

Report by the Administrative Board

Dear Shareholders,

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

Cooperation on the Administrative Board

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

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

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

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

Composition of the Administrative Board

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

Sessions and resolutions of the Administrative Board

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

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

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

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

The adjustment of the compliance declaration for the German Corporate Governance Codex was an object of resolutions in the session of 15 May 2019. The statement of deviation as per No. 5.4.1 para. 6 DCGK (declaration to the company, organs of the company and a significant shareholder of personal and business relationships of the candidates proposed to the Annual General Meeting for selection to the Administrative Board) was retracted. The Managing Directors explained the most

important financial indicators for the 2018 financial year and the first quarter of 2019 and their report to the Annual General Meeting. The object of the resolutions by the Administrative Board in this session additionally included the assignment of stock options to Managing Directors, managers, and employees in the group as part of the 2015 option scheme, acquisition projects and a capital increase at RIB Ltd., Hong Kong.

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

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

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

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

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

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

Administrative Board committees

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

The **Audit Committee** was made up as follows: Dr Matthias Rumpelhardt (chair), Prof. Rüdiger Grube (from 7 March 2019), Mr Klaus Hirschle (to 6 March 2019) and Mrs Sandy Möser. Dr Matthias Rumpelhardt is an independent member of the Administrative Board and is an expert in the areas of accounting and annual auditing as per § 107 para. 4 and § 100 para. 5 AktG.

The Audit Committee principally took on the task of inspecting the accounts and accounting process, the effectiveness of the internal controlling system and risk management system and completing the annual audit. It met in two ordinary sessions of 27 March and 12 December 2019. In addition,

telephone conferences took place on 7 and 28 February, in which the responsible auditors informed of the preliminary results of the audit of the annual and group accounts for 2018. All members of the committee took part in the sessions and telephone conferences.

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

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

The members of the **Nomination and Remuneration Committee** in the reporting year were Mrs Sandy Möser (chair), Prof. Rüdiger Gruber (from 7 March 2019), Mr Klaus Hirschle (to 6 March 2019) and Dr Matthias Rumpelhardt.

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

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

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

Corporate governance and compliance declaration

During the reporting period, the Administrative Board has addressed the standards of good corporate governance and adopted in its session of 28 March 2019 the compliance declaration 2019 for the German Corporate Governance Codex, adjusting this on 15 May 2019. The complete compliance declaration has been published on the company website at <https://www.rib-software.com/en/group/investor-relations/corporate-governance>

As regards good corporate governance, the Administrative Board has to monitor and judge the independent status of the majority of its non-executive members. This was the case in the reporting year as four of five of the non-executive members were independent in the sense of the German Corporate Governance Codex.

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

Annual and group audit

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

BW PARTNER has audited and on 18.03.2020 given unequivocally confirmatory opinions regarding the annual accounts of RIB Software SE created by the Managing Directors according to the rules of the HGB, the group accounts created as per § 315e HGB on the basis of the international IFRS accounting standards and the combined group management report and status report of RIB Software SE. The annual auditor determined that the Administrative Board has instituted a suitable information and monitoring system, appropriate in its structure and means of use to detect developments threatening the continued existence of the company early. He confirmed that the annual and group accounts for the 2019 financial year gave an image of the financial, asset and profit situation of RIB Software and the group that corresponded to the actual situation, taking account of the accounting principles to be applied. Furthermore, the annual auditor confirmed that the combined group management report and status report were in harmony with the annual or group accounts and gave overall a true image of the situation of RIB Software SE and the group, along with its opportunities and risks.

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

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

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

Public takeover by Schneider Electric

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

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

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

Stuttgart, 26 March 2020

On behalf of the Administrative Board

Tom Wolf
Chairman