Schmid, who were appointed Managing Directors as well as being members of the Administrative Board. Therefore, they did not receive any separate remuneration for their membership of the Administrative Board.

H.2 REMUNERATION REGULATION FOR THE MANAGING DIRECTORS

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

The amount of the performance-based element is based on the operating EBITDA of the RIB Group, the development of group revenue, the number of Phase II and III conclusions, the use of iTWO 4.0 among reference customers, the conclusion of acquisitions and the development of the share price.

In the 2013 financial year, a long-term remuneration element focussing on the sustainable development of the business was introduced for the first time for the Executive Board of the then RIB Software AG, and which encompassed the time period from 1 January 2013 to 31 December 2016. During the reporting period the Administrative Board redefined the criteria for the Managing Directors for the target achievement. They are now based on the annual growth rate of the operating EBITDA within the Group for the time period from 1 January 2017 to 31 December 2019.

The short-term targets are calculated after submission of the audited consolidated financial statements for the respective financial year. The target profit shares are added on reaching several targets. The long-term targets are calculated after submission of the audited consolidated financial statements for the 2019 financial year.

With respect to the structure of the share-based remuneration programme conducted in the 2013 and 2015 financial years, we refer to the explanations in **Section C.5** of the notes to the annual financial statement of RIB SE and to **No. 30** of the notes to the consolidated financial statement. In the scope of this programme, the members of the Executive Board were offered subscription rights in accordance with the conditions of the existing share option plan, which were taken up by all the members of the Executive Board and the Managing Directors respectively.

The company underwent a change of form from RIB Software AG into a European Company (SE). The aforementioned remuneration regulations came into force only when the change of form became effective. Prior to that, there were largely similar regulations for the remuneration of members of the Executive Board. The members sitting on the company‘s Executive Board at the time of the change of form were appointed Managing Directors of the SE during the course of the change.

The remuneration of the individual members of the Executive Board (to 2 April 2017) and to the Managing Directors (from 3 April 2017) for the 2017 financial year is as follows:

2017 (figures in € thousands)	**Remune-ration 1**	**Remune-ration 2**	**Remune-ration 3**	**Total remuneration**
Thomas Wolf*	373.7	300.0	434.5	1,108.2
Michael Sauer	298.8	300.0	304.1	902.9
Helmut Schmid	225.9	90.0	173.8	489.7
Mads Bording Rasmussen* (since 03.04.2017)	115.5	180.0	86.9	382.4
Total remuneration	**1,013.9**	**870.0**	**999.3**	**2,883.2**

* Mr Thomas Wolf received his remuneration from RIB Ltd. and Mr Mads Bording Rasmussen received his remuneration from RIB A/S

The remuneration of the individual members of the Executive Board for the 2016 financial year is as follows:

2016 (figures in € thousands)	**Remune-ration 1**	**Remune-ration 2**	**Remune-ration 3**	**Total remuneration**
Thomas Wolf*	364.0	140.0	39.8	543.8
Dr. Hans-Peter Sanio	146.9	60.0	0	206.9
Michael Sauer	239.7	140.0	39.8	419.5
Helmut Schmid	210.9	68.9	31.8	311.6
Total remuneration	**961.5**	**408.9**	**111.3**	**1,481.7**

* Mr Thomas Wolf received his remuneration from RIB Ltd.

The share-based remuneration Managing Directors is as follows:

	Thomas Wolf	**Michael Sauer**	**Helmut Schmid**	**Mads Bording Rasmussen**
Options granted in the reporting period (units)	47,826	33,478	19,130	9,565
Options outstanding at the end of the reporting period (units)	142,826	128,478	64,130	9,565
Share in the recognised total cost of the share-based remuneration (€ thousand)	234.9	222.2	103.8	8.5

I. FORECAST, OPPORTUNITY AND RISK REPORT

I.1 TARGET ACHIEVEMENT OF FORECASTS FOR FISCAL YEAR 2017

I.1.1 Target achievement of revenue forecast for the RIB Group

Due to the significantly increased demand for our software and SaaS / Cloud solutions in recent years, we again identified good growth opportunities for the RIB Group in 2017, and forecast revenue of between € 98 million and € 108 million. The revenue achieved, i.e. € 108.3 million therefore exceeded the guidance. The main factors for success here were:

Revenue guidance slightly exceeded

a) Regarding the sales revenues with software licences and Software as a Service / Cloud, we forecast continued growth in revenues in the 2017 financial year, both in the Key Account area - particularly in connection with the gradual market launch of iTWO 4.0 - and for the Mass Market. This prediction was confirmed unreservedly. For example, the Key Account area saw Phase III contracts concluded for the first time during the financial year, combined with an increase of 20.7% in the Key Account software revenues. Within the Mass Market area, driven by our efforts at integrating our major customers, as well as partners, sub-contractors and suppliers into the value-creation chain, we succeeded in increasing software income by 18.4%. Overall, the revenues for software licences and Software as a Service / Cloud were increased by 15.2% to € 47.7 million compared to the previous year, corresponding to 44.1% of the total revenues.

b) Regarding maintenance revenue, we are expecting to see a continuation of the stable growth witnessed in previous years. Revenue of € 33.2 million was achieved, corresponding to growth of 22.5%, corresponding to 30.7% of the total revenues, and ahead of our expectations.

c) We were expecting a moderate rise in consulting revenue. In reality, a decline in consulting revenue in the USA resulted in consulting revenue of € 19.9 million, around 12.3% less than in the previous year, which is why consulting revenue, at 18.4% of the total revenues, was less than we had expected.

d) In the e-commerce area xTWO, we expected only a moderate increase in revenues, in order that we could focus more on improving the earnings situation. With an increase in sales of 13.6% to € 7.5 million in the xTWO segment, the e-commerce revenues for the reporting period were ahead of our expectations, and accounted for 6.9% of the total revenues.

The segment encompassed the following revenue components:

a) Revenue of € 100.8 million was achieved in the iTWO segment, corresponding to an increase of 10.5% compared to the previous year, and accounting for 93.1% of the total revenues. This was above our expectations for this area.

iTWO revenues at € 100.8 million

b) Revenues of € 7.5 million were achieved in the e-commerce area xTWO of the YTWO segment, corresponding to an increase of 13.6% and 6.9% of the total revenues. This is above what we expected.

I.1.2 Target achievement of the operating EBITDA forecast for the RIB Group

EBITDA at the upper end of the guidance

We had planned an operating EBITDA of between € 28 and € 38 million for the RIB Group in the 2017 financial year. Due to the positive business development in the first 9 months of the reporting period, in our publication of the interim report for January to September 2017, we increased our operating EBITDA forecast to a range of € 38 million to € 41 million for the 2017 financial year. The achieved operating EBITDA of € 39.9 million lies in the upper range of the guidance, so meeting our revised expectations.

This segment encompasses the following operating EBITDA components:

a) An operating EBITDA of € 40.9 million was achieved in the iTWO segment. This corresponds to an increase of 17.2% compared to the previous year, thereby meeting our expectations.

b) In the YTWO segment, a negative operating EBITDA of € -1.0 million was produced in the e-commerce area xTWO, which was at the upper end of the loss forecast by us. The share of earnings from the joint venture YTWO will be recorded as income from investments in the financial result, and will therefore have no effect on the EBITDA.

I.1.3 Target achievement of the revenues forecast and the operating EBITDA forecast for the RIB Software SE

For the RIB SE, we expected revenue and an operating EBITDA on a par with the previous year's level. In fact, an increase in sales of 12.4% was achieved, together with an operating EBITDA rise of 13.8%. This far exceeded our expectations. This is primarily attributable to the strong growth registered in revenues generate with the main product iTWO in the Key Account area.

I.1.4 Target achievement for the income from investment from the YTWO Joint Venture

In the YTWO (SCM) area, for 2017 we forecast start-up losses combined with negative investment return for the RIB Group of up to € -5 million for the establishment of enterprise structures and business processes and the initial marketing at the level of YTWO Ltd. The investment return of € -3.7 million fell below that figure of € -5 million. This objective were therefore reached.

At YTWO Ltd. level, in accordance with the plan no income was generated from transaction fees in the 2017 financial year. However, the joint venture succeeded in concluding the first 3 contracts with customers during the reporting period. In addition, an LoI was signed with a leading home builder in the USA. Furthermore, a PPA Agreement (Pilot Phase Agreement) and a MoU (Memorandum of Understanding) were concluded with one of the world's largest project development companies. Due to the positive development, our joint venture partner Flex prematurely waived its right of withdrawal.

I.2 FORECAST REPORT FOR THE FISCAL YEAR 2018

Growth potentials through MTWO and YTWO

The RIB Group has grown continually over recent years with its innovative range of software and SaaS / Cloud solutions. We are assuming that this trend will also continue in 2018. There is also a great deal of medium to long-term growth potential emerging from the YTWO joint venture and from the strategic alliance that became effective on 16 February 2018 between Microsoft and RIB for the establishment of „MTWO", the world's first vertical cloud platform for the construction industry. MTWO is designed as a cloud-based BIM 5D software platform, based on software-as-a-service and built on iTWO 4.0 technology. This will be augmented by Microsoft solutions such as Office 365, a Platform-as-a-Service (PaaS) for the development of additional applications by certified companies, as well as an Infrastructure-as-a-Service (IaaS), based on Microsoft's Azure. In addition, other technologies such as mixed reality applications will be offered with technology. It is proposed to offer MTWO to construction industry customers as an end-to-end enterprise solution based on Microsoft's Azure cloud platform. The essence of the business model is that subscription fee will be collected for the software and data services made available in the cloud by Microsoft and RIB.

Against this background, we issue the following forecasts for the 2018 financial year:

I.2.1 Revenue forecast for the RIB Group

Revenue forecast of € 117 - 127 million for FY 2018

Regarding the total revenues for the RIB Group, we are forecasting revenue in the range of € 117 to € 127 million. This forecast is based on the following specific assumptions:

a) For the income from the sale of software licences and SaaS / Cloud services, we are expecting revenue growth corresponding to the growth of the total revenues. In this respect, we are proceeding on the basis that the growth with iTWO within the Mass Market - outside of MTWO - will continue on the level recorded in 2017. The degree of the target achievement here will largely depend on whether, as was the case in 2017, we are successful in acquiring 3 Phase III contracts in the Key Account area, and in realising large parts of these as contributions to revenue.

b) Regarding the maintenance area, for 2018 we are again assuming that the stable growth of the previous years will continue.

c) With the consulting revenue, in 2018 we are again expecting a moderate increase in revenues, corresponding to the growing number of existing and new implementation projects.

d) In the xTWO area (e-commerce), we are assuming that the growth from the 2017 financial year will continue. We are currently examining the possibility of selling off the xTWO (e-commerce) area during the course of the year, in order that, as a technology enterprise, we can fully concentrate on the further development of the 3 business fields iTWO, YTWO and MTWO. However, despite these deliberations, in our forecast for the total revenues for the RIB Group we nevertheless proceeded on the basis of the full consolidation of the xTWO (e-commerce) area.

e) Regarding MTWO, we are still not expecting any significant revenues during the 2018 financial year, but we still anticipate the conclusion of the initial contracts with reference customers.

We are forecasting the following shares of revenue for the segments:

a) In the iTWO segment, the achievable revenues will be largely dependent on whether, as was the case in 2017, we are successful in acquiring 3 Phase III contracts in the Key Account area, and in realising large parts of these as contributions to revenue. Against this background, for the iTWO segment we are forecast revenue growth corresponding to the growth of the total revenues.

b) In the YTWO segment, for the xTWO (e-commerce) area we are forecasting revenue growth in line with the growth rate seen in the previous year. The contributions to earnings from the YTWO joint venture will be largely recorded as income from investment in the financial result (for details, see the forecast in **Section I.2.4**).

In view of the high medium to long-term growth potential we are expecting for MTWO, we will establish a third reporting segment for this during the 2018 financial year, but nevertheless are not anticipating any significant revenues for the new segment during the 2018 financial year.

I.2.2 Operating EBITDA forecast for the RIB Group

EBITDA forecast of € 33 - 43 million for FY 2018

For the 2018 financial year, we are forecasting operating EBITDA**** of between € 33 and € 43 million for the RIB Group. This takes into account a negative contribution to earnings of up to € 3 million produced by the MTWO segment currently in formation.

This segment encompasses the following operating EBITDA components:

a) For the iTWO segment, we are forecasting an operating EBITDA on a par or slightly above the previous year's level, depending on whether we are again successful in achieving 3 Phase III contract conclusions, and billing significant parts of these as affecting net income.

b) In the YTWO segment, for the xTWO (e-commerce) area, we are forecasting an operating EBITDA of between € 0 and € -1 million. The income from investment generated by the YTWO joint venture will be largely recorded in the financial result (for details, see the forecast in **Section I.2.4**).

c) For the new MTWO segment currently in formation, we are expecting an operating EBITDA of up to € -6 million. This includes € -3 million, resulting from the reallocation of resources from other segments, and which will not additionally burden the Group's operating EBITDA, as well as a further € -3 million in start-up costs, particularly from the recruitment of new personnel.

I.2.3 Revenue forecast and the operating EBITDA forecast for RIB Software SE

For RIB SE, we are forecasting revenue and an operating EBITDA on a par or slightly down on the previous year's level, depending on whether we are again successful in achieving 3 Phase III contract conclusions, and billing significant parts of these as affecting net income and revenue.

I.2.4 Forecast for the income from investment from the YTWO Joint Venture

In the YTWO (SCM) area, at the level of YTWO Ltd, we are not forecasting any significant income from transaction fees for 2018. Due to the additional planned build-up of resources, we are budgeting for a negative income from investment of up to € -6 million.

I.3 OPPORTUNITY REPORT

Opportunities through further intensified internationalization

The RIB Group identifies opportunities for positive business development and the expansion of our market position as leading providers of integrated technical ERP solutions, through an even stronger focus on internationalization and further strategic acquisitions. Furthermore, the growth of the RIB Group should be sustainedly increased in existing and new markets through iTWO 5D and our fully integrated web-based end-to-end enterprise platform iTWO 4.0, as well as our existing cloud platforms iTWO tx and iTWO cx. We have identified the following focal aspect here:

Migration of existing customers to RIB iTWO and iTWO 4.0. The conversion of our ARRIBA customers to iTWO 5D is not yet complete, meaning that good revenue potential in replacement business is still realisable with iTWO 5D in the DACH region. Additional opportunities in the existing customer area have recently emerged due to the fact that the first iTWO 5D customers are considering migrating to iTWO 4.0. In this case, there would not only be a positive effect on the replacement business in the DACH region, but also in all the other sales regions of the RIB Group, in which iTWO 5D has already been sold.

****) The indicator "operating EBITDA" used with the following forecasts, was calculated in accordance with the adjustments described in Section A.2.4. of this management report.

Internationalisation. One major strategic objective planned by the RIB Group is to intensify its existing foreign business relationships, establish itself in existing foreign markets, and enter into new markets, such as Latin America. In this respect, the RIB Group pursues a key account strategy designed to particularly acquire customers in the form of major construction companies, general contractors, investors, and consultants from the top 1000 of the respective target groups. This could lead to the secondary introduction of many subcontractors and smaller service providers as business partners of these major companies to the software products of the RIB Group, in order to ensure that collaborations proceed smoothly.

Innovations. The RIB Group possesses highly modern and innovative software solutions, in particular for technical and business management processes in the construction sector and plant engineering. With iTWO 4.0, we are offering a solution that supports digitally networked integrated virtual planning, production, and operating processes, together with the industrial prefabrication of components with a high process depth. In this area, we expect an increasing willingness to invest on the part of our customers. With iTWO 4.0 and the already existing cloud software solutions, we have a comprehensive and modern solution package in our product portfolio, which eminently meets the current technology trends 5D and cloud computing.

Strategic acquisitions. The RIB Group also intends to gain access to regional markets through targeted strategic acquisitions and to expand its international customer basis. The focus is less on the acquisition of competitors' technologies, and more on tapping new customer groups, thereby implementing RIB Group software as standard in other markets. Our objectives for 2018 include the integration into our Group of the companies and participations acquired over the last two financial years, and in acquiring major customer orders for iTWO 5D, iTWO 4.0, the YTWO joint venture and MTWO in the various markets of these companies and participations

Opportunity specific to particular reporting segments. Due to the increasing acceptance of model-based working methods in the construction sector - which is also supported by an increasing number of corresponding government initiatives - we perceive there to be good opportunities for continued growth in our markets in the iTWO reporting segment with our iTWO 5D and iTWO 4.0 technology. In view of the fact that the first major customers were acquired during the reporting period for the YTWO platform via our YTWO joint venture, we are expecting very good medium to long-term opportunities for growth, particularly in the YTWO reporting segment. Additionally highly promising opportunities for growth will emerge over the medium to long term based on our strategic alliance agreed with Microsoft on 23 February 2018, for the establishment of "MTWO", the world's first vertical cloud platform for the construction industry. This new area could develop into one of the RIB Group's most important revenue drivers over the long term.

Positioning as a pioneer in the industry

Overall view of the opportunity situation. With its innovative strength and its comprehensive range of cutting-edge technology-based solutions, the RIB Group is very well positioned within its markets. With topical areas such as 5D, cloud software, the YTWO joint venture and now also featuring MTWO, conceived in partnership with Microsoft as the first vertical cloud solution for the construction field, the RIB Group has positioned itself as a pioneer in the construction industry, both nationally and internationally. Against this background, we rate the chances for the RIB Group to expand its market position as very good.

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 goals and fulfil its duties right now or at some time in the future.

The general responsibility for identifying risks at an early stage and taking any necessary countermeasures lies with the Managing Directors. The senior management supports the Managing Directors in performing this task.

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	>=	€ 1,000 thousand
3 significant	>=	€ 250 thousand
2 medium	>=	€ 100 thousand
1 minor	<	€ 100 thousand

Because a quantitative assessment is not possible in many cases, the need for action is derived from a coordinate system. This look as follows:

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 demand for action
>3	medium demand for action
<3	no demand for action

The need for action is derived from this assessment, and appropriate counter-measures are developed. The individual assessments are aggregated with weightings applied, in order to assess the overall risk position of the company. The damage severity levels are also quantified in part. In this case, the severity levels are ascribed values in % or €. The possible loss is then determined by multiplying with the probability of occurrence.

The functionality of the early risk recognition system is continuously monitored. The Managing Directors receive a quarterly report on identified risks in form of cumulative risk overviews. The Managing Directors and Administrative Board discuss the risk situation of the company and Group at regular intervals, and continually monitor the continuous development of the control and early risk detection system. 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 regularity of the financial statements of the RIB Group. This particularly concerns risks of errors and violations, risks in connection with data capture and protection, risks of the circumvention of existing internal controls, and the inaccurate assessment of facts and the scope 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 reports, the issue of binding guidelines for the accounting of 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 revenue recognition is strictly controlled from the very contract initiation phase. All customer contracts pass through an approval process. Deviations from standardized regulations must be approved in advance by the Executive Board of the parent company, if specified thresholds are exceeded.

The updating of risks and monitoring of counter-measures are continuous processes. The counter-measures listed in the risk reports are checked for compliance, and then implemented. Risks are formally logged and summarised, even with merely minor changes compared to the previous year.

I.4.2 Overview of individual risks

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

- Development risks (number range 100)
- Financial risks (number range 200)
- Sales and marketing risks (number range 300)
- Cooperation risks (number range 400)
- Acquisition risks (number range 500)

When viewed overall, the recorded risks appear in the Risk Heat map as follows (updated end of 2017):

<table>
<tr><td>1</td><td>highly probable</td><td></td><td></td><td>110</td><td></td></tr>
<tr><td>2</td><td>probable</td><td>303</td><td></td><td>105</td><td></td></tr>
<tr><td>22</td><td>possible</td><td>202</td><td>101 | 113 | 115
308 | 309
401 |</td><td>102 | 103 | 104 | 107 | 112 |
201 | 208 |
304 | 310 | 313 | 315 |
502 |</td><td>106 | 111 | 114</td></tr>
<tr><td>22</td><td>improbable</td><td>203 | 209 | 211 | 212
306 |</td><td>207 | 213
305 | 311</td><td>116 | 117
204 |
307 | 312
506 |</td><td>205 | 206 | 210
301 | 302 | 314
505 |</td></tr>
<tr><td colspan="2" rowspan="2">47</td><td>minor</td><td>medium</td><td>significant</td><td>severe</td></tr>
<tr><td>7</td><td>10</td><td>20</td><td>10</td></tr>
</table>

Severe or significant risks that were accorded a greater need for action, were only identified in the development area. These risks form the focus of the monitoring performed by senior management, and they are actively monitored using appropriate risk controls.

Development risks (number range 100)
The RIB Group is exposed to strong competition when it comes to development and market launch times. In order to retain its competitive edge, the RIB Group needs to invest heavily in product development and product launches, using both financial and human resources. The risk here - and one that has a high need for action (no. 105) - is that the functional scope of the software will require expensive adaptation with respect to the legal framework. There is also the significant individual risk - with a high need for action (no. 110) - that development capacities may be inhibited by individual customer requirements, whereby this could delay the supply of new products.

The RIB Group has integrated or combined other products with the products in its portfolio. In this connection, there exists the risk - with a high need for action (no. 106) - that the RIB Group could be made liable for third-party content, and that this could have a negative effect on the reputation of the RIB Group.

The economic success of the RIB Group is critically dependent on the success of our best-selling software solution iTWO 5D and on our new software platform iTWO 4.0. In this connection there exists the risk - with a high need for action (no. 111) - that the software will not be accepted in the markets into which we wish to expand. This could have a significant detrimental impact on our net assets, financial position and results of operations.

If not examined closely, the unrealistic deadlines and high functional or technical demands of customers (external) or product management (internal) could result in high costs and unnecessary effort. In this connection there exists the risk - with a high need for action (no. 114) - that this could have a significant, detrimental impact on our net assets, financial position and results of operations.

The risk situation in the area of development risks changed only slightly compared to 2016. During the reporting period, individual risks were reassessed and two risks were newly included in the early warning risk detection system:

a) The globally increased risk in the area of cyber crime and the associated spread of malware (no. 117), with significant damage severity level and low probability of occurrence.

b) The theft or copying of software source codes belonging to the most important applications of RIB SE (no. 116), significant damage severity level and low probability of occurrence.

Financial risks (number range 200)
The financial risks concern risks with only a medium need for action or no need for action at all. However, there are three risks with a severe damage severity level. These relate to the macroeconomic risks (no. 210), bad debt risks in projects with major customers (no. 205) and bad debt risks concerning banks regarding our securities and liquid funds (no. 206).

The risk situation in the area of financial risks changed only slightly compared to 2016. During the reporting period, reassessments were performed on the damage scope entailed by the foreign currency risk in connection with recognised assets and liabilities (no. 201), the interest rate risk (no. 202) and the security price risk (no. 203) with unchanged probability of occurrence. The reassessment of these financial risks slightly increased the quantifiable total damage amount compared to the previous risk assessment.

Regarding other remarks concerning the financial risk management and policies of the RIB Group, we refer to the corresponding remarks set out in the notes to the consolidated financial statement.

Sales risks (number range 300)
The sales risks concern risks with only a medium need for action or no need for action at all. However, there are three risks with a severe damage severity level. These relate to the availability of resources in the consulting area (no. 302), the non-fulfilment of the expectations of our customers regarding the quality of software, and the quality of consulting and hotline services (no. 301) and the operability and performance of our products in the standard market IT environments (no. 314).

The sales risks in relation to customer satisfaction (no. 301), the availability of resources for processing orders (no. 302) as well as the performance capability of sales partners (no. 312) were reassessed during the reporting year with an unchanged probability of occurrence, due to the increased maintenance, consulting and sales revenues; they have increased slightly overall as a consequence.

Cooperation risks (number range 400)

If, contrary to expectations, the YTWO joint venture entered into in the third quarter of 2016 does not accordingly perform positively over the coming years, there exists a risk with a medium need for action (no. 401), which could be detrimental effects of future profit expectations. This is equally true of the cooperation with Microsoft in relation to the new MTWO platform for the construction industry, which had not yet been recorded under cooperation risks during the reporting period, and which became effective in February 2018.

Acquisition risks (number range 500)

The acquisition risks only concern risks with only a medium need for action or no need for action at all. However, there does exist a risk with a severe damage severity level (no. 505), that the future value of a purchased enterprise is less than the purchase price contractually agreed. This could have detrimental effects on the net assets and financial position of the RIB Group.

I.4.3 Summarised description of the risk situation

It remains the case that there are no severe risks that are probably or highly probably to occur. We currently do not see any risks jeopardizing the existence of the company.

Notes on forecasts

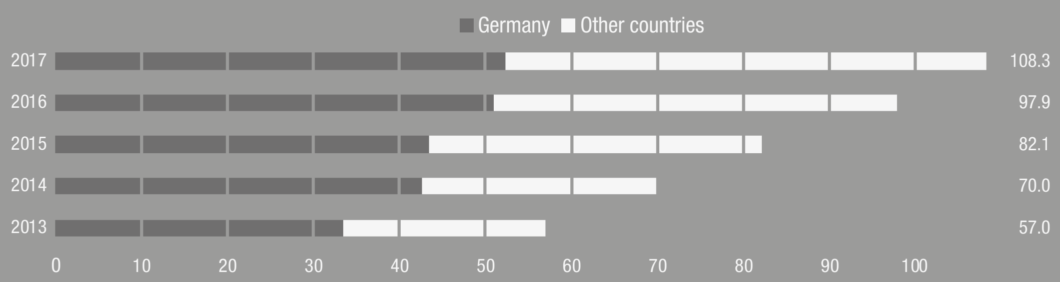
This Section of the management report contains forward-looking statements and information - i.e. statements on events which lie in the future. These forward-looking statements can be recognized by formulations such as “should”, “will”, “expect”, “intend”, “plan”, “estimate”, “in the opinion of the RIB 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, influence the business activities, success, business strategy, and results of the RIB Group. These factors can lead to significant deviations of the actual results, success, and services of the RIB Group from the future results, success, and services expressed explicitly or implicitly in the forward-looking statements.

Stuttgart, 12 March 2018

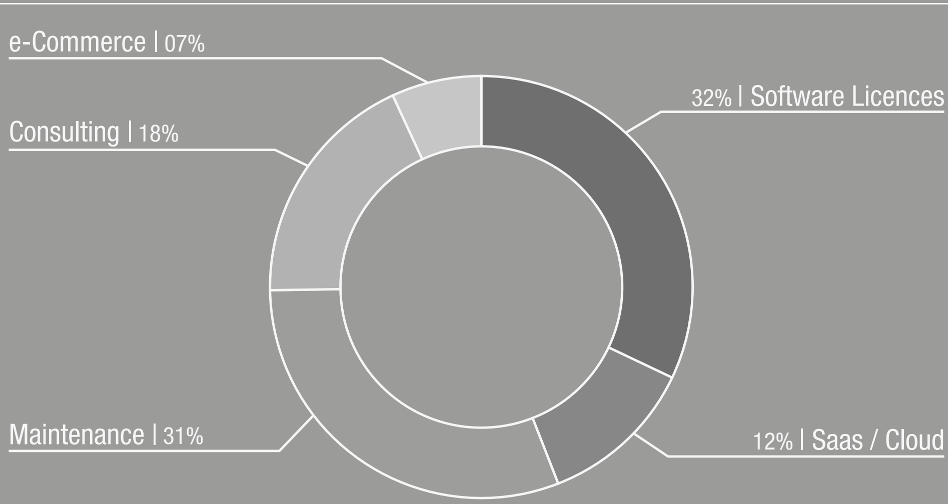
Thomas Wolf   Michael Sauer   Helmut Schmid   Mads Bording Rasmussen

DEVELOPMENT IN REVENUES FIVE-YEAR COMPARISON

Figures in € million



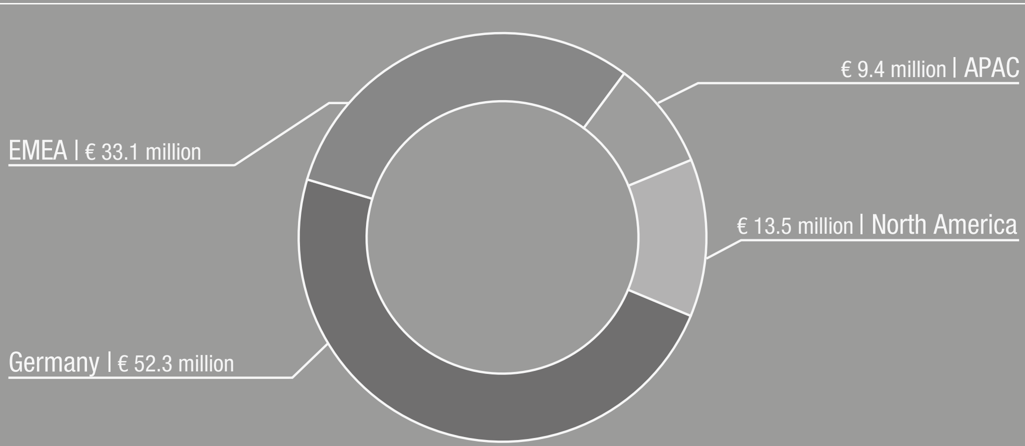
ANALYSIS OF REVENUES



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR 2017

REGIONAL REVENUE BREAKDOWN



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

CONSOLIDATED INCOME STATEMENT FOR THE 2017 FINANCIAL YEAR

€ thousand unless otherwise indicated	Notes	2017	2016
Revenue	**(10)**	**108,286**	**97,884**
The production costs of services for revenue generation	(11)	-42,977	-42,923
Gross profit		**65,309**	**54,961**
Other operating income	(12)	12,813	9,536
Marketing and distribution costs		-21,740	-18,362
General administrative expenses		-10,665	-9,650
Research and development expenses		-13,689	-11,792
Other operating expenses	(13)	-2,413	-1,697
Financial income	(15)	3,668	384
Finance costs	(15)	-241	-446
Share of profit and losses of associates	(21)	-3,469	0
Profit before tax		**29,573**	**22,934**
Income taxes	(16)	-11,125	-8,507
Consolidated net profit for the year		**18,448**	**14,427**
Losses attributable to non-controlling interests		0	-133
Profit attributable to owners of the parent company		18,448	14,560
Result per share on the basis of the share of earnings of the sharehol-ders of RIB Software SE:			
basic	**(17)**	**0.41 €**	**0.32 €**
diluted	**(17)**	**0.40 €**	**0.32 €**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2017 FINANCIAL YEAR

Figures in € thousand	2017	2016
Consolidated net profit for the year	**18,448**	**14,427**
Components reclassified in subsequent periods with no effect on profit and loss:		
Revaluations	210	-183
Other consolidated comprehensive income after taxes for components that are reclassified with no effect on profit and loss	**210**	**-183**
Components reclassified in subsequent periods with an effect on profit and loss:		
Exchange differences	-15,018	3,593
Changes in value of available-for-sale securities	0	-1
Other consolidated comprehensive income after taxes for components that are reclassified with an effect on profit and loss	**-15,018**	**3,592**
Other consolidated comprehensive income after taxes	**-14,808**	**3,409**
Total comprehensive income for the year	**3,640**	**17,836**
of which attributable to non-controlling interests	0	-133
of which attributable to owners of the parent company	3,640	17,969

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2017

Figures in € thousand	Notes	31 December 2017	31 December 2016
Goodwill	(18)	84,993	67,166
Other intangible assets	(19, 20)	54,712	50,005
Property, plant and equipment	(19)	17,266	16,185
Investment properties	(19, 22)	7,036	5,272
Investments accounted for using the equity method	(21)	31,226	52,166
Prepaid land use lease payments	(23)	926	1,006
Other financial assets	(24)	418	16
Deferred tax assets	(16)	2,019	1,541
Total non-current assets		**198,596**	**193,358**
Inventories	(26)	2,303	1,432
Trade receivables	(27)	24,071	18,420
Income tax assets		2,278	1
Other financial assets	(24)	35,145	22,948
Other non-financial assets	(25)	3,107	2,857
Cash and cash equivalents	(28)	100,459	116,401
Total current assets		**167,363**	**162,059**
Total assets		**365,959**	**355,417**

Figures in € thousand	Notes	31 December 2017	31 December 2016
Subscribed capital	(29)	46,846	46,846
Capital reserves	(29)	187,168	182,284
Retained earnings	(29)	72,982	62,021
Other equity components	(31)	-3,456	11,352
Treasury shares	(29)	-9,015	-10,597
Equity attributable to owners of the parent company		**294,525**	**291,906**
Non-controlling interests		0	-123
Total equity		**294,525**	**291,783**
Pension provisions	(33)	3,569	3,840
Bank liabilities	(43)	5,200	0
Other provisions	(35)	299	286
Other financial liabilities	(38)	1,934	1,882
Deferred tax liabilities	(16)	12,926	12,116
Total non-current liabilities		**23,928**	**18,124**
Bank liabilities	(43)	400	0
Trade payables	(34)	2,273	2,456
Income tax liabilities		3,454	4,337
Other provisions	(35)	1,775	1,153
Deferred liabilities	(36)	5,701	4,496
Deferred income	(37)	19,681	12,817
Other financial liabilities	(38)	8,669	579
Other liabilities	(39)	5,553	19,672
Total current liabilities		**47,506**	**45,510**
Total liabilities		**71,434**	**63,634**
Total equity and liabilities		**365,959**	**355,417**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 2017 FINANCIAL YEAR

Figures in € thousand	Subscribed capital	Capital reserves	Retained earnings
Notes	(29)	(29)	(29)
As of 01 January 2016	**46,846**	**181,396**	**54,752**
Consolidated net profit for the year	-	-	14,560
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**0**	**0**	**14,560**
Acquisition of treasury shares	-	-	-
Dividend payment	-	-	-7,291
Transactions with non-controlling interests	-	-177	-
Share-based remuneration	-	1,065	-
As of 31 December 2016 and 01 January 2017	**46,846**	**182,284**	**62,021**
Consolidated net profit for the year	-	-	18,448
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	**0**	**0**	**18,448**
Disposal of treasury shares	-	3,500	-
Dividend payment	-	0	-7,196
Transactions with non-controlling interests	-	0	-123
Other changes	-	-37	-168
Share-based remuneration	-	1,421	-
As of 31 December 2017	**46,846**	**187,168**	**72,982**

Other equity components						
Fair value changes reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Equity attributable to owners of the parent company	Non-controlling interests	Equity according to consolidated statement of financial position
(31)	(31)	(31)	(29)			
1	**8,332**	**-390**	**-4,828**	**286,109**	**-167**	**285,942**
-	-	-	-	14,560	-133	14,427
-1	3,593	-183	-	3,409	-	3,409
-1	**3,593**	**-183**	**0**	**17,969**	**-133**	**17,836**
-	-	-	-5,769	-5,769	-	-5,769
-	-	-		-7,291	-	-7,291
-	-	-	-	-177	177	0
-	-	-	-	1,065	-	1,065
0	**11,925**	**-573**	**-10,597**	**291,906**	**-123**	**291,783**
-	-	-	-	18,448	-	18,448
-	-15,018	210	-	-14,808	-	-14,808
0	**-15,018**	**210**	**0**	**3,640**	**0**	**3,640**
-	-	-	1,545	5,045	-	5,045
-	-	-	-	-7,196	-	-7,196
-	-	-	-	-123	123	0
-	-	-	37	-168	-	-168
-	-	-	-	1,421	-	1,421
0	**-3,093**	**-363**	**-9,015**	**294,525**	**0**	**294,525**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 2017 FINANCIAL YEAR

Figures in € thousand	Notes	2017	2016
Cash flow from operating activities:			
Profit before tax		**29,573**	**22,934**
Adjustments for:			
Depreciation of property, plant and equipment	(14)	1,150	1,007
Amortisation / adjustments of intangible assets	(14)	9,387	8,546
Depreciation of investment property	(14)	140	144
Changes in valuation allowances for trade receivables		1,893	-91
Other non-cash items		14,010	8,727
Profit(-)/loss from disposal of property, plant and equipment		0	-5
Interest expense and other finance costs	(15)	241	446
Financial income	(15)	-3,497	-384
		52,897	**41,324**
Working capital adjustments:			
Increase/decrease(-) in provisions and deferred liabilities		2,154	2,296
Increase(-)/decrease in receivables and other assets		-10,235	-2,384
Increase/decrease(-) in received payments	(39)	-15,267	16,070
Increase/decrease(-) in liabilities from trade payables and other liabilities		5,712	7,529
Cash generated from operations		**35,261**	**64,835**
Interest paid		-190	-12
Interest received		106	170
Income taxes paid		-12,372	-13,469
Net cash flow from operating activities		**22,805**	**51,524**
Cash received from the sale of tangible assets		5	0
Payments made for the acquisition of tangible assets		-2,510	-9,209
Payments made for the acquisition / production of intangible assets		-7,810	-7,251
Payments made for the acquisition of investment properties		-2,219	0
Payments made for the acquisition of at equity accounted investments		0	-57,794
Payments made for the acquisition of consolidated companies less cash acquired		-4,316	0
Disposal of consolidated companies less cash disposed		2,878	-2,989
Purchase(-)/sale of available-for-sale securities		6	2,588
Payments received from financial investments as part of current treasury management		18,922	10,780
Payments made for financial investments as part of current treasury management		-34,283	-18,922
Net cash flow from investing activities		**-29,327**	**-82,797**
Payments received from taking out bank loans	(14)	6,000	0
Payments made for the repayment of bank loans	(14)	-400	0
Dividends paid		-7,196	-7,291
Payments made to non-controlling shareholders		0	-200
Dividends received from companies accounted for using the equity method		397	0
Payments made for redeeming other financial liabilities	(14)	-150	-2,669
Payments made for the acquisition of treasury shares		0	-5,769
Net cash flow from financing activities		**-1,349**	**-15,929**
Change in cash and cash equivalents impacting cash flow		**-7,871**	**-47,202**
Cash and cash equivalents at the beginning of the period		116,401	163,555
Currency-related change in cash and cash equivalents		-8,071	48
Cash and cash equivalents at the end of the period		**100,459**	**116,401**
Composition of cash and cash equivalents:			
Liquid funds, unrestricted	(28)	97,360	113,644
Liquid funds, restricted	(28)	3,099	2,757

NOTES TO THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

RIB Software AG has completed the conversion into a European stock company (Societas Europaea/SE) and is now trading as RIB Software SE. The new legal form was entered in the commercial register on April 03, 2017.

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

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

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

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

The consolidated financial statements and group management report of RIB Software SE were released to the Administrative Board by the Managing Directors on 12 March 2018.

2. BASIS OF PREPARATION

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union during the financial years under review.

The additional disclosures required pursuant to § 315e HGB (German Commercial Code) are included in the notes to the consolidated financial statements with references to the corresponding paragraphs.

The IASB has issued several new or revised standards that are binding for financial years commencing on or after 01 January 2017. These new or revised IFRS have had no material impact on the consolidated financial statements during the relevant periods. The Group has applied uniform accounting standards for preparing and presenting its financial reporting for the periods under review. All accounting policies explained under Section 4 (see below) were applied consistently during the entire period under review. Unless explained explicitly otherwise, the consolidated financial statements were drawn up on the basis of the historical cost convention.

3. EFFECT OF NEW OR REVISED IFRS

The following standards and interpretations, which have already been published, may have an impact on our consolidated financial statements in the future. The standards and interpretations have not yet been applied in these consolidated financial statements, as their application is not yet mandatory or is still to be recognized in the EU:

- **IFRS 15 "Revenue from Contracts with Customers"**
  IFRS 15 replaces the previous standards IAS 18 and IAS 11 as well as a series of revenue-related interpretations. The standard contains a five-step model whereby the revenue to be recorded is the amount that is expected in return for goods or services to the customer. The standard is mandatory for financial years beginning on or after 01 January 2018. Early application is permitted. A transfer to EU law took place on 22 September 2016. Significant for the RIB consolidated financial statements are, in particular, the provisions for the realization of sales for multi-component contracts, which are contained in IFRS 15, i. e. for the sale of software solutions in combination with the provision of training and maintenance services or other services. On the basis of our analysis of the new regulations so far, we assume that no significant changes will occur in this area which is significant for the RIB group when applying IFRS 15 for the first time. On the other hand, changes could occur in the sales realization of customer-specific production orders, which were previously recorded in accordance with IAS 11. In individual cases, the relevant provisions of IFRS 15 according to our analyses can lead to the fact that sales revenues are recorded later than previously. However, this area is of minor significance for the RIB group, which means that it will not have an essential impact on the earnings, financial and asset position of the Group.

- **IFRS 9 Amendment (2009, 2010, 2011, 2013 and 2014) "Classification and Measurement"**
  IFRS 9 "Financial Instruments" reflects the first and third phases of the IASB project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities as well as regulations related to general hedge accounting. According to it, financial assets will be classified and measured either at amortised cost or at fair value. The rules for financial liabilities are generally adopted from IAS 39. The amendment to IFRS 9 published in November 2013 effectively abolishes the mandatory first-time application from 1 January 2015. On 24 July 2014, the IASB published the fourth and final version of IFRS 9. As a result, IAS 39 will be replaced with effect from the date of first-time application of IFRS 9. For the first time, this version contains provisions on the impairment of financial instruments and amended regulations on valuation categories for financial assets. This standard is mandatory for financial years beginning on or after 01 January 2018. Nonetheless, earlier application is also allowed. The adoption thereof into EU law took place on 22 November 2016. The examination of the effects of the application of IFRS 9 on the RIB Consolidated Financial Statements does not indicate any material effects on the Group's results of operations, net asset and financial position. The Group will refrain from adjusting prior-year figures and report the transition effects cumulatively in revenue reserves.

- **IFRS 16 "Leasing"**
  On 13 January 2016, the IASB published IFRS 16. IFRS 16 regulates the treatment of lease arrangements and replaces the previously valid IAS 17 as well as three interpretations related to leasing. Its application is mandatory for all IFRS users and, in principle, applies to all leases. Exceptions to this are leases under IAS 38, IAS 41, IFRIC 12 or IFRS 15. The amendments are effective for financial years beginning on or after 01 January 2019. The adoption into EU law took place on 9 November 2017. The Company is currently in the process of examining the effects of the application of IFRS 16 on the RIB Consolidated Financial Statements. In accordance with the transitional provisions, we plan to refrain from adjusting prior-year figures and to report the transfer effects cumulatively in retained earnings.

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 as of the date of acquisition, being the date on which control is obtained, and continue to be consolidated until the date when such control ceases. For financial reporting purposes, the financial statements of the subsidiaries are prepared uniformly in accordance with the accounting policies used by the parent company. All income, expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in the context of the consolidation.

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

Subsidiaries

A subsidiary is an entity over which RIB Software SE has control. The Company is considered to have control of a subsidiary if it has power of disposition over it. In other words, the Company has rights that grant it a current ability to steer and control the subsidiary's key activities. Such activities are those that have a significant 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 disposition over the subsidiary.

Joint ventures and associated companies

A joint venture is a joint agreement whereby the parties that jointly exercise control have rights to the net assets of the agreement. Joint management is the contractually agreed jointly exercised management of an agreement. This is only possible if decisions on the relevant activities require the unanimous consent of the parties involved in the joint management.

An associate is an entity over which RIB Software SE has significant control. Significant control means the ability to influence the financial and business policy decisions of the company in which the interest is held. In doing so, there is neither control nor joint control over the decision-making processes.

The results, assets and liabilities of joint ventures and associates are presented in these annual financial statements in accordance with the equity method. According to this method, shares in joint ventures and associates must be included in the consolidated statement of financial position at their acquisition costs that are carried forward by the changes in the share of the Group in the gains and losses in the other income of the associate or the joint venture.

The regulations of IAS 39 are used in order to determine whether there are indications that the value of the shares in associates or joint ventures has reduced. If an impairment test is to be undertaken, the carrying amount of the investment is tested for impairment in accordance with the regulations of IAS 36. For this purpose, the recoverable amount, i.e. the higher amount of the value in use and fair value less selling costs is compared with the carrying amount of the investment. The resulting amount of the impairment is offset against the carrying amount of the investment.

Companies included at amortised cost

Non-consolidated subsidiaries, associates, joint ventures and joint operations that are individually and collectively of minor importance for the Group and for the presentation of a true and fair view of its results of operations, net asset and financial position, owing to their dormant or low level of business activity, are always 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 drawn up in accordance with national commercial law, taking into account financial reporting adjustments pursuant to IFRS. Taking into account these adjustments, the financial statements of all consolidated companies are based on uniform accounting and valuation principles.

The balance sheet date of all included companies was 31 December 2017.

In addition to RIB Software SE as parent company, the scope of consolidation includes forty-three fully consolidated companies, of which eight are domestic and thirty-five foreign companies.

Moreover, the Group holds shares in two joint ventures, one domestic and one foreign, as well as shares in an associated company in Germany. These companies are accounted for using the equity method.

Additionally, the Group holds shares in nine non-consolidated foreign companies which were of minor significance for the net asset and financial position as well as the results of operations and cash flows of the RIB Group in the reporting period.

Goodwill

Goodwill generated by the acquisition of entities represents the difference between the purchase price and the pro rata Group's interest in the net fair value of the available assets, liabilities and contingent liabilities as of the date of the acquisition.

Goodwill arising on acquisition of an entity is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any impairment losses due to losses in value.

The carrying amounts of all goodwill are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amounts may be impaired. The Group performs its annual impairment tests of goodwill in the fourth quarter of each financial year. For the purpose of impairment testing, the respective goodwill acquired at the time of acquisition of an enterprise, from the acquisition date, is allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from synergy effects, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the (group of) cash-generating unit(s) to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit or group of cash-generating units falls short of its carrying amount, an impairment loss is recognised. Any impairment losses recognised as goodwill are not reversed in subsequent periods.

If goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment testing of non-financial assets other than goodwill

When an indication of impairment exists, or when annual impairment testing for an asset is required (for assets other than goodwill, financial assets and deferred tax assets), the asset's recoverable amount is determined. The recoverable amount of an asset is the higher of value in use or 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 is to 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market risks, the inflation rate and risks specific to the asset. An unscheduled impairment loss is charged to the income statement in the financial year in which it arises.

An assessment is also made at the end of each financial year as to whether there is any indication that previously recognised impairment losses 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 upward appreciation in value is limited to the carrying amount that would have been determined (net of any depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. Reversals of such impairment losses are recognised in profit or loss in the financial year in which they arise.

Related companies and persons

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

a) If the party is directly or indirectly controlled by one or more intermediaries, (i) the reporting company is controlled by him, or is under common control; (Ii) owns a share of the reporting company that has a significant influence on the company; or (iii) is involved in the joint management of the enterprise;

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

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

d) If the party is a close relative of a natural person according to (a) or (c);

e) If the party is a company controlled by a natural person referred to under (c) or (d), the party is subject to, is significantly influenced by, or directly or indirectly holds a majority of the voting rights in that company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is recognised in the consolidated income statement in the financial year in which it is incurred. If significant parts of property, plant and equipment must be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Items of property, plant and equipment, other than assets under construction, are depreciated on a straight-line basis over their estimated useful life. 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 are retained in asset accounting until they are disposed of. No further depreciation is charged on these assets.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated among the parts and each part is depreciated separately.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from disposal or scrapping (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year when the asset is derecognised.

Intangible assets (other than goodwill)

All of the Group's intangible assets have useful lives that are limited in time. Intangible assets are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year end at the latest.

Capitalised development costs

Research costs are recognised through profit or loss. Expenditure incurred on projects to develop new software is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of technical and financial resources to complete and the ability to measure reliably the expenditure during the development phase. Development costs which do not meet these criteria are expensed.

The capitalised software development costs are amortised on a straight-line basis over the estimated economic life of the software of five or ten years, commencing from the date on which the product is commercially released.

The carrying amount of internally created software is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impairment indications arise, the recoverable amount is estimated and an impairment loss is recognised through profit or loss if the recoverable amount is lower than the carrying amount. Impairment testing is performed annually for internally created software that is not yet ready for use.

Gains or losses arising from the disposal of an intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset, are recognised in the income statement on disposal of the asset.

Purchased technology

Technology purchased as part of a business combination are amortised over their estimated useful life of five years on a straight-line basis.

Purchased software

Purchased software reflects the cost of computing software used by the Group internally and not to generate revenue; It is capitalised at the costs incurred to acquire and commission the purchased software and amortised over its estimated useful life of three to five years on a straight-line basis.

The cost of maintaining computer software programs is expensed as incurred.

Customer relationships

Customer relationships acquired in business combinations are amortised over their estimated useful lives of eight to nine years on a straight-line basis.

Lease agreements

Leases that transfer all the substantial risks and rewards of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under finance lease relationships are included in property, plant and equipment and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases are accounted for as operating leases where all substantial rewards and risks of ownership of assets remain with the lessor. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor, are charged to the consolidated income statement on a straight-line basis over the lease term.

Costs for prepaid land lease payments under operating leases are deferred and subsequently recognised on a straight-line basis over the respective lease term.

Investment properties

Land and buildings not used, or only used to a minor extent, for commercial or administrative purposes which are owned to generate rental income and/or capital gains are classified as “Investment Property” under IAS 40. This also applies to properties for which the future usage is presently uncertain. Not included are properties under operating leases.

Investment property per IAS 40 is measured at cost on addition. Any directly attributable transaction costs are capitalised with same. Upon acquisition, property cost is broken down into land and buildings respectively. Subsequent costs are capitalised if they give rise to additional future benefit; maintenance expenses are immediately recorded in consolidated profit and loss.

The measurement after recognition of investment property is done uniformly, applying the cost model. Scheduled depreciation of investment property begins from the date the property in question is in the operational condition intended by management. Impairment testing is performed for investment property given concrete indications of impairment. If the recoverable amount is less than the carrying value, an unscheduled impairment is recorded.

Inventories

Merchandise listed as inventories is recognised at the cost of acquisition as per IAS 2. On the balance sheet date, merchandise is measured at the cost of acquisition or the net realisable value, whichever is lower. The net realisable value is the revenue expected to be earned from the sale, less directly attributable costs to sell incurred up until the point of sale. If the net realisable value is lower than the cost of acquisition, the inventories are devalued. If the reasons that led to the devaluation no longer apply, the devaluation is reversed accordingly.

Contract work

Contract work is recognised according to the percentage-of-completion method (POC method) in accordance with IAS 11. The degree of completion to be recognised as determined in accordance with the cost-to-cost method. Contract work is recognised on the asset side and the balance sheet item “Other non-financial assets as contract work with an asset balance to customers” or, if there is an impending loss, on the liabilities side under the item “Other liabilities as contract work with a liability to customers”. If the advance payments exceed the accumulated payments, the amount is recognised on the liabilities side under trade payables. Hardware accrued pro rata according to degree of completion is recognised under inventories.

Financial and other assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as (i) financial assets measured at fair value through profit or loss, (ii) held-to-maturity investments, (iii) loans and receivables, (iv) available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value at the trade date; for financial assets not measured at fair value through profit or loss, the directly attributable transaction costs are taken into account.

The Group’s financial assets include liquid funds and bank balances as well as time deposits, trade and other receivables and available-for-sale securities.

Measurement after recognition

The measurement after recognition of financial assets depends on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon initial recognition, such assets are measured in accordance with the effective interest method at amortised cost less impairments. Amortised costs are calculated under consideration of discounts or premiums upon acquisition, additional charges or costs that are incurred and that constitute an integral part of the effective interest rate, and transaction costs. The effective interest rate is presented under financial result on the income statement. Impairment expenses are recognised through profit or loss on the income statement.

Impairment of financial assets

At the end of each financial year, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (with the exception of future credit defaults not yet occurred) discounted at the original effective interest rate of the financial asset (i.e., the interest rate determined upon initial recognition). The carrying value of the asset is reduced with the help of an impairment account. Impairment losses are recorded affecting net income in the income statement. Loans and receivables, together with any associated allowances, are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance amount. Any subsequent reversal of an impairment loss is recognised in the income statement, only to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

With regard to trade receivables and other assets, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. An impairment account is used to reduce the carrying amount of the receivables. Impaired receivables are derecognised when they are assessed as uncollectable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets. Assets classified as available for sale are those which are neither held for trading nor assessed at fair value through profit or loss. Securities in this category are those that are to be held for an indefinite period and which can be sold for liquidity requirements or in response to changed market conditions. After the initial recognition, financial assets classified as available for sale are assessed at fair value. Unrealized profits and losses are recognized as other group result in the reserve for value adjustments of securities held for sale up to their disposal. At the date of the disposal of the financial assets, the cumulative gains or losses are recognized in profit or loss through the income statement.

For available-for-sale financial assets, the Group assesses at the end of each financial year whether there is objective evidence of impairment. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost.

The determination of what is “significant” or “prolonged” requires discretionary judgement.

The Group generally refers to a value change of 20% or more as significant and regards a period of more than twelve months as prolonged. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement for this capital participation is removed from other comprehensive income and recognised in the income statement. Unscheduled impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairments are recognised directly in other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised if:

- the rights to receive cash flows from the financial asset expire; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group has transferred all the substantial risks and rewards of the asset, or (b) the Group has neither transferred nor retained all the substantial rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are classified within the scope of IAS 39 as (i) financial liabilities at fair value through profit or loss or (ii) financial liabilities measured at amortised cost. The Group classifies its financial liabilities on initial recognition.

All financial liabilities are initially measured at fair value. In the case of loans and liabilities – less directly attributable transaction costs.

Measurement after recognition

The measurement after recognition of financial assets depends on their classification.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are liabilities classified as held for trading. Liabilities held for trading are liabilities (i) purchased or incurred principally for short-term sale or buyback, (ii) which at initial recognition are part of a portfolio of clearly identified and jointly managed financial instruments, which in the recent past have verifiably generated short-term trading profits, or (iii) derivatives. Liabilities assigned to this category by a company upon initial recognition in line with other requirements also fall into this category.

The Group‘s liabilities measured at fair value through profit or loss consist exclusively of liabilities held for trading in the derivatives category. These liabilities are measured at fair value through profit or loss after initial recognition.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include trade payables and other liabilities. After initial recognition, interest-bearing financial liabilities are measured at amortised cost using the effective interest method, unless the discounting effect is insignificant, in which case, they are carried at cost of acquisition. The related interest expense is recognised on the income statement as “Financial expenses”. Income and expenses are recognised when liabilities are derecognised and when the effective interest method is applied.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows and consolidated statement of financial position, cash and cash equivalents comprise cash on hand and demand deposits, including term deposits and securities maturing in less than three months.

Equity

An equity instrument is a contract that establishes a residual claim to the assets of a company after deduction of all the related liabilities. Equity instruments are recognised in the amount of the issue proceeds received less directly attributable issuing costs.

Third-party and equity instruments issued by a Group company are classified as financial liabilities or equity according to the economic content of the contractual agreement. For the RIB Group, this classification is of significance in particular when transferring treasury shares in the context of company acquisitions. Taking into account the regulations of IAS 32.21 et. seq., contractual obligations are classified as equity instruments if the Group is obligated to deliver a fixed number of treasury shares in fulfilment of an obligation. If the obligation is to deliver a variable number of treasury shares the amount of which is measured such that the fair value of the Group's equity instruments to be delivered corresponds to the amount set out in the contractual obligation, the agreement is recognised as a financial liability.

Treasury shares

Treasury shares are not shown as assets, and instead are deducted from equity. This is done by showing the item separately in the amount of total cost (one-line adjustment). The purchase, sale, issuance and redemption of treasury shares is accounted for without effect on profit or loss. The subsequent re-issuance of treasury shares is treated as a new issue of shares. Proceeds from the re-issuance of treasury shares are recorded in the previous cost amount, offsetting the deduction from equity. Any additional proceeds are allocated to capital reserves. If proceeds of the re-issuance are less than the previous cost, capital reserves are reversed proportionately. The Group cannot exercise voting rights on treasury shares. Nor do any dividends accrue on these.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the present value of the provision due to the passage of time is recognised in the income statement.

Income taxes

Income tax expense comprises current and deferred tax. Income tax in connection with items recognised outside profit or loss is also recognised outside profit or loss, either in other comprehensive income or directly in equity.

Actual tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is recognised using the SFP-oriented temporary concept on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability and affects neither the accounting profit nor taxable profit or loss at the time of the transaction; and

- in respect of deferred tax liabilities associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences 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 unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses 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 or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised 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 differences can be utilised.

The carrying amount of a deferred tax asset 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 asset to be utilised. Unrecognised deferred taxes are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Tax rates (and tax laws) are applied that are effective or announced as effective as of the end of the reporting period.

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

Value-added tax

Revenue, expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority. In such a case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, or

- receivables and payables that are stated with the amount of VAT included.

The net amount of the value added tax to be refunded by or to be paid to the tax authorities is presented under assets or liabilities in the consolidated statement of financial position.

Revenue realization

The group records revenues from the sale or transfer of goods and the provision of services to customers when it is probable that the economic benefit will flow to the group and if the amount of the revenue can be reliably determined. Revenues from sales are assessed at the fair value of the received consideration or claim received after deduction of price discounts, rebates and charges.

Revenue from the sale of software solutions often includes combinations of the sale of software and the provision of training and maintenance services or other services. If the sales price of a software solution includes an identifiable amount for services not yet rendered, this amount is deferred and recognised as revenue over the period during which the services are rendered. The amount to be deferred is calculated by allocating the transaction price to the identified service obligations in relation to their individual sales prices. If acceptance by the customer is required, revenue is recognised upon customer acceptance or the prior expiry of the acceptance period.

In addition to these basic criteria, there are specific revenue recognition policies for each of the major sales streams, namely, the sale of software, including security and user software and office applications in the form of software licences and software as a service/cloud, the provision of maintenance services, and the provision of consultancy and support services as well as e-commerce.

(a) Sale of software solutions

The Group sells software solutions for customers active in the construction industry. The proceeds result from the licence fees generated from the sale of software to the customer. Revenue is recognised when the price can be reliably measured, provided that all other basic criteria for revenue recognition are satisfied.

(b) Sale of software as a service/cloud

The Group realises revenues with enterprises in the construction industry from the provision of cloud software and related services. These allow customers to use software functions during the licence term, but not to operate the software permanently on their own systems. Revenues from cloud software sales are recognised pro rata over the licence term.

(c) Provision of maintenance services

The Group earns revenue from the provision of maintenance services to customers who have purchased the Group's software solutions. The Group recognises revenue from the provision of maintenance services pro rata over the term of the maintenance agreements.

(d) Software consultancy and support services

The Group provides consultancy and support services to assist customers with software implementation. These consultancy and support services are typically based on project agreements with customers that prescribe the price structure and timeframe of deliverables. The Group also provides consulting services for the planning and management of construction and infrastructure projects. The Group recognises revenues from software consulting and support services after the services have been rendered.

Any work contracts concluded with customers are recorded applying the percentage of completion method. This is the percentage of accrued contract costs relative to total estimated costs required to complete development. If it becomes likely that total contract costs will exceed total revenues, the expected loss is immediately recorded as an expense.

(e) Sale of merchandise

In the xTWO (e-commerce) business segment, the Group generated revenues due to trade in construction materials, in particular for sanitary facilities. These proceeds are recognised after the ordered goods have been delivered. Customers' rights of return are taken into account in that the revenues are reduced by an estimated return ratio based on historical values.

(f) Interest income

Interest income is recognised pro rata temporis using the effective interest rate method.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When 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 costs that it is intended to compensate.

Foreign currencies

The consolidated financial statements have been prepared in euro (€), the functional and presentation currency of the Group. Each entity in the Group (Group company) determines its own functional currency. In the annual financial statements of the Group companies, transactions in currencies other than the functional currency of the Group company (foreign currency) are translated at the exchange rate valid on the date of the transaction. At the end of the reporting period, monetary items in foreign currency are translated to the functional currency at the exchange rate on the reporting date. Any resulting translation differences are recognised through profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

The functional currencies of some foreign Group companies and associates are currencies other than the euro. As of the end of the financial year, the assets and liabilities of the Group companies are translated to the Company's reporting currency at the exchange rates on the reporting date. Income and expenses are translated at the weighted average exchange rate of the financial year. The resulting translation differences are recognised in other comprehensive income and accumulated in the reserve for exchange differences.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is reclassified in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the fair value of identifiable assets and liabilities are treated as assets and liabilities of the foreign operation and translated at the closing rate. Any resulting translation differences are recognised in other comprehensive income and accumulated in the reserve for exchange differences.

Employee benefits

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

The provisions recognised in the consolidated statement of financial position in respect of defined benefit pension plans are recognised at the present value of the defined benefit obligation at the 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 estimated future cash outflows using interest rates of high quality fixed interest-bearing securities/corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that match the terms of the related pension liability. In accordance with IAS 19, "remeasurements" are recognised immediately in other comprehensive income. Remeasurements include all actuarial gains/losses from changes in the obligation. Also included are routine settlements originally provided for in the benefits plan which are different from the projected amounts calculated.

According to IAS 19, the "remeasurements" item consists of:

- actuarial gains/losses, plus

- the portion of actual returns on plan assets exceeding the assumed interest rate of the plan assets, plus

- the change in an asset ceiling, to the extent different from the assumed interest rate.

Under the rules of IAS 19, the defined benefit expense in profit or loss is broken down into (i) service cost and (ii) net financing expense or income.

Service cost here includes current service cost, i.e. the cost of new benefits accruing in the reporting period, all plan changes affecting past service cost and all plan curtailment effects (curtailments).

The term "plan curtailments" per IAS 19 means reductions in the number of plan participants. Also included in service cost are gains/losses from settlements which were not provided for in the plan or assumptions.

Net interest is calculated by applying the discounting interest rate used for measuring the pension obligation to the carrying value (generally the difference between obligation and plan assets), adjusted for payments made during the year.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a refund or a reduction in the future payments is available.

(b) Other post-employment benefits

These post-employment benefits concern defined benefit plans according to which employees receive fixed-rate compensation payments after the end of the employment relationship. The amount of the compensation payments depends on the length of service, as well as on whether the employment relationship was terminated by the employee or the employer.

A reserve is recognised for obligations from defined benefit plans as soon as the employee is granted an entitlement from which the Group cannot then withdraw. Measurement of the obligations is based on short-term fulfilment. The reserves are therefore recognised in the amount of the estimated cash outflows not discounted. The change in reserves recorded during the reporting period was fully recognised as service cost.

c) Other non-current employee benefits

Other non-current employees benefits relate to severance obligations as a part of employee dismissals or redundancies and exits. The amount of the obligation depends on the duration of the employment relationship and after a three-year service period amounts to two months' salary, after a five-year service period three months' salary up to a maximum 12 months' salary for 25 years of service. The payment is due immediately upon termination of the employment relationship in the amount of a maximum of three months' salary. Any further employee claims, i.e. from the fourth months' salary, is payable in monthly instalments from the first day of the fourth month after the end of the employment relationship.

The severance obligations were measured on the basis of actuarial methods using the PUC method (projected unit credit method). The respective age of the employee, the remaining service period, the commencement date and the amount of the salary were taken into account as the basic parameters in the measurement.

Reinsurance policies were concluded for covering the severance obligations. The resulting claims are measured at the repurchase of value as of the closing date. If insurance policies are pledged in favour of the beneficiaries, the obligations are offset against the claims.

(d) Employee leave entitlements

Employee leave entitlements are recognised in the period they accrue to employees. A leave provision is recognised for the estimated liability for leave accrued but not taken by employees up to the end of the financial year.

(e) Share-based remuneration

Share-based remuneration includes remuneration plans paid out in cash as well as remuneration plans paid out with equity instruments. The fair value for both types of remuneration plans is determined on the day the remuneration is granted using a Monte Carlo simulation. A revaluation of the fair value for remuneration plans paid out with equity instruments does not take place in the subsequent periods. The value of the share-based remuneration paid out with equity instruments on issue is recognised with a corresponding increase in the capital reserve through profit and loss as a personnel expense over the period in which the entitlement of the employee to the rights vests. The amount recognised as an expense is adjusted to reflect the actual number of equity instruments that can ultimately be exercised by the employees.

We create provisions for share-based remuneration serviced by cash payments and not shares. The amount of the provision reflects the accrued portion of the fair value of the respective rights as of the reporting date. We recognise personnel expenses over the period in which the employees performed the relevant services (vesting period). The provision is adjusted accordingly. Share-based remuneration paid out in cash is measured at the current fair value until its servicing as of the respective balance sheet date. We recognise each change to the fair value of the provision in personnel expenses through profit or loss. The amount of personnel expenses for unvested purchase rights from remuneration paid out in cash not yet recognised through profit or loss is in line with the intrinsic value of the purchase rights as of the date of exercise. As the amount depends on future changes in the share price, it cannot be reliably forecast.

Please see **Note (30)** for further details on our share-based remuneration.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders and announced at the Annual General Meeting.

5. RECLASSIFICATIONS IN THE REPORTING PERIOD

Cash and cash equivalents have so far comprised current financial investments with a remaining term of between four and six months at the time of acquisition. These are essentially short-term time deposits. In accordance with IAS 7.7, these financial investments are no longer allocated to cash and cash equivalents as of the balance sheet date but are reported in the balance sheet as other financial assets.

In this context, we have made the following reclassification:

Figures in € thousand	31 Dec 2017	31 Dec 2016	01 Jan 2016
Cash balances	11	41	41
Bank balances	129,734	130,285	169,297
Cash equivalents	4,997	4,997	4,997
Cash and cash equivalents before reclassification	**134,742**	**135,323**	**174,335**
Short-term financial investments with a remaining term of more than three months at the time of acquisition	-34,283	-18,922	-10,780
Cash and cash equivalents after reclassification	**100,459**	**116,401**	**163,555**

The above reclassification also affects our consolidated cash flow statement. The funds invested on a short-term basis are no longer included in the cash and cash equivalents. Instead, cash outflows due to investments and repayments are reported in net cash flow from investment activities. The effects are as follows:

Figures in € thousand	31 Dec 2017	31 Dec 2016
Net cash flow from investing activities before reclassifications	**-13,966**	**-74,655**
Cash inflows from cash investments as part of short-term cash management	18,922	10,780
Cash outflows from cash investments as part of short-term cash management	-34,283	-18,922
Net cash flow from investing activities after reclassifications	**-29,327**	**-82,797**

As part of the reclassification described above, we have included a new item in the balance sheet which now covers all other financial assets. Correspondingly, other non-financial assets are reported in a separate item. The addition of the new items required further reclassifications, which are as follows:

Presentation before reclassifications:

Figures in € thousand	31 Dec 2017	31 Dec 2016	01 Jan 2016
Total non-current assets	**198,596**	**193,358**	**133,067**
Inventories	2,303	1,432	983
Trade receivables	24,071	18,420	16,203
Gross amount due from customers for contract work	159	136	165
Available-for-sale securities	92	98	2,686
Other assets	5,996	6,650	3,880
Cash and cash equivalents	134,742	135,323	174,335
Total current assets	**167,363**	**162,059**	**198,252**
Total assets	**365,959**	**355,417**	**331,319**

Presentation after reclassifications:

Figures in € thousand	Notes	31 Dec 2017	31 Dec 2016	01 Jan 2016
Total non-current assets		**198,596**	**193,358**	**133,067**
Inventories	(26)	2,303	1,432	983
Trade receivables	(27)	24,071	18,420	16,203
Income tax assets		2,278	1	32
Other financial assets	(24)	35,145	22,948	14,733
Other non-financial assets	(25)	3,107	2,857	2,746
Cash and cash equivalents	(28)	100,459	116,401	163,555
Total current assets		**167,363**	**162,059**	**198,252**
Total assets		**365,959**	**355,417**	**331,319**

In addition to the aforementioned reclassifications, in the reporting period, we have adjusted the disclosure of equity for the purpose of alignment with the internationally accepted methods of financial statement presentation. The adjustments are as follows:

Presentation before reclassifications:

Figures in € thousand	31 Dec 2017	31 Dec 2016	01 Jan 2016
Subscribed capital	46,846	46,846	46,846
Treasury shares	-9,015	-10,597	-4,828
Capital reserves	187,266	182,284	181,396
Legal reserve	95	95	95
Other retained earnings	144	0	0
Accumulated other comprehensive income	-3,456	11,352	7,943
Retained earnings	72,645	61,926	54,657
Equity attributable to owners of the parent company	**294,525**	**291,906**	**286,109**
Non-controlling interests	0	-123	-167

Presentation after reclassifications:

Figures in € thousand	31 Dec 2017	31 Dec 2016	01 Jan 2016
Subscribed capital	46,846	46,846	46,846
Capital reserves	187,266	182,284	181,396
Retained earnings	72,884	62,021	54,752
Other equity components	-3,456	11,352	7,943
Treasury shares	-9,015	-10,597	-4,828
Equity attributable to owners of the parent company	**294,525**	**291,906**	**286,109**
Non-controlling interests	0	-123	-167

6. SIGNIFICANT DISCRETIONARY JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial reporting requires the Managing Directors to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the inherent uncertainty about these assumptions and estimates could result in outcomes that may require a material future adjustment to the carrying amounts of the assets and liabilities affected.

Discretionary judgements

In the process of applying the Group's accounting policies, the Managing Directors made the following discretionary judgements which, besides the determination of estimates, had a significant effect on the amounts recognised:

Capitalised development costs

The Managing Directors use their judgement when deciding whether the capitalisation requirements for development costs have been satisfied. This is necessary as the future economic success of any product development is uncertain and it is not possible to preclude the occurrence of technical problems in the future at the time of capitalisation. Judgement is exercised based on the best information available at the time of preparing the consolidated financial statements. In addition, all internal activities related 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 at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming financial years are discussed below:

(a) Accounting for business combinations

The initial measurement of assets and liabilities recognised in the context of initial consolidations as well as the measurement after recognition are largely based on estimated amounts derived from assumptions regarding uncertain future developments.

Discretionary judgements are made here in particular in the measurement of intangible assets, such as customer relationships or purchased technologies, that are identified and recognised for the first time in the context of accounting for the company acquisitions. The fair values of these assets are generally determined using procedures based on net present value. Future cash flow is forecast and discounted at appropriate interest rates as of the measurement date in the context of the measurement. If the actual future development differs from the expectations and assumptions underlying the measurement, charges to the income statement due to depreciation may arise.

(b) Impairment of non-financial assets

The Group tests goodwill and internally created software that is not yet ready for use for impairment once a year. Other non-financial assets are tested for impairment if events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of these amounts is based on discretionary judgements and estimates. We refer to **Note (18)** for details of key assumptions and estimates used in testing goodwill for impairment.

The Managing Directors must exercise judgements with regard to the impairment of assets particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may no longer be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and the value in use which is estimated based upon the continued use of the asset in the business; and (iii) whether the appropriate key assumptions were applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by the Managing Directors in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and, as a result, affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to make an impairment charge to the income statement.

(c) Impairment of receivables

Impairment losses are charged on receivables based on an assessment of their recoverability. The assessment of impairment of receivables involves the use of estimates and judgements. An estimate for doubtful receivables is made when the collection of the full amount invoiced is no longer probable, as supported by objective evidence using available contemporary and historical information to evaluate the exposure. Uncollectable receivables are written off through profit or loss. Where the actual outcome or expectation in the future is different from the original estimates, such differences may affect the carrying amount of receivables and thus the impairment loss in the financial year in which such estimates are changed.

(d) Measurement of derivative financial liabilities from company acquisitions
As the amount of the consideration depends on what will happen in the future, the valuation of the fair value of derivative financial liabilities is inextricably linked to discretionary judgements and estimation uncertainties. Please refer to the explanations in **Notes (38)** and **(43)** regarding measurement.

(e) Income tax
The Group is subject to income taxes in various jurisdictions. Determining the income tax expense arising during the reporting period requires taking into account international tax regulations and includes significant discretionary judgements. There are many transactions and calculations for which the final tax determination is uncertain. The Group recognises liabilities on the basis of an estimation whether tax payments are expected after evaluating the respective tax administrations and finance courts. If the prospective final tax expense diverges from the calculated amounts that were initially recorded, such differences will impact the tax expense and tax provisions or tax refunds in the periods concerned.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the Managing Directors considers it to be probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. If the actual results are different from the original estimates, such differences will impact the recognition of deferred tax assets and tax expense in the period in which such estimates have been changed.

(f) Sales and Income Recognition
When recognising revenue from contracts with customers and, in individual cases, other income from Group services, it is necessary to determine the respective transaction price and allocate it to the individual performance obligations. Discretionary decisions have to be made both when determining the transaction price and when allocating it. This applies in particular to cases in which the transaction price has to be estimated because variable consideration has been agreed. Such situations arise in the sale of software licenses in individual cases in which the Group has a contractual obligation to supply a certain number of licenses, but also, under certain conditions, grants the customer the right to purchase additional licenses or services free of charge or at a reduced price. In such cases, the transaction price is estimated using the expected value method or the most likely amount method. In making this decision, we select the approach that most reliably estimates the consideration to which the Group is entitled.

This may have an impact on future period income statements, particularly in relation to an agreement concluded in the financial year 2016 for the sale of software licenses to the joint venture YTWO Ltd. In this case, in addition to the contractually agreed number of software licenses, the Group has undertaken to provide additional licenses free of charge, under certain conditions. When the transaction was first recognised, the number of licenses to be delivered in total was estimated using the expected value method so that the transaction price per license could be determined on this basis. This transaction price was used to recognise the revenue from the delivered licenses. Insofar as the proceeds received are attributable to licenses yet to be delivered, no income was recognised in the comprehensive income statement, instead, this was recorded as deferred revenue on the liabilities side (shown in the Consolidated Balance Sheet under current liabilities, see **Note (37)**).

The estimate of the total number of licenses to be delivered was updated as part of the measurement after recognition on the following balance sheet dates, using the same methodology, taking into account all new valuation-relevant findings. If actual events or future expectations deviate from these estimates, these differences may affect the carrying amounts of the item "Deferred revenue" and thus have an impact on the income statement in the financial year in which the estimate is changed.

(g) Recognition and Measurement of Other Provisions

Provisions are liabilities whose maturity or amount is uncertain. Because they relate to the future, both the decision on whether to recognise a provision and how to measure that provision are associated with discretionary decisions and estimation uncertainties. In the present Financial Statements, this mainly relates to litigation provisions. Please refer to our comments in **Note (35)**.

7. CHANGES TO THE CONSOLIDATED GROUP

Compared to the Consolidated Financial Statement as of 31 December 2016, the scope of consolidation as of 31 December 2017 also includes the following companies:

- RIB COE Europe GmbH, Stuttgart
- TWO Americas LLC, Atlanta/USA

The two newly founded companies have been included in the Consolidated Financial Statements using the full consolidation method.

Furthermore, in the year under review, additional shares were acquired in Exactal Group Ltd., Hong Kong / People‘s Republic of China, which was included in the Consolidated Financial Statements as an associate in the previous year. As of the balance sheet date, the Group holds 75% of the shares in Exactal Group Ltd. For the first time, the company has been included in the Consolidated Financial Statements using the full consolidation method.

In the reporting period, the name of the joint venture iTWO 5D – Institut für Integrales Planen und Bauen [Institute for Integral Planning and Construction] GmbH, Friedberg, has been changed and it is now 5D Institut GmbH, Friedberg.

The following companies have been deconsolidated in the reporting period:

- i-PBS Production Business Solutions GmbH, Vienna/Austria
- RIB Software (Americas) Inc., Wilmington/USA

i-PBS Production Business Solutions GmbH has been deleted from the relevant company register. RIB Software (Americas) Inc. has been inactive since August 2017 and no longer has any assets and liabilities.

For details of the companies included in the Consolidated Financial Statements, please refer to the Disclosures on Shareholdings in **Note (49)**.

8. BUSINESS COMBINATIONS

A. Acquisition of Exactal

With a contract dated 13.11.2017, the Group acquired a further 50% of the shares in Exactal Group Limited (hereinafter: Exactal) and holds a total of 75% of the shares as of the balance sheet date. The acquisition date was 20.11.2017. For reasons of simplification, the purchase price allocation was based on the value ratios as at 30.11.2017. The transactions between 20.11.2017 and 30.11.2017 were of minor importance. Furthermore, no significant changes in the value ratios took place during this period.

a) Consideration transferred

The total consideration transferred is € 19,530 thousand, consisting of the purchase price for the acquired 50% (see (1) and (2)) and the financial liability for the acquisition of the remaining 25% of the shares (3):

(1) Cash purchase price

A cash purchase price of € 7,320 thousand was agreed for the takeover of the 50% of the shares, of which € 5,856 thousand had been paid as of the balance sheet date. The remaining amount of € 1,464 thousand has been retained as security against seller guarantees and is payable six months after the date of acquisition, provided that the seller guarantees are adhered to.

(2) Treasury shares

In addition to the cash purchase price, a total of 258,202 shares of RIB Software SE are to be transferred to the sellers. Of these, 206,561 shares were transferred in the period from November to December 2017. The remaining 51,641 shares have been retained as security against seller guarantees and must be transferred to the sellers six months after the date of acquisition. The valuation of the shares was based on the share price at the time of acquisition, i.e. € 19.54, with their fair value thus amounting to approx. € 5,045 thousand.

(3) Financial liability from options

With a contract dated 13.11.2017, the contracting parties granted each other call and put options with regards to the remaining 25% of the shares. Accordingly, the options could be exercised over a period starting on 1 January 2019 and / or 1 January 2020 and ending 30 days after completion of the audit of the subgroup financial statements for the respective previous year of the exercise period.

By way of derogation from this option agreement, the parties agreed on the early takeover of the outstanding 25% of the shares by means of a contract dated 4 January 2018, whereby the call and put options were not actually exercised (see f). Irrespective of this, the agreements reached at the time of acquisition are explained below, as they formed the basis for the accounting of the business combination.

The option prices were based on the proportionate goodwill of Exactal at the exercise date, which had to be calculated using a contractually agreed valuation method. The valuation ought to be performed using the multiplier method, based on Exactal's income after tax for the two financial years prior to the exercise of the option, with contractual minimum and maximum limits capping the respective option price. The minimum and maximum price of the outstanding 25% totalled € 6,100 thousand and € 8,063 thousand, respectively.

Since the Group, as the writer of the put option, was obliged to acquire the outstanding shares, the resulting obligation has been recognised as a financial liability.

This financial liability was initially recognised by discounting the expected exercise price at the date of acquisition using a maturity and risk-adjusted interest rate of 0.55%. At the time of acquisition, the fair value of the financial liability resulting from the option amounted to € 7,165 thousand, which was recognised as part of the consideration.

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 achieved control in the course of a step acquisition. At the time of acquisition, the fair value of the shares already held amounted to € 6,183 thousand. The revaluation of the shares at the time of acquisition resulted in a gain of € 3,897 thousand. Expenses of € 400 thousand recognised in “Other consolidated comprehensive income” before the acquisition, have now been reclassified and allocated to the respective items on the income statement. As a result of the fair value adjustment, € 3,497 thousand has been recognised in financial revenues.

c) Identifiable acquired assets and assumed liabilities

The fair values of the identifiable assets and liabilities of Exactal at the acquisition date and the related carrying amounts immediately prior to the acquisition date are as follows:

Figures in € thousand	Carrying amount 30 Nov 2017	Fair value 30 Nov 2017
Intangible assets	290	6,648
Property, plant and equipment	190	190
Other financial assets	85	85
Other non-financial assets	117	117
Trade receivables	681	681
Cash and cash equivalents	1,540	1,540
	2,903	**9,261**
Deferred income	1,756	1,756
Other liabilities	727	727
Deferred tax liabilities	0	1,525
	2,483	**4,008**
Net assets	**420**	**5,253**

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

d) Goodwill

Following the acquisition, the goodwill has been recognised as follows:

Figures in € thousand	
Consideration transferred	19,530
Fair value of the previously held interest in Exactal	6,183
Fair value of the identifiable net assets	-5,253
Goodwill	**20,460**

The goodwill is generally not deductible for tax purposes. It reflects, in particular, expected synergy effects arising from the acquisition as well as the know-how of the acquired employee base.

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

Exactal's flagship product, CostX, provides an integrated BIM and 2D on-screen metrology solution with unique integration between the cost estimates and the elements of the drawing files that represent the estimate. This approach keeps estimates up-to-date and allows easy assessment of drafting corrections, helping to avoid delays in construction projects. Exactal has offices in Brisbane and Melbourne (Australia), London and Manchester (United Kingdom), Auckland (New Zealand), Austin (USA), Kuala Lumpur (Malaysia), and Singapore and Hong Kong.

The existing CostX software is to be integrated into the iTWO 5D and iTWO 4.0 platforms. In the future, Exactal will also distribute the iTWO technology in its existing markets.

The intangible assets totalling € 6,648 thousand include € 2,884 thousand for the acquired technology and € 3,764 thousand for existing customer contracts and the associated customer relationships.

As a result of the acquisition of Exactal, during the reporting period, the revenues increased by € 709 thousand, whereas the Group earnings rose by € 154 thousand.

If the remaining shares in Exactal had been acquired on 1 January 2017, the revenues would have increased by € 7,109 thousand and the Group earnings by € 1,256 thousand in the reporting period.

f) Acquisition of further shares after the balance sheet date

With a contract dated 4 January 2018, the Group also acquired the outstanding 25% of the shares in Exactal and now holds 100% of the shares. Due to the acquisition taking place so soon after the balance sheet date and the fact that the parties had already agreed on the material terms and conditions prior to the balance sheet date, the outstanding 25% of the shares are not reported as "Non-controlling interests" in the present Financial Statements. With regards to the effects on the recognised financial liability arising from the option agreement, please refer to our comments on other financial liabilities in **Note (38)**.

B. Acquisition of Datengut

In February 2018, the Group acquired a majority stake in the companies Datengut Leipzig GmbH & Co. KG and Datengut Software GmbH & Co. KG (hereinafter: Datengut KGs), both based in Zwenkau. The acquisition was structured in such a way that the Datengut KGs, in a first step, incorporated all the essential foundations of their operations into a newly founded company, Datengut GmbH i.Gr. based in Zwenkau, by way of a transfer of individual economic goods with a contract dated 23.02.2018.

Immediately afterwards, RIB Software SE acquired 51% of the shares in Datengut GmbH i.Gr. (hereinafter: Datengut) with a purchase and assignment agreement dated 23.02.2018. The purchase and assignment agreement is subject, inter alia, to the condition precedent that Datengut be entered in the commercial register. The registration of Datengut GmbH in the commercial register took place on 08.03.2018. We assume that all conditions precedent will be met in March 2018 so that the acquisition date will be within this period.

The provisional consideration for the acquisition of the shares amounts to approx. € 5,100 thousand. This amount includes a fixed purchase price component in the amount of € 2,500 thousand, which must be paid by transferring liquid funds (hereinafter: cash purchase price). In addition, RIB Software SE is obliged to transfer a fixed number of its own shares (94,442) to the sellers at short notice once the purchase and assignment agreement becomes effective. At the time of the conclusion of the agreement, the market value of the shares to be transferred totalled approx. € 2,580 thousand. Until the acquisition date, the share price and thus the amount of the consideration may change. € 1,750 thousand of the cash purchase price is due within ten days of the effective date of the purchase agreement. The remaining € 750 thousand will initially be paid into a notary bank account as collateral for contractually agreed warranty claims and will be paid in half to the sellers on 03.04.2019 and 03.04.2020, respectively, providing the amount is not offset by any warranty claims. The own shares of RIB Software SE are due for transfer in full ten days after the effective date of the purchase agreement.

We are currently still unable to report this company acquisition using the acquisition method. For this reason, we are not yet able to provide any information about the allocation of the consideration to the acquired assets and liabilities and about the fair value of these assets and liabilities. Based on the preliminary consideration of € 5,100 thousand as explained above, it is currently our rough estimate that the accounting for the acquisition of goodwill and intangible assets will result in book values totalling approx. € 4.900 thousand. Furthermore, we assume that the intangible assets will primarily comprise the acquired technology and customer relationships.

Datengut is one of Germany‘s leading providers of mobile solutions for the construction industry. The software that Datengut develops and distributes for medium-sized and large construction companies takes data from any existing data sources and merges it into its own web application.

The existing software by Datengut should complement the iTWO 4.0 platform in the form of so-called app developments. Furthermore, it is our intention to use the investment to establish the “Mobility” competence centre for the DACH region within the RIB Group.

The goodwill is expected to reflect, in particular, the projected synergy effects arising from the acquisition as well as the know-how of the acquired employee base. Overall, it will not be deductible for tax purposes.

If the transaction had been completed as of 01.01.2017, the revenues in the reporting period would have increased by approx. € 3,500 thousand, whereas the Group earnings would have risen by approx. € 1,000 thousand.

9. SEGMENT REPORTING

For corporate internal control purposes, the Group is organised into business units according to its products and services.

The Group reports the two segments iTWO and YTWO (referred to as xTWO in the previous year)

1. The iTWO reporting segment comprises the following business segments:

    - License / Software, which is focused on the sale of software solutions for installation on the customer‘s hardware and on maintenance and support services for customers who have purchased software solutions of the Group;

    - Software as a Service (SaaS) / Cloud, which includes our range of solutions in the areas of online tendering and awarding services, project collaboration, new web services as well as iTWO Success; and

    - Consulting, which includes consulting and support services to assist clients with the implementation of software as well as consulting services related to the planning and management of construction and infrastructure projects.

2. In the previous year, the Group participated in the joint venture YTWO Ltd. In addition to the activities previously reported in this segment, the participation in the joint venture represents an independent business segment. In the financial year 2017, our strategic focus in this area was more strongly centred on YTWO (SCM). In the future, the economic importance of xTWO (e-commerce) in this segment is expected decline. To express this development, we have decided to rename the reporting segment to YTWO. The reporting segment YTWO represents digital platforms and comprises the following business segments:

   - YTWO (SCM), which will provide customers with the iTWO 4.0 technology on the YTWO platform in the future, with the aim of combining model-based planning and execution of construction projects with the provision of comprehensive supply chain management (SCM) and, effectively, to provide a procurement process solution for just-in-time construction material management.

   - xTWO (e-commerce), which focuses on the operation of web shops and other activities related to the e-commerce sector.

The License / Software, Software as a Service (SaaS) / Cloud and Consulting business segments are grouped together as the iTWO reporting segment because the Group‘s economic success largely depends on the marketing of the Group‘s software solutions, with equal effect on the three aforementioned business segments.

The business segments YTWO (SCM) and xTWO (e-commerce) are grouped together as the reporting segment YTWO because 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 in order to make decisions related to resource allocation and to assess performance. The performance of a segment is assessed on the basis of its revenues and results.

The revenues shown are mainly sales to external customers. The iTWO License / Software revenues contain € 3,993 thousand for maintenance services to the joint venture YTWO Ltd. Other operating income in the iTWO reporting segment includes income from the sale of software licenses to the joint venture YTWO Ltd. in the amount of € 7,755 thousand (previous year: € 7,653 thousand). This amount is calculated after elimination of the calculated profit attributable to the Group in accordance with IAS 28.28. There were no further reportable transactions between the segments.

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

The following table shows the revenues and results of the Group's reporting and business segments:

2017

Figures in € thousand	iTWO	YTWO	Total
Revenue, external	**100,833**	**7,453**	**108,286**
Licence/software	67,949	-	67,949
SaaS/Cloud	13,004	-	13,004
Consulting	19,880	-	19,880
xTWO (e-commerce)	-	7,453	7,453
Production costs	**-36,371**	**-6,606**	**-42,977**
Licence/software	-17,795	-	-17,795
SaaS/Cloud	-2,699	-	-2,699
Consulting	-15,877	-	-15,877
xTWO (e-commerce)	-	-6,606	-6,606
Research and development expenses	**-13,680**	**-9**	**-13,689**
Licence/software	-9,713	-	-9,713
SaaS/Cloud	-3,967	-	-3,967
Consulting	-	-	-
xTWO (e-commerce)	-	-9	-9
Distribution and marketing costs	**-20,561**	**-1,179**	**-21,740**
General administrative expenses	**-9,843**	**-822**	**-10,665**
Other operating income and expenses	**10,373**	**27**	**10,400**
EBIT segment	**30,751**	**-1,136**	**29,615**
Financial result			-42
thereof profit shares from investments accounted for using the equity method	194	-3,663	-3,469
Income taxes			-11,125
Consolidated net profit for the year			**18,448**
EBITDA segment	**41,288**	**-996**	**40,292**
EBITDA-margin	40.9%	-13.4%	37.2%
Other segment information:			
Segment amortisation and adjustments	**-10,537**	**-140**	**-10,677**
Carrying amount of participation in the joint venture YTWO accounted for using the equity method	**-**	**31,225**	**31,225**

2016

Figures in € thousand	iTWO	xTWO	Total
Revenue, external	**91,241**	**6,643**	**97,884**
Licence/software	56,003	-	56,003
SaaS/Cloud	12,506	-	12,506
Consulting	22,732	-	22,732
xTWO (e-commerce)	-	6,643	6,643
Production costs	**-36,447**	**-6,476**	**-42,923**
Licence/software	-17,582	-	-17,582
SaaS/Cloud	-1,832	-	-1,832
Consulting	-17,033	-	-17,033
xTWO (e-commerce)	-	-6,476	-6,476
Research and development expenses	**-11,729**	**-63**	**-11,792**
Licence/software	-8,220	-	-8,220
SaaS/Cloud	-3,509	-	-3,509
Consulting	-	-	-
xTWO (e-commerce)	-	-63	-63
Distribution and marketing costs	**-16,894**	**-1,468**	**-18,362**
General administrative expenses	**-8,778**	**-872**	**-9,650**
Other operating income and expenses	**7,648**	**191**	**7,839**
EBIT segment	**25,041**	**-2,045**	**22,996**
Financial result			-62
thereof profit shares from investments accounted for using the equity method	54	-54	0
Income taxes			-8,507
Consolidated net profit for the year			**14,427**
EBITDA segment	**34,625**	**-1,932**	**32,693**
EBITDA-margin	37.9%	-29.1%	33.4%
Other segment information:			
Segment amortisation and adjustments	**-9,584**	**-113**	**-9,697**
Carrying amount of participation in the joint venture YTWO accounted for using the equity method	**-**	**49,170**	**49,170**

The Managing Directors as the chief operating decision-maker does not request submission of any regular details of segment assets and segment liabilities.

Geographic information

The Company is domiciled in Germany. The Group's revenue from external customers according to regions (based on the customer locations) for the financial years presented and the total of non-current assets as of the end of each of the financial years presented are analysed in the following:

Figures in € thousand	2017	2016
Germany	52,312	50,967
Remaining region EMEA (Europe, Middle East and Africa)	33,127	27,827
Region EMEA	**85,439**	**78,794**
Asia Pacific (Asia and Pacific region)	9,350	4,356
North America	13,497	14,734
Total revenue	**108,286**	**97,884**

The non-current assets divided according to regions are as follows:

Figures in € thousand	31 December 2017	31 December 2016
Germany	57,509	58,996
Remaining region EMEA (Europe, Middle East and Africa)	37,527	34,107
Region EMEA	**95,036**	**93,103**
PR of China (including Hong Kong)	62,635	71,251
Remaining region APAC (Asia and Pacific region)	20,171	11,174
Region APAC	**82,806**	**82,425**
North America	20,754	17,830
Total	**198,596**	**193,358**

Information on important customers

No individual customer accounts for more than 10% of the Group's total revenue during the reporting period.

10. REVENUE

Revenue breaks down as follows:

Figures in € thousand	2017	2016
Software licences*	34,723	28,856
Software as a service/cloud	13,004	12,506
Total software licences and software as a service/cloud	**47,727**	**41,362**
Maintenance	33,226	27,147
Consulting	19,880	22,732
e-commerce	7,453	6,643
Total revenue	**108,286**	**97,884**

*The software licences include revenues from the sale of hardware components of minor importance in connection with the sale of the products iTWO PPS and iTWO MES.

The total software revenue (licence revenue incl. software as a service/cloud) is subdivided as follows:

Figures in € thousand	2017	2016
iTWO key account	13,385	11,121
iTWO mass market	13,523	11,431
SaaS/Cloud	13,004	12,506
Other product lines	7,815	6,304
Total software licences and software as a service/cloud	**47,727**	**41,362**

11. THE PRODUCTION COSTS OF SERVICES FOR REVENUE GENERATION

Production costs of services for revenue generation mainly includes cost of purchased goods, personnel expenses and non-personnel expenses of the support and consulting business units as well as depreciation of self-created software and purchased technology. The write-downs on internally generated software amount to € 5,595 thousand (previous year: € 4,548 thousand) in the reporting year. The write-downs on purchased technology amount to € 2,170 thousand (previous year: € 2,266 thousand) in the reporting year.

12. OTHER OPERATING INCOME

Other operating income breaks down as follows:

Figures in € thousand	2017	2016
Income from purchase price liabilities measurement after recognition	537	137
Income from the reclassification of profits previously recognised in other income	0	112
Income from the release of provisions and deferred liabilities	88	193
Grant income in respect of research and development work	530	96
Income from currency translation	1,663	586
Income from the software delivery to YTWO	7,755	7,653
Income from the deconsolidation of fully consolidated companies to date	71	0
Income from rental income from investment property	779	173
Other*	1,390	586
Total	**12,813**	**9,536**

* In the previous year, income from rental income from investment property was reported under “Other”.

13. OTHER OPERATING EXPENSES

The other operating expenses break down as follows:

Figures in € thousand	2017	2016
Expenses from currency translation	1,796	1,004
Expenses from the deconsolidation of fully consolidated companies to date	0	362
Other	617	331
Total	**2,413**	**1,697**

14. OTHER FINANCIAL INFORMATION

Figures in € thousand	2017	2016
Personnel expenses:		
Wages and salaries	43,532	39,448
Social security and pension costs	7,387	6,759
Total	**50,919**	**46,207**
Minimum lease payments under operating leases:		
Office buildings	2,024	2,475
Equipment	702	688
Total	**2,726**	**3,163**
Scheduled amortisation and depreciation:		
of intangible assets	9,387	8,457
of property, plant and equipment	1,150	1,007
of investment property	140	144
Total	**10,677**	**9,608**
Disclosure of the scheduled amortisation of intangible assets in the income statement		
The production costs of services for revenue generation	7,777	6,820
General administrative expenses	69	38
Marketing and distribution costs	1,528	1,571
Research and development expenses	13	28
Total	**9,387**	**8,457**
Product warranty provision:		
Additional provision	261	232
Unused amounts reversed	0	19
Total research and development expenses		
Research and development expenses	21,354	18,843

Explanations of the cash flow statement

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

Figures in € thousand	**31 Dec 2016**	**cash-effective**	**non cash-effective**		**31 Dec 2017**
			Acquisition	Changes in fair values	
Long-term bank liabilities	0	5,200	0	0	5,200
Long-term other financial liabilities	1,882	0	0	52	1,934
Short-term bank liabilities	0	400	0	0	400
Short-term other financial liabilities	579	-150	8,632	-392	8,669
Total debt from financing activities	**2,461**	**5,450**	**8,632**	**-340**	**16,203**

15. FINANCIAL INCOME AND FINANCE COSTS

Finance income and costs break down as follows:

Figures in € thousand	2017	2016
Financial income:		
Adjustments to the fair value of existing shares in companies now required to be consolidated	3,497	0
Bank interest income	97	177
Income from interest compounding of receivables measured using the effective interest method	22	122
Other	52	85
Total	**3,668**	**384**
Finance costs:		
Payments made to non-controlling shareholders	0	-200
Accumulated interest on financial liabilities	-33	-65
Other	-208	-181
Total	**-241**	**-446**

16. INCOME TAXES

The parent company RIB Software SE is subject to German corporate income tax including solidarity surcharge and trade tax. The applicable tax rates for the Company were unchanged compared to the previous year at 30.53%.

The provision for income tax for the Group's subsidiaries is based on the respective tax rates applicable to them as determined in accordance with the relevant income tax rules and regulations for the countries in which they are domiciled during the periods presented.

In December 2017, a comprehensive US tax reform was passed, reducing the corporate income tax rate from 35% to 21%. Due to the reduction in the tax rate, we have carried out a revaluation of deferred tax assets and -liabilities and recorded the changes in the income statement under deferred income taxes.

The major components of the income tax expense break down as follows:

Figures in € thousand	2017	2016
Actual income tax	11,739	10,449
Deferred income tax	-614	-1,942
Total tax expense	**11,125**	**8,507**

Deferred income taxes include tax income due to changes in tax laws and tax rates in the amount of € 158 thousand (previous year: € 0 thousand). The tax income essentially results from the tax rate change in the context of the tax reform in the USA. In addition, deferred income taxes include a tax expense of € 568 thousand (previous year: € 0 thousand) from the devaluation of previously recognized deferred tax assets.

A reconciliation of the expected tax expense arising from the profit before tax multiplied by the income tax rate of the parent company of 30.53% (previous year: 30.53%) and the income tax expense according to the income statement is provided in the following:

Figures in € thousand	2017	2016
Profit before tax	**29,573**	**22,934**
Expected tax expense	9,029	7,002
Non-deductible expenses and tax-exempt income	403	307
Tax profits/losses for which no deferred taxes were/are recognised	519	85
Change in the ability to realise deferred tax assets	568	0
Changes in tax rates and tax laws	-158	0
Differences in tax rate for foreign subsidiaries	-1,190	-713
Tax effect from at equity-valuation	1,388	1,262
Taxes relating to other reporting periods	236	401
Other	330	163
Tax expense according to income statement	**11,125**	**8,507**

The movements in deferred income tax assets and liabilities of the Group during the periods presented are as follows:

Deferred tax assets

Figures in € thousand	Tax loss carryforwards	Pension provisions	Deferred income	Other	**Total**
As of 01 January 2016	**848**	**509**	**213**	**630**	**2,200**
Deferred tax recognised in the consolidated income statement as income/ (expense) during the year	304	49	946	-59	**1,240**
Deferred tax (debited)/ credited in other comprehensive income during the year	6	80	3	12	**101**
As of 31 December 2016 and 01 January 2017	**1,158**	**638**	**1,162**	**583**	**3,541**
Deferred tax recognised in the consolidated income statement as income/ (expense) during the year	-811	-152	736	54	**-173**
Deferred tax (debited)/ credited in other comprehensive income during the year	-92	49	239	-30	**166**
As of 31 December 2017	**255**	**535**	**2,137**	**607**	**3,534**

Deferred tax assets from tax loss carryforwards relate to subsidiaries in the USA and the United Kingdom. It is likely that future taxable profits will be available against which unused tax losses can be utilised. In the financial year 2017, tax losses from previous years were partially offset against taxable profits. The tax loss carryforwards in the US expire in the years after 2027.

In the previous year, deferred tax assets of € 598 thousand were recognised on tax loss carryforwards of a subsidiary in Australia. Since it is no longer probable that taxable profit will be available in the foreseeable future against which the unused tax losses could be utilised, no deferred tax assets have been recognised in the year under review. The value adjustment has resulted in a deferred tax expense of € 568 thousand being recognised in the income statement and € 30 thousand deducted from the Group's earnings.

As of the balance sheet date, unused tax losses carried forward amounted to € 4,652 thousand (previous year: € 3,369 thousand). None of these amounts have been recognised as deferred tax assets as it seems unlikely that sufficient taxable profit will be available in the future against which these loss carryforwards could be used. The loss carryforwards can be carried forward indefinitely.

Deferred tax liabilities

Figures in € thousand	Other intangible assets	Pro-perty	Investment property	Consolidation adjustments	Other	**Total**
As of 01 January 2016	**8,279**	**511**	**455**	**5,102**	**382**	**14,729**
Adjustments	-	-56	56	-	-	**0**
Deferred tax recognised in the consolidated income statement during the year as an expense/ (income)	384	34	-91	-1,065	36	**-702**
Deferred tax debited/ (credited) in other comprehensive income during the year	-	-	-	86	3	**89**
As of 31 December 2016 and 01 January 2017	**8,663**	**489**	**420**	**4,123**	**421**	**14,116**
Addition from initial consolidation (with no effect on profit or loss)	-	-	-	1,590	-	**1,590**
Adjustments	-	-	-	-	-	**-**
Deferred tax recognised in the consolidated income statement during the year as an expense/ (income)	310	-44	-37	-966	-50	**-787**
Deferred tax debited/ (credited) in other comprehensive income during the year	-	-	-	-468	-10	**-478**
As of 31 December 2017	**8,973**	**445**	**383**	**4,279**	**361**	**14,441**

As of the balance sheet date, the subsidiaries of the Group had accumulated profits of around € 55,008 thousand (previous year: € 29,414 thousand) for which no deferred taxes have been recognised, since we are able to control the timing of the reversal of the temporary differences, and it is likely that no temporary differences will be reversed in the foreseeable future.

The Group's consolidated statement of comprehensive income includes € 49 thousand for deferred tax income (previous year: € 80 thousand) from the revaluation of pension provisions.

The following amounts are disclosed in the consolidated statement of financial position after the country-specific netting of deferred tax balances:

Figures in € thousand	31 December 2017	31 December 2016
Deferred tax assets	2,019	1,541
Deferred tax liabilities	12,926	12,116

Deferred tax liabilities of € 10,829 thousand (previous year: € 9,843 thousand) are not expected to be realised before twelve months have passed.

17. EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share are calculated on the basis of the profit share of the shareholders in RIB Software SE as shown in the following table:

Figures in € thousand	2017	2016
Profit share of the shareholders of RIB Software SE – diluted and basic	18,448	14,560

Figures in thousand shares	2017	2016
Weighted average of shares in circulation - basic	45,033	45,256
Dilution effect	709	473
Weighted average of shares in circulation - diluted	45,742	45,729

Results per share in €	2017	2016
basic	0.41	0.32
diluted	0.40	0.32

The average market value of the Company's shares used to calculate the dilution effect of existing share options is based on the listed market prices for the period in which the options were in circulation.

18. GOODWILL

For the purposes of impairment testing, we allocate goodwill acquired in the event of a business combination to cash-generating units or groups of cash-generating units from the takeover date. The following overview shows how the carrying amount of the goodwill was allocated to the business segments, or, in the case of allocation to lower levels, to the cash-generating units or groups of cash generating units:

Figures in € thousand	31 December 2017	31 December 2016
Licence/software business segment	*58,465*	*43,730*
SaaS/Cloud business segment	*15,308*	*12,770*
Consulting business segment	*6,572*	*5,815*
iTWO reporting segment	**80,345**	**62,315**
YTWO (SCM) business segment	*-*	*-*
xTWO (e-commerce) business segment	*689*	*689*
YTWO reporting segment	**689**	**689**
GZ TWO development entity	**3,065**	**3,268**
Arriba Finance	**894**	**894**
Total	**84,993**	**67,166**

Goodwill was allocated on the basis of the respective business activities of the acquired companies, the related strategic objectives of the group and taking into account the expected benefits for the segments of the group. The development of goodwill in the reporting year is shown in **Note (19)**. In financial year 2017, goodwill of € 20,460 thousand was received from the first-time full consolidation of Exactal. Please refer to **Note (8)**. The other changes in book values are due to currency adjustments of goodwill held in local currency. The reporting segment xTWO, which was divided into the business segments YTWO (SCM) and xTWO (e-commerce) was renamed YTWO in the reporting period. Please refer to our comments in **Note (9)**.

Impairment testing of goodwill

The recoverable amounts of the cash-generating units were determined as their use values. For the business segments license/software, SaaS/Cloud and consulting, cash flow plans were used for a five-year detailed planning period on the basis of the financial planning, after which a growth rate of 1% was earmarked for an eternal pension. In the business segment xTWO (e-commerce), a five-year detailed planning period was also used to determine the achievable income in the cash flow planning. There is no growth rate in the eternal pension. No goodwill was allocated to the business segment YTWO (SCM).

In the case of the GZ TWO development entity, cash flow projections based on financial budgets were used, covering a four-year period. No sustained growth is assumed in the perpetual annuity.

The product iTWO Finance was placed on the market in the 2014 financial year, and will replace Arriba Finance in the medium term. This was taken into account in determining the recoverable amount, and cash flow projections were used for the remaining marketing period. No perpetual annuity was considered.

The discount rates applied to the cash flow projections are as follows:

Figures in %	2017	2016
Licence/software business segment	7.92	6.86
SaaS/Cloud business segment	8.46	7.57
Consulting business segment	8.13	7.37
xTWO (e-commerce) business segment	7.29	6.23
GZ TWO development entity	8.68	8.11
Arriba Finance	20.27	21.53

Below is a description of each key assumption on which the Managing Directors have based its cash flow projections to undertake impairment testing of goodwill:

Revenues and expenses

The revenue forecast for the License / Software business segment includes the revenues generated from the license sale and the maintenance of the products. Based on detailed revenue and expense planning for the financial year 2018, it is estimated that the annual revenue growth rate for the License / Software segment will be in the range of approx. 8% to approx. 26% in the period covered by the plan, with the highest growth rate of 26% for the year 2018, which is the first year that includes full annual sales of Exactal.

The revenue forecast for the SaaS / Cloud business segment includes revenue from the supply of software under SaaS agreements. This mainly includes planned revenues generated by the iTWO 4.0, iTWO tx, iTWO cx product lines as well as revenues from Exactal. The planned segment revenue includes revenue generated from the use and maintenance of the Cloud solutions. Based on detailed revenue and expense planning for the financial year 2018, which is projected to reach the previous year‘s level, it is estimated that the revenue from SaaS / Cloud business segment will grow at an annual rate in the range of approx. 14% to approx. 20%.

The revenue forecast for the Consulting business segment includes revenues from the provision of training and consulting services. Based on detailed planning for the financial year 2018, which acknowledges the currently high demand for consulting services, it is estimated that the consulting business will report annual revenue growth in the range of approx. 3% to approx. 10% over the planning period.

The revenue forecast for the xTWO (e-commerce) business segment contains the revenues of the company xTWO. The segment revenues include revenues from the sale of building materials generated via the online platform xTWOstore. Based on detailed revenue and expense planning for the financial year 2018, it is estimated that the xTWO (e-commerce) business segment will generate annual revenue growth in the range of approx. 13% to approx. 29% over the planning period.

As for the development unit GZ TWO, the revenues from the development man-days have been planned by multiplying the planned manpower capacity by the daily rate which is expected in the future.

Due to the replacement of Arriba Finance by iTWO finance, cash flows have been planned for a limited period of 8 years. The estimate for this period was based on the experience from the replacement of other Arriba products by iTWO. The revenue forecast for Arriba Finance includes revenue from the sale of licenses and the maintenance as well as the provision of training and consulting services. Based on detailed planning for the financial year 2018, an annual decline in the revenues from the sales of licenses and from consulting is planned until the product expires, followed by decreasing revenues from maintenance.

In all areas, the planning of the cost of materials and third-party services has been adjusted to revenue growth. Personnel and material costs have also been adjusted to revenue growth on the basis of personnel planning. Investment, development costs and other operating expenses have been forecast on the basis of past and empirical values, and have been adjusted to reflect the effects arising from the acquisition of Exactal, which was acquired in the reporting period. The segment-specific characteristics in the cost structure have been taken into account.

Segment planning has been prepared in line with the Group strategy (striving for outstanding growth rates, new innovative products, entering new market segments and reaching new customers). The revenue growth projections for the above segments reflect past experience as well as the planned expansion of the sales market.

In our opinion, no realistic change in the aforementioned key assumptions and estimates would result in the book values of the segments exceeding their respective recoverable amounts.

Discount rates

The interest rates used are interest rates before taxes which take into account the specific risks of the relevant units.

19. DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY IN THE 2017 FINANCIAL YEAR

Figures in € thousand	Acquisition or manufacturing costs						
	As of 01 January 2017	Additions from business combinations	Additions	Disposals	Reclassifications	Currency adjustments	As of 31 December 2017
1. Goodwill	**75,463**	**20,460**	**0**	**0**	**0**	**-2,633**	**93,290**
2. Other intangible assets							
a) Internally generated software	63,460	0	7,665	0	0	0	71,125
b) Customer relationships	11,926	3,764	0	0	0	-356	15,334
c) Purchased technology	12,430	2,864	0	0	0	-32	15,262
d) Purchased software	1,203	21	145	0	8	-2	1,375
e) Other	26	0	0	0	-8	0	18
	89,045	**6,649**	**7,810**	**0**	**0**	**-390**	**103,114**
3. Property, plant and equipment							
a) Land and buildings	14,605	0	1,766	0	0	-370	16,001
b) Furniture and fixtures	5,676	192	696	140	0	-155	6,269
	20,281	**192**	**2,462**	**140**	**0**	**-525**	**22,270**
4. Investment properties	**5,721**	**0**	**2,219**	**0**	**0**	**-315**	**7,625**

19. DEVELOPMENT OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY IN THE 2016 FINANCIAL YEAR

Figures in € thousand	Acquisition or manufacturing costs					
	As of 01 January 2016	Additions	Disposals	Reclassifications	Currency adjustments	As of 31 December 2016
1. Goodwill	**75,175**	**0**	**268**	**0**	**556**	**75,463**
2. Other intangible assets						
a) Internally generated software	56,410	7,050	0	0	0	63,460
b) Customer relationships	11,898	0	0	0	28	11,926
c) Purchased technology	12,381	0	0	0	49	12,430
d) Purchased software	1,026	193	37	29	-8	1,203
e) Other	47	8	0	-29	0	26
	81,762	**7,251**	**37**	**0**	**69**	**89,045**
3. Property, plant and equipment						
a) Land and buildings	5,950	8,462	0	349	-156	14,605
b) Furniture and fixtures	4,456	1,321	73	0	-28	5,676
	10,406	**9,783**	**73**	**349**	**-184**	**20,281**
4. Investment properties	**6,316**	**0**	**0**	**-349**	**-246**	**5,721**

Amortisation and depreciation (cumulative)							Carrying amounts	
As of 01 January 2017	Additions	Impairment losses	Disposals	Reclassifications	Currency adjustments	As of 31 December 2017	As of 31 December 2017	As of 31 December 2016
8,297	**0**	**0**	**0**	**0**	**0**	**8,297**	**84,993**	**67,166**
26,643	5,595	0	0	0	0	32,238	38,887	36,817
4,680	1,462	0	0	0	-25	6,117	9,217	7,246
6,841	2,170	0	0	0	0	9,011	6,251	5,589
858	160	0	0	0	0	1,018	357	345
18	0	0	0	0	0	18	0	8
39,040	**9,387**	**0**	**0**	**0**	**-25**	**48,402**	**54,712**	**50,005**
524	359	0	0	0	-19	864	15,137	14,081
3,572	791	0	132	0	-91	4,140	2,129	2,104
4,096	**1,150**	**0**	**132**	**0**	**-110**	**5,004**	**17,266**	**16,185**
449	**140**	**0**	**0**	**0**	**0**	**589**	**7,036**	**5,272**

Amortisation and depreciation (cumulative)							Carrying amounts	
As of 01 January 2016	Additions	Impairment losses	Disposals	Reclassifications	Currency adjustments	As of 31 December 2016	As of 31 December 2016	As of 31 December 2015
8,297	**0**	**0**	**0**	**0**	**0**	**8,297**	**67,166**	**66,878**
22,095	4,548	0	0	0	0	26,643	36,817	34,315
3,227	1,447	0	0	0	6	4,680	7,246	8,671
4,575	2,266	0	0	0	0	6,841	5,589	7,806
590	196	89	5	0	-12	858	345	436
18	0	0	0	0	0	18	8	29
30,505	**8,457**	**89**	**5**	**0**	**-6**	**39,040**	**50,005**	**51,257**
332	167	0	0	42	-17	524	14,081	5,618
2,875	840	0	73	0	-70	3,572	2,104	1,581
3,207	**1,007**	**0**	**73**	**42**	**-87**	**4,096**	**16,185**	**7,199**
347	**144**	**0**	**0**	**-42**	**0**	**449**	**5,272**	**5,969**

20. OTHER INTANGIBLE ASSETS

A. Internally generated software

The internally generated software iTWO 5D and iTWO 4.0 is essential for the group. iTWO 5D is a fully integrated software solution for digital planning and building (ERP 5D). The iTWO 4.0 solution, which has been developed from scratch, stands for the digitization of the entire value-added chain of a construction project by networking virtual and real building on the model "industry 4.0". Please also refer to **Section A.6.** of the group management report.

Of the carrying amount for the internally generated software of € 38,887 thousand (previous year: € 36,817 thousand), the following amounts are attributable to iTWO 5D/iTWO 4.0:

Figures in € thousand and unless otherwise indicated	31 Dec 2017	iTWO 5D	iTWO 4.0	Others	31 Dec 2016	iTWO 5D	iTWO 4.0	Others
Carrying amount	38,887	18,019	11,414	9,454	36,817	18,370	9,401	9,046
of which uncompleted portion at the reporting date	1,903	675	0	1,228	1,466	426	365	675
Remaining amortisation period of the modules completed by the reporting date	4 to 10 years				5 to 10 years			

The uncompleted portion involves newly developed additional modules, which will not be completed, marketed and amortised until subsequent years.

B. Purchased software

In the reporting year, self-used software in the amount of € 166 thousand was acquired, of which € 21 thousand are attributable to the addition from the acquisition of Exactal in the reporting period.

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Figures in € thousand	Notes	31 Dec 2017	31 Dec 2016
Shares in joint ventures	(A)	31,226	49,170
Shares in associated companies	(B)	-	2,996
Total		**31,226**	**52,166**

A. Joint ventures

In fiscal year 2016, the Group established the joint venture YTWO Ltd. together with Flextronics International Ltd., Singapore (hereinafter referred to as Flex). The two partner companies each hold a 50% share in the non-listed joint venture and exercise joint management.

YTWO Ltd. was founded by the group and Flex within the framework of a strategic partnership for the construction and operation of a Supply Chain Management (SCM) platform for the construction industry. YTWO

Ltd.'s business model is based on the idea of organizing cost-optimized procurement of building materials for its customers and collecting a transaction fee dependent on the procurement volume for it. The group has classified YTWO Ltd. as a joint venture and is accounted for according to the equity method.

This is followed by a reconciliation of YTWO's consolidated financial information to the book value of the group's share.

Figures in € thousand	31 Dec 2017	31 Dec 2016
Assets and liabilities of the joint venture		
Short-term assets*	55,717	78,542
Long-term assets	35,821	38,006
Short-term liabilities**	-286	-2,903
Long-term liabilities	-	-
Equity (100%)	**91,252**	**113,645**
Thereof attributable to the group (50%)	45,626	56,823
Elimination of inter-company profits from "downstream sales"	-14,400	-7,653
Carrying amount of the invesmtment in the joint venture	**31,226**	**49,170**

* Includes cash and cash equivalents of € 55,638 thousand (previous year: € 78,535 thousand).

** Includes short-term financial liabilities (with the exception of trade payables as well as other liabilities and provisions) of € 44 thousand (previous year: 2,890 thousand).

Figures in € thousand	2017	2016
Revenues	3	-
Comprehensive income (100%)* **	**-9,324**	**-107**
Thereof attributable to the group (50%)	-4,662	-54
Elimination of inter-company profits from "downstream sales"	999	-
Profit share recognized in the consolidated income statement	**-3,663**	**-54**

*** This includes scheduled depreciation in the amount of € 2,027 thousand. In the previous year, scheduled amortisation and depreciation were of minor importance.

Obligations from joint ventures

Under the original agreement made at the time of the creation of the joint venture in 2016, Flex was entitled to exercise a right of redemption in respect to its stake in the joint venture, if certain contractually defined performance targets were not met by 01 February 2018. The exercise of the redemption right could, under certain circumstances, have led to the creation of payment obligations for the RIB Group. After the redemption deadline was postponed during the reporting period, Flex completely waives its redemption right due to the positive development with an agreement dated 24 February 2018.

In addition, the Group holds shares in the joint venture 5D Institut. The impact of these shares on the net assets, financial position, results of operations and cash flows of the Group was of minor importance during the reporting period. The shares in the joint venture are valued using the equity method. There is no quoted price in an active market for the company, so there is no disclosure of the fair value.

B. Associated companies

On November 13, 2017, the Group has acquired a further 50% stake in Exactal Group Ltd. and holds a total of 75% of the shares at the balance sheet date. At the date of the transitional consolidation on November 30, 2017, the book value of the investment in the associated company amounted to € 2,285 thousand (previous year: € 2,892 thousand). The change in the consolidation method to full consolidation resulted in financial income of € 3,497 thousand due to the adjustment of the carrying amount to the fair value. For further information, please refer to our explanations in **Note (8)**.

In addition, the Group holds shares in the associated company iTWO Baufabrik. The impact of these shares on the net assets, financial position, results of operations and cash flows of the Group was of minor importance during the reporting period, both in terms of individual shareholdings and overall. The shares in the companies are valued using the equity method. For the companies, there are no price quotations in an active market, so that an indication of the fair values is not given.

22. INVESTMENT PROPERTIES

The Group‘s investment property consists of two office properties in the US and China.

Investment property USA

In early December 2017, the Group acquired a property in the USA, part of which is to be used by the owner, though most of it will be rented. The part of the building that is to be rented is reported under the item “Investment property” in the reporting period. The proportionate recoverable amount of the investment property amounted to € 2,219 thousand as at the balance sheet date and corresponds to the purchase price, which is due to the proximity of the acquisition date and the balance sheet date. The property is valued according to the historical cost model and has been subject to scheduled depreciation since December 2017. The depreciation is based on the component approach, whereby the building has been divided into two components: the building envelope and the technical equipment. The useful lives are 50 years for the building envelope and 20 years for the technical equipment. This results in an average useful life of approx. 36 years. The monthly depreciation amounts to approx. € 4 thousand. The property generated no rental income during the reporting period. The operating expenses that are directly attributable to the investment property during the reporting period amount to approx. € 8 thousand.

Investment property China

The property in China is valued according to the historical cost model. The building was completed in September 2013 and has been subject to planned depreciation since. Its depreciation is based on the component approach, whereby the building has been divided into two components: the building envelope and the 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 approx. 37 years. The monthly depreciation amounts to approx. € 11 thousand. In the reporting period, the property generated rental income of € 779 thousand, which has been recognised in “Other operating income”. The operating expenses directly attributable to the investment property amount to € 176 thousand during the reporting period.

The recoverable amount of the building at the balance sheet date is € 7,568 thousand. The fair value is generally determined at Level 2 (of fair value hierarchy). The recoverable amount of the building has been determined on the basis of an opinion of the real estate expert Jones Lang LaSalle, Hong Kong, taking into account the respective market conditions. The valuation has been carried out using the capitalised earnings method, taking into account rental income to be realised on the market, and a market-specific capitalisation interest rate.

The development of the carrying amounts as of the balance sheet dates is composed as follows:

Figures in € thousand	2017	2016
Opening balance	5,272	5,969
Acquisition or manufacturing costs		
Reclassification of property previously held as investment property	-	-5,406
Reclassification of previously owner occupied property	-	5,057
Additions (acquisition)	2,219	-
Amortisation and depreciation	-140	-144
Amortisation and depreciation (cumulative)		
Reclassification of previously property held as a financial investment	-	429
Reclassification of previously owner occupied property	-	-387
Change resulting from foreign currency conversion	-315	-246
Closing balance	**7,036**	**5,272**

23. PREPAID LAND USE LEASE PAYMENTS

The land usage right was recorded at the amortised carrying amount of € 926 thousand.

The leasehold land is held under a 50-year lease and the prepaid rents are accordingly reversed over this period on a straight-line basis at € 21 thousand p.a. and recognised in the income statement. A total of € 3 thousand are attributed to foreign currency differences from the translation recognised as of the balance sheet date with no effect on profit and loss.

24. OTHER FINANCIAL ASSETS

Other financial assets of the Group break down as follows:

Figures in € thousand	31 Dec 2017		31 Dec 2016	
	long-term	short-term	long-term	short-term
Purchase price claim YTWO	-	-	-	2,879
Other receivables	295	770	16	1,049
Time deposits	-	34,283	-	18,922
Available-for-sale securities	-	92	-	98
Other financial assets	123	-	-	-
Total	**418**	**35,145**	**16**	**22,948**

Securities held as available for sale include corporate bonds issued by foreign companies denominated in US dollars as well as shares in money market and investment funds denominated in EUR. The fair values of the securities are based on quoted prices in an active market.

The available-for-sale securities developed as follows:

Figures in € thousand	31 Dec 2017	31 Dec 2016
Opening balance	98	2,686
Disposals	-6	-2,589
Change resulting from price effects	0	1
Closing balance	**92**	**98**

25. OTHER NON-FINANCIAL ASSETS

The short-term other non-financial assets of the Group break down as follows:

Figures in € thousand	31 Dec 2017	31 Dec 2016
Deferred income	1,825	1,959
Other receivables	992	762
Other tax assets	131	-
Gross amount due from customers for contract work	159	136
Total	**3,107**	**2,857**

As of the balance sheet date, the total of expenses and recognized profits for the unfinished contract work less losses recognized amounted to € 1,176 thousand.

After deducting advances received in the amount of € 1,017 thousand, the assets and liabilities to customers amount to € 159 thousand. The order income recognized in the reporting period amounts to € 2,770 thousand.

26. INVENTORIES

Inventories break down as follows:

Figures in € thousand	31 Dec 2017	31 Dec 2016
Merchandise	2,040	1,440
Work in progress	405	253
Advance payments	25	-
Total inventories, gross	**2,470**	**1,693**
Allowance for impairments	167	261
Total inventories, net	**2,303**	**1,432**

The cost of goods for inventories recorded as an expense in the reporting period amounts to € 7,091 thousand, including € 58 thousand of expenses for services purchased. The allowance for impairments of € 167 thousand relate exclusively to merchandise.

27. TRADE RECEIVABLES

Movements in trade receivables were as follows:

Figures in € thousand			Due in more than one year	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Trade receivables (gross)	26,374	18,830	7,447	4,448
Allowance for impairments	2,303	410	-	-
Trade receivables (net)	**24,071**	**18,420**	**7,447**	**4,448**

The carrying amount of the Group’s trade receivables approximates their fair value.

The aging analysis of trade receivables that are past due but not impaired is as follows:

Figures in € thousand	**Total**	< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
31 December 2017	**3,212**	1,528	409	471	316	488
31 December 2016	**4,234**	1,760	1,316	159	375	624

Based on the information available when the consolidated financial statements were prepared, there were no indications that the past-due but not impaired receivables would not be settled.

Movements in the allowance for the impairment of trade receivables were as follows:

Figures in € thousand	**2017**	**2016**
Opening balance	410	501
Additions	2,041	286
Utilised	-65	-267
Unused amounts reversed	-67	-113
Change resulting from foreign currency conversion	-16	3
Closing balance	**2,303**	**410**

The valuation of trade receivables results in expenses of € 2,041 thousand (previous year: € 176 thousand), which were recognised under other operating expenses in the income statement through profit or loss.

The allowances recognised on trade receivables concern customers who were in financial difficulties or who were in arrears. The Group has not obtained collateral or taken out credit insurance for these balances. If there is evidence that a debtor is experiencing financial difficulty, the receivables are immediately impaired by 100%. Before the Group enters into contracts with new customers that exceed certain internally defined limits, it reviews the customers' credit standing to mitigate credit risk.

28. CASH AND CASH EQUIVALENTS

Figures in € thousand	**31 December 2017**	**31 December 2016**
Cash balances	11	41
Bank balances	95,451	111,363
Cash equivalents	4,997	4,997
Liquid funds	**100,459**	**116,401**
Of which unrestricted	97,360	113,644
Of which restricted	3,099	2,757

Cash equivalents are defined as short-term highly liquid financial resources, which can be converted to cash at any time and which are subject to only low volatility. In this report, German Government Day-Bonds are also reported under cash equivalents. Please refer to **Note (5)** of our consolidated financial statements.

The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amount of the Group's cash and cash equivalents approximates their fair value.

Liquid funds available on a restricted basis

Some of the Group‘s subsidiaries have their headquarters in countries in which foreign exchange controls or other legal restrictions apply. In particular, this involves the Group companies domiciled in the People‘s Republic of China. As of the balance sheet date, the companies held cash amounting to € 3,099 thousand (previous year: € 2,757 thousand). The Managing Directors believe that this will not cause any disadvantages for the Group, as the cash is used for financing operations in the respective countries or cash transfers are approved if this should become commercially viable.

29. EQUITY

Subscribed capital

Number	2017	2016
Issued shares in circulation:		
As of 01 January	**44,973,371**	**45,645,347**
Disposal of treasury shares	313,704	0
Acquisition of treasury shares	0	-671,976
As of 31 December	**45,287,075**	**44,973,371**

All issued shares are fully paid. The nominal value of the registered shares is € 1.00 each. In the reporting period, 313,704 treasury shares were sold. Of this amount, 107,143 shares are attributable to the transfer as a residual purchase price payment within the scope of the company acquisition of RIB Spain and 206,651 shares for the use in the acquisition of additional shares in Exactal Group Limited, Hong Kong, by RIB Limited, Hong Kong. The number of shares in circulation on the balance sheet date 31.12.2017 thus increased to a total of 45,287,075. There were no acquisitions of treasury shares in the reporting period.

Treasury shares

By resolution dated 30.05.2017, the Annual General Meeting authorised RIB Software SE to acquire own shares amounting to no more than 10% of the Company‘s share capital at the time of the resolution by 29.05.2022. This corresponds to 4,684,565 shares.

The authorisation may not be used by the Company for the purpose of trading in its own shares. The authorisation may be exercised by the Company in whole or in part, once or several times; it may also be exercised by Group companies or by third parties for their own account or the account of the Company. The acquired shares, together with the treasury shares already held by the Company or attributable to it in accordance with Sections 71d and 71e AktG [Companies Act], may at no time account for more than 10% of the respective share capital of the Company.

In addition to the sale on the stock exchange or by an offer addressed to all shareholders, the Administrative Board are authorised to use the acquired shares, in particular, (i) in connection with a merger with companies or in the context of an acquisition of companies, parts of companies, participations in companies or other benefits in kind (ii) to dispose of own shares subject to certain conditions; and (iii) to use the treasury shares to service the subscription rights granted under the Stock Option Plan 2015. The subscription right of the shareholders is excluded in each case. In addition, the Administrative Board is authorised to redeem treasury shares without requiring a further resolution by the Annual General Meeting.

In the financial year 2017, 258,202 treasury shares with a nominal value of € 1.00 per share were used by RIB Limited, Hong Kong, in the context of the acquisition of further shares of Exactal Group Limited, Hong Kong.

Of these, 206,561 were transferred to the sellers of Exactal and are thus again in circulation. In addition, the Group has undertaken to transfer a further 51,641 shares under certain conditions. This obligation has been accounted for as an equity instrument in accordance with IAS 32.22, which has increased the book value of the treasury shares by the acquisition cost of these shares.

This results in the following development in the stock of treasury shares:

	Number of shares	Date of use	Pro rata amount in the share capital	Share in the share capital	Acquisition costs
	Number		€ thousand	%	€ thousand
Balance as of 01 Jan 2016	**1,093,167**		**1,093**	**2.33**	**4,828**
Additions in 2016	671,976	May-July 2016	672	1.43	5,769
Balance as of 31 Dec 2016	**1,765,143**		**1,765**	**3.77**	**10,597**
Disposals in 2017	258,202	Nov.-Dec. 2017	258	0.55	-1,545
Value adjustments					-37
Balance as of 31 Dec 2017	**1,506,941**		**1,507**	**3.21**	**9,015**

Authorised capital

The Administrative Board is authorised to increase the share capital of the Company until 09.06.2020 one or more times by up to € 18,355 thousand by issuing up to 18,354,784 new registered shares with a nominal value of € 1.00 per share against contributions in cash or in kind ("Authorised Capital 2015"). The new shares must generally be offered to the shareholders for subscription. However, the Administrative Board is authorised to exclude the shareholders' subscription rights under certain conditions set out in the Company's Articles of Association. For further information regarding the authorised capital, please refer to our comments in **Section E.1.** of the Management Report.

The Administrative Board did not make use of its authorizations in the reporting year.

Conditional capital

The share capital of the Company may conditionally be increased by up to € 1,548,616.00 by issuing up to 1,548,616 new registered shares with a nominal value of € 1.00 per share ("Conditional Capital 2015/1").

The conditional capital increase will only be carried out to the extent that subscription rights have been issued pursuant to the Stock Option Plan 2011 under the Annual General Meeting resolution dated 20.05.2011 (as amended by the Annual General Meeting on 04.06.2013) or pursuant to the Stock Option Plan 2015 under the Annual General Meeting resolution dated 10.06.2015, the subscription rights are exercised by the holders, and the Company provides none of its treasury shares to service the subscription rights, whereby the granting and settlement of subscription rights to the members of the Executive Board of the former RIB Software AG and the granting and settlement of subscription rights to the Managing Directors is the exclusive responsibility of the Administrative Board. The new shares are eligible for dividend from the beginning of the financial year in which they are issued.

The term of the subscription rights is 7 years. The subscription rights can only be exercised after 4 years if the beneficiary is employed at that time and the stock market price of the share exceeds a certain amount on a total of 60 stock exchange trading days within a 12-month period of the rights being issued.

At the end of the reporting period, there were a total of 866,417 exercisable subscription rights (see **Note 30**).

Capital reserves

The movement in capital reserves during the reporting period breaks down as follows:

Figures in € thousand	2017
As of 01 January 2017	**182,284**
Disposal of own shares	3,500
Share-based remuneration	1,421
Other changes	-37
As of 31 December 2017	**187,168**

Retained earnings

In the reporting year, in accordance with the applicable statutory provisions, no adjustment was made to the legal reserves included in retained earnings.

30. SHARE OPTION PLAN

By resolutions of 20 May 2011 and 04 June 2013, the Annual General Meeting adopted the 2011/2013 share option plan and authorised the Executive Board to grant 1,548,616 subscription rights until 19 May 2016. The term of the subscription rights is seven years. The subscription rights can only be exercised after the expiry of a waiting period of four years if the beneficiary is employed at this time and the listed price of the share exceeds a certain amount within a period of 12 months after granting on a total of 60 trading days, as follows

- in the period from 01 July 2016 to 30 June 2017, an amount of € 11.88

The strike price of a subscription right amounts to € 1.00. If the performance target is not reached in a particular year, it may be compensated for in the following year by reaching the performance target applicable to this period. Subscription rights for which the performance target is not reached and cannot be compensated for in the following year lapse.

From the 2011/2013 share option plan, 260,688 share options settled in equity instruments and 15,500 phantom shares settled in cash were granted in prior years.

By resolution of 10 June 2015, the Annual General Meeting adopted the 2015 share option plan and authorised the Executive Board to grant 1,548,616 subscription rights until 09 June 2020. At the same time, the cancellation of the 2011/2013 share option plan was decided. The term of the subscription rights is seven years. The subscription rights can only be exercised after the expiry of a waiting period of four years if the beneficiary is employed at this time and the listed price of the share exceeds a certain amount within a period of 12 months after granting on a total of 60 trading days, as follows

- in the period from 01 July 2016 to 30 June 2017, an amount of € 13.88;
- in the period from 01 July 2017 to 30 June 2018, an amount of € 15.88;
- in the period from 01 July 2018 to 30 June 2019, an amount of € 17.88;
- in the period from 01 July 2019 to 30 June 2020, an amount of € 19.88;

- in the period from 01 July 2020 to 30 June 2021, an amount of € 21.88;
- in the period from 01 July 2021 to 30 June 2022, an amount of € 23.88;
- in the period from 01 July 2022 to 30 June 2023, an amount of € 25.88;
- in the period from 01 July 2023 to 30 June 2024, an amount of € 27.88.

The strike price of a subscription right amounts to € 1.00. If the performance target is not reached in a particular year, it may be compensated for in the following year by reaching the performance target applicable to this period. Subscription rights for which the performance target is not reached and cannot be compensated for in the following year lapse.

In the reporting period, a total of 278,841 stock options were granted on July 3, 2017. In previous years, a total of 416,914 stock options were granted under the 2015 Share Option Plan.

Movement of subscription rights	Share options		Phantom shares	
	2017	2016	2017	2016
Balance at the beginning of the reporting period	612,852	438,914	12,500	12,500
Granted in the reporting period	278,841	206,888	0	0
Forfeited in the reporting period	25,276	32,950	3,000	0
Exercised in the reporting period	0	0	0	0
Lapsed in the reporting period	0	0	0	0
Balance at the end of the reporting period	866,417	612,852	9,500	12,500
To be exercised at the end of the reporting period	69,300	0	9,500	0

The weighted average remaining period of the outstanding share options is 4.64 years as of the balance sheet date.

The subscription rights were valued by means of a Monte Carlo simulation taking into account the absolute performance target. The following parameters were included in the valuation of the subscription rights:

	Share options	Phantom shares
Valuation date	03 July 2017	29 December 2017
Strike price	€ 1.00	€ 1.00
Share price	€ 14.965	€ 24.820
Risk-free interest rate	0.01%	-0.52%
Dividend yield	1.24%	0.81%
Expected volatility	39.02%	37.70%
Term	6.4 years	2.9 years
Fair values	**€ 9.085**	**€ 23.640**

The estimates for the expected volatility were derived from the historical share price movements of RIB Software SE. The remaining term of the option rights was used as the time window.

The recorded personnel expense in the financial year amounts to € 1.4 million from the granting of share options and € 131 thousand from the granting of phantom shares. The carrying amount of the liabilities from the phantom shares amounts to € 225 thousand and the intrinsic value of vested benefits is € 0 thousand.

31. OTHER EQUITY COMPONENTS

Other equity components are composed as follows:

Figures in € thousand	31 December 2017	31 December 2016
Foreign currency translation reserve	-3,093	11,925
Revaluation on reserve	-363	-573
Total	**-3,456**	**11,352**

The currency translation reserve includes differences arising from the currency translation of the annual financial statements of foreign subsidiaries. The sharp decline is mainly due to the development of the Hong Kong dollar and the US dollar against the euro in the reporting period. The currency translation reserve includes actuarial gains and losses from provisions for pensions and similar obligations.

32. DIVIDENDS

The net profit of RIB Software SE as at 31.12.2017 amount to € 15,303 thousand. Of this amount, a partial amount of € 187 thousand is subject to a payout block. The total net profit available for distribution to the shareholders is effectively € 15,116 thousand as at 31.12.2017.

For the past financial year, the Managing Directors are proposing that the Administrative Board submit a proposal to the Annual General Meeting for a dividend of € 0.18 in the financial year 2018, totalling € 8,204 thousand to be paid out to the shareholders. This dividend is yet to be approved by the Annual General Meeting and has therefore not been accounted for as a liability in these Financial Statements. At the time of the submission of the proposed resolution by the Managing Directors, the Company held 1,268,582 treasury shares with no dividend rights for the Company.

Should the number of dividend-bearing shares change by the time the resolution on the appropriation of the net profit is adopted, the Administrative Board will submit a revised resolution proposal for the appropriation of the net profit to the Annual General Meeting, allowing for the changes. However, the proposal will still provide for a payout of € 0.18 per dividend-bearing share.

For the financial year 2017, a dividend of € 0.16 per share was paid out.

33. PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations covers the pension fund scheme of the Group. These schemes are only valid for employees who joined the Group prior to May 1995.

The occupational pension plans define pension plans which cover age, disability and survivors‘ dependants‘ rights for employees. The amount of the pension depends on the length of service and the amount of the worker‘s allowance. The pension obligations are not covered and are covered by assets of the group. All risks have been adequately taken into account in the context of the actuarial report.

In addition to the company pension plans, the Group made contributions to statutory pension insurance funds which fall under the definition of defined contribution plans. The Group's contributions to these defined contribution plans came to € 1,201 thousand in the 2017 financial year and € 1,444 thousand in the 2016 financial year.

The following actuarial methods and assumptions were used to calculate the pension provisions:

- Calculation basis: actuarial 2005 G mortality tables
- Notional interest rate: 1.75% p.a. (2016: 1.65% p.a.)
- Pension growth trend: 1.50% p.a. (2016: 1.50% p.a.)
- Employee turnover: 2.50% p.a. (2016: 2.50% p.a.)

(a) Present value of the defined benefit pension plans and fair value of the plan asset:

Figures in € thousand	2017	2016
Present value of the defined benefit pension plan	3,569	3,840
Net debt from the defined benefit pension plans	**3,569**	**3,840**

(b) The development of the net debt from defined benefit pension plans is composed as follows:

Figures in € thousand	2017	2016
Pension obligations as of 01 January	3,840	3,609
Current service cost	13	13
Addition/reversal	-	-66
Net interest expense	62	80
Revaluation - actuarial loss/profit	-160	263
Therefore: from changes in financial assumptions	-44	262
Therefore: experience adjustments	-116	1
Pension payments	-186	-182
Other changes	-	123
Pension obligations as of 31 December	**3,569**	**3,840**

Actuarial gains and losses are recognised immediately in accumulated other comprehensive income.

(c) The amounts recognised in the income statement are as follows:

Figures in € thousand	2017	2016
Service cost	13	13
Net interest expense	62	80
Total cost	**75**	**93**
Income from the reversal	-	66
Total revenues	**0**	**66**

In addition, the Group has incurred costs for defined contribution plans operated by public authorities that are also recognised in the income statement.

(d) The provisions for pensions and similar obligations break down as follows:

Figures in € thousand	2017	2016
Long-term pension provisions	3,383	3,658
Short-term pension provisions	186	182
Total pension provisions	**3,569**	**3,840**

The contributions payable in relation to pension obligations in the 2018 financial year are expected to amount to € 195 thousand.

Material valuation parameters were subjected to a sensitivity analysis for measuring the pension provisions. The calculations carried out for this purpose by the actuaries were undertaken separately for the valuation parameters classified as material. An increase or decrease in the material actuarial assumptions would have had the following effects on the present value of the pensions as well as the defined benefit obligations.

Figures in € thousand

Valuation parameter	Sensitivity in % points	Pension provisions
Notional interest rate	+ 0.75	3,267
Notional interest rate	- 0.75	3,922
Pension growth trend	+ 0.5	3,761
Pension growth trend	- 0.5	3,392
Fluctuation rate	+ 0.5	3,569
Fluctuation rate	- 0.5	3,569

The weighted average term of the performance-based obligations as of 31 December 2017 is 13 years (previous year: 13 years).

34. TRADE PAYABLES

The carrying amounts of trade payables closely approximate their fair value. The trade payables are non-interest-bearing and fall due for payment within one year.

35. OTHER PROVISIONS

The movements of other provisions are as follows:

Figures in € thousand	Warranty provisions	Post-employment benefits	Other non-current employee benefits	Legal disputes	Other	**Total**
As of 01 January 2016	**365**	**351**	**238**	**0**	**213**	**1,167**
Utilised	222	-	-	-	154	376
Unused amounts reversed	19	-	-	-	-	19
Arising during the year	232	16	48	350	21	667
As of 31 December 2016 and 01 January 2017	**356**	**367**	**286**	**350**	**80**	**1,439**
Utilised	262	-	-	-	-	262
Unused amounts reversed	-	-	-	-	15	15
Arising during the year	261	24	13	550	108	956
Change arising from currency translation	-	-44	-	-	-	-44
As of 31 December 2017	**355**	**347**	**299**	**900**	**173**	**2,074**

The Group grants its customers guarantees for the functionality of its products. The amount of the warranty provisions is estimated on the basis of the sales volume and on the empirical data regarding the actual proportion of the warranty claims made. The basis of this estimation is constantly reviewed and adjusted if necessary.

Provisions for other long-term benefits result from severance pay obligations in the context of employee redundancies and departures. Provisions have been measured in accordance with actuarial principles using the projected unit credit (PUC) method. In the financial year 2017, this was based on a discount rate of 1.75% p.a. (2016: 1.65% p.a.) and a salary trend of 3.0% p.a. (2016: 3.0% p.a.).

Provisions for legal disputes relate to three litigations in which we were involved as of the balance sheet date and in which claims are asserted against us. The main claims have been asserted in relation to an acquisition that we considered during the reporting period, which was, however, not realised in the end. For further details on the matter, please refer to **Section B.3** of the Group Management Report. We will continue to resolutely defend ourselves against all allegations made against us. At present, we are of the opinion that the outcome of all pending litigations, both individually and collectively, will not materially affect our business, our financial condition, results of operations and cash flows and that the provisions recognised represent the best estimate of the expenses expected to be required to fulfil the asserted claims. However, litigation and claims are inherently subject to considerable uncertainty. In addition, our assessment of these matters may change in the future, contingent on new findings. The actual outcome of the litigation may therefore differ from our current assessment, which may materially affect our financial position and the results of operations.

36. DEFERRED LIABILITIES

The accruals break down as follows:

Figures in € thousand	31 December 2017	31 December 2016
Accrued payroll and social security expenses	4,304	3,263
Licence obligations	41	24
Commission	194	223
Accrual for outstanding invoices	217	240
Other	945	746
Total	**5,701**	**4,496**

37. DEFERRED INCOME

The amounts include sales revenues and -in individual cases- other income from Group services that have already been invoiced to customers or paid by customers, but that could not yet be recognized in profit or loss because the services had not yet been provided at the end of the reporting periods. Deferred revenues include € 10,209 thousand (previous year: € 6,014 thousand) of deferred income from software sales to the joint venture YTWO Ltd.

38. OTHER FINANCIAL LIABILITIES

These are predominantly derivative financial liabilities from company acquisitions, which have been classified at fair value through profit or loss. During the reporting period, the fair value of the financial liability from the acquisition of the shares in RIB SAA in 2015 was reviewed, resulting in revaluation in 2017. In addition, a financial liability in the Group arising from the acquisition of further shares in Exactal was recognised during the reporting period. The details of the changes in other financial liabilities are explained below.

Other financial liabilities are as follows:

Figures in € thousand	31 December 2017		31 December 2016	
	Non-current	Current	Non-current	Current
Liability from the acquisition of Exactal	-	8,619	-	-
Liability from the acquisition of RIB SAA	1,926	-	1,860	-
Liability from the acquisition of RIB US Cost	-	-	-	379
Liability from the acquisition of xTWO	-	50	-	200
Other	8	-	22	-
Total	**1,934**	**8,669**	**1,882**	**579**

With a contract dated 13.11.2017, the Group acquired a further 50% of the shares in **Exactal**. The acquisition date was 20.11.2017. At the same time, with a contract dated 13.11.2017, the contracting parties granted each other call and put options with regards to the remaining 25% of the shares. Accordingly, the options could be exercised over a period starting on 1 January 2019 and / or 1 January 2020 and ending 30 days after completion of the audit of the subgroup financial statements for the respective previous year of the exercise period. For details, please refer to our comments under “Business combinations” in **Note (8)**.

The planning period relevant for the recognition of the financial liability comprises the financial years 2018 and 2019. In the earnings planning, starting from the base year 2017, we assume revenue growth of between approx. 15% p.a. and 28% p.a., combined with corresponding improvements in earnings. Based on our calculations, we assume that Exactal‘s operating profit after tax at the time of the option will be in the range of approx. € 1.1 million and approx. € 1.5 million. Taking into account the estimated probabilities of the occurrence of alternative future scenarios, we assume that, at the date of the option, a purchase price of € 7,211 thousand will have to be paid for the 25% interest still remaining as of the balance sheet date. This financial liability was measured by discounting the expected exercise price at the date of acquisition using a maturity and risk-adjusted interest rate of 0.55%. Accordingly, the fair value of the financial liability arising from the option was € 7,168 thousand as at 31.12.2017, and was classified as Level 3 in the fair value hierarchy. The compounding of the financial liability has resulted in an interest expense of € 3 thousand.

By way of derogation from this option agreement, the parties agreed on the early takeover of the outstanding 25% of the shares with the contract dated 04.01.2018, whereby the call and put options were not actually exercised. Since then, the Group has held 100% of the shares in Exactal. As of the balance sheet date, the parties had already reached consensus on the key terms of the agreement. Among other things, it was agreed that the purchase price for the shares should be made exclusively by RIB Software SE transferring its own shares. The exact number of shares to be transferred had not yet been bindingly agreed as of the balance sheet date and, consequently, we had to continue treating the obligation as a financial liability rather than an equity instrument. The aforementioned contract dated 04.01.2018 specified the number of shares to be transferred (290,000 shares). Against this background, the Group changed the classification of the financial liability from Level 3 to Level 2. The new financial liability at Level 2 was measured at the balance sheet date using the price of the RIB Software SE share. Accordingly, the fair value of the Level 2 current financial liability as of 31.12.2017 is approx. € 7,155 thousand. The measurement after recognition of the financial liability has resulted in an income of € 13 thousand.

In addition, the current financial liability arising from the acquisition of Exactal includes the yet-to-be-paid part of the cash purchase price in the amount of € 1,464 thousand. This purchase price component will be retained to secure the seller‘s guarantees. Please refer to our comments in **Note (8)**.

With the signing of the contract date 04.01.2018, the financial liability in the amount of € 7,155 thousand had to be derecognised in January 2018 and shown as an equity instrument. As the share price of the RIB share had increased in the period from 31.12.2017 to the closing or the transfer of the shares, the measurement after recognition of the financial liability at fair value upon derecognition in the financial year 2018 has resulted in an expense of € 487 thousand, which will be charged to the result of the following year.

In the financial year 2015, the Group acquired 75% of the shares in **RIB SAA**. At the same time, mutual call and put options were signed with the sellers regarding the transfer of the outstanding 25% of the 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 company acquisition and a partial amount of € 1,050 thousand to a separate transaction in the form of a compensation 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 € 435 thousand. The personnel expenses attributable to the reporting period amount to € 181 thousand. The compounding of financial liabilities resulted in an interest expense of € 31 thousand.

The options can generally be exercised by either party during the period from 1 January 2021 to 31 March 2021. The option prices are based on the proportionate goodwill of RIB SAA as calculated using a contractually agreed valuation method. The valuation is performed using the 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 limits capping 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 planning period relevant to the valuation covers the financial years 2019 and 2020. Starting from the base year 2017, the earnings planning assumes revenue growth of between approx. 8% p.a. and 9% p.a., coupled with corresponding improvements in earnings.

Based on our updated calculations in the year under review, we assume that RIB SAA's operating profit after tax at the time of the option will be in the range of between approx. € 0.5 million and approx. € 0.8 million. Taking into account the estimated probabilities of the occurrence of alternative future scenarios and the contractual upper and lower price limit, we assume that, at the date of the option, a purchase price of € 2,580 thousand will have to be paid for the currently still outstanding 25% of the shares. Of this, a partial amount of € 1,491 thousand is attributable to the company acquisition. This financial liability is measured by discounting this partial amount at the balance sheet date using a term-appropriate, risk-adjusted interest rate of 1.25%. The measurement after recognition of the financial liability in the reporting period resulted in an income of € 145 thousand.

As it refers to the future, the valuation of the financial liability is inherently associated with discretionary decisions and estimation uncertainties. In the period up to the maturity of the financial liability, this may result in additional expenses of no more than € 2,074 thousand.

With contracts dated 30.04.2014 and 08.10.2014, the Group acquired the outstanding shares in **RIB US Cost** of 38.325%. A partial amount of € 379 thousand of the purchase price still to be paid represented a contingent consideration, the amount of which depended on the future price development of the RIB Software SE share in particular. As it was clear as of 31.03.2017 that the price targets would no longer be reached in the agreed period, the liability was derecognised in full in the income statement.

In the 2014 financial year, the RIB Group acquired 75% of the shares in **xTWO**. At the same time, a put option agreement for the transfer of 25% of the outstanding shares was concluded, which led to the recognition of a derivative financial liability. With a notarial agreement dated 08.06.2016, an early takeover of the outstanding shares of 25% was agreed. The fixed purchase price amounts to € 344 thousand, of which € 144 thousand was paid in the previous year. An additional € 150 thousand was paid in the year under review. The remaining amount of € 50 thousand is reported under "Current financial liabilities".

39. OTHER LIABILITIES

Other liabilities break down as follows:

Figures in € thousand	31 December 2017	31 December 2016
Advance payments received from customers	2,157	17,150
Tax liabilities	1,849	551
Social security liabilities	150	498
Liabilities due to employees	353	315
Other	1,044	1,158
Total	**5,553**	**19,672**

The Group's other liabilities are non-interest-bearing. The carrying amounts of other liabilities closely approximate their fair values.

Advance payments received on orders amount to € 16,590 thousand in the previous year mainly from the sale of iTWO licenses to YTWO Ltd. Advance payments received were fully offset against receivables from the delivery of iTWO licenses during the reporting period.

40. FINANCIAL COMMITMENTS

(a) Operating lease agreements

The Group leases certain office buildings and technical equipment in the scope of operating lease agreements. Contracts with terms of one to five years were concluded for this purpose.

At the end of each of the financial years presented, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Figures in € thousand	31 December 2017	31 December 2016
Due within one year	2,740	2,306
Due in between one and five years	5,383	4,637
Total	**8,123**	**6,943**

(b) Other

As of 31 December 2017, other financial obligations resulting from the agreement on a strategic business alliance with a customer totalled € 68 thousand with a remaining term of three years.

The company acquisition of RIB SAA in 2015 results in a financial liability of € 995 thousand that is accumulated on a scheduled basis through profit and loss until the settlement date. An amount of € 407 thousand was not yet recognised as of the balance sheet date of 31 December 2017. Please also see our explanations in **Note (38)**.

41. CONTINGENT LIABILITIES

There were no material contingent liabilities as of 31 December 2017 and 31 December 2016.

42. RELATED PARTY TRANSACTIONS

a) The transactions with related parties are shown in the following table:

Figures in € thousand	Notes	2017	2016
Joint Venture:			
Sale of software	(1)	7,755	7,653
Sale of shares in a subsidiary		-	2,879
Invoiced maintenance	(2)	3,993	-
Invoiced management fee	(3)	222	-
Associated companies:			
Acquisition of inventories		-	474
Other related companies and persons:			
Rental expense	(4)	64	64
Total		**12,034**	**8,191**

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

Figures in € thousand	Notes	31 Dec 2017	31 Dec 2016
Receivables from non-consolidated subsidiaries:			
Loan to 3D Prodigy	(5)	107	-
Receivables from joint venture:			
YTWO Ltd.		-	2,879
Payables from and to joint venture:			
Received payments of YTWO Ltd.		-	16,590
Payables from and to associated company:			
Exactal Group Ltd.		-	237

Remarks:

1) In fiscal year 2016, the Group sold software licenses to YTWO Ltd. for a total of € 42.7 million. Of this, € 7,755 thousand in this financial year and € 7,653 thousand in the previous year were recognized in profit or loss (see also **Note (9)** and **Note (12)**). From the sale, the Group received payments of € 4.6 million in the reporting period and € 37.9 million in the previous year.

(2) In the reporting period, the Group charged maintenance services of € 3,993 thousand to YTWO Ltd. for the first time. The resulting incoming payments were also recognized during the reporting period.

(3) During the reporting period, the Group received a management fee from YTWO Ltd. for expenses in the context of the activities of Mr. Thomas Wolf in his function as CEO and interim CEO of YTWO Ltd.

(4) In the reporting period, the Group paid rents for business premises of € 52 thousand (previous year: € 52 thousand) to Mühl24 GmbH, Hungen, and to Thomas & Yvonne Wolf Grundbesitz Kranichfeld GbR, Hungen, in the amount of € 12 thousand (previous year: € 12 thousand). Payments were made in the respective reporting period. The Chairman of the Administrative Board of the Group, Mr. Thomas Wolf, directly holds a majority stake in Mühl 24 GmbH, Hungen, as well as a majority stake in Thomas & Yvonne Wolf Grundbesitz Kranichfeld GbR, Hungen.

(5) As of the balance sheet date, the Group still has outstanding receivables from a loan agreement with the non-consolidated subsidiary 3D Prodigy in the amount of € 107 thousand.

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

c) Remuneration of persons in key positions of the group:

The salaries of persons in key positions are the salaries of the Managing Directors and the remuneration paid to the Administrative Board of the parent company. For this purpose, we refer to **Note (45)**.

43. FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Classifications and fair values

The following table shows the book values and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial debts that are not assessed at fair value if the book value is an appropriate approximation of the fair value.

		Carrying amount			Fair value			
Figures in € thousand	Notes	Held to maturity	Available-for-sale	Loans and receivables	Level 1	Level 2	Level 3	Total
As of 31 December 2017								
Financial assets at fair value								
Cash market and investment funds	(24)	-	86	-	86	-	-	**86**
Corporate Bonds	(24)	-	6	-	6	-	-	**6**
Total		**-**	**92**	**-**	**92**	**-**	**-**	**92**
Financial assets not measured at fair value								
Trade receivables	(27)	-	-	24,071	-	-	-	-
Other receivables	(24)	-	-	1,065	-	-	-	-
Time deposit	(24)	34,283	-	-	-	-	-	-
Other financial assets	(24)	-	-	123	-	-	-	-
Cash and cash equivalents	(28)	-	-	100,459	-	-	-	-
Total		**34,283**	**-**	**125,718**	**-**	**-**	**-**	**-**

	Notes		Held for trading	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value								
Derivatives*	(38)	-	9,081	-	-	7,155	1,926	**9,081**
Financial liabilities not measured at fair value								
Trade payables	(34)	-	-	2,273	-	-	-	-
Other financial liabilities*	(38)	-	-	1,522	-	-	-	-
Bank loans**		-	-	5,600	-	-	-	-
Other liabilities***	(39)	-	-	984	-	-	-	-
Total		**-**	**9,081**	**10,379**	**-**	**7,155**	**1,926**	**9,081**

* With regard to the residual terms of derivatives and other financial liabilities, please refer to **Note (38)**. All other liabilities are short-term.

** The Bank loans have a remaining term of 14 years and are to be repaid in equal quarterly installments.

*** This item does not include other liabilities in the amount of € 4,569 thousand, which are not financial liabilities.

		Carrying amount			Fair value			
Figures in € thousand	Notes	Held to maturity	Available-for-sale	Loans and receivables	Level 1	Level 2	Level 3	Total
As of 31 December 2016								
Financial assets at fair value								
Cash market and investment funds	(24)	-	86	-	86	-	-	**86**
Corporate Bonds	(24)	-	12	-	12	-	-	**12**
Total		**-**	**98**	**-**	**98**	**-**	**-**	**98**
Financial assets not measured at fair value								
Trade receivables	(27)	-	-	18,420	-	-	-	-
Purchase price claim YTWO	(24)	-	-	2,879	-	-	-	-
Other receivables	(24)	-	-	1,065	-	-	-	-
Time deposit	(24)	18,922	-	-	-	-	-	-
Cash and cash equivalents	(28)	-	-	116,401	-	-	-	-
Total		**18,922**	**-**	**138,765**	**-**	**-**	**-**	**-**
	Notes		Held for trading	Other financial liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value								
Derivatives*	(38)	-	2,239	-	-	379	1,860	**2,239**
Financial liabilities not measured at fair value								
Trade payables	(34)	-	-	2,456	-	-	-	-
Other financial liabilities*	(38)	-	-	222	-	-	-	-
Other liabilities**	(39)	-	-	1,455	-	-	-	-
Total		**-**	**2,239**	**4,133**	**-**	**379**	**1,860**	**2,239**

* With regard to the residual terms of derivatives and other financial liabilities, please refer to **Note (38)**. All other liabilities are short-term.

** This item does not include other liabilities in the amount of € 18,217 thousand, which are not financial liabilities.

B. Determination of the fair values

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

- **Level1:**
  fair values determined on the basis of quoted unadjusted prices in active markets for identical assets or liabilities.

- **Level2:**
  fair values determined on the basis of valuation techniques that directly or indirectly monitor all inputs that have a significant impact on the fair value of the asset.

- **Level3:**
  fair values determined on the basis of valuation techniques that do not directly or indirectly monitor all inputs that have a significant impact on the fair value accounted for.

Our determination of the point in time at which the regroupings between the different levels can be considered as having occurred is based on the date of the event or the change in circumstances which has triggered the regrouping.

Financial liabilities measured at fair value as at 31 December 2017 are derivative financial liabilities from business combinations. For details of this and the changes in the fair values of financial liabilities, please refer to **Note (38)**.

The derivatives assigned to Level 2 are liabilities whose amount depends, in particular, on the future performance of the share price of RIB Software SE. The amount of € 7,155 thousand relates to liabilities arising from the acquisition of Exactal, the amount of which at the balance sheet date is dependent on a fixed number of RIB shares yet to be issued. For a description of the techniques applied in the measurement of this liability as well as the inputs used to measure fair value, please refer to our comments in **Note (38)**.

The derivatives assigned to Level 3 are the liabilities arising from the option agreement as part of the acquisition of RIB SAA. For a description of the techniques applied in the measurement of this liability as well as the inputs used to measure fair value, please refer to our comments in **Note (38)**.

There have been no reclassifications between Levels 1 and 2 in the reporting periods. In the year under review, one reclassification from Level 3 to Level 2 took place on 31.12.2017. The reclassification relates to the mutual option obligation resulting from the acquisition of Exactal. Up until 31.12.2017, it was measured using the multiplier method based on future earnings. Taking into account the acquisition of the outstanding 25% of the shares on 04.01.2018 against the surrender of 290,000 shares of RIB Software SE, the valuation performed was based on the closing rate as at 31.12.2017 and, as a result, a reclassification to Level 2 had to be carried out. Please refer to our notes in **Note (38)**.

The financial liabilities assessed at fair value developed as follows during the reporting year:

Figures in € thousand	2017	2016
As of 01 January	**2,239**	**4,401**
Changes without effect on profits		
Acquisition of company shares	7,165	-
Repayments	-	-2,170
Reclassifications	-	-200
Other changes	-	17
	7,165	**-2,353**
Changes with effect on profits		
Income from the measurement after recognition of purchase price liabilities (other operating income)	-158	-137
Income from the disposal of purchase price liabilities (other operating income)	-379	-
Personnel expenses from the accumulation of purchase price liabilities (marketing and distribution costs)	-	73
Personnel expenses from the accumulation of purchase price liabilities (production costs)	181	190
Expenses from the interest accrued on purchase price liabilities (finance expenses)	33	65
	-323	**191**
As of 31 December	**9,081**	**2,239**
Gains/losses(-) from the valuation of financial liabilities	323	-191

The changes with effect on profits include unrealised expenses from the valuation of financial liabilities held at the end of the reporting period amounting to € 181 thousand, listed under production costs. In the previous year € 263 thousand were listed under expenses for distribution and marketing and production costs.

Material valuation parameters were subjected to a sensitivity analysis for measuring the purchase price liabilities on level three. The calculations carried out for this purpose by the Group were undertaken separately for the valuation parameters classified as material. An increase or decrease in the material assumptions would have had the following effects on the carrying amounts of the purchase price liabilities on level three of € 1,926 thousand:

Figures in € thousand

Valuation parameter	Sensitivity	Carrying amount
Discounting interest rate used for the discounting period	+ 1%-point	1,882
Discounting interest rate used for the discounting period	- 1%-point	1,971
Growth rate in the budgeted revenues in the budget period	+ 10.0%	2,362
Growth rate in the budgeted revenues in the budget period	- 10.0%	1,564

C. Financial risk management and policy

The Group continues to operate primarily in Europe but is increasing its activities in North America and Asia. Through its ordinary operating activities, the Group is exposed to a variety of financial risks. The Group's overarching risk management system seeks to mitigate potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposures. No economic hedging relationships were recognised in the consolidated financial statements as balance sheet hedging relationships.

The group is exposed to the following risks from the use of financial instruments:

(i) Market risk

Market risk can be broken down into foreign currency risk, interest rate fluctuation risk and other price risks.

(a) Foreign currency risk

Recognised assets and liabilities may be exposed to exchange rate risk arising from future commercial transactions both on the procurement side, from the purchase of services, as well as on the sales side, from the sale of software solutions and the provision of services.

The majority of the Group's subsidiaries conduct the majority of their transactions in their respective local currencies. The focus of the Group's operations is located in the euro zone, North America and Asia and the majority of the sales and purchase transactions are denominated in euro.

The Group conducts its transactions in the regions outside the euro zone in the following currencies:

- Pound sterling (GBP)
- US dollar (USD)
- Hong Kong dollar (HKD)
- Singapore dollar (SGD)
- Czech koruna (CZK)
- Australian dollar (AUD)
- Indian rupee (INR)
- Chinese yuan (CNY)
- United Arab Emirates dirham (AED)
- Swiss francs (CHF)
- Danish krone (DKK)
- Philippine peso (PHP)
- Cayman Islands dollar (KYD)
- New Zealand dollar (NZD)

The assets and liabilities are recognised in the above currencies and converted into the presentation currency (euro) for the consolidated financial statements.

The Group does not use any forward exchange contracts to hedge against currency risks from procurement and sales transactions.

If the euro had been 10% stronger against the currencies listed above as of 31 December 2017, the consolidated net profit for the year would have included an additional expense of € 1,043 thousand and € 3,898 thousand in consolidated comprehensive income for the year. If the euro had been 10% weaker against the currencies listed above as of 31 December 2017, the consolidated net profit for the year would have included additional income of € 1,043 thousand and € 3,898 thousand in consolidated comprehensive income for the year.

(b) Interest rate fluctuation risk
The Group's interest rate fluctuation risk is the risk that the fair values of available-for-sale securities fall (rise) as a result of interest rate changes. The corporate bonds still held in foreign companies in US dollars as of 31 December 2017 are not expected to have any significant effects on the consolidated financial statements if there are any realistic changes in the market rate.

(c) Other price risks
Price risks due to hypothetical changes in prices with an effect on financial instruments did exist as of 31 December 2017 and did not exist as of 31 December 2016.

(ii) Liquidity risk
Liquidity risk is monitored on the basis of cash flow planning and projections. The Group monitors its liquidity requirements arising from operating activities, investing activities and financing activities. Prudent liquidity management entails maintaining sufficient cash and ensuring the availability of funding through an adequate level of credit facilities.

As at the end of the reporting period, there were interest-bearing bank liabilities in the Group of € 5,600 thousand with an interest rate of 0.70% p.a. interest over a fixed term of 10 years.

The contractual maturity of financial liabilities in the form of trade payables is disclosed in **Note (34)**. Other financial liabilities, which are included under deferred liabilities and other current liabilities, are generally not subject to contractually fixed terms. They are paid on a regular basis or in line with the general terms and conditions of the contractual party.

Please see **Note (38)** with respect to the due dates of the financial liabilities from company acquisitions.

(iii) Credit risk
The Group's maximum exposure to credit risk in relation to financial assets concerns the possibility that counterparties may be unable to meet their contractual obligations and corresponds to the carrying amount of those assets as stated in the consolidated statement of financial position.

a) Trade receivables
As of 31 December 2017, the carrying amount of trade receivables amounted to € 24,071 thousand (previous year: € 18,420 thousand), thus representing the maximum default risk relating to these assets.

Credit risk is managed by reviewing the creditworthiness of customers before entering into transactions. The Group makes references to credit ratings from external credit agencies, if available.

Payment terms and conditions are modified appropriately in response to any deterioration of the credit ratings of the customers.

The Group has established different credit terms for different customers. The average credit period granted is 14 to 30 days. In individual cases, certain customers enjoy a longer credit period. The Group reviews the recoverable amount of each individual receivable at the end of each reporting period. The customer's financial position, past experience and other factors are taken into account to ensure that adequate impairment losses are recognised for uncollectable amounts.

The Group does not have significant exposure to any individual debtors or contractual counterparties.

Occasionally, customers will settle payment only after the credit period given. In such cases, management considers various ways to handle the situation, including suspension of supplies and services until settlement is made, taking legal action or requesting collateral.

b) Other financial assets
As of December 31, 2017, the Group has other financial assets of € 35,563 thousand (previous year: € 22,964 thousand). This sum thus represents the maximum default risk with respect to these assets.

This includes short-term time deposits of € 34,283 thousand (previous year: € 18,922 thousand) with a remaining term of more than three months at the time of acquisition.

The time deposits are mainly deposited with reputable banks

b) Cash and cash equivalents
As of 31 December 2017, the Group holds cash and cash equivalents in the amount of € 100,459 thousand (previous year: € 116,401 thousand). This sum represents the maximum default risk with regard to these assets.

The Group's cash and cash equivalents are mainly deposited with reputable banks. The Group has no other financial assets which carry significant exposure to credit risk.

(iv) Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group is currently funding its capital expenditures through internally generated funds from its operations and from available liquid funds. The only exception to this is the investment in the building in Stuttgart, which is partly financed by a bank loan. The Group manages capital based on the gearing ratio, defined as net debt divided by capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. Net debt is defined as interest-bearing liabilities, net of liquid funds, and excludes liabilities incurred for the financing of working capital purposes. Capital includes equity attributable to the shareholders of the Company.

The Group's gearing ratio was zero throughout the periods presented.

Fair values

The carrying amounts of the Group's financial instruments approximate their fair values, due to the short term to maturity at the end of each of the periods presented.

44. AUDITOR‘S FEES

The auditor’s fees for the auditor BW PARTNER Bauer Schätz Hasenclever Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, in accordance with § 314 (1) No. 9 HGB, break down as follows:

Figures in € thousand	2017
Audit of the financial statements	199
Other assurance services	-
Tax advice	60
Other services	41
Total	**300**

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

The total remuneration of the Managing Directors for the financial year 2017 amounts to € 2,883 thousand (previous year: € 1,482 thousand). The Managing Directors received a basic remuneration (“remuneration 1”) of € 1,014 thousand for their activities in the 2017 financial year, (previous year: € 962 thousand). The remuneration for the Managing Directors also includes a performance-related remuneration (“remuneration 2”) for the financial year 2017 amounting to € 870 thousand (previous year: € 359 thousand for the 2016 financial year plus € 50 thousand for the 2015 financial year). In fiscal year 2017, a share-based compensation (“remuneration 3”) of € 999 thousand (previous year: € 111 thousand) was granted. As of 31 December 2017, there are unpaid balances from the remuneration of the Managing Directors in the amount of € 870 thousand (previous year: € 359 thousand) for the portion of “remuneration 2” as deferred liabilities for the financial year 2017.

For former members of the Executive board in 2017, retirement pensions of € 25 thousand (previous year: € 25 thousand) were granted.

The total remuneration of the Supervisory Board until March 2017 and the Administrative Board as of April for the 2017 financial year amounts to € 105 thousand (previous year: € 97 thousand). These remunerations are reported as current liabilities as of 31 December 2017.

There are no further obligations to members of the Administrative Board and the Managing Directors.

For further information, please refer to the remuneration report contained in the group management report under **Section H**.

46. AVERAGE HEADCOUNT FOR THE YEAR

Employees within the meaning of § 314 (1) No. 4 HGB

Number	2017	2016
General administration	104	95
Research and development	336	307
Marketing/distribution	148	140
Support/consulting	244	223
Total	**832**	**765**

47. EVENTS AFTER THE BALANCE SHEET DATE

With a contract dated 04.01.2018, the Group acquired the remaining 25% of the shares in Exactal. For details, please refer to our comments in **Notes (8) A.** and **(38)**.

In February 2018, the Group acquired a majority stake in Datengut. For details, please refer to our comments in **Note (8) B.**

With an agreement dated 24.02.2018, the partner company of the joint venture YTWO Ltd., Flextronics International Ltd., Singapore, completely waived its right to return its shares in the joint venture. For details, please refer to our comments in **Note (21) B**.

48. INFORMATION ON THE CORPORATE GOVERNANCE CODE

The Administrative Board has issued the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act for the 2017 financial year. The declaration can be accessed via the homepage of RIB Software SE in the Investor Relations section.

49. DISCLOSURE ON SHAREHOLDINGS PURSUANT TO § 313 (2) HGB

	Abbreviations	**Share in capital in %***
Fully consolidated entities:		
Germany:		
RIB Deutschland GmbH, Stuttgart	RIB Deutschland	100.00
RIB Engineering GmbH, Stuttgart	RIB Engineering	100.00
RIB Information Technologies AG, Stuttgart	RIB IT	100.00
RIB COE Europe GmbH, Stuttgart	RIB COE	100.00
RIB iTWOcity AG, Stuttgart	RIB iTWOcity	100.00
RIB Cosinus GmbH, Freiburg	RIB Cosinus	100.00
xTWO GmbH, Hungen	xTWO	100.00
xTWOmarket GmbH, Hungen	xTWOmarket	100.00
Other countries:		
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
RIB A/S, Copenhagen/Denmark	RIB A/S	100.00
Docia Ltd, London/United Kingdom	Docia	100.00
RIB Asia Ltd, Hong Kong/People's Republic of China	RIB Asia	100.00
RIB Cosinus AG, Lucerne/Switzerland	RIB CCH	100.00
RIB iTWO Software Private Limited, Mumbai/India	RIB India	100.00
RIB Limited, Hong Kong/People's Republic of China	RIB Ltd.	100.00
Exactal Group Limited, Hong Kong/People's Republic of China	Exactal Group Ltd.	75.00
Exactal Technologies Pty Ltd, Brisbane/Australia	Exactal Tech.	100.00
Exactal (Singapore) Pte Ltd, Singapore	Exactal Singapore	100.00

*) Participation in accordance with Sec. 16 German Stock Corporation Act

	Abbreviations	Share in capital in %*
Exactal Europe Limited, London/United Kingdom	Exactal Europe	100.00
Exactal Limited, Hong Kong/People's Republic of China	Exactal Ltd. HK	100.00
Exactal Pacific Limited, Auckland/New Zealand	Exactal New Zealand	100.00
Exactal Holdings Pty Ltd, Brisbane/Australia	Exactal Holding	100.00
Exactal Malaysia Sdn, Bhd, Kuala Lumpur/Malaysia	Exactal Malaysia	100.00
Exactal Corporation, Austin/USA	Exactal Corporation	100.00
Exactal Creative Limited, Hong Kong/People's Republic of China	Exactal Creative HK	100.00
Dimtronix Systems Limited, Hong Kong/People's Republic of China	Dimtronix	100.00
Exactal Creative Australia Pty Ltd, Brisbane/Australia	Exactal Creative AU	100.00
eMeasure Limited, Hong Kong/People's Republic of China	eMeasure	100.00
RIB Management Computer Controls, Inc., Memphis/USA	RIB MC²	100.00
TWO Americas LLC, Atlanta/USA	TWO Americas	100.00
RIB PTE. Limited, Singapore	RIB Singapur	100.00
RIB stavebni Software s.r.o., Prague/Czech Republic	RIB Prag	100.00
RIB SAA Software Engineering GmbH, Vienna/Austria	RIB SAA	75.00
RIB Software (UK) Limited, London/United Kingdom	RIB UK	100.00
RIB Software PTY Ltd, Sydney/Australia	RIB PTY	100.00
RIB Software NZ Limited, Auckland/New Zealand	RIB NZ	100.00
RIB Spain SA, Madrid/Spain	RIB Spain	100.00
RIB U.S. Cost Incorporated, Atlanta/USA	RIB US Cost	100.00
TWO Hong Kong Limited, Hong Kong/People's Republic of China	TWO HK Ltd.	100.00
Williams International Group LLC, Dubai/United Arab Emirates	RIB Williams	100.00
RIB Software DMCC, Dubai/United Arab Emirates	RIB DMCC	100.00
RIB iTWO Software, Inc., Bonifacio Global City/Philippines	RIB PHP	100.00
Joint Ventures:		
YTWO Limited, Cayman Islands	YTWO Ltd.	50.00
5D Institut GmbH, Friedberg (formerly: iTWO 5D - Institut für Integrales Planen und Bauen GmbH, Friedberg)	5D Institut	50.00
Associated company:		
iTWO Baufabrik 4.0 F&E GmbH, Stuttgart	iTWO Baufabrik	24.90
Companies that are not consolidated due to their inessentiality		
RIB Software (Americas) Inc., Wilmington/USA	RIB USA	100.00
3D Prodigy PTE Limited, Singapore	3D Prodigy	51.00
5D BIM Prodigy Technology, Inc. Mandaluyong/Philippines	5D BIM Prodigy	63.00
Guangzhou Prodigy 5D Company Ltd, Guangzhou/People's Republic of China	GZ Prodigy 5D	100.00
CTWO Limited, Hong Kong/People's Republic of China	CTWO Limited	100.00
GZ cTWO Ltd, Guangzhou/People's Republic of China	GZ cTWO Ltd.	100.00
TWO Dragon Limited, Cayman Islands	TWO Dragon Ltd.	100.00
TWO.ex Limited, Hong Kong/People's Republic of China	TWO.ex Ltd.	100.00
MTWO Limited, Cayman Islands	MTWO Ltd.	100.00

*) Participation in accordance with Sec. 16 German Stock Corporation Act

Stuttgart, 12 March 2018

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf   Michael Sauer   Helmut Schmid   Mads Bording Rasmussen

DECLARATION OF THE LEGAL REPRESENTATIVES

We hereby confirm that to the best of our knowledge, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the interim Group management report gives a true and fair view of the business performance, including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in the remaining financial year, in accordance with the applicable framework for interim financial reporting.

Stuttgart, 12 March 2018

RIB Software SE
Stuttgart

The Managing Directors

Thomas Wolf | Michael Sauer | Helmut Schmid | Mads Bording Rasmussen

INDEPENDENT AUDITOR'S REPORT

To: RIB Software SE, Stuttgart

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We have audited the Consolidated Financial Statements of RIB Software SE, Stuttgart, (hereinafter: RIB ‚SE' or ‚Parent Company') and its subsidiaries (hereinafter collectively ‚RIB' or ‚the Group'), which comprise the Consolidated Statement of Financial Position as at 31.12.2017 and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes In equity and the Consolidated Statement of Cash Flows for the financial year from 01.01.2017 to 31.12.2017, as well as notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of RIB SE (summarised in the Management Report of the Parent Company) for the financial year from 01.01.2017 to 31.12.2017. In accordance with the German legal requirements, we have not audited the content of the parts of the Group Management Report listed in the appendix.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying Consolidated Financial Statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31.12.2017, and of its financial performance in the financial year from 01.01.2017 to 31.12.2017, and

- the accompanying Group Management Report as a whole provides an appropriate view of the Group's position. In all material respects, this Group Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group Management Report does not cover the content of the parts of the Group Management Report listed in the appendix.

Pursuant to § 322 (3) sentence (1) HGB, we hereby declare that our audit has not led to any objections as to the legal compliance of the Consolidated Financial Statements and of the Group Management Report.

BASIS FOR THE OPINIONS

We conducted our audit of the Consolidated Financial Statements and of the Group Management Report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as the "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the Consolidated Financial Statements and on the Group Management Report.

BEKEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements for the financial year from 01.01.2017 to 31.12.2017. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We consider the following matters to be key audit matters:

- Recognition of revenues from software sales

- Goodwill impairment

- Joint venture YTWO Limited: accounting for shares and representation of transactions between RIB and the joint venture

In the following, we will describe the key audit matters, focusing in particular on the reasons as to why we consider these matters to be key audit matters and what approach was taken to these matters in the audit, including a summary of our responses to this issue and, where relevant, important findings.

Recognition of revenues from software sales

With regards to the expected impact of the new IFRS 15 accounting standard, we refer to Note (3) of the notes to the Consolidated Financial Statements. For information on revenue recognition, please refer to Note (4) of the notes to the Consolidated Financial Statements. For disclosures on significant discretionary decisions and sources of uncertainty in the area of sales and revenue recognition, please refer to the information in Note (6) of the notes to the Consolidated Financial Statements. For information on the amount and composition of revenue, please refer to Note (10) of the notes to the Consolidated Financial Statements.

<u>The risk for the financial statements</u>

In the financial year 2017, RIB generated revenues of € 108.3 million, of which € 100.7 million corresponded to the sale of software and related products and services. The IFRSs do not contain any special provisions for the recognition of revenues from software sales and the related products and services. RIB has defined detailed policies, procedures and processes for revenue recognition.

Depending on the respective transaction volume, RIB differentiates between the “mass market” and the “key accounts”. In the key accounts area, extensive agreements are concluded with customers in some cases. The presentation of these agreements and the accounting transactions based on them requires discretionary decisions and estimates. In particular, this relates to the allocation of sales revenues to the individual performance obligations as well as the assessment of whether and when the significant opportunities and risks were transferred to the buyer.

<u>Approach taken in the audit</u>

In the mass market area, we have examined the appropriateness and effectiveness of the internal controls implemented by RIB to ensure full and on-time revenue recognition. In addition, we have reviewed if the revenue recognition for a sample of sales revenues recorded close to the balance sheet date was full and on-time by inspecting the customer contracts and checking the actual performance date.

For all software agreements in the key accounts area which we individually assess as material, as well as for a sample of the remaining software agreements, we have

- gained an understanding of the transactions by reviewing the underlying contracts and related documents, as well as obtaining clarifications from RIB development, sales and accounting personnel;

- assessed whether the agreed performance obligations are fully identified and the individual performance obligations are properly defined, and whether the transaction proceeds are duly allocated to the individual performance obligations;

- assessed whether, for each independent performance obligation, revenue is recognised on-time at the time of service provision or over the period of service provision.

Our conclusions

RIB has implemented an appropriate set of rules for the recognition of revenues from software sales. In the mass market area, our audit has revealed no significant objections to the adequacy and effectiveness of the internal controls implemented. In the key accounts area, revenue is recognised in accordance with the RIB guidelines. Where discretionary decisions and estimates had to be made, these were exercised in a balanced and proportionate manner.

Goodwill impairment

For information on the accounting principles applied, we refer to Note (4) of the notes to the Consolidated Financial Statements. For information on significant discretionary decisions and sources of estimation uncertainty in the accounting for goodwill, please refer to Note (6) of the notes to the Consolidated Financial Statements. For details of the amount and composition of the item, RIB's approach to performing impairment tests and their results, please refer to Note (18) of the notes to the Consolidated Financial Statements.

The risk for the financial statements

Goodwill of € 85.0 million was reported in the consolidated balance sheet as at 31.12.2017 (23.2% of the consolidated balance sheet total). RIB allocates the goodwill to cash-generating units or groups of cash-generating units and carries out impairment tests at this level annually or on an ad hoc basis. This involves comparing the recoverable amount of the cash-generating unit with its book value. The values taken into account are the value in use and the fair value less costs to sell, whereby the recoverable amount is the higher of these two amounts. RIB determines the value in use by applying a valuation model which uses the discounted cash flow method. Since the value in use for all (groups of) cash-generating units was higher than their carrying amounts as at 31.12.2017, there was no need for additional determination of the fair value less costs to sell.

Value in use is an estimate, the determination of which takes into account past as well as future expected developments. The basis for the valuation is the cash flow forecasts approved by the legal representatives for the next five years. Discounting is performed using the weighted average cost of capital of the respective cash-generating unit. The determination of discount rates is based on country-specific assumptions about future market developments. The outcome of these valuations largely depends on how the legal representatives assess the future cash inflows as well as on the discount rates used. The valuation is therefore subject to significant uncertainties. With that in mind and due to the complexity of the evaluation, we have assessed this issue to be a key audit matter.

Approach taken in the audit

The evaluation models used by RIB are well traceable both mathematically and methodically. We have assessed the assumptions on which the budget plans are based as to their traceability and consistency. In order to assess the planning accuracy, we have made random set-point comparisons of historical planning data with the actual developments. We have compared the valuation parameters used in the valuation models, such as growth rates and discount rates, with publicly available market data. In order to assess a potential impairment risk arising from a change in individual key assumptions that was considered possible, we have conducted our own sensitivity analyses.

Our conclusion

RIB used appropriate valuation techniques to verify the recoverability of goodwill. The underlying assumptions and valuation parameters are reasonable and plausible in our opinion. Our audit procedures did not give rise to any objections regarding the assessment of the recoverability of goodwill.

Joint venture YTWO Limited: accounting for shares and representation of transactions between RIB and the joint venture

For information on the accounting for the shares in the joint venture, please refer to Notes (4) and (21) of the notes to the Consolidated Financial Statements. For details of the development of the joint venture in the financial year 2017, please refer to Sections A.3.1. and B.4. of the Group Management Report. For disclosures regarding the impact of business transactions with YTWO Limited (hereinafter: „YTWO“) on the Group's earnings, financial and asset position, please refer to Note (42) of the notes to the Consolidated Financial Statements and to Sections B.1. to B.3. of the Group Management Report. For information on significant discretionary decisions and sources of estimation uncertainty in the recognition of revenue from software sales to YTWO, please refer to Note (6) of the notes to the Consolidated Financial Statements.

The risk for the financial statements

The investment in the joint venture YTWO made in the financial year 2016 and the subsequent transactions between RIB and YTWO had a significant effect on the earnings, financial and asset position of the Group in the financial year 2017 and in the previous year. In addition, discretionary decisions and estimates had to be made in accounting in order to reflect the business transactions.

The consolidated balance sheet as at 31.12.2017 shows the shares in YTWO with a book value of € 31.2 million (previous year: € 49.2 million). This corresponds to 8.5% (previous year: 13.8%) of the balance sheet total. In the year under review, RIB generated other operating income of € 7.8 million (previous year: € 7.7 million) from the sale of software licenses to YTWO and revenues of € 4.0 million from the provision of maintenance services (previous year: € 0.0 million). The consolidated statement of cash flows for the year under review shows incoming payments from YTWO in the amount of € 8.7 million (previous year: € 37.9 million) allocated to operating activities and outgoing payments to YTWO in the amount of € 0.0 million (previous year: € 55.0 million) allocated to investing activities.

In an agreement concluded in the financial year 2016 on the sale of software licenses to YTWO, in addition to a contractually agreed fixed number of software licenses, RIB also undertook to deliver further licenses free of charge under certain conditions. The number of licenses to be delivered free of charge depends on future events and, consequently, it had to be estimated. The estimate has a direct impact on the amount of the reported annual result, since the transaction proceeds were recognised only to the extent that they relate to the already delivered licenses. For the proceeds attributable to licenses that are expected to be delivered in future free of charge, deferred income on the liabilities side was recognised. The carrying amount of this deferred income as at 31.12.2017 was € 10.2 million (previous year: € 6.0 million).

Approach taken in the audit

In order to gain an understanding of the transactions between RIB and YTWO, we first reviewed the underlying contracts and related documents and critically discussed these documents and the strategic considerations and objectives underlying the business model with the parent company's legal representatives. We have reviewed the key transactions individually and have examined the proof of payment, invoices, delivery notes, confirmations from YTWO regarding software deliveries received and supplementary supporting documents. With the aim of reviewing the business activities of YTWO, we have used the subgroup financial statements of YTWO as 31.12.2017 and have inspected the contracts that YTWO concluded with customers in the financial year 2017. We have assessed the traceability and consistency of the estimation of the total number of software licenses to be delivered as well as the underlying assumptions made by the legal representatives of the parent company. We assessed the disclosures in the notes to the Consolidated Financial Statements and in the Group Management Report regarding the shares in YTWO and the business transactions between RIB and YTWO as to their completeness and appropriateness.

Our conclusion

The methodical approach and the assumptions made to determine the revenue to be recognised from software deliveries to YTWO are suitable and appropriate. The shares in the joint venture are accounted for in accordance with the relevant IFRS regulations. The disclosures on the joint venture and the business transactions between RIB and YTWO in the notes to the Consolidated Financial Statements and in the Group Management Report are complete and appropriate.

OTHER INFORMATION

The other information is the responsibility of the legal representatives. The other information comprises the unaudited content of the parts of the Group Management Report which we obtained prior to the date of this report and which are listed in the appendix to the auditor's report, as well as the other information contained in the Group's 2017 Annual Report, which is expected to be made available to us after the date of this report. The other information does not include the Consolidated Financial Statements, the Group Management Report and our Auditor's Report.

Our opinions on the Consolidated Financial Statements and on the Group Management Report do not cover the other information and, as a consequence, we do not express an opinion or any other form of audit conclusion thereon.

As part of our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the Consolidated Financial Statements, with the Group Management Report or our knowledge obtained in the audit, or

- appears to be materially misstated in any other way.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report this fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE LEGAL REPRESENTATIVES AND THE ADMINISTRATIVE BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The Managing Directors, as the legal representatives, are responsible for the preparation of the Consolidated Financial Statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and are accountable for whether the Consolidated Financial Statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group.

In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. It is also their responsibility to disclose, as applicable, matters related to going concern. In addition, they are responsible for financial reporting in line with the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the Group Management Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Additionally, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group Management Report that is in accordance with the applicable German legal requirements, and to provide sufficient appropriate evidence for the assertions made in the Group Management Report.

The Administrative Board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and of the Group Management Report. Three members of the Administrative Board participated as Managing Directors in the preparation of the Consolidated Financial Statements and the Group Management Report. The majority of the members of the Administrative Board did not participate in the preparation of the Consolidated Financial Statements and the Group Management Report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the Consolidated Financial Statements and the knowledge obtained in the audit, whether it complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our further objective is also to issue an auditor's report that includes our opinions on the Consolidated Financial Statements and on the Group Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or as a whole, they could reasonably be expected to influence the economic decisions which the users of these Consolidated Financial Statements and this Group Management Report might make on their basis.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement in the Consolidated Financial Statements and in the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than of not detecting such a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls

- obtain an understanding of internal controls relevant to the audit of the Consolidated Financial Statements and of arrangements and measures relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the particular circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- draw conclusions as to the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty does exist, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements and in the Group Management Report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements present the underlying transactions and events in such a manner that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statements and on the Group Management Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- evaluate the consistency of the Group Management Report with the Consolidated Financial Statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the legal representatives in the Group Management Report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the key assumptions used by the legal representatives as a basis for the future-oriented statements, and evaluate whether the future-oriented statements were derived from these assumptions in an appropriate manner. We do not express a separate opinion on the future-oriented statements and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the future-oriented statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters which may reasonably be thought to bear on our independence, and where applicable, the related safeguards applied in this respect.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and which are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the Annual General Meeting on 30.05.2017. We were engaged by the Administrative Board on 05.12.2017. We have been the group auditor of RIB Software SE, Stuttgart, without interruption since the financial year 2011.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

RESPONSIBLE AUDITOR

The responsible auditor for conducting the audit is Olaf Brank.

Stuttgart, 12. March 2018

BW PARTNER
Bauer Schätz Hasenclever Partnerschaft mbB
Auditors Tax Advisors

Philipp Hasenclever	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 statement included in Section F. of the Group Management Report and

- the group statement on corporate governance included in Section G. of the Group Management Report.

FINANCIAL STATEMENTS OF RIB SOFTWARE SE

FOR THE FINANCIAL YEAR 2017 (HGB) (EXCERPT)

BALANCE SHEET AS OF 31 DECEMBER 2017

RIB Software SE, Stuttgart

ASSETS

	Figures in €	31 December 2017	31 December 2016
A.	**Non-current assets**		
	I. Intangible assets		
	1. Commercial and industrial property rights and similar rights and values as well as licenses to such acquired for a consideration	28,924.24	27,517.13
	2. Goodwill	0.00	1,378,594.28
		28,924.24	1,406,111.41
	II. Property, plant and equipment		
	1. Land and buildings	8,325,501.75	8,450,245.91
	2. Furniture and fixtures	474,823.76	550,907.67
		8,800,325.51	9,001,153.58
	III. Financial assets		
	1. Investments in affiliated companies	163,178,780.60	164,186,010.09
	2. Interests in companies	24,950.00	24,950.00
		163,203,730.60	164,210,960.09
		172,032,980.35	**174,618,225.08**
B.	**Current assets**		
	I. Receivables and other assets		
	1. Trade receivables	9,395,658.63	6,169,410.91
	2. Receivables from affiliated companies	1,795,010.97	2,747,557.22
	3. Other assets	1,645,497.23	1,708,013.79
		12,836,166.83	10,624,981.92
	II. Securities		
	Other securities	4,997,027.80	4,997,027.80
	III. Cash on hand and bank balances	71,799,170.33	54,801,303.97
		89,632,364.96	**70,423,313.69**
C.	**Prepaid expenses**	**584,022.82**	**781,229.65**
		262,249,368.13	**245,822,768.42**

EQUITY AND LIABILITIES

	Figures in €	31 December 2017	31 December 2016
A.	**Equity**		
	I. Issued capital		
	1. Subscribed capital - conditional capital: € 1,548,616.00	46,845,657.00	46,845,657.00
	2. Less nominal amount of treasury shares	-1,506,941.00	-1,765,143.00
		45,338,716.00	45,080,514.00
	II. Capital reserves	188,433,326.80	184,522,756.09
	III. Retained earnings		
	Legal reserves	47,588.47	47,588.47
	IV. Retained earnings	15,303,233.35	8,370,754.42
		249,122,864.62	**238,021,612.98**
B.	**Provisions**		
	1. Pension provisions	2,224,949.00	2,334,503.00
	2. Provisions for taxation	401,950.00	465,000.00
	3. Other provisions	2,157,410.00	1,416,000.00
		4,784,309.00	**4,215,503.00**
C.	**Liabilities**		
	1. Liabilities to financial institutions	5,600,000.00	0.00
	2. Trade payables	260,155.43	473,889.30
	3. Liabilities to affiliated companies	869,184.38	1,410,815.91
	4. Other liabilities	253,394.70	1,109,249.43
	- of taxes: € 36,399.42 (prior year: € 732,353.52)		
	- of which social security liabilities: € 1,401.24 (prior year: € 6,349.60)		
		6,982,734.51	**2,993,954.64**
D.	**Prepaid expenses**	**1,359,460.00**	**591,697.80**
		262,249,368.13	**245,822,768.42**

INCOME STATEMENT FOR THE FINANCIAL YEAR 2017

RIB Software SE, Stuttgart

	Figures in €		2017	2016
1.	Revenues		54,272,431.52	48,266,819.16
2.	Other operating income		2,433,228.83	2,500,756.13
	- of which from currency translation:	€ 4,581.80		
	(prior year:	€ 368,560.00)		
3.	Material costs			
	a) Expenses for goods		-1,535,003.45	-1,506,264.10
	b) Expenses for services purchased		-14,255,064.50	-10,921,663.51
			-15,790,067.95	-12,427,927.61
4.	Personnel expenses			
	a) Wages and salaries		-2,917,639.07	-2,922,770.69
	b) Social security and pension costs		-270,387.58	-323,626.29
	- Of which for pension schemes:	€ -10,847.65		
	(prior year:	€ -2,221.51)		
			-3,188,026.65	-3,246,396.98
5.	Amortisation of intangible non-current assets and depreciation on property, plant and equipment		-1,677,919.78	-1,689,585.00
6.	Other operating expenses		-21,897,056.73	-20,476,921.19
	- of which from currency translation:	€ -1,462,118.22		
	(prior year:	€ -940,781.28)		
7.	Income from investments		5,039,329.34	871,614.82
	- of which from affiliated companies	€ 5,039,329.34		
	(prior year:	€ 871,614.82)		
8.	Other interest and similar income		102,750.32	196,486.18
	- from affiliated companies	€ 6,260.00		
	(prior year:	€ 2,382.71)		
9.	Depreciation of financial assets		-1,100,000.00	-523,789.00
10.	Interest and similar expenses		-210,953.56	-153,610.33
	- of which write-ups	€ -91,617.89		
	(prior year:	€ -93,810.33)		
11.	Income tax expense		-5,063,421.59	-4,849,407.99
12.	**Earnings after taxes**		**12,920,293.75**	**8,468,038.19**
13.	Other taxes		-77,921.42	-19,671.00
14.	**Net profit for the year**		**12,842,372.33**	**8,448,367.19**
15.	Profit carried forward from the prior year		1,175,015.06	5,019,650.26
16.	Income from the sale of treasury shares		1,285,845.96	0.00
17.	Expenses from the acquisition of treasury shares		0.00	-5,097,263.03
18.	**Retained earnings**		**15,303,233.35**	**8,370,754.42**

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 4:	Background: Shutterstock; Top left: RIB; Top right: RIB On the bottom left: Shutterstock; On the bottom right: RIB
Page 6,7:	Shutterstock
Page 8,9:	Shutterstock
Page 10,11:	Shutterstock
Page 14:	RIB

Design and realisation:
RIB Software SE, Stuttgart

Print:
Walter Digital GmbH, Korntal-Münchingen

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

RIB
running together

March 2018

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 2018

30 April 2018	15 May 2018
Interim Report (January - March 2018) Analyst Conference Call	Annual General Meeting

31 July 2018	31 October 2018
Interim Report (January - June 2018) Analyst Conference Call	Interim Report (January - September 2018) Analyst Conference Call

CONTACT

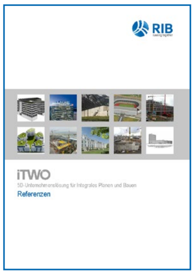
RIB Software SE
Vaihinger Straße 151
70567 Stuttgart

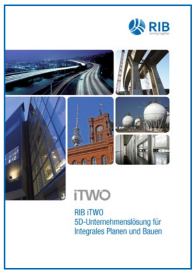
Investor Relations
Phone: +49 (0) 711 7873-191
Fax: +49 (0) 711 7873-311

E-Mail: **investor@rib-software.com**
Internet: **group.rib-software.com**

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

Product informationen and References





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

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: group.rib-software.com