

# SUPERVISORY BOARD REPORT

With the following report, the Supervisory Board would like to inform you about its activities in the 2018 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 2018 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 regular, prompt, and comprehensive 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 in detail and reviewed by the Supervisory Board based on available documents and information. The Supervisory Board discussed significant business transactions extensively with the Management Board and gave its consent to these transactions requiring its approval. During the 2018 fiscal year, the Supervisory Board held a total of seven ordinary meetings.

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. In this communication, 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 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, financial position, and strategic orientation at SUSS MicroTec SE, its subsidiaries, and the Group. The Management Board provided the Supervisory Board with comprehensive 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 2018 fiscal year was held on February 15, 2018. At that meeting, the Supervisory Board held discussions about the Management Board's report on the fourth quarter of 2017, the preliminary figures for the 2017 fiscal year, and the agenda for the Shareholders' Meeting. The Supervisory Board discussed the plans for the 2018-2020 fiscal years. It further outlined the objectives and the bonus plan for the Management Board for the 2018 fiscal year. At this meeting, the Supervisory Board discussed and analyzed the nonfinancial Group declaration in accordance with Section 289c of the German Commercial Code (HGB). 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.

Representatives of the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 26, 2018. They reported the key results of the audit of the separate and consolidated financial statements for the 2017 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 2017 fiscal year and on the current business situation in the first quarter of 2018. Following an in-depth examination, the Supervisory Board approved the separate and consolidated financial statements of SUSS MicroTec SE prepared for the 2017 fiscal year by the Management Board. In addition, the Supervisory Board approved the agenda with the proposals for the Shareholders' Meeting on June 6, 2018. Finally, the Supervisory Board addressed the Management Board bonus for 2017. Another focus of this Supervisory Board meeting was the current situation of the operational business.

The third ordinary Supervisory Board Meeting was held on May 11, 2018. The Supervisory Board dealt with the current business

situation in the first quarter of the 2018 fiscal year and the outlook for the entire 2018 fiscal year. The meeting also focused on the focal points of upcoming strategic planning meetings as well as an update on current production topics in the area of "Operations."

In the fourth meeting on June 6, 2018, immediately before the ordinary Shareholders' Meeting, the Management Board informed the Supervisory Board about the current business situation. In addition, a briefing was held on the upcoming Shareholders' Meeting.

The fifth ordinary Supervisory Board Meeting in the 2018 fiscal year was held on July 22, 2018. The meeting covered, among other topics, the current business figures of the second quarter of 2018 and the outlook for the entire 2018 fiscal year.

On September 10, 2018, the contract extension of CEO Dr. Franz Richter was approved (until 08/31/2022). On the same day, resolutions were approved to ask Mr. Walter Braun to step down as member of the Management Board and to terminate his service contract.

On November 6, 2018, the sixth ordinary Supervisory Board meeting of the 2018 fiscal year was held at the Neuchâtel, Switzerland, location. 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 2018. The Supervisory Board addressed the updating of the annual declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Law (AktG). The topics of Industry 4.0 and digitization as well as the allocation of Management Board mandates were also discussed intensively. The meeting also addressed personnel matters and executive development at SUSS MicroTec as well as M&A topics and financing options.

The last ordinary meeting of the 2018 fiscal year, which was held on December 19, 2018, focused on the current business situation and preliminary planning for the 2019 fiscal year and the possible impact of the IFRS 15 accounting standard. Furthermore, the Supervisory Board dealt extensively with corporate governance, particularly with finalizing the updated declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Law (AktG), compliance, and the fraud catalog of BDO AG Wirtschaftsprüfungsgesellschaft. The Supervisory Board also addressed the Company's risk management.

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	7	7	100%
Jan Teichert	7	7	100%
Gerhard Pegam	7	7	100%
Dr. Myriam Jahn	7	7	100%

## COMMITTEES

The Supervisory Board did not form any committees in the 2018 fiscal year due to its size of four members.

## CORPORATE GOVERNANCE

The Supervisory Board also concerned itself during the 2018 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. In January 2018, 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 15, 2018, 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 2018 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, 2018, prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of Monday, December 31, 2018, and issued an unqualified audit opinion for both. The consolidated financial statements were prepared in accordance with Section 315e HGB based on International Financial Reporting Standards (IFRS) as to be applied in the EU. 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 26, 2019, 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 the internal accounting-related control and IT system, among other things, an assessment of the recoverability of inventories and trade receivables, revenue recognition, and the assessment of possible risks from plan deviations and margin losses in individual product segments. As particularly important test fields (key audit matters), impairment tests were carried out on goodwill in the lithography segment (consolidated financial statements) and for financial assets (financial statements) as well as the effects of the first application of IFRS 15 (multi-component transactions). Other focal points of this year's audit were the completeness and accuracy of the management report as well as the assessment and completeness of the provisions.

During the financial statements meeting on March 26, 2019, 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 2018 fiscal year. The Supervisory Board had no objections. The Supervisory Board noted the reports of the auditor after conducting a detailed examination with approval.

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 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 was a change in the composition of the Management Board in the 2018 fiscal year. On September 10, resolutions were approved to ask Mr. Walter Braun to step down as a member of the Management Board and to terminate his service contract. Since then, the Management Board has been comprised of Dr. Franz Richter (CEO) and Robert Leurs (CFO).

No changes were made to the Supervisory Board in the 2018 fiscal year.

## THANKS

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

Garching, Germany, March, 26 2019



Dr. Stefan Reineck, Chairman of the Supervisory Board