

# REPORT OF THE SUPERVISORY BOARD

With the following report, the Supervisory Board would like to inform you about its activities in the 2019 fiscal year.



Dr. Stefan Reineck, *Chairman of the Supervisory Board*

Dear Readers,  
Dear Shareholders,

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in 2019 and advised the Management Board on directing the Company and monitored its activities. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with the Supervisory Board and provided it with information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained and reviewed by the Supervisory Board based on available documents and information. The Supervisory Board discussed significant business events extensively with the Management Board and gave its consent to the transactions requiring its approval. During the 2019 fiscal year, the Supervisory Board held a total of seven ordinary meetings and one extraordinary meeting.

As in previous years, in addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. Special focus was again placed on the development of the UV projection scanner product line of SUSS MicroTec Photonic Systems. In addition, the Deputy Chairman of the Supervisory Board interacted regularly with the Management Board and together with an additional financial expert beginning in fall 2019 with the auditors, BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, regarding accounting topics and the auditing of the annual financial statements.

## MEETINGS AND MAIN TOPICS OF DISCUSSION

The Supervisory Board conducted regular discussions on the development of business, the financial position, and the orientation of SUSS MicroTec SE, its subsidiaries, and the Group. The Management Board provided the Supervisory Board with information about corporate planning, strategic direction, and the development of order entry, sales, liquidity, and earnings. In addition, the Supervisory Board reviewed the monitoring of the financial reporting process as well as the effectiveness of the internal control system, the risk management system, and the independence of the auditor. The main topics of the Supervisory Board meetings are discussed below.

The first ordinary Supervisory Board meeting for the 2019 fiscal year was held on February 12, 2019. At that meeting, the Supervisory Board held discussions about operational topics related to the current business situation as well as the Management Board's report on the fourth quarter of 2018, the preliminary figures for the 2018 fiscal year, and the agenda for the Shareholders' Meeting. The Supervisory Board discussed plans for the 2019–2022 fiscal years and their financing. It further outlined the objectives and the bonus plan for the Management Board for the 2019 fiscal year.

Representatives of the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 26, 2019. They reported the key results of the audit of the separate and consolidated financial statements for the 2018 fiscal year to the Supervisory Board. The auditor explained the main findings of the audit of the separate and the consolidated financial statements to the Supervisory Board. The Supervisory Board acknowledged the Management Board's report for the 2018 fiscal year and on the current business situation in the first quarter of 2019. Following an in-depth examination, the Supervisory Board approved the separate and consolidated financial statements of SUSS MicroTec SE prepared for the 2018 fiscal year by the Management Board. The Supervisory Board also approved the Supervisory Board report about its activities in the 2018 fiscal year. In addition, the Supervisory Board approved the agenda with the proposals for the Shareholders' Meeting on June 6, 2019. Finally, the Supervisory Board addressed the Management Board bonus for 2018 and 2019. Another focus of this Supervisory Board meeting was the current situation of the operational business, including planned production in Taiwan. The meeting also focused on the points of emphasis in upcoming strategic planning meetings. In addition, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code.

The third ordinary Supervisory Board Meeting was held on May 7, 2019. The Supervisory Board dealt with the current business situation in the first quarter of the 2019 fiscal year and the outlook for the entire 2019 fiscal year. Other topics were preparations for the Shareholders' Meeting as well as an update on current production topics in the area of "Operations."

In the fourth meeting on June 6, 2019, immediately before the ordinary Shareholders' Meeting, a briefing was held on the upcoming Shareholders' Meeting. Following the Shareholders' Meeting, the Supervisory Board meeting was continued with the newly elected Supervisory Board member Dr. Dietmar Meister. During the meeting, the Management Board informed the Supervisory Board about the current business situation.

The fifth ordinary Supervisory Board Meeting in the 2019 fiscal year was held on August 1, 2019. The meeting covered, among other topics, the current business figures of the second quarter of 2019 and the outlook for the entire 2019 fiscal year. The meeting also addressed M&A topics and financing options. An extraordinary meeting was held near Munich on October 29, 2019. Substantively, the meeting dealt with personnel matters, the upcoming change of the Chief Financial Officer, the long-term corporate organization, and the filling of a COO position below the Management Board.

On November 5, 2019, the sixth ordinary Supervisory Board meeting of the 2019 fiscal year was held. In this meeting, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year of 2019 along with initial planning for 2020. The meeting also addressed personnel matters, organizational development at SUSS MicroTec, capital markets communication, as well as M&A topics and financing options.

On November 17, 2019, the termination agreement with the CFO, Mr. Robert Leurs, was approved. On the following day, November 18, 2019, Mr. Oliver Albrecht was appointed as a member of the Management Board (CFO).

The last ordinary meeting of the 2019 fiscal year, which was held on December 10, 2019, focused on the current business situation and preliminary planning for the 2020 fiscal year. An important topic here was the acquisition of the corporate activities of PiXDRO, which had already been approved by circular procedure. The Supervisory Board additionally addressed finalizing the updated declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Law (AktG) as well as the topic of compliance. The Supervisory Board also addressed the risk management

system of the Company, the Company bylaws for the Management Board and the Supervisory Board, and scheduling for 2020.

When necessary, the Supervisory Board prepared its decisions in writing.

All Supervisory Board members participated in all meetings and decisions.

Supervisory Board member	Meeting participation	Personally present	Attendance
Dr. Stefan Reineck	8	8	100%
Jan Teichert	8	8	100%
Gerhard Pegam	8	8	100%
Dr. Myriam Jahn	8	8	100%
Dr. Dietmar Meister (from 6/6/2019)	5	5	100%

## COMMITTEES

The Supervisory Board did not form any committees in the 2019 fiscal year due to its size of four members or, beginning in June 2019, five members.

## CORPORATE GOVERNANCE

The Supervisory Board also concerned itself during the 2019 fiscal year with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and pattern of remuneration for the Management and Supervisory Boards are provided in the Remuneration Report section of the condensed Management Report on pages 56 et seq. In December 2019, the Management and Supervisory Boards approved the annual declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

In its meeting on February 12, 2019, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

Conflicts of interest of members of the Management and Supervisory Boards, which would have to be disclosed to the Supervisory Board and be made known at the Shareholders' Meeting, did not occur in the 2019 fiscal year.

## AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, audited the separate annual financial statements and management report of SUSS MicroTec SE as of December 31, 2019, prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of December 31, 2019, and issued an unqualified audit opinion for both. The consolidated financial statements were prepared in accordance with Section 315 e HGB based on International Financial Reporting Standards (IFRS). The auditor conducted the audit in accordance with the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW).

The audit reports of BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 30, 2020 in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations on the net assets, financial position, and results of operations of the Company and the Group and was available to the Supervisory Board in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit. The focal points of this year's audit of the separate and consolidated annual financial statements were mainly the internal control and IT system as well as, inter alia, an evaluation of the possible impairment of assets and trade receivables, revenue recognition, and the evaluation of possible risks from plan deviations and margin compression in individual product segments. Identified as key audit matters were the impairment tests for goodwill (consolidated financial statements) or for financial investments (annual financial statements) as well as individual aspects of the revenue recognition of multi-component transactions in accordance with IFRS 15 (consolidated financial statements). In addition, the accounting treatment and the consequences for accounting in 2019 due to the termination of the UV projection and laser ablation product lines as well as the initial implementation of the new IFRS 16

accounting standard on leases were subjected to an intensive review by BDO. Focal points of this year's audit included the recognition of expenses and the measurement of provisions, deferred taxes, the MicroOptics sub-area, the completeness and accuracy of the disclosures in the Notes, as well as the completeness and appropriateness of management reporting, particularly risk reporting.

During the financial statements meeting on March 30, 2020, the Supervisory Board audited the annual financial statements of the Company and the Group as well as the condensed management report of SUSS MicroTec SE contained in the Group management report for the 2019 fiscal year. The Supervisory Board had no objections. The Supervisory Board noted the reports of the auditor after conducting a detailed examination with approval. At this meeting the Supervisory Board discussed and analyzed the non-financial Group declaration in accordance with Section 289c of the German Commercial Code (HGB).

The separate annual financial statements prepared by the Management Board were approved by the Supervisory Board and, thus, adopted. The Supervisory Board also approved the consolidated annual financial statements. The Supervisory Board approved the condensed management report of the SUSS MicroTec SE and the Group and, in particular, the assessment regarding the further development of the Company.

## COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

There were changes in the composition of the Management Board and the Supervisory Board in the 2019 fiscal year. On November 17, resolutions were approved to ask Mr. Robert Leurs to step down as a member of the Management Board and to terminate his service contract. On November 18, 2019, Mr. Oliver Albrecht was appointed as a member of the Management Board. Since then, the Management Board has been comprised of Dr. Franz Richter (CEO) and Mr. Oliver Albrecht (CFO).

By resolution of the Shareholders' Meeting on June 6, 2019, Dr. Dietmar Meister was elected as an additional member of the Supervisory Board. As a result, the Supervisory Board has been comprised of five members since this day.

On February 25, 2020, I, Dr. Stefan Reineck, notified the Company that I would step down from my position as a member and the Chairman of the Supervisory Board of SUSS MicroTec SE, effective at the conclusion of the ordinary Shareholders' Meeting for the 2019 fiscal year, which is scheduled for May 20, 2020. In addition,

Mr. Gerhard Pegam also notified the Company on February 25, 2020 that he would step down from his position as a member of the Supervisory Board of SUSS MicroTec SE with notice of one month in accordance with the articles of incorporation.

## THANKS

The Supervisory Board would like to express its tremendous gratitude and appreciation to all employees and the Management Board of the Company for the work they performed in the past fiscal year.

Garching, Germany, March 30, 2020

signed

**Dr. Stefan Reineck**

Chairman of the Supervisory Board