

ANNUAL REPORT
2020

KEY FIGURES

| <i>in € million</i> | 12/31/2020 | 12/31/2019 | Change 2020/2019 |
|--|-------------------|-------------------|-------------------------|
| Business development | | | |
| Order entry | 281.1 | 219.3 | 28.2% |
| Order backlog as of December 31 | 120.1 | 93.2 | 28.9% |
| Total sales | 252.1 | 213.8 | 17.9% |
| Gross profit | 83.7 | 49.7 | 68.4% |
| Gross margin | 33.2% | 23.2% | 10.0%-points |
| Gross profit – adjusted for extraordinary effects | 83.8 | 63.9 | 31.1% |
| Gross margin – adjusted for extraordinary effects | 33.2% | 29.9% | 3.4%-points |
| Cost of sales | 168.4 | 164.1 | 2.6% |
| Cost of sales – adjusted for extraordinary effects | 168.3 | 149.9 | 12.3% |
| Research and development costs | 19.8 | 20.2 | -2.0% |
| EBITDA | 28.2 | -5.2 | – |
| EBITDA margin | 11.2% | -2.4% | 13.6%-points |
| EBIT | 20.4 | -13.8 | – |
| EBIT margin | 8.1% | -6.5% | 14.5%-points |
| EBIT – adjusted for extraordinary effects | 23.0 | 0.4 | – |
| EBIT margin – adjusted for extraordinary effects | 9.1% | 0.2% | 8.9%-points |
| Earnings after tax | 12.4 | -16.3 | – |
| Earnings per share, basic (in €) | 0.65 | -0.85 | – |
| Extraordinary effects | | | |
| Reversals/special write-downs on assets | -2.1 | 14.2 | – |
| Closure costs included in the cost of sales | 2.2 | 0.0 | – |
| Closure costs included in sales, administration, and development costs | 2.5 | 0.0 | – |
| Balance sheet and cash flow | | | |
| Equity | 136.5 | 125.4 | 8.9% |
| Equity ratio | 59.0% | 62.7% | -3.7%-points |
| Return on equity | 9.1% | -13.0% | 22.1%-points |
| ROCE | 12.9% | -8.7% | 21.6%-points |
| Balance sheet total | 231.4 | 199.9 | 15.8% |
| Net cash | 20.3 | -18.0 | – |
| Free cash flow | 44.0 | -36.9 | – |
| Further key figures | | | |
| Investments | 11.3 | 6.1 | 85.2% |
| Investment ratio | 4.5% | 2.9% | 1.6%-points |
| Depreciation | 7.8 | 8.6 | -9.3% |
| Employees as of December 31 | 1,009 | 937 | 7.7% |

LITHOGRAPHY

- Mask Aligner
- UV Projection Lithography Systems
- Coaters/Developers

Order entry:
€ 173.5 million

Sales:
€ 141.4 million

EBIT:
€ 9.0 million

BONDER

- Bonder

Order entry:
€ 37.4 million

Sales:
€ 30.4 million

EBIT:
€ 0.4 million

PHOTOMASK EQUIPMENT

- Photomask Processing Systems

Order entry:
€ 47.2 million

Sales:
€ 57.7 million

EBIT:
€ 15.3 million

MICROOPTICS

- Microoptics and Lenses

Order entry:
€ 21.9 million

Sales:
€ 21.5 million

EBIT:
€ 0.0 million

OTHERS

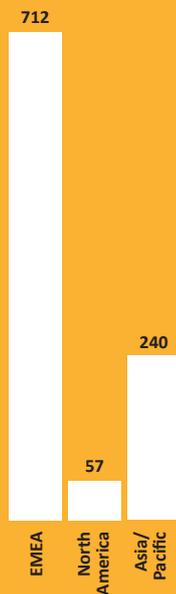
- Centralized Group Functions

Order entry:
€ 1.1 million

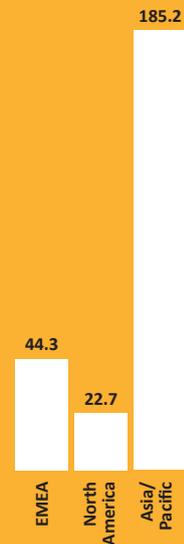
Sales:
€ 1.1 million

EBIT:
€-4.2 million

EMPLOYEES BY REGION



SALES BY REGION *in € million*





Corona, US

Garching, Germany (*Holding*)
 Sternenfels, Germany

Market Rasen, UK
 Pierre-Bénite, FR
 Hauterive, CH
 Eindhoven, NL

Singapur, SG
 Shanghai, CN
 Hwaseong City, KR
 Hsinchu, TW
 Yokohama, JP

SALES BY REGION

9.0%

North America

17.6%

EMEA

73.4%

Asia/Pacific

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NINE QUESTIONS FOR THE MANAGEMENT BOARD

Dear readers,

As Management Board of SUSS MicroTec, we have opted not to open this Annual Report with a traditional foreword this year. Instead, we have formulated a number of questions whose answers our shareholders, customers, and employees might be interested in hearing.



Oliver Albrecht,
Chief Financial Officer (left)
Dr. Franz Richter,
Chief Executive Officer

Dr. Richter, what are your thoughts when you look back on what will be your last full fiscal year as CEO of SUSS MicroTec?

Dr. Franz Richter: Looking back at the 2020 fiscal year fills me with pride and satisfaction. We were able to generate excellent earnings despite the COVID-19 pandemic casting its shadow over everything. Our order entries are nearly 30 percent above the strong previous year, and we were also able to improve sales and earnings significantly compared to 2019. We also started the new fiscal year with a very solid order backlog of around 120 million euros. In a difficult environment that was fraught with great uncertainty, our customers continued to trust in our products and solutions, and we were thus able to steer our Company robustly through this unusual fiscal year. Looking back, I would like to express my sincere gratitude to all employees who made our Company's success possible despite the restrictions and protective measures due to COVID-19. We will in all likelihood continue to be affected by the pandemic and fighting it for at least the first six months of the coming fiscal year. As the Management Board of SUSS MicroTec, we will do everything in our power to protect our employees in the best manner possible while still maintaining structured work processes.

I can confidently say that I will be leaving SUSS MicroTec by the end of April 2021 with a good feeling. We achieved a great deal together in the past few years, put the Company in a solid position, developed technologies further, and drove innovation as well as research and development. Nevertheless, we cannot simply rest on the laurels of what we have achieved so far. In fact, we need to consistently pursue our path of innovation and technological leadership.

Would this also be your advice to your successor, Dr. Bendele?

Dr. Franz Richter: Absolutely! In my opinion, we as a German semiconductor manufacturer will only achieve sustainable success by offering cutting-edge products that are innovative and unique in many different ways. We have very consistently followed this path for a number of years. Both the increasing order numbers and the good profits as well as positive customer feedback underscore the success of this strategy.

To what extent did the COVID-19 pandemic impact business activities?

Dr. Franz Richter: The pandemic affects every aspect of the Company and also the lives of our employees, of course. In addition to the standard hygiene and social distancing rules, we have allowed our staff to work remotely wherever possible to limit the contact between employees within the Company. There are basically no business trips. Instead of meetings in person, these were held via telephone or video calls. Looking back, I have to say that this works quite well. The reasons for this were both the new technological possibilities and of course the close relationship we have had with many key customers for many years.

The technological possibilities of digital communication that I mentioned are used everywhere these days, for professional as well as personal purposes. This has resulted in increased investments in expanding global data networks and has brought us additional orders and sales in the past fiscal year. Mobile communication, networking, and data transfer are some of the megatrends that shape our business.

Speaking of megatrends for your business: Are there any others?

Dr. Franz Richter: The upcoming, or already started, transition to the 5G telecommunications standard is an important driver of our business. For us, major growth trends include smart devices, smart homes, and smart factories as well as the Internet of Things, increasing mobility, artificial intelligence, computer games, and everything relating to sensors (MEMS). The sudden COVID-19 pandemic further accelerated the already developing megatrend towards working remotely and telecommuting. Equipping home-based offices with laptops and computers, fast data connections and high-quality, reliable image, sound and data transmission are important drivers of the demand for our machines. We consider this trend to continue to be sustainable even once we overcome the COVID-19 pandemic.

At the start of the year, you announced that you would close down the US production site in California. Wasn't the Company producing the promising UV projection scanners here?

Dr. Franz Richter: That's correct. We already touched on that briefly in the last Annual Report. Given the current market situation and expected low investment demand from potential customers for the UV projection scanner and laser processing tool product group, we decided to terminate both product groups and to close that site in the USA. However, we were able to sell the existing inventory of machines in progress to a customer and thus reduce the loss of the closure. Earlier this year, we announced that we will continue the production of the scanners at our new facility in Taiwan. Due to a considerable improvement of the market outlook, we see great potential for this product line.

Mr. Albrecht, you have now been the Chief Financial Officer at SUSS MicroTec for nearly a year. How did you experience the past year; what were your particular challenges?

Oliver Albrecht: I'm looking back at a fiscal year with a lot of ups and downs in 2020. My first weeks and months as the CFO at SUSS MicroTec were spent preparing the 2019 Annual Report and planning the 2020 fiscal year. After a disappointing 2019 fiscal year, we set ourselves the aim for the 2020 fiscal year to increase our profitability and free cash flow significantly and to win back trust on the capital market. As you can see in the 2020 business figures and in the development of the share, we were highly successful in doing just that.

The most important challenges or main tasks for me as CFO included further developing and revising the internal reporting and control instruments to increase transparency on the margins and cost structures. We started building a BI (business intelligence) tool within the Company to improve management reporting. In addition, the controlling department was expanded with additional staff to allow for even faster and needs-based analyses in the future. Due to the great uncertainty caused by the pandemic in terms of the future development of sales and the market, I focused primarily on ensuring the Company's financial solvency. For this reason, we went to great lengths to improve our working capital and free cash flow, and we were able to do just that thanks to a good number of order entries, as the numbers show.

Mr. Albrecht, you already mentioned that the 2020 fiscal year was successful. Could you please shed some more light on the key figures?

Oliver Albrecht: Gladly. We achieved good order entry of 281.1 million euros in the 2020 fiscal year after 219.3 million euros in the previous year. The additional orders came from the Asia region and primarily stemmed from the lithography division. Machines for working with 300mm wafers were in particularly high demand. In addition, we have different new products and solutions in the pipeline that will allow for future, profitable growth. We were able to significantly increase sales compared to the previous year – 18 percent – and generated sales of 252.1 million euros. This puts us comfortably within the range we set ourselves. All divisions contributed to this positive development. The good development in the Lithography and Photomask Equipment divisions deserves particular mention. As in the past few years, over 60 percent of our demand came from Asia. Corresponding to the good development of sales, we were also able to improve earnings before interest and taxes (EBIT). In the fiscal year, we achieved EBIT of 20.4 million euros after a minus of 13.8 million euros in the previous year. The constant high workload of production and a good product mix had a positive impact. In the second half of 2020 we were also able to include UV projection scanners that were already depreciated in our sales figures, which made a significant contribution to the margin. In addition, our measures for increasing efficiency are showing the first results. Closing costs of 6.0 million euros for our US production site in California diminished the 2020 earnings. In exchange, reversals of impairment losses on UV projection scanners had an offsetting effect, so that the negative effect on earnings is only 2.6 million euros. The 2019 fiscal year includes a negative extraordinary effect on expenses from the special write-down of assets for UV projection and laser ablation amounting to 14.2 million euros. The results in an adjusted EBIT of 0.5 million euros for the 2019 financial year.

Let me close with a few words on our liquidity situation. After two years in a row with a negative cash flow, we were once again able to generate a significantly positive cash flow in 2020. After a minus of 36.9 million euros in the previous year, cash flow was at 44.0 million euros in 2020. This is a result of an increased number of customer prepayments, which were significantly higher due to high order entry, as well as a reduction in trade receivables, particularly in past due receivables. We will continue to focus heavily on the positive development of our Company's cash flow with targeted receivables management, further optimization of materials management, and a reduction of throughput times.

Three new members of the Supervisory Board have been added since 2020. Could you tell us a little more about them?

Dr. Franz Richter: With the appointment of Dr. Schulte in November 2020, our Supervisory Board once again consists of five members, and the Supervisory Board is thus fully appointed according to the articles of incorporation. Dr. Schulte brings many years of expertise to the Supervisory Board. His distinct experience in the semiconductor sector, particularly in specialized tool engineering, will enrich the Supervisory Board along with his expertise and profound industry knowledge. Dr. David Dean and Jan Smits, two industry experts, were elected to the Supervisory Board at the Shareholders' Meeting in May 2020. Both bring profound knowledge of their respective fields and international experience to the table. Thanks to their many years of comprehensive experience at globally operating industrial companies, they will be valuable assets to SUSS MicroTec in the future.

What are your expectations for the current fiscal year?

Oliver Albrecht: I am confident that 2021 can once again be a very successful fiscal year even though the ongoing measures for limiting the COVID-19 pandemic make forecasts more difficult and there could be setbacks to the world economy at any time. This would naturally have a negative impact on our business. However, we are now starting off the new fiscal year with a very solid order backlog of around 120 million euros.

We expect a growth in sales over the previous year for the overall year 2021 between 270 and 290 million euros. Earnings before interest and taxes (EBIT) will undergo a corresponding positive development. At this time, we anticipate the EBIT margin to be in a range from 9.0% to 11.0% million euros. In addition, we are once again striving for a positive free cash flow for the entire year in the range of 12 to 18 million euros.

We are cautiously optimistic for the future, particularly given the impact of the COVID-19 pandemic, and believe that the 2021 fiscal year will be successful.

Garching, Germany, April 2021

signed
Dr. Franz Richter
Chief Executive Officer

signed
Oliver Albrecht
Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board carried out its duties with due diligence pursuant to the statutory requirements, articles of incorporation, and Company bylaws in the 2020 fiscal year. The Supervisory Board monitored the work of the Management Board diligently and regularly. On the following pages, the Supervisory Board reports on its activities in the 2020 fiscal year.



Dr. David Dean, *Chairman of the Supervisory Board*

Dear Readers,
Dear Shareholders,

The COVID-19 pandemic affected the world like no other event in 2020. The virus touched every country, continent, and segment of the population. All employees of SUSS MicroTec – whether at our production sites, in development, in cooperation with customers, or in management – clearly felt how their working methods had to be adapted to the new conditions. The Supervisory Board would therefore like to thank the Management Board and all employees for their flexibility, commitment, and tireless efforts on behalf of the Company, as well as for understanding for the protective measures and restrictions that have been necessary. Together, they have succeeded in achieving an exceptionally good fiscal year with a significant increase in sales and earnings.

The work of the Supervisory Board of SUSS MicroTec and its committees, which we report on in detail here, has also adapted to the new conditions.

The Management Board and Supervisory Board work in close collaboration – and during the past year often virtually – to keep developing the Company successfully. The discussions between the Supervisory Board and Management Board were always constructive, fruitful, and based on trust. 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 – in written and verbal form – about corporate planning, business progress, and the current position of the Group and the Company. 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 events extensively with the Management Board and gave its consent to the transactions requiring its approval. During the 2020 fiscal year, the Supervisory Board held a total of seven ordinary meetings and five extraordinary meetings with the Management Board.

The Supervisory Board formed a Personnel Committee (Nomination Committee and Remuneration Committee) and an Audit Committee in the 2020 fiscal year. SUSS MicroTec reports on the appointment of the committees in the declaration on corporate governance, which is available to the public on the Company's website.

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 addition, the Supervisory Board's financial experts, Jan Teichert (until April 30, 2020) and Dr. Dietmar Meister (from May 20, 2020, as Chairman of the Audit Committee) worked in regular close consultation with the Management Board as well as with the annual report auditors, BDO AG Wirtschaftsgesellschaft based in Hamburg, branch office in Munich, on issues such as financial reporting, the annual audit, the internal control system, and the risk and compliance management system.

MEETINGS AND MAIN TOPICS OF DISCUSSION

The Supervisory Board conducted regular discussions on the development of business, financial position, and strategic orientation of SUSS MicroTec, 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 and management system, and the independence of the auditor.

The main topics of the individual Supervisory Board meetings will be discussed below. Due to the protective measures for COVID-19, some meetings of the Supervisory Board were held either via a video call or conference call in the 2020 fiscal year.

The 2020 fiscal year started with an extraordinary session of the Supervisory Board at the Company's headquarters in Garching on January 29, 2020. The Supervisory Board first discussed the current business situation as well as the preliminary result of the 2019 Annual Report. The main topic of the discussion was the production of UV projection scanners at the US production site in Corona, California. The development of the production area so far as well as the consequences and alternatives of continuing or shutting down the site were discussed. In addition, the possible impact on other locations of SUSS MicroTec, particularly Taiwan, were discussed. After intensive discussions

and consideration of the possible alternatives, the Supervisory Board agreed to discontinue the laser tool and scanner product lines and to close the production site in Corona, California.

The first ordinary Supervisory Board meeting for the 2020 fiscal year was held at the Sternenfels production site on February 14, 2020. During the meeting, the Supervisory Board focused on the planning to be refined for the 2020 fiscal year and the long-term objectives as well as the incentive plan for the Management Board for the 2020 fiscal year. Making a decision on the remuneration of the Management Board was pushed back until the approval of the planning for 2020. The meeting then discussed and approved the amendments to the Company bylaws for the Management Board and Supervisory Board proposed by the Supervisory Board. The Supervisory Board also dealt with the further development of responsibilities within the Management Board and also with the Company's organizational structure at the level below the Management Board. In this context, it also discussed future appointments to top positions within the Group. The agenda for the Shareholders' Meeting and the schedule for 2021 were laid out. The Supervisory Board additionally approved setting up a credit line as part of the syndicated loan. The Supervisory Board addressed the further development of corporate governance as well as the compliance management system in the Group. The Management Board also informed the Supervisory Board about the current status of processes relating to data privacy and IT security. Finally, as part of a self-assessment, the Supervisory Board conducted an efficiency review in accordance with Section 5.6 of the German Corporate Governance Code in order to examine the efficiency of the Supervisory Board's work. The assessment was based on a questionnaire developed by the Hans Böckler Foundation.

The second extraordinary meeting of the Supervisory Board was held as a conference call on February 27, 2020. At this meeting, planning for 2020 was discussed and agreed upon with reference to the evolving risk situation related to the COVID-19 pandemic.

Representatives from the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second ordinary session on March 30, 2020, which was held as a conference call due to the COVID-19 pandemic. They reported the key results of the audit of the separate and consolidated financial statements for the 2019 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 Management Board reported about the 2019 fiscal year as well as the current development of business. Following an in-depth examination, the Supervisory Board approved the separate and consolidated financial statements of SUSS MicroTec SE prepared

for the 2019 fiscal year by the Management Board. The Supervisory Board also approved the Supervisory Board report about its activities in the 2019 fiscal year. Further topics of this Supervisory Board meeting included, in addition to general Management Board matters, ratifying a loan waiver on behalf of SUSS MicroTec Photonic Systems. The Management Board updated the Supervisory Board on the acquisition of PIXDRO, reported about the hedging concept, and introduced new IT solutions. In addition, the results of the efficiency review were discussed. In the context of the COVID-19 pandemic, the cost management of the Company in the 2020 fiscal year, additional possibilities for savings, as well as the current status and necessary measures were additionally discussed. The Supervisory Board approved the Nonfinancial Group Declaration and discussed open items in preparation for the agenda of the Shareholders' Meeting, which was held on May 20, 2020.

The third ordinary Supervisory Board Meeting was held on May 7, 2020, as a conference call. The Supervisory Board dealt with the current business situation, the Quarterly Report for the first quarter of the 2020 fiscal year, and the outlook for the entire 2020 fiscal year. Other topics included cost management, pandemic-related measures, particularly in the area of HR, and alternative courses of action in the event of various developments in the cash flow profile. In addition, the Management Board provided details on and discussed the status of different projects with the Supervisory Board. The 2020 incentive planning for the secondary management level as well as the target agreements for the Director of Operations were discussed during this meeting. The Shareholders' Meeting and the report of the Chairman of the Supervisory Board were further topics of the meeting.

The fourth ordinary meeting on May 20, 2020, was held immediately after the Shareholders' Meeting as a video conference. The Supervisory Board, newly constituted after the by-elections to the Supervisory Board, met for the first time without a chair. Following the elections of the Supervisory Board Chairman and Deputy Chairman as provided for in the articles of incorporation, the Chairs and members of the Personnel and Audit Committees were elected. In the subsequent joint meeting with the Management Board, the Chairman of the Supervisory Board reported on the resolved allocation of roles within the Supervisory Board. Further focuses of this meeting included the reports from the Management Board on IT matters as well as COVID-19 measures and the plans for enterprise risk management. Subsequently, the Supervisory Board discussed matters relating to the Management Board and the procedure for filling the vacant Supervisory Board position.

The third extraordinary Supervisory Board meeting followed the onboarding workshop for the new Supervisory Board members in Garching on July 3, 2020. The conclusions from the workshop relevant to strategy could thus be discussed directly afterwards. The topics of risk management, responsibility for the Operations area at Management Board level, and the liquidity situation and forecast of the Company were further focuses of the meeting.

The fifth ordinary Supervisory Board Meeting was held on August 3, 2020, at the Swiss production site and headquarters SUSS MicroOptics in Hauterive. The meeting covered, among other topics, the current business figures of the second quarter of 2020 and the outlook for the entire 2020 fiscal year. The Management Board presented a results analysis from 2017 to 2019 and provided an update on ongoing projects, IT investments and digitalization projects, the organization, and the Operations area. The audit assignment for the auditors was discussed during this meeting and the proposal of the Management Board to expand the scope of the audit with extensions was approved. The Supervisory Board approved executing an extension option of the maturity date of tranches of the syndicated loan agreement.

The fourth extraordinary Supervisory Board Meeting was held in Garching on October 7, 2020. During this meeting, the Chairman of the Supervisory Board and the Chairman of the Audit Committee reported on current topics. The Supervisory Board approved the scope of the 2020 audit and commissioned BDO AG Wirtschaftsprüfungsgesellschaft with the audit of the 2020 Annual Report. For the 2022 fiscal year, a new invitation to tender for the audit services will be issued due to the rotation obligation pursuant to Art. 17 (1) EU-VO. The Management Board reported on the current business situation in ongoing projects, including the integration of SUSS MicroTec Netherlands following its acquisition. In the framework of this Supervisory Board Meeting, the Legal Department of the Company briefed the new members of the Supervisory Board and refreshed the briefing of experienced Supervisory Board Members regarding insider-related topics according to the provisions of the EU Market Abuse Directive.

On November 9, 2020, the sixth ordinary Supervisory Board meeting of the 2020 fiscal year was held as a video conference. At this meeting, the Management Board reported on the business situation in the third quarter, the outlook for the entire 2020 fiscal year, and gave a status report on the ongoing planning for the 2021 fiscal year. The Chief Executive Officer and the Chairs of the Personnel and Audit Committees each reported on important topics. The Management Board reported on the current situation in ongoing projects, including a detailed presentation of the results of the compliance analysis. Finally, the Supervisory Board, without

the participation of the Management Board, reported the further procedure regarding the statutory revisions pursuant to the German Act on Implementing the Shareholders' Rights Directive (ARUG II), consulted on Management Board matters, and passed resolutions to amend the Company bylaws of the Supervisory Board and the Personnel Committee.

The seventh ordinary meeting, which was held on December 7, 2020, as a video conference, covered the current business situation as well as the report of the Chairman of the Supervisory Board and the reports from the committees, including the approval of a non-auditing service by the Supervisory Board. The regular topic of business planning for the following year was discussed in detail and an extraordinary Supervisory Board meeting was scheduled to approve the final plan. Furthermore, the Supervisory Board discussed the status of the ongoing projects as well as personnel and succession planning. Another key issue discussed and approved was the updated declaration of compliance with the German Corporate Governance Code. The Supervisory Board, without the Management Board, then discussed the status of preparations for the new statutory revisions pursuant to the German Act on Implementing the Shareholders' Rights Directive (ARUG II), the resulting effects on the Company bylaws of the Supervisory Board, and approved an amended version. Furthermore, Management Board matters were discussed.

The fifth and last extraordinary Supervisory Board Meeting in the 2020 fiscal year was held on December 18, 2020. The focus of this session, held as a video conference, was the corporate planning for the 2021 fiscal year. The Supervisory Board approved the statement of income planning submitted by the Management Board for the 2021 fiscal year.

ADDITIONAL MEETINGS OF THE SUPERVISORY BOARD

As part of a succession regulation for the CEO, the appointment of a COO, and the search for a fifth Supervisory Board member, the Personnel Committee (Nomination Committee and Remuneration Committee) and the Supervisory Board have held a large number of extraordinary meetings without the Management Board via video conference since June 2020. A meeting attendance compensation was requested only for the three meetings on October 9, 2020, November 13, 2020, and November 19, 2020.

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

All Supervisory Board members participated in all meetings and decisions during their term of office.

| Supervisory Board Member | Meeting participation | Of which: Personally present | Of which: Participation by telephone | Of which: Video Conference | Attendance (during ongoing term of office) |
|---|-----------------------|------------------------------|--------------------------------------|----------------------------|--|
| Dr. Stefan Reineck (until May 20, 2020) | 5 | 2 | 3 | | 100% |
| Jan Teichert (until April 30, 2020) | 4 | 2 | 2 | | 100% |
| Gerhard Pegam (until March 25, 2020) | 3 | 2 | 1 | | 100% |
| Dr. Myriam Jahn | 15 | 5 | 3 | 7 | 100% |
| Dr. Dietmar Meister | 15 | 5 | 3 | 7 | 100% |
| Dr. David Dean (since May 20, 2020) | 10 | 3 | | 7 | 100% |
| Jan Smits (since May 20, 2020) | 10 | 3 | | 7 | 100% |
| Dr. Bernd Schulte (since Nov. 6, 2020) | 5 | | | 5 | 100% |

MEETINGS OF THE PERSONAL AND AUDIT COMMITTEES

The **Personnel Committee** (Nomination Committee and Remuneration Committee), as of December 31, 2020, consisting of Supervisory Board members Dr. David Dean (Chairman), Dr. Myriam Jahn, Dr. Dietmar Meister, Jan Smits, and Dr. Schulte (from November 6, 2020) met for a large number of meetings by video conference in 2020. The main focuses of the committee meetings included the succession regulation for the CEO, the search for a COO, and the search for a fifth Supervisory Board Member, in addition to the further development of the remuneration systems for the Management Board and the Supervisory Board. All members of the Personnel Committee attended all of the meetings.

In the **Audit Committee**, with its constitution on May 20, 2020, the Supervisory Board members Dr. Dietmar Meister (Chairman), Dr. David Dean, and Jan Smits were elected. The committee deals in particular with the monitoring of accounting, the financial reporting process, corporate governance & compliance, the effectiveness of the internal control system, the risk management system, the internal audit system and the audit of the financial

statements. The Chairman of the Audit Committee has expertise in the fields of accounting and auditing (Section 107 (4), Section 100 (5) of the German Stock Corporation Act (AktG)) as well as special knowledge and experience in the application of internal control procedures.

In 2020, the **Audit Committee** met once in a face-to-face meeting and twice by video conference. All members of the Audit Committee attended all of the meetings. In preparation for the quarterly financial statements as of March 31, 2020, June 30, 2020, and September 30, 2020, the Chairman of the Audit Committee discussed the quarterly figures to be published in detail with the Management Board. In addition to the aforementioned tasks and the quarterly accounting issues, the Audit Committee dealt with the following special topics, among others:

- Company bylaws for the Audit Committee
- Management Letter 2019
- Financial reporting processes for material business processes and accounting manual
- Risk management processes and reports
- Effects of IFRS for financial reporting
- Recommendation on the scope of the engagement of the auditor for the 2020 fiscal year and on the focal points of the audit
- Further development of the internal reporting system for the Supervisory Board

TRAINING / ONBOARDING OF NEW MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board Members Dr. David Dean and Jan Smits, appointed in May 2020, were familiarized with the Company, together with the other Members of the Supervisory Board, as part of a two-day onboarding workshop on July 2 and 3, 2020. At the workshop, the business model, the Company strategy, products, markets, and technologies as well as the individual business divisions were introduced and discussed in detail. The Supervisory Board Members got to meet other senior executives below the Management Board. Factory tours were held at the German production sites in Garching and Sternenfels. A factory tour was given at the Swiss production site of SUSS MicroOptics in Hauterive for all members of the Supervisory Board on August 4.

CORPORATE GOVERNANCE

The Supervisory Board also concerned itself during the 2020 fiscal year with the content and particularly with the revisions of

the German Corporate Governance Code 2020, as well as their implementation. Information on corporate governance at the Company is published in the corporate governance declaration. An extensive report on the amount and pattern of remuneration for the Management and Supervisory Boards is provided in the Remuneration Report section of the condensed Management Report on pages 42 et seq. In December 2020, the Management and Supervisory Boards approved the updated 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.

At its meeting on February 14, 2020, the Supervisory Board conducted its efficiency review and its documentation in accordance with the German Corporate Governance Code (GCGC) as part of a self-assessment. No deficits within the meaning of the GCGC were identified. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members using Company-specific questions and checklists. The Company bylaws of the Supervisory Board (as of December 2020) require an efficiency review and verification of the efficacy of the committees at least once a year as a self-assessment.

The focus areas of the examination of efficiency are as follows:

- The processes within the Supervisory Board
- The quality of the discussion
- The focus of the Supervisory Board
- The necessity of creating additional committees

In the 2020 reporting year, there continued to be no consultancy agreements or other service or labor contracts between the members of the Supervisory Board and the Company. Conflicts of interest among Management and Supervisory Board members to be immediately disclosed to the Supervisory Board occurred in one case in the 2020 fiscal year. It was discussed with the Supervisory Board and an appropriate approach was agreed to avoid conflicts of interests.

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, 2020, 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, 2020, and issued an unqualified audit opinion for each. 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 April 6, 2021, 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. Particularly significant audit areas (key audit matters) include the impairment testing of goodwill and a right-of-use asset, as well as income recognition in the case of multi-component transactions in accordance with IFRS 15. In the individual financial statements of SUSS MicroTec SE, the valuation of the shares in SUSS MicroTec Inc. and the loans granted to it were also examined.

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 with the Group management report for the 2020 fiscal year on April 6, 2021, during the financial statements meeting. The Supervisory Board had no objections. After conducting a detailed examination, the Supervisory Board noted the reports of the auditor 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 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 Supervisory Board in the 2020 fiscal year. Dr. Stefan Reineck stepped down from his 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 was held on May 20, 2020.

In addition, Jan Teichert stepped down from his position as a member and deputy chairman of the Supervisory Board of SUSS MicroTec SE with one month's notice effective April 30, 2020, in accordance with the articles of incorporation. Gerhard Pegam stepped down from his position as a member of the Supervisory Board of SUSS MicroTec SE with one month's notice effective March 25, 2020, in accordance with the articles of incorporation.

Dr. David Dean and Jan Smits were newly elected to the Supervisory Board of SUSS MicroTec SE during the ordinary Shareholders' Meeting on May 20, 2020. Dr. Dean was also elected as the Chairman of the Supervisory Board and Dr. Myriam Jahn was elected as his deputy.

Upon the corresponding request by the Supervisory Board, with the resolution from November 6, 2020, Dr. Bernd Schulte was appointed to the Supervisory Board as its fifth member. With the appointment of Dr. Schulte, the Supervisory Board of the Company now consists of five members and is thus fully appointed in accordance with the articles of incorporation.

THANKS

The Supervisory Board would again like to express its sincere thanks to all employees of the Company and to recognize in particular the work performed in the past fiscal year, especially given the difficult working conditions during the COVID-19 pandemic.

Garching, Germany, April 2021

signed

Dr. David Dean

Chairman of the Supervisory Board

INVESTOR RELATIONS – SUSS MICROTEC IN THE CAPITAL MARKET

Society, international economic activity, and even our private lives were affected pandemic in the 2020 fiscal year by the all-encompassing influence of the ongoing COVID-19. The economy and capital markets will remain vulnerable to fluctuations triggered by news or measures related to the COVID-19 pandemic until widespread vaccinations have been implemented. In light of this, the DAX, Germany's leading index, was nevertheless able to climb to new highs at the end of 2020, closing the year at 13,750.99 points, up around 5 percent on the start of 2020.

THE SUSS MICROTEC SHARE

The SUSS MicroTec share fell to EUR 6.50 in the first quarter of 2020 following the publication of preliminary figures in January and with the start of the global economic downturn compared to a XETRA closing price of EUR 12.54 at the beginning of 2020. Over the same period, the TecDAX fell by approximately 15 percent. The performance of the Germany Prime IG/Semiconductor Index, which represents the largest listed German companies in the semiconductor industry including SUSS MicroTec SE, was significantly negative in the period from January to March 2020, displaying a loss of approximately 34 percent on March 31, 2020, compared to the beginning of the year.

After the SUSS MicroTec share reached its low for the year at the beginning of April, it was able to rise significantly over the course of the second quarter. At the end of the first half of the year, the XETRA closing price was EUR 14.44, which represented a gain of 15 percent from the beginning of the year. In the same period, the TecDAX lost approximately 4 percent while the Prime IG/Semiconductor Index rose by 1 percent.

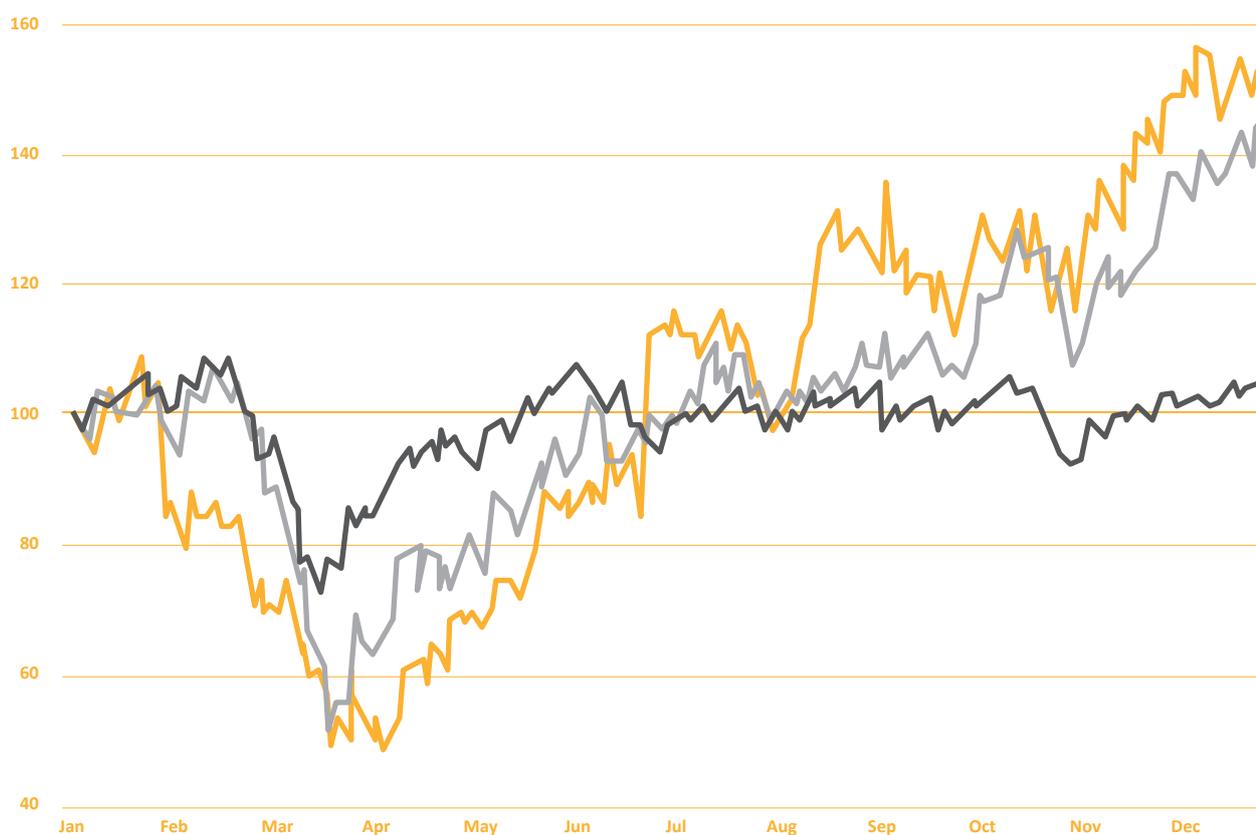
In the third quarter of 2020, the SUSS MicroTec share was able to continue its positive share price performance but had to record a few setbacks at the start of the quarter in July and also in early August and fell to below EUR 13. After publication of the mid-

year figures and confirming the annual guidance on August 6, 2020, the share price developed very positively and was at a XETRA closing price of EUR 15.82 at the end of the third quarter. This corresponds to growth of approximately 26 percent from the start of the year. In the same period, the TecDAX experienced a minor gain in share price of less than one percent, while the Prime IG/Semiconductor Index increased by approximately 12 percent in the first nine months of 2020.

In the fourth quarter of the fiscal year, the share achieved an intraday market value of over 20 euros for the first time in years. On December 30, 2020, the SUSS MicroTec share had a XETRA market value of EUR 18.90 at market closing. The year-end rally also manifested in all other index values in Germany and around the world.

The average daily trading volume of SUSS MicroTec shares on the German XETRA stock exchange in the 2020 fiscal year amounted to approximately 75 thousand shares (previous year: average daily trading volume of approximately 28 thousand shares).

PERFORMANCE OF THE SUSS MICROTEC SHARE IN 2020



XETRA closing price of the SUSS MicroTec share on January 2, 2020: € 12.54

— SUSS MicroTec SE, indexed
 — TecDAX, indexed
 — Prime IG Semiconductor, indexed

COMPARISON OF THE SHARE PERFORMANCE OF SUSS MICROTEC AND BENCHMARK INDEXES IN THE 2020 FISCAL YEAR

| | 12/30/2020 | 12/30/2019 | Change |
|-------------------------|------------|------------|--------|
| TecDAX (in points) | 3,228.81 | 3,014.94 | 7.09% |
| Prime IG Semiconductor | 615.49 | 410.89 | 49.79% |
| SUSS MicroTec SE (in €) | 18.90 | 12.00 | 57.50% |

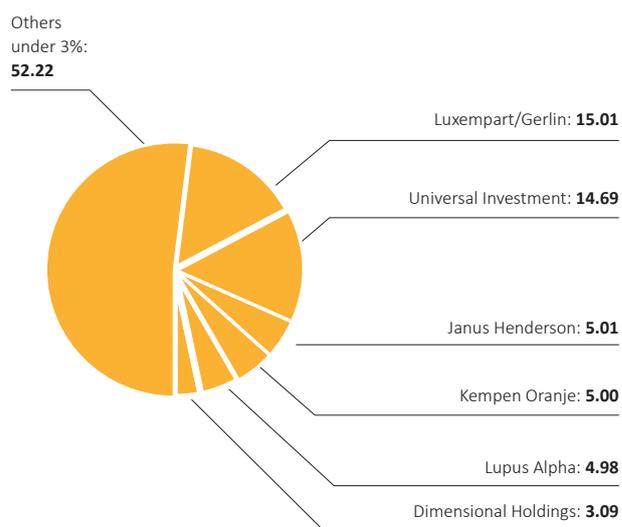
AN OVERVIEW OF THE SUSS MICROTEC SHARE

| | |
|--|-----------------------|
| ISIN | DE000A1K0235 |
| Reuters code | SMHN |
| Bloomberg code | SMHN:GR |
| Stock exchange segment | Prime Standard |
| Number of issued shares (as of 12/31/2020) | 19,115,538 |
| Description of securities | Registered shares |
| Designated Sponsor | MainFirst Bank AG |
| Initial public offering | 5/18/1999 |
| Opening/closing price for 2020 in € ¹ | € 12,54 / € 18,90 |
| Yearly high in € ¹ | € 19.54 12/04/2020 |
| Yearly low in € ¹ | € 5.99 04/03/2020 |

¹ Xetra closing price**OWNERSHIP INFORMATION**

There were no significant changes to our largest shareholders in the 2020 fiscal year. There were, however, a number of changes in the individual positions. Dimensional Holdings, for example, increased its share from 3.02 percent in 2019 to 3.09 percent in 2020. The share of Lupus Alpha decreased slightly from 5.06 percent in 2019 to 4.98 percent in 2020. Furthermore, the share of Janus Henderson increased slightly from 4.95 percent in 2019 to 5.01 percent in 2020. We received voting rights announcements on March 30, 2020, with the information that Luxunion S.A. (parent company of Luxempart Pipe SARL) and Gerlin N.V. (parent company of Teslin Capital Management BV) together hold 15.01 percent of the voting rights. Luxempart Pipe SARL and Gerlin NV had entered into an acting-in-concert agreement on February 13, 2020, and reported this to the authorities and the Company.

Free float as of the end of 2020 amounted to roughly 85 percent. Since two long-term oriented investment companies entered into an acting-in-concert agreement in 2020, the free float was reduced by this percentage according to the provisions of the German stock exchanges. The largest shareholders were predominantly funds, investment companies, and asset managers.

OWNERSHIP INFORMATION AS OF DECEMBER 31, 2020 in %

ANALYST RECOMMENDATIONS

At the end of 2020, six banks and research firms actively covered the Company. Compared to the previous year, the MainFirst Bank AG (Stifel) was added. As of December 2020, four analysts recommended the SUSS MicroTec share as a buy, while two rated it as neutral. An overview of current analyst reports about the SUSS MicroTec share is available on the internet at > www.suss.com > *Investor Relations* > *Share*.

SHAREHOLDERS' MEETING

The ordinary Shareholders' Meeting of SUSS MicroTec was held on May 20, 2020. Due to COVID-19 protection measures as well as the temporary legal situation, the Shareholders' Meeting was held as a virtual event via video feed. The shareholders were able to submit their questions and requests prior to the Shareholders' Meeting. The questions were answered by the Supervisory Board during the Shareholders' Meeting. In addition, Chief Executive Officer Dr. Franz Richter gave the meeting participants an overview of the ongoing fiscal year and an account of the fiscal year that had just concluded.

The following resolutions were approved as part of the Shareholders' Meeting. In addition to the decision about the discharge of liability for the Management Board and the Supervisory Board, a vote was held on the appointment of an auditor. In addition, Dr. David Dean and Jan Smits were elected to the Supervisory Board at this Shareholders' Meeting. Dr. Dean has held the position as Chairman of the Supervisory Board since then. The term of Dr. Stefan Reineck as Supervisory Board member and Chairman of the Supervisory Board ended after 13 years after the conclusion of the Shareholders' Meeting on May 20, 2020.

The shareholders of the Company approved all of the resolution proposals presented by the Management Board and the Supervisory Board at this year's ordinary Shareholders' Meeting.

CONDENSED MANAGEMENT REPORT

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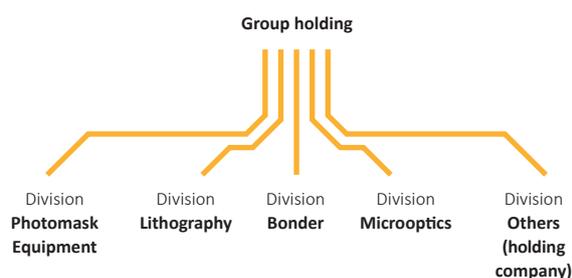
ECONOMIC REPORT

BUSINESS ACTIVITY, CORPORATE CONTROL, AND STRATEGIC ORIENTATION

The SUSS MicroTec Group (subsequently SUSS MicroTec) develops, manufactures, and markets machines for the production of microelectronics, microelectromechanical systems, and related applications. The SUSS MicroTec product portfolio encompasses a range of machines and solutions for the areas mid-end and back-end lithography, wafer bonding, and photomask cleaning. Our Swiss subsidiary that produces micro-optic components for the telecommunications industry – and also for the automotive industry – supplements our activities in specialized tool engineering for the semiconductor industry. As a supplier of system solutions for semiconductor technology, the SUSS MicroTec Group operates for the laboratory and production areas. The Company's activities focus on the innovative development of technologies with long-term potential for success in future-oriented markets and applications. In doing so, it aims to provide as close to end-to-end support for customer processes as possible in the form of manufacturing machinery. Once our machines have been delivered and installed, we are available to our customers as a service partner at our locations around the globe.

The Group is still comprised of five divisions in the 2020 fiscal year.

DIVISION STRUCTURE



MANAGEMENT AND CONTROL – REMUNERATION STRUCTURE FOR OFFICERS

SUSS MicroTec SE has a dual-management system. The Company bodies are the Management Board, the Supervisory Board, and the Shareholders' Meeting. The cooperation between the Management Board and the Supervisory Board is described in the section on the Group declaration regarding corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB).

The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance as well as for an optional retirement insurance. The amount of the fixed pay is first and foremost determined by the roles and responsibilities assigned. Variable remuneration includes short-term and long-term components. More information about this can be found in the Remuneration Report.

The remuneration of the Supervisory Board is set out in Section 19 of the articles of incorporation of SUSS MicroTec SE. In accordance with Section 19 of the articles of incorporation, the members of the Supervisory Board receive the following remuneration: In addition to the reimbursement of expenses and meeting attendance compensation of € 2,000 per meeting, every member of the Supervisory Board receives a fixed remuneration geared toward his/her responsibilities and the extent of the member's activities. According to this, the Chairman of the Supervisory Board receives € 60,000, the Deputy Chairman receives € 50,000, and a regular member of the Supervisory Board receives € 45,000 per fiscal year as fixed compensation.

LEGAL STRUCTURE OF THE GROUP

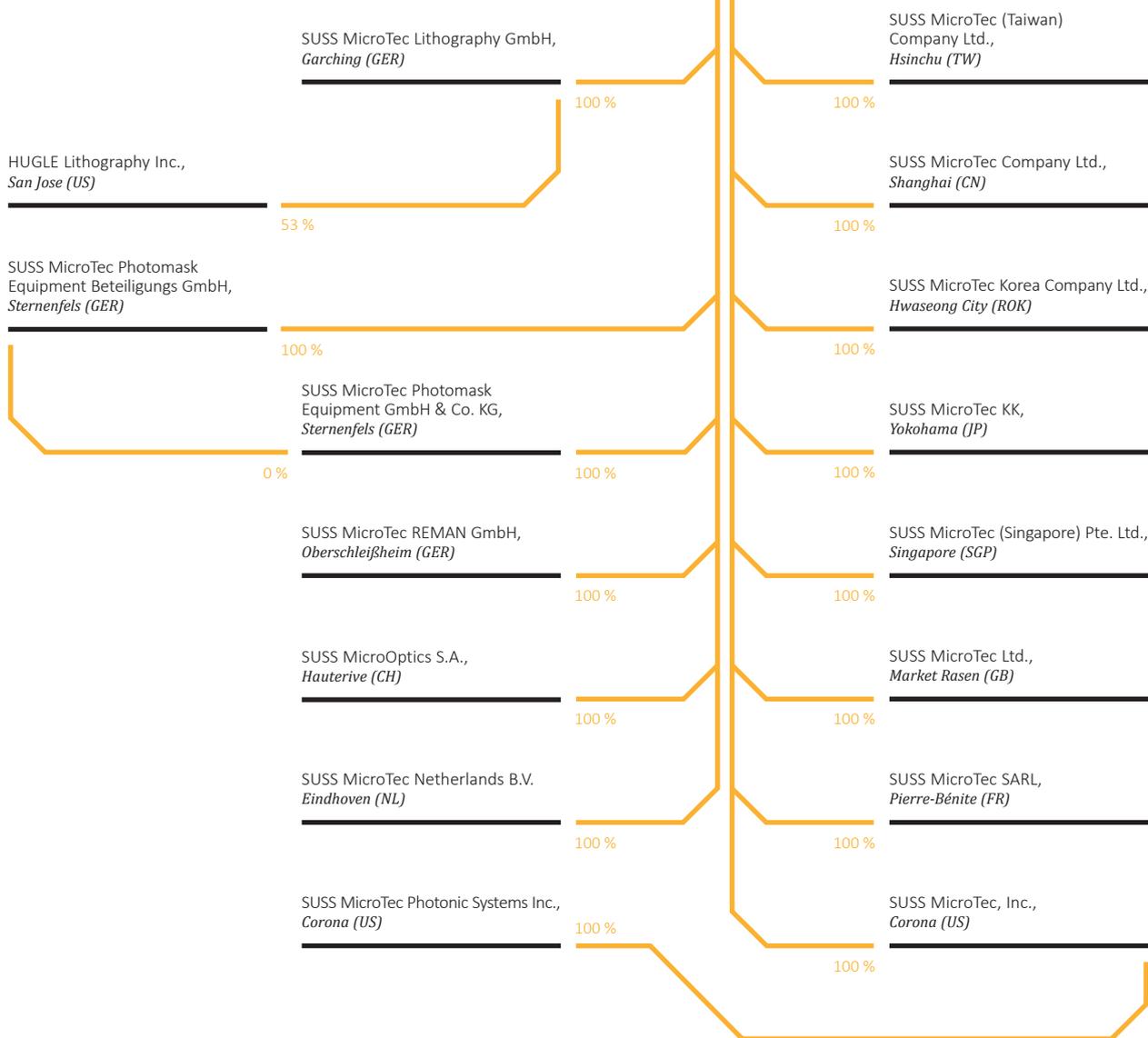
SUSS MicroTec SE (subsequently "the Company") came into existence on August 9, 2017, through its entry into the commercial register as part of a transformation in form from SUSS MicroTec AG based in Garching. The legal structure of the Group remains unchanged, consisting of the proprietary company, SUSS MicroTec SE, as the management and financial holding company, as well as the subsidiaries holding a majority of the proprietary company. The development and production activities as well as the local sales and service activities for the Group are each organized within the subsidiaries. SUSS MicroTec has locations in Germany, the United States, the United Kingdom, France, Switzerland, Japan, China, Singapore, South Korea, Taiwan, and the Netherlands.

SUSS MICROTEC SE
Garching (GER)

Others / Nonoperating

Production

Sales



CORPORATE CONTROL, OBJECTIVES, AND STRATEGY

SUSS MicroTec pursues the strategy of occupying niche markets in the industry of semiconductor suppliers. The goal is to operate in the relevant markets by way of the Company's clear positioning among the leading suppliers at all times. Partnerships with leading institutes and companies within the industry should ensure that significant trends and promising technologies are always identified early on and that the potential for SUSS MicroTec is examined. The focus is on organic growth. Technology acquisitions are, however, also considered if they feature interesting technologies or appropriate complementary products.

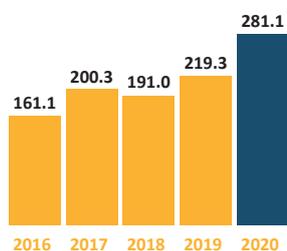
Our target markets are, in particular, the mid and back end of the semiconductor industry. Here, the finished chips are prepared for contacting at the wafer level with the corresponding end devices, such as cellular telephones or tablets. This processing step is called (advanced) packaging. We are also active in the front end of the semiconductor industry with our machines in the cleaning of photomasks. Our customers include globally leading and internationally operating microchip manufacturers as well as their foundries, who carry out their production according to external manufacturer requirements and do not have their own product and process development. Asia, particularly Taiwan,

Korea, and China, has generated the greatest contribution to sales for many years.

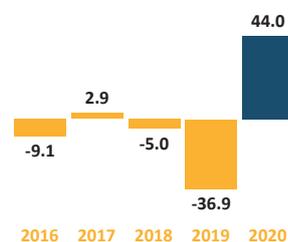
Corporate control is geared particularly toward the order entry, sales, and the EBIT margin of the individual divisions as well as the Company's free cash flow (difference between the cash flow from operating activities and the cash flow from investing activities). To SUSS MicroTec, these key figures represent the most significant financial performance indicators. Free cash flow is only a significant financial performance indicator at the Group level and is not used for controlling the individual divisions. The performance of the divisions is measured by observing the development of the gross profit margin (sales less manufacturing costs) and the divisions' earnings. The presentation of the division earnings now also includes income and expenses from foreign currency translation and asset disposals. In sum, the results of the divisions correspond to the key control figure operating income (EBIT, earnings before interest and taxes) of the Group.

The following charts show the development of key figures in the last five years.

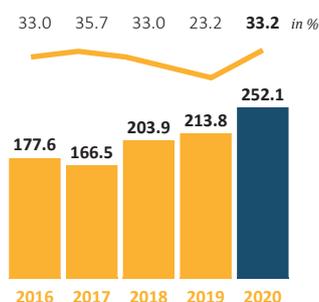
ORDER ENTRY in € million



FREE CASHFLOW in € million

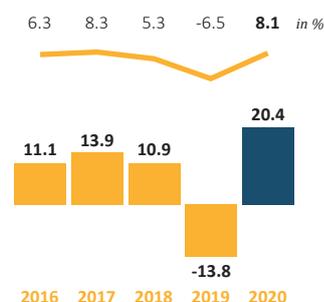


SALES in € million **AND GROSS MARGIN** in %¹



¹ Gross margin for 2019 was burdened by special write-downs of € 14.2 million related to the scanner and laser product lines. Without these extraordinary expenses, the gross margin for 2019 would have come to 29.9%.

EBIT in € million **AND EBIT MARGIN** in %¹



¹ EBIT for 2019 was burdened by special write-downs of € 14.2 million related to the scanner and laser product lines. Without extraordinary effects, an EBIT margin of 0.2% resulted.

² EBIT 2020 was burdened by a negative extraordinary effect of € 6.0 million for the closure of the production site in Corona, USA. This is offset by income from selling or the reversal of already written off production equipment amounting to € 3.4 million. Without extraordinary effects, an EBIT margin of 9.1% resulted.

ECONOMIC ENVIRONMENT

SHARP GLOBAL SLUMP IN ECONOMIC PERFORMANCE

The expected impact of the coronavirus (COVID-19) prompted the OECD to adjust its estimations for global economic growth downward to 2.4 percent in March 2020. The coronavirus resulted in a pandemic that had an enormous negative effect on the entire 2020 fiscal year. In the latest estimation from December 2020, the OECD assumes a decline of global real gross domestic product by 4.2 percent (source: OECD Economic Outlook, Volume 2020 Issue 2). In another economic assessment by the International Monetary Fund (IMF), a global recession and therefore a decrease of the world economic performance by 3.5 percent is assumed.

From a regional perspective, some countries in Europe in particular had to accept the strongest declines. Spain's economic performance declined by around 11 percent in 2020; the United Kingdom and Italy recorded declines of 10 percent and 9.2 percent, respectively. The eurozone as a whole recorded a decline in economic performance of 7.2 percent. Emerging countries were affected less overall and showed a decline in economic performance of 2.4 percent (source: IMF World Economic Outlook Update, January 2021).

For Germany, a decline in real gross domestic product for the entire fiscal year 2020 by 5.0 percent is expected (source: Federal Statistical Office and Federal Ministry of Finance, Monthly Report January 2021).

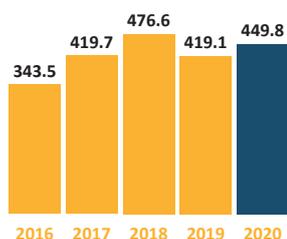
SEMICONDUCTOR MARKET

The semiconductor market also suffered from the COVID-19 pandemic in the 2020 fiscal year but was able to develop well compared to other industries. Given the background of the COVID-19 contact restrictions in particular, 2020 was characterized by comprehensive IT investments in the infrastructure for working remotely or working from home. In addition, the changeover to the new 5G mobile communications standard as well as investments in artificial intelligence and edge technologies were important growth drivers. Edge technologies are an important prerequisite to only bring relevant data instead of big data into the cloud and therefore help to reduce data traffic. In addition, there was a strong demand for servers, processors, and memory elements such as NAND and DDRAM in 2020, according to Gartner. Global sales with semiconductors increased accordingly and rose to US\$ 449.8 billion in 2020 after US\$ 419.1 billion in the previous year, despite the COVID-19 pandemic (source: Gartner: January 14, 2021).

SEMICONDUCTOR EQUIPMENT

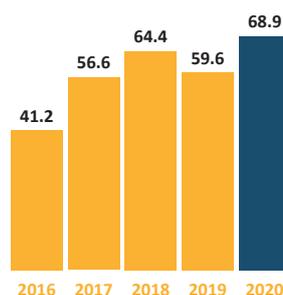
The positive development in the semiconductor is also reflected accordingly in the investments for semiconductor equipment. After a historic high in sales in the semiconductor equipment market of US\$ 64.4 billion, sales worldwide dropped by 10.5 percent to US\$ 59.6 billion in 2019 according to the statements of the SEMI industry association. The equipment market proved to be very robust in 2020 and was able to achieve a new high of US\$ 68.9 billion. This corresponds to an increase of approximately 16 percent from the previous year. From a regional perspective, China, Taiwan, and South Korea were the largest sales markets for semiconductor equipment (source: SEMI, December 14, 2020).

SALES DEVELOPMENT SEMICONDUCTOR MARKET
in US\$ billion



Source: Gartner, January 14, 2021

SALES DEVELOPMENT SEMICONDUCTOR EQUIPMENT MARKET
in US\$ billion



Source: SEMI, December 15, 2020

SUSS MICROTEC IN FIGURES

FINANCIAL POSITION: ORDER ENTRY, SALES, AND EBIT

Comparison of Full-Year Figures for 2020 – Forecast 2020

In the forecast report of the 2019 Management Report, the Company held out the prospect of Group sales of € 230 million to € 240 million and Group EBIT margin in a range of 2.5 to 3.5 percent for the 2020 fiscal year. In July 2020, the company increased the sales forecast to a range from € 240 million to € 260 million as part of the preliminary publication of the 2020 mid-year figures. The triggers were increased investments regarding the introduction of the 5G mobile communications standard. In addition, a corresponding improvement of the EBIT margin to a range of 3.0 to 5.0 percent was forecast. For the 2020 fiscal year, the Company planned order entry in a range from € 190 million to € 200 million, which was exceeded by far by generating orders of € 281 million. This is primarily due to the very positive market and sector development in the semiconductor industry despite the COVID-19 pandemic.

The earnings forecast was adjusted once more with the publication of figures for the third quarter in November 2020 to an EBIT margin of between 5.5 and 7.5 percent for the entire 2020 fiscal year. A constant high workload of production and the efficiency improvement measures introduced in production allowed for the significant increase in EBIT from the previous year. Reversals amounting to a total of € 3.4 million were performed in the 2020 fiscal year due to receiving orders for four scanners. These systems were already written off in the previous year due to the assessment of the success prospects of the Scanners product line.

SUSS MicroTec closed the 2020 fiscal year with sales of € 252.1 million, thereby within the range of increased expectations from July 2020. The EBIT margin reached 8.1 percent, which was slightly above the expectations last published in November 2020. High-margin sales and an improved utilization of production capacity as well as reversals for the Scanner area were the main reasons for a moderate increase of the EBIT margin compared to the original expectations.

For free cash flow, we forecast a value in a range from € 4 million to € 7 million in March 2020, but we indicated that the development of our liquidity generally depends on our customers' payment behavior and the down payments received. Free cash flow for 2020 was € 44.0 million as of the reporting date and therefore significantly exceeded our expectations. The main reasons for this included earnings development above the expectations as well as lower investments than planned, measures to reduce working capital, and successful efforts to increase customer payments, which grew significantly.

Overall, the 2020 fiscal year was very successful both because of and despite the restrictions and protective measures due to the pandemic. In particular, the sudden shift to working remotely and the rapidly increasing demand for telecommuting solutions proved to be a driver for orders and sales in the last fiscal year in addition to switching over to the 5G mobile communications standard. The Lithography division was able to benefit from these trends in particular.

Corporate Development in 2020

Order entry for SUSS MicroTec in the 2020 fiscal year totaled € 281.1 million, while order entry of € 219.3 million was generated in the previous year. The projected development for order entry was exceeded in the market environment of 2020 characterized by the COVID-19 restrictions. Overall, order entry in 2020 was over 28 percent higher than order entry in the previous year. This resulted in an order backlog of € 120.1 million as of December 31, 2020, as against € 93.2 million in the previous year. The ratio of newly received orders to realized sales (book-to-bill ratio) was 1.12 after 1.03 in the previous year.

Sales rose from € 213.8 million in the previous year to € 252.1 million, and they were distributed more evenly over the individual quarters than in the previous year.

In the 2020 fiscal year, the earnings position of the SUSS MicroTec Group showed a clear increase in earnings. EBIT increased from € -13.8 million in the previous year to € 20.4 million. EBIT in the 2019 fiscal year was burdened by impairments on assets in the scanner and laser product lines in the amount of € 14.2 million that were recognized when the success prospects associated with these two product lines were reevaluated. Without these extraordinary expenses, EBIT for the 2019 fiscal year would have amounted to € 0.5 million. In the 2020 fiscal year, EBIT was burdened overall by a negative extraordinary effect of approx. € 2.6 million. This results from charges due to the termination of production at the Corona (USA), location of € 6.0 million, which could be compensated in part by positive extraordinary effects as part of reversals of already written-off UV projection scanners amounting to approx. € 3.4 million. An additional negative impact on earnings resulted in December 2020 from the payment of a tax-advantaged special pandemic bonus to employees amounting to € 0.8 million.

The key figures for 2020 and the previous year are as follows:

| <i>In € million</i> | 2020 | 2019 |
|--|-------------|-------------|
| Order entry | 281.1 | 219.3 |
| Sales | 252.1 | 213.8 |
| Cost of sales | 168.4 | 164.1 |
| Reversals/special write-downs on assets of the laser and scanner product lines | -2.1 | 14.2 |
| Closure costs included in the cost of sales | 2.2 | 0 |
| Gross profit | 83.7 | 49.7 |
| Gross profit margin | 33.2% | 23.2% |
| Gross profit adjusted for extraordinary effects | 83.8 | 63.9 |
| Gross profit margin adjusted for extraordinary effects | 33.2% | 29.9% |
| Closure costs included in sales, administration, and development costs | 2.5 | 0 |
| EBIT | 20.4 | -13.8 |
| EBIT margin | 8.1% | -6.5% |
| EBIT adjusted for extraordinary effects | 23.0 | 0.5 |
| EBIT margin adjusted for extraordinary effects | 9.1% | 0.2% |
| Free Cashflow | 44.0 | -36.9 |

The three top-selling divisions of the Company were able to achieve an increase in sales in the 2020 fiscal year. In the top-selling division of SUSS MicroTec, Lithography, a significant increase in sales of 20.5 percent could be achieved. In 2020, the Lithography division accounted for 56.1 percent of Group sales. The Bonder division also recorded an increase in sales from € 26.4 million to € 30.4 million. In the Photomask Equipment division, sales again rose significantly from € 46.4 million to € 57.7 million. The Micro-optics division, on the other hand, experienced a decline in sales. Sales in 2020 declined slightly after a strong increase in 2019 from € 22.6 million to € 21.5 million.

In the 2020 fiscal year, a gross profit of € 83.7 million was generated, corresponding to a gross profit margin of 33.2 percent. In the previous year, the gross profit was € 49.7 million, with a gross profit margin of 23.2 percent. Gross profit in the 2019 fiscal year was burdened by extraordinary expenses of € 14.2 million related to impairments recognized on assets in the scanner and laser product lines. Without these extraordinary expenses, gross profit came to € 63.9 million, which corresponds to a gross profit margin of 29.9 percent.

The gross profit margin was burdened with expenditures for the discontinuation of production at the California site of € 3.5 million in 2020, € 1.2 million of which relate to other special write-downs. It was possible to reverse impairment losses totaling 3.4 million due to the receipt of orders for four scanners. These systems were already written off in the previous year due to the assessment of the success prospects of the Scanners product line. Overall, these effects burdened the gross profit margin with € 0.1 million. Without these extraordinary effects, gross profit

would have come to € 84.0 million, which corresponds to a gross profit margin of 33.2 percent.

The gross profit margin in the Lithography division could be increased from 12.6 percent in the previous year to 31.0 percent in 2020.

In addition, the margin increases in the Photomask equipment division contributed significantly to improving the Group gross profit margin while the gross profit margin of the segment could be increased from 35.8 percent to 40.0 percent.

The gross profit margins in the Bonder and MicroOptics divisions, however, followed a downward trend.

The respective gross profit margin adjusted for extraordinary effects in the Group could be increased from 29.9 percent in the 2019 fiscal year to 33.2 percent. The largest contribution to sales was made by the Lithography division for which the gross profit margin adjusted for extraordinary effects could be increased from 24.7 in the previous year to 31.2 percent.

Selling costs in the fiscal year increased disproportionately relative to sales to € 23.5 million (previous year: € 22.9 million), representing an expense ratio of 9.3 percent (previous year: 10.7 percent) relative to sales generated. The reasons for this were lower costs for business trips and travel costs in general due to the COVID-19 restrictions in the 2020 fiscal year since there was hardly any business travel. The same applies for trade fairs, seminars, and similar in-person events such as our Shareholders' Meeting.

Research and development costs decreased slightly in the last fiscal year, amounting to € 19.8 million (previous year: € 20.2 million). SUSS MicroTec held its activities in the research and development area at a similar level to the previous year.

The focuses in the coater/developer product line continued to be on the 300 mm system in addition to ongoing improvement of various individual components.

In the Mask Aligner division, a new generation of manual mask aligners was developed specifically for imprint applications and introduced to the market, and work on the automatic nano imprint cluster as well metrology applications were pursued in the Exposure Systems division.

In the Bonder division, work focused on completing and introducing to the market hybrid and fusion bond modules for the XBS200 and XBS300 systems. In this context, the post-bond alignment accuracy for the wafer-to-wafer hybrid bonding could be improved to <100 nm (3 sigma). Furthermore, the development of an improved plasma module for surface activation was started. For applications in the Temporary bonding division, a debonding module was developed that is based on a 355nm solid-state laser.

In the Photomask Equipment division, the development of a software application for analyzing the status of systems as well as the integration and qualification of new technologies in the area of EUVL photomask cleaning were in the focus.

Development activities in the Microoptics division focused on the automotive segment. Here, we are active with our micro-lenses in the light carpet area for the automotive entry area.

Administration costs relative to sales increased from € 18.9 million in the previous year to € 20.8 million, corresponding to an expense ratio of 8.2 percent (previous year: 8.9 percent). The increase resulted in part from a rise in personnel expenses in the administrative area. For example, additional staff was hired in the administrative area. In addition, there was a temporary increase in consulting expenses related to finding staff and further developing compliance management in 2020.

Other operating income totaled € 4.3 million in the fiscal year (previous year: € 1.7 million). As in the previous year, it primarily includes foreign currency adjustments amounting to € 3.2 million (previous year: € 1.2 million). In comparison to the previous year, the increase primarily results from foreign currency effects related to US\$ positions due to the more volatile US\$ course compared to the previous year.

Other operating expenses amounted to € 3.4 million in 2020 (previous year: € 3.2 million) and primarily included expenses from foreign currency translation amounting to € 2.6 million (previous year: € 2.5 million) and other taxes.

Depreciation and amortization of intangible assets and tangible assets came to € 7.8 million (previous year: € 8.6 million). As a result, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 28.2 million (previous year: € -5.2 million). After adjustments to reflect extraordinary effects, EBITDA would have amounted to € 31.0 million.

The financial result for 2020 amounted to € -0.4 million (after € -0.4 million in the previous year). A slight increase is due to the Group's increased financing needs in the first six months of 2020, during which part of the syndicated loan line from the syndicated loan agreement concluded on October 24, 2019, was still being utilized. However, the utilization from the syndicated loan agreement as of December 31, 2019, amounting to € 9.5 million was repaid in full by the middle of the 2020 fiscal year. In addition, there has been a SUSS MicroTec SE loan for financing the Garching property for many years as well as a another newly incurred long-term loan of € 10 million in 2019.

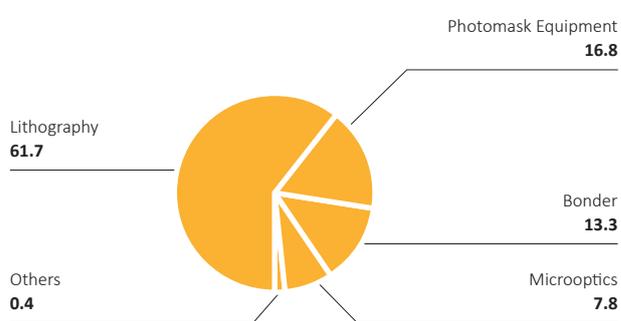
Financial income of € 5 thousand (previous year: € 18 thousand) resulted from interest income.

Group earnings before tax of € 20.0 million were subject to tax expense of € 7.7 million. The high tax expense relative to earnings before tax resulted again primarily from the accumulated losses of foreign Group companies in the 2020 fiscal year (particularly in the USA), for which (as in previous years) no deferred tax assets were recognized in view of the current Group budget.

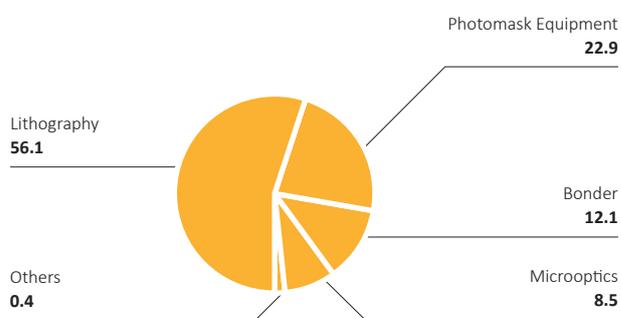
The Group generated a profit for the 2020 fiscal year of € 12.4 million (previous year: loss after taxes of € -16.3 million). Basic earnings per share amounted to € 0.65, after € -0.85 in the previous year.

DEVELOPMENT IN THE INDIVIDUAL DIVISIONS

ORDER ENTRY BY DIVISION *in %*



SALES BY DIVISION *in %*



The main key figures for each division are explained below.

Lithography

The Lithography division includes the development, manufacture, and sale of the mask aligners and UV projection scanners as well as coater and developer product lines. These product lines are manufactured in Germany at the locations in Garching near Munich and in Sternenfels. In addition, the production of coat-ers and developers was started in Taiwan in 2020. With a contribution to sales of more than 55 percent, the Lithography division is SUSS MicroTec Group's largest division. The components that are manufactured with these tools are sent primarily to the end markets of advanced packaging, microelectromechanical systems, compound semiconductors (LED), and 3D integration.

The development and production of the UV projection scanner and laser processing tool product lines, which falls within the remit of the American subsidiary SUSS MicroTec Photonic Systems Inc. (Corona, USA), ended in the 2020 fiscal year. After a part of the in-progress and written-off equipment was still able to be sold in 2020 and orders for further UV projection scanners were acquired, the Company decided and announced at the beginning of 2021 that the production of the UV projection scanners will be resumed in the course of 2021 at the new production site in Taiwan.

LITHOGRAPHY KEY FIGURES

| <i>in € million</i> | 2020 | 2019 |
|---|-------------|-------------|
| Order entry | 173.5 | 106.0 |
| Division sales | 141.4 | 117.3 |
| Gross profit margin | 31.0% | 12.6% |
| Gross profit margin adjusted for extraordinary effects | 31.1% | 24.7% |
| EBIT division earnings | 9.0 | -19.3 |
| EBIT division earnings adjusted for extraordinary effects | 11.6 | -5.1 |
| Net assets | 53.1 | 65.9 |
| Employees | 615 | 558 |

In the 2020 fiscal year, the Lithography division achieved order entry of € 173.5 million (previous year: € 106.0 million) and sales of € 141.4 million (previous year: € 117.3 million). This corresponds to 20.5 percent higher sales and 63.7 percent higher order entry compared to the previous year. Coater sales increased significantly, with the 300mm equipment business showing particularly positive development. SUSS MicroTec was able to record package orders, i.e., orders for a large number of machines of the same type. Overall, the demand for production equipment for advanced packaging as well as for 5G applications also proved to be very strong. From a regional perspective, the orders mainly came from the Asia region. As expected, the UV projection scanner and laser ablation product lines made only a small contribution to the division's order entry and sales in the 2020 fiscal year because production was discontinued. SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.), based in Eindhoven, Netherlands, and acquired in early 2020, made a contribution to sales of € 4.0 million in the 2020 fiscal year.

The gross profit margin in the Lithography division was 31.0 percent in the last fiscal year, up considerably on the previous year (12.6 percent). The gross profit margin in 2019 was burdened with the impairments referred to above in the amount of € 14.2 million. After adjusting for these extraordinary expenses, the gross profit margin came to 24.7 percent for 2019.

The gross profit margin of the Lithography division was burdened with further expenditures for the discontinuation of production at the production site in California in 2020. Closure costs incurred in 2020 reduced gross profit by € 3.5 million, of which € 1.2 million relate to further impairments. The Company was able to reverse impairment losses totaling € 3.4 million due to the receipt of orders for four scanners which had been written off in the previous year due to success prospects of the Scanners product line. Overall, these effects burdened the division's gross profit with € 0.1 million. Without these extraordinary effects, the division's gross profit would have come to € 44.0 million, which corresponds to a gross profit margin of 31.1 percent.

There are various reasons explaining the significant increase in the gross profit margin. In addition to significantly lower extraordinary charges in 2020, the high-margin sales with mask aligners and the significant increase in sales for coaters contributed to improving the gross profit margin. In addition, we recorded an improved utilization of production capacity and lower levels of absenteeism compared to the previous year across all divisions.

The Lithography division contributed earnings of € 9.0 million (previous year: € -19.3 million) to consolidated earnings before interest and taxes (EBIT). After adjustments to reflect the extraordinary expenses of € 14.2 million, EBIT for 2019 came to € -5.1 million as well as a negative EBIT margin of € -4.3 percent.

At the end of the 2020 fiscal year, the EBIT margin was 6.4 percent. The EBIT of the Lithography division, however, was burdened with further expenditures for the termination of production at the production site in California in 2020. In addition to the effects described above, which burdened gross profit by a total of € 0.1 million, further closure costs of € 2.5 million arose. These costs were disclosed under selling, administrative, and development costs. Overall, these effects decreased the EBIT of the Lithography division by € 2.6 million. Without these extraordinary effects, EBIT would have come to € 11.6 million, which corresponds to an EBIT margin of 8.2 percent.

Overall, this significantly exceeded the targets in the Lithography division regarding sales, gross profit, and EBIT.

Bonder

The Bonder division comprises the development, production, and sale of bonders. Manufacturing is located at our largest site in Sternenfels. Markets addressed by the bonder systems include microelectromechanical systems, compound semiconductors, and 3D integration.

BONDER KEY FIGURES

| <i>in € million</i> | 2020 | 2019 |
|------------------------|-------|-------|
| Order entry | 37.4 | 24.6 |
| Division sales | 30.4 | 26.4 |
| Gross profit margin | 30.6% | 32.8% |
| EBIT division earnings | 0.4 | -0.3 |
| Net assets | 19.8 | 22.0 |
| Employees | 99 | 101 |

Sales in the Bonder division developed positively to € 30.4 million (previous year: € 26.4 million). This was primarily attributable to an increase in demand for temporary bonding systems for 3D packaging (further development of 3D memory chips), IoT and medical technology applications (including COVID-19 testing devices). Order entry in the 2020 fiscal year was € 37.4 million, significantly above the figure in the previous year (previous year: € 24.6 million). In the past year, there were more orders for temporary bonding systems, orders for permanent bonders, and – for the first time – for applications in the hybrid bonding area, particularly from the Asia region.

The gross profit in the Bonder division amounted to € 9.3 million in the last fiscal year after € 8.7 million in the previous year. The gross profit margin decreased from 32.8 percent to 30.6 percent due to conversion costs for a system that was not accepted.

The Bonder division reported a segment result (EBIT) of € 0.4 million, compared with € -0.3 million in the previous year. This corresponds to an EBIT margin of 1.3 percent after -1.1 percent in the previous year. The improvement in earnings is primarily attributable to a disproportionate increase in costs in the areas of research and development and administration. This slightly exceeded the target achievement in the Bonder division regarding sales. The targets for gross profit and EBIT were exceeded significantly.

Photomask Equipment

The Photomask Equipment division comprises the development, manufacture, and sale of specialized tools for the cleaning and processing of photomasks for the semiconductor industry. This business unit is also located at the Sternenfels site. Among the markets targeted by the Photomask Equipment division is the semiconductor industry, where SUSS MicroTec is primarily active on the front end. The microchips are manufactured in the front end of the semiconductor industry; downstream process steps like sawing up the wafer into individual microchips take place in the back end.

PHOTOMASK EQUIPMENT KEY FIGURES

| <i>in € million</i> | 2020 | 2019 |
|------------------------|-------|-------|
| Order entry | 47.2 | 64.0 |
| Division sales | 57.7 | 46.4 |
| Gross profit margin | 40.0% | 35.8% |
| EBIT division earnings | 15.3 | 9.8 |
| Net assets | 19.7 | 24.8 |
| Employees | 154 | 150 |

In the last fiscal year, the Photomask Equipment division recorded a significant decrease in order entry after an unusually high number had been achieved in the previous year. Order entry at the end of December 2020 was € 47.2 million after a very high level of € 64.0 million in the previous year. Division sales increased correspondingly, reaching € 57.7 million after € 46.4 million in the previous year. The continued positive orders position is due to the high propensity to invest among our customers in the extreme ultraviolet (EUV) lithography segment. Here too most of the demand came from the Asia region.

The gross profit margin increased in the 2020 fiscal year to 40.0 percent. In the 2019 fiscal year, it was possible to achieve a margin of 35.8 percent. The gross profit margin is subject to similar volatility as order entry and sales since it is determined by a few individual large-volume orders that have different margins. The gross profit margin could be improved significantly in 2020.

The Photomask Equipment division was able to contribute earnings of € 15.3 million (previous year: € 9.8 million) to Group EBIT. The EBIT margin was 26.5 percent, up again considerably as against the previous year (EBIT margin 2019: 21.1 percent). The target value was not quite achieved for sales. Nevertheless, the expectations for gross profit and EBIT could be exceeded due to individual high-margin orders.

Microoptics

The production and sales of microlenses and highly specialized optics for a variety of industrial applications are housed in the Microoptics division. These activities are bundled in SUSS MicroOptics S.A. in Hauterive, Switzerland.

MICROOPTICS KEY FIGURES

| <i>in € million</i> | 2020 | 2019 |
|------------------------|-------|-------|
| Order entry | 21.9 | 23.6 |
| Division sales | 21.5 | 22.6 |
| Gross profit margin | 27.0% | 35.7% |
| EBIT division earnings | 0.0 | 2.2 |
| Net assets | 23.0 | 17.7 |
| Employees | 106 | 94 |

As a result of the COVID-19 pandemic, especially in the Automotive sector, the targets for order intake, sales, and earnings could not be achieved for the 2020 fiscal year. The Company had to report reduced working hours in the first and second quarters. Quality concerns with a main supplier, who has now been replaced with another supplier, had an additional negative impact on earnings. In addition, development activities resulted in the acquisition of new orders in the Automotive area and the construction of a cleanroom for expanding capacities weighed on earnings.

Order entry decreased from € 23.6 million in the 2019 fiscal year to € 21.9 million in 2020, which corresponds to a decrease of 7.8 percent. Division sales amounted to € 21.5 million after € 22.6 million in the corresponding period of the previous year, decreasing by 4.9 percent. The gross profit margin decreased to 27.0 percent after 35.7 percent in the previous year.

EBIT in the Microoptics division came to € 0.0 million (previous year: € 2.2 million), which equates to an EBIT margin of 0.0 percent (previous year: 9.7 percent).

DEVELOPMENT IN THE MOST IMPORTANT REGIONS

Order entry

Asia, EMEA (Europe, Middle East, Africa), and North America are important regions of the world for SUSS MicroTec's business. The regions of Asia and EMEA reported much higher order entry in the 2020 fiscal year than in the previous year. Order entry in EMEA increased from € 47.7 million in the previous year to € 52.3 million. Order entry in Asia rose by 42.6 percent to € 202.8 million. Accounting for just under 65 percent of the Group's order entry, Asia remains the most important sales region for SUSS MicroTec. SUSS MicroTec reported order entry of € 26.0 million in the North America region in 2020, which equates to a decline by 11.6 from the previous year.

Sales

The increase in sales and therefore the achievement of the forecast that had been increased in summer 2020 resulted from the Asia region, while sales in the EMEA and North America regions followed a downward trend. Sales in the Asia region, for example, climbed from € 133.8 million to € 185.2 million. In North America, sales dropped from € 26.4 million to € 22.7 million.

Asia was burdened with a drop in sales affecting lithography machines and bonders, whereas sales in the Photomask Equipment division showed very positive development in this region. The strong order entry in the Asia/Pacific region for photomask equipment came largely in the second half of 2020. This meant that, due to the standard production times for our machines, it was no longer possible to realize these orders as sales before the end of 2020.

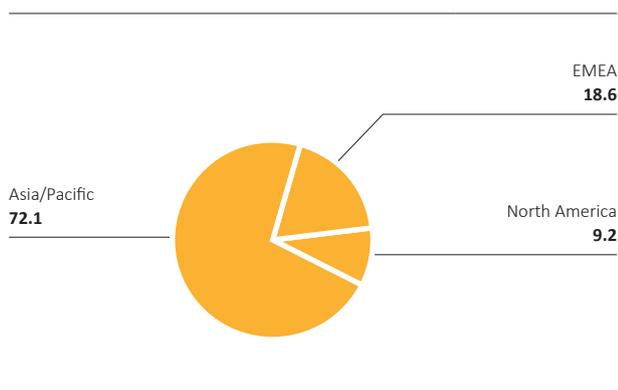
ASSETS AND FINANCIAL POSITION

The Group's net liquidity – the balance of cash and cash equivalents and financial liabilities – improved from € 18.0 million in the previous year to € 20.3 million as of December 31, 2020.

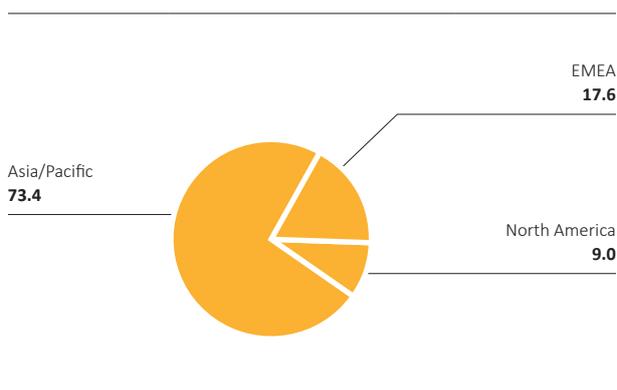
The amount of cash and cash equivalents increased from € 10.3 million in the previous year to € 40.8 million at the end of the reporting year. Financial liabilities decreased, totaling € 20.5 million as of December 31, 2020, compared with € 28.3 million at the end of the previous year.

Assets and liabilities obtained as a result of the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) were completely disclosed in cash flow from investing activities. As a result, reconciling changes in items in the statement of financial position with corresponding operating cash flow items is possible only to a limited extent.

ORDER ENTRY BY REGION in %



SALES BY REGION in %



Cash flow from operating activities totaled € 55.2 million (previous year: € 30.8 million). The main reason for the significant improvement was that the Group result increased by € 28.6 million compared to the previous year.

In addition, the strong € 14.1 million increase in customer payments received improved liquidity compared to the previous year. Further, a positive cash effect of around € 9.6 million resulted from the reduction of inventory reserves. Both the reduction of contractual assets by € 0.9 million as well as trade receivables by € 1.2 million compared to the previous year resulted in an improvement in liquidity. The reduction of trade receivables was primarily due to the improved receivables management. The change in trade payables produced a liquidity outflow of € 0.4 million. All in all, the changes in working capital of € 25.5 million had the effect of increasing liquidity. In the previous year, the negative effect resulting from changes in working capital came to € -28.4 million. In addition, tax refunds of € 5.6 million had a positive impact on the liquidity situation.

Cash flow from investing activities amounted to € -11.2 million (previous year: € -6.1 million); of this amount, approximately € 6.8 million related to investments in tangible assets. Cash outflows of approximately € 4.7 million had been recorded by the end of 2020 for the expansion of cleanrooms and the purchase of various pieces of technical equipment at SUSS MicroOptics, Haute-riive, Switzerland. Further cash outflows of approximately € 1.3 million related to investments in different technical equipment and demo equipment for the Lithography division for the Garching and Sternenfels locations. In addition, due to the expansion of the activities of SMT in the facilities rented since 2019, a total of € 1.1 million was invested in operating and office equipment. The remaining investments primarily involved operating and office equipment as well as leasehold improvements.

Investments in intangible assets in the current fiscal year were € 1.1 million (previous year: € 0.5 million) and mainly concern cost of sales for software.

With the purchase agreement of December 19, 2019, SUSS MicroTec SE has acquired 100% of the shares of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) with headquarters in Eindhoven, Netherlands, from Meyer Burger (Germany) GmbH. Meyer Burger (Pixdro) B.V. (formerly Meyer Burger Netherlands B.V.) emerged from the divestment of Meyer Burger Netherlands B.V. as part of the transaction. Through the acquisition of this business, SUSS MicroTec added the option of applying photo resists and dielectric layers by means of this new process to its existing lithography product portfolio in its coater/developer segment.

The valuation date is based on the time of assumption of control in accordance with IFRS 3.9. Therefore, March 31, 2020 (transfer of the shares with all associated rights and obligations), was used as the reference date for the initial consolidation and the purchase price allocation. In the process, a purchase price allocation was carried out for the essential acquired intangible

and tangible assets and liabilities. In addition, the previously unrecognized internally generated intangible assets and liabilities were recognized. Overall, the purchase of this investment burdened cash flow investing activities by € 3.3 million.

Free cash flow therefore amounted to € 44.0 million. In the previous year, free cash flow of € 36.9 million was generated. This key figure is determined from the difference between the cash flow from operating activities and the cash flow from investing activities and represents the cash and cash equivalents available for distribution and debt servicing.

Cash flow from financing activities totaled € -13.3 million (previous year: € 16.4 million). The loan tranche from the syndicated loan agreement signed in 2019 as of December 31, 2019, amounting to € 9.5 million could be paid back in full thanks to the good liquidity situation in 2020. As in the previous year, the Company once again made planned repayments totaling € 1.0 million for the bank loan of SUSS MicroTec SE, which serves to finance the business property in Garching. In addition, repayments of rental and lease liabilities burdened cash flows from financing activities in the amount of € 2.8 million.

Aside from cash and cash equivalents of € 40.8 million (previous year: € 10.3 million), at the end of the reporting year, the Group had a syndicated credit line of € 56.0 million (previous year: € 56.0 million) that can be used for guarantees up to € 16 million and for cash drawdowns of up to € 40 million. As of the reporting date, utilization in the form of cash loans came to € 0 million (previous year: € 9.5 million) and the utilization in the form of guarantees amounted to € 6.3 million (previous year: € 8.3 million).

By taking out the long-term loans and the syndicated loan agreement, which has a term until October 24, 2025, the Group has sufficient financial leeway to finance product developments, planned investments, and other strategic activities in the coming year, according to current estimates.

In addition to goodwill, business properties in Garching and Sternenfels account for the bulk of noncurrent assets.

Goodwill amounted to € 18.3 million (previous year: € 15.7 million). A part of goodwill (US\$ 2.4 million) is denominated in US dollars and therefore is subject to currency fluctuations. The increase in goodwill compared to the previous year results from goodwill acquired as part of the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.). The entire amount of goodwill is assigned to the Lithography division.

In addition, noncurrent assets encompassed licenses and patents as well as the SAP system activated at SUSS MicroTec SE, with a total carrying amount of € 2.2 million (previous year: € 1.2 million). They were composed of € 1.0 million (previous year: € 0.7 million) for the Lithography, Bonder, Photomask Equipment, and Micro-optics divisions, and € 1.2 million (previous year: € 0.5 million) for the Others division. In 2019, SUSS MicroTec also spent € 2.9 million to acquire a right of use as part of a cooperation agreement

with a customer in the USA. This gives the Company the right to use an applications center and the machines installed in the center for a period of five years. This right-of-use asset was allocated to the Lithography and Bonder divisions. There were delays in the installation of this equipment in the 2020 fiscal year due to the COVID-19 pandemic and structural changes in the operator consortium. The installation and final acceptance of this equipment, and thus the start of the contractually guaranteed five-year utilization period, is being pursued in close coordination with the collaborating partners.

The two business properties in Garching and Sternenfels, which – together with the production, warehousing, and administration buildings – carried a residual book value of € 15.5 million at the end of the year (previous year: € 16.1 million), accounted for the largest share of tangible assets. SUSS MicroTec Lithography GmbH, SUSS MicroTec Photomask Equipment GmbH & Co. KG, and SUSS MicroTec SE are located there.

The remaining tangible assets are less significant for the assets position of the Group, as it does not typically rely on cost-intensive production equipment.

The right-of-use assets resulting from rental and lease agreements that have to be set up under IFRS 16 were reported for the first time in the 2019 fiscal year. The carrying amount of the right-of-use assets according to IFRS 16 came to € 10.1 million (previous year: € 7.4 million). The carrying amount of tangible assets rose by € 6.4 million as against the previous year. The increase is due primarily to the investments for the expansion of cleanrooms and the purchase of various technical systems at SUSS MicroOptics, Hauterive (Switzerland) amounting to approximately € 4.7 million as well as the increase in the carrying amount of the right-of-use assets according to IFRS 16 amounting to € 2.7 million compared to the previous year. The increase is mainly due to the extension of rental contracts of SUSS MicroOptics, Hauterive, (Switzerland) from 2020 for the office and commercial space used in an industrial park.

Deferred tax assets amounted to € 1.3 million as of the reporting date, after € 0.8 million in the previous year. On the other side of the balance sheet, deferred tax liabilities of € 9.1 million (previous year: € 3.3 million) are mainly reported in connection with temporary differences at the level of the German companies with regard to goodwill, customer down-payments received and trade receivables, for the inventories as well as the contractual assets. Differences mainly result from the different revenue recognition between IFRS and German tax law. The German companies once again reported a surplus of deferred tax liabilities over deferred tax assets as of December 31, 2020. In addition, deferred tax assets were recognized on temporary differences for provisions for pensions of SUSS MicroOptics, Hauterive, Switzerland, amounting to € 0.6 million (previous year: € 0.6 million). The German companies and SUSS MicroOptics, Hauterive, Switzerland, were the main companies for deferred tax positions in the 2020 fiscal year.

Taking into account the annual earnings for 2020, there were tax loss carryforwards amounting to approximately € 8.6 million

(previous year: 7.5 million) for the German companies as of December 31, 2020. Deferred tax assets of € 2.4 million (previous year: 2.1 million) were recognized on this amount. As in previous years, no deferred tax assets for loss carryforwards were recognized for the loss carryforwards of the US companies or the subsidiary in Japan.

Current assets rose by € 21.3 million in the reporting year to € 166.1 million. The increase is mainly due to cash and cash equivalents that increased by € 30.5 million. In exchange, the reduction of inventories by € 2.0 million, the reduction of trade receivables by € 1.3 million as well as the reduction of contractual assets by € 0.9 million had the opposite effect. In addition, the tax refunds for German companies paid in 2020 for the 2019 fiscal year reduced current tax assets by a total of € 4.3 million.

Inventories fell from € 75.0 million as of the previous year's reporting date to € 73.1 million as of the end of the year. The gross value of materials and auxiliary supplies, on the other hand, decreased by approximately € 3.9 million to € 42.3 million. In addition, the gross value of demonstration equipment decreased from € 31.7 million to € 17.6 million. The cumulative value adjustments relating to demonstration equipment, materials and auxiliary decreased from € 39.2 million to € 27.8 million.

Furthermore, inventories of unfinished goods increased by € 2.8 million to € 28.4 million, as some machines could not be completed in time for the end of the year. In addition, the inventory of finished goods increased compared to the previous year by € 2.3 million since some systems were only delivered in early 2021 as requested by the customers.

Trade receivables decreased from € 19.0 million in the previous year to € 17.7 million. The reduction is primarily due to the improved receivable management.

Contract assets involve claims of SUSS MicroTec for consideration for services from machine deliveries that have been completed but not yet invoiced as of the reporting date. They came to a total of € 30.2 million at the end of the year and therefore slightly decreased compared to the previous year (previous year: € 31.2 million).

The amount of cash and cash equivalents increased from € 10.3 million to € 40.8 million.

The drop in other assets from € 4.2 million in the previous year to € 3.3 million at the end of the year was largely due to factors relating to the reporting date.

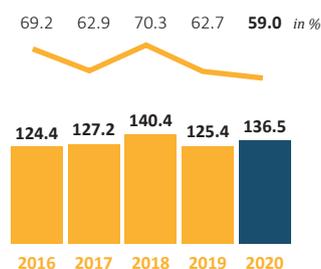
Noncurrent liabilities increased from € 24.5 million to € 32.3 million. Noncurrent liabilities included financial liabilities, which totaled € 16.7 million in the fiscal year (previous year: € 15.1 million). The noncurrent liabilities also include the Group's pension provisions in the amount of € 6.4 million, as well as deferred tax liabilities of € 9.1 million. While financial debts toward banks were reduced by € 1.4 million, noncurrent lease liabilities in-

creased by € 3.0 million. As in the previous year, a scheduled repayment of € 1.0 million was made against the loan to finance the property in Garching. The strong increase of passive latent taxes by € 5.8 million compared to the previous year primarily results from the large differences in the results between IFRS and tax law for the German subsidiaries due to the different recognition of income.

Current liabilities increased from € 50.0 million to € 62.3 million. Bank liabilities fell by € 9.0 million to € 1.4 million since the syndicated loan facility used on December 31, 2019, amounting to € 9.5 million could be paid back in full in 2020. Current financial debt from lease obligations passivated according to IFRS 16 decreased slightly from € 2.8 million to € 2.4 million. The customer down payments included in current liabilities increased significantly, amounting to € 25.7 million as of the end of the fiscal year (previous year: € 9.3 million). Trade payables recorded a slight reporting date-related decrease from € 10.0 million in the previous year to € 9.8 million. Other financial liabilities increased from € 6.8 million to € 10.4 million due to higher obligations for premiums and commissions and employee bonuses. Provisions increased slightly from € 4.2 million to € 4.5 million. Tax liabilities remained constant at € 0.8 million (previous year: € 0.7 million).

The shareholders' equity of the SUSS MicroTec Group has grown by 8.9 percent to € 136.5 million as of December 31, 2020. The equity ratio fell compared with the previous year from 62.7 percent to 59.0 percent due to an increase of total assets by € 31.5 million compared to the previous year.

SHAREHOLDERS' EQUITY *in € million* **AND EQUITY RATIO** *in %*



INVESTMENTS

Targeted Capital Expenditure Strengthens the Company

SUSS MicroTec SE is the owner of the business properties in Garching and Sternenfels, where the Company headquarters as well as the offices of SUSS MicroTec Lithography GmbH and SUSS MicroTec Photomask Equipment GmbH & Co. KG are located. SUSS MicroTec SE continuously invests in the Company buildings at both sites in order to keep them in state-of-the-art condition.

Due to the structure of the Company, investments in technical equipment and machinery are not a significant component of its development. Fundamental value is added through the design, assembly, and alignment of components, as well as the corresponding software management. These activities do not require any capital expenditure-intensive production equipment or tools. Due to the expected growth of the Company, however, additional investment in capacity expansion will be required in the future. In the Microoptics division, a new cleanroom will be put into operation for the growing automotive business in 2021 for which additional increased investment costs will be incurred in the coming years for the equipment for serial production. Due to the expansion of the production capacities in Taiwan, additional investments will incur in the lower single-digit million range.

It is assumed that the usual investments in existing tangible assets will be within the range of approximately four to five percent of annual sales in the long term. Intangible assets were recognized for development costs that satisfy the IFRS requirements for capitalization.

SUSS MicroTec SE is the owner of the Group-wide SAP system, which is used by the German companies as well as by SUSS MicroTec, Inc. (Corona, USA), SUSS MicroTec Photonic Systems Inc. (Corona, USA), and SUSS MicroTec (Taiwan) Company Ltd. (Hsinchu, Taiwan).

EMPLOYEES

The employees and their knowledge and expertise are a significant part of the Company's value. Our business is characterized by internationality, global positioning, and cultural diversity. We have employees around the globe in development, production, administration, sales, and service, who constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We work in flat hierarchies with short decision-making processes and enable our employees to play an active role and to develop in accordance with their abilities and preferences. The motivation, knowledge, and flexibility of our employees are important prerequisites for the long-term success of the Company.

As of the end of the 2020 fiscal year, the Group employed 1,009 employees (previous year: 937). In the entire Company, 39 apprentices were employed in commercial and technical areas as of December 31, 2020 (2019: 41). The Company has collaborated with universities and research institutes for many years to make SUSS MicroTec known to talented graduates and up-and-coming talent as early as possible in order to ensure the successful existence of the Company.

Listed companies are obligated to issue a nonfinancial declaration. Therefore, SUSS MicroTec prepares a separate nonfinancial report that presents issues of the employees as well as the objectives and measures for achieving these objectives. This report will be published together with the Management Report in the German Federal Gazette as well as in the Annual Report and on the corporate website.

As a result of the law for the equal participation of women and men in management positions in the private and public sectors (Section 76 (4) and Section 111 (5) of the German Stock Corporation Law (AktG)), which went into effect in May 2015, certain companies are obligated for the first time to set targets for the share of women in both the Supervisory Board and the Management Board and at the next two management levels. In addition, a deadline must be set for achieving the respective share of women. We report extensively on target quotas and target fulfillment in the 2020 fiscal year in the Corporate Governance Report.

RESEARCH AND DEVELOPMENT

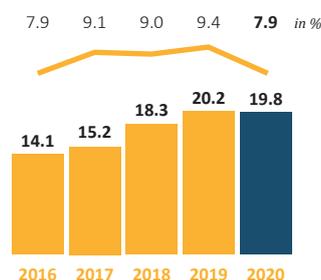
Research and development expenditures decreased from € 20.2 million in the previous year to € 19.8 million, which corresponds to an expense ratio of 7.9 percent (previous year: 9.4 percent) in relation to sales in the 2020 fiscal year. In the previous year, research and development costs amounting to € 3.8 million were incurred for the scanner and laser product lines, which were discontinued in the 2020 fiscal year. In the 2020 fiscal year, research and development costs amounting to € 1.1 million were incurred for SUSS MicroTec Photonic Systems Inc. (Corona, USA). When adjusted for the presented expenses of SUSS

MicroTec Photonic Systems Inc. (Corona, USA), which were attributed entirely to the Lithography division, research and development costs increased from € 16.4 million to € 18.8 million compared to the previous year, representing an expense ratio of 7.4 percent (previous year: 7.7 percent). This includes customer-specific development costs that were included in the cost of sales.

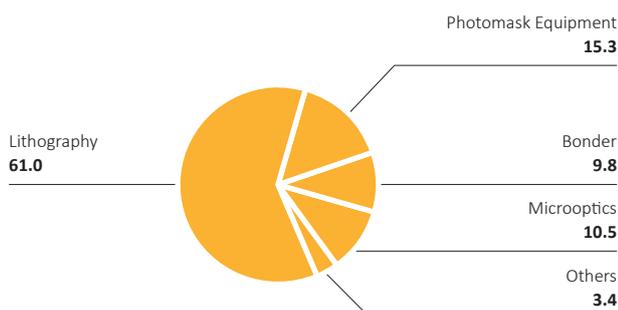
The expenses related to the Lithography division came to € 10.5 million (previous year: € 11.5 million). The research and development costs of the Lithography division, adjusted for the effects of SUSS MicroTec Photonic Systems Inc. (Corona, USA) shown above, were € 9.4 million (previous year adjusted: € 7.7 million) in the current fiscal year. Furthermore, the expenses related to the Bonder division came to € 3.8 million (previous year: € 3.8 million). € 3.8 million (previous year: € 3.2 million) was attributable to the Photomask Equipment division. The Microoptics division reported research and development expenses of approximately € 1.3 million in 2020 (previous year: € 1.1 million).

At the end of 2020, 189 employees – almost a fifth of the employees of SUSS MicroTec – were employed in the area of research and development (previous year: 169 employees).

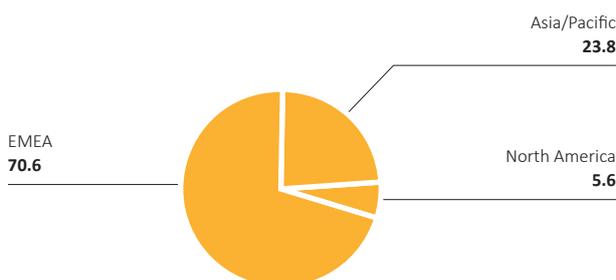
RESEARCH AND DEVELOPMENT EXPENDITURES (R&D) in € million AND R&D RATIO in % of sales



EMPLOYEES BY DIVISION in %



EMPLOYEES BY REGION in %



THE HOLDING COMPANY – SUSS MICROTEC SE

The holding company is responsible for the steering and management of the SUSS MicroTec Group. Among other things, it assumes responsibility for strategic alignment, for example the expansion of the product portfolio, the acquisition of other companies and technologies, and financial issues affecting the entire Group. The holding company is also responsible for corporate identity, investor relations, marketing, and insurance management. Furthermore, the holding company assumes the financing of strategically important development projects of the operating subsidiaries.

With the exception of the investment in HUGLE Lithography Inc., San Jose, USA, with a participatory investment of 53.1%, SUSS MicroTec SE is the sole shareholder of the companies included in the consolidated financial statements. The holding company has only provided loans to subsidiaries and their subsidiaries. The earnings position of the holding company as an individual company is not directly dependent on the development of the Company's markets. The holding company is primarily refinanced by allocating costs for management services, IT system costs and licenses, insurances for the operating companies, leasing the buildings at the Garching and Sternenfels sites to subsidiaries, through interest income from loans to subsidiaries, and through a transfer of profit from existing profit and loss transfer agreements and profit distributions of the subsidiaries.

PRESENTATION OF THE KEY FINANCIAL FIGURES OF THE HOLDING COMPANY

| in € thousand | SUSS MicroTec SE (HGB) | | | |
|----------------------------|------------------------|---------|--------|------|
| | 2020 | 2019 | Change | in % |
| Annual net profit/loss | 716 | -18,536 | 19,252 | – |
| Shareholders' equity | 63,140 | 62,424 | 716 | 1 |
| Total assets | 125,467 | 109,952 | 15,515 | 14 |
| Equity ratio | 50% | 57% | | |
| Noncurrent assets | 82,590 | 78,908 | 3,682 | 5 |
| in percent of total assets | 66% | 72% | | |
| Current assets | 42,877 | 31,044 | 11,833 | 38 |
| in percent of total assets | 34% | 28% | | |

Profit for the year is the most important financial performance indicator for the holding company.

SIGNIFICANT CHANGES IN THE ASSETS AND FINANCIAL POSITION

Intangible assets amounted to € 1.2 million (previous year: € 0.6 million) as of the reporting date.

Shares in affiliated companies were recognized as € 56.9 million (previous year: € 55.6 million) as of the reporting date.

With the purchase agreement of December 19, 2019, SUSS MicroTec SE has acquired 100% of the shares of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) with

headquarters in Eindhoven, Netherlands, from Meyer Burger (Germany) GmbH. Meyer Burger (Pixdro) B.V. (formerly Meyer Burger Netherlands B.V.) emerged from the divestment of Meyer Burger Netherlands B.V. as part of the transaction. Therefore, March 31, 2020, was used as the reference date for the purchase price allocation. The purchase costs of the participation were a total of € 3.3 million.

A write-down on the recognized value of the investment of SUSS MicroTec Inc., Corona (USA) of € 1.8 million and the write-down on the recognized value of the participation of SUSS MicroTec Ltd., Market Rasen (United Kingdom) of € 0.2 million had an off-setting effect.

Loans to affiliated companies increased by approximately € 2.2 million to a carrying amount of € 8.4 million. The increase results primarily from a loan granted to SUSS MicroOptics, Hauterive (Switzerland) required for financing long-term investments, primarily for expanding the cleanroom capacities.

The loan granted to SUSS MicroTec KK, Yokohama (Japan), in the amount of JPY 775 million (previous year: JPY 775 million) had a carrying amount of € 1.1 million as of December 31, 2020.

The loan granted to SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan, with a nominal amount of TWD 85 million (previous year: TWD 85 million), had a carrying amount of € 2.5 million as of December 31, 2020.

The loan granted to SUSS MicroTec Inc., Corona (USA), with a nominal amount of US\$ 3 million (previous year: US\$ 3 million) had a carrying amount of € 2.4 million as of December 31, 2020. In addition, no loans that were already fully value-adjusted in the past amounting to US\$ 14.5 million were used in the 2020 fiscal year.

Current receivables from affiliated companies declined by € 13.8 million to € 5.7 million. The drop is primarily due to the negative annual earnings under commercial law reported by SUSS MicroTec Lithography GmbH that were assumed by SUSS MicroTec SE on the basis of the existing profit and loss transfer agreement. The profit transferred from SUSS MicroTec Reman GmbH, on the other hand, was positive, as was the amount of equal-phase revenue recognition of SUSS MicroTec Photomask Equipment GmbH & Co. KG.

In the fiscal year, the liquidity position of SUSS MicroTec SE increased significantly by € 30.8 million to € 36.4 million. The main reason for the significant improvement was that the Group result improved compared to the previous year. The German subsidiaries distributed their liquidity to SUSS MicroTec SE as part of a cash pool liability.

Liabilities to affiliated companies increased by € 25.1 million to € 49.0 million in the fiscal year. The increase primarily resulted from the increase of the cash pool liability toward SUSS MicroTec Lithography GmbH.

Bank borrowings fell over the course of 2020 by € 10.5 million to total € 10.5 million.

SUSS MicroTec SE has taken out a KfW loan via IKB Deutsche Industriebank AG in the amount of € 10 million with a term of ten years that was paid out in two € 5 million tranches in April 2019 and August 2019. No principal repayments are due on the loan until June 30, 2021.

SUSS MicroTec SE entered into a syndicated loan with four banks (Deutsche Bank AG, Landesbank Baden-Württemberg, Commerzbank Aktiengesellschaft and Crédit Mutuel – BECM Banque Européenne du Crédit Mutuel SAS) totaling € 56 million on October 24, 2019. Under this syndicated loan agreement with a term of five years, SUSS MicroTec SE has been granted a € 40 million credit line for cash drawdowns as well as a guarantee line of € 16 million. For a partial amount of the credit line of € 24 million, the loan issuance of cash drawdowns occurs in individual tranches of € 0.5 million with terms of one, three, six, or twelve months; they are issued on a revolving basis. The remaining amount of € 16 million can be used as an overdraft facility. The guarantee line can also be used by other German companies of the SUSS MicroTec Group. The cash credit facility was not used as of December 31, 2020 (previous year: € 9.5 million). SUSS MicroTec SE has a contractual option to extend the syndicated loan. Three syndicate banks have agreed to an extension by another year.

As in the previous year, planned repayments were made amounting to € 1.0 million for a bank loan for financing the business property in Garching in the 2020 fiscal year. The loan had a residual book value of € 0.5 million as of December 31, 2020 (previous year: € 1.5 million).

As a result of positive annual earnings, the Company's shareholders' equity increased from € 62.4 million to € 63.1 million. Since the profit or loss transfers of the subsidiaries were higher than planned due to the positive business development in 2020, SUSS MicroTec SE was able to exceed the planned target for earnings for the 2020 fiscal year.

SIGNIFICANT EVENTS WITH INFLUENCE ON THE EARNINGS POSITION OF THE HOLDING COMPANY

In the annual financial statements of SUSS MicroTec SE under commercial law, a net profit of € 0.7 million was generated in the 2020 fiscal year (previous year: loss for the year of € 18.5 million).

The sales of the holding company amounted to € 11.2 million (previous year: € 10.2 million), primarily encompassing invoices billed to the subsidiaries for management services, marketing, and insurance. Sales also included charges for the Group-wide SAP system, rental income, and license fees.

Other operating income primarily includes foreign currency gains totaling € 3.3 million (previous year: € 0.2 million). In comparison to the previous year, the increase primarily results from

foreign currency effects related to US\$ positions due to the more volatile US\$ course compared to the previous year.

Other operating expenses include – along with ongoing expenses for administration – foreign currency losses totaling € 0.7 million (previous year: € 0.7 million).

As a result of the profit and loss transfer agreement with SUSS MicroTec Lithography GmbH, Garching (Germany), which has been in effect since January 1, 2011, expense from a loss transfer of € 6.2 million (previous year: expense of € 9.1 million) was recognized in profit or loss at the holding company. As a result of the profit and loss transfer agreement with SUSS MicroTec REMAN GmbH, Oberschleissheim (Germany), which was concluded in the 2008 fiscal year, income from a profit transfer of € 0.2 million (previous year: € 0.6 million) was recognized at the holding company. Income from investments of € 7.7 million (previous year: € 1.2 million) continued to be recognized from the equal-phase revenue recognition of SUSS MicroTec Photomask Equipment GmbH & Co. KG.

Income from loans from financial investments include interest income for long-term loans that were granted to the subsidiaries SUSS MicroTec Photonic Systems Inc. (Corona, USA), SUSS MicroTec Inc. (Corona, USA), and SUSS MicroTec KK (Yokohama, Japan).

Financial investments were written down by € 2.0 million (previous year: € 7.0 million). Of this amount, € 1.8 million related to the investment in SUSS MicroTec, Inc. (Corona, USA), and € 0.2 million to the investment in SUSS MicroTec Ltd. (Market Rasen, United Kingdom).

Interest expenses rose by € 0.2 million to € 0.5 million in comparison to the previous year.

SUSS MicroTec SE had an average of 31 employees in the 2020 fiscal year (previous year: 29).

The short and medium-term development of SUSS MicroTec SE primarily depends on how the financial and earnings position of important subsidiaries develops. The financial and earnings position of the subsidiaries is critical for the level of the interest-bearing net financing balance of the holding company and the distribution and transfer of profits to the proprietary company. In addition, earnings are influenced by foreign currency effects that result primarily from changes in the exchange rates of USD and JPY.

The development in the Group's net liquidity will be largely reflected at SUSS MicroTec SE as the financial holding company in 2021 as well, as the subsidiaries tend to maintain only a small amount of cash. For 2021, we plan to increase the profit for the year based on the development of Group earnings compared to the 2020 fiscal year. We particularly expect higher profit transfers and dividend distributions by the subsidiaries.

DISCLOSURES OF TAKEOVER PROVISIONS IN ACCORDANCE WITH SECTION 289A AND SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

1. Composition of subscribed capital

As of December 31, 2020, the subscribed capital of the Company totaled € 19,115,538.00 (previous year: € 19,115,538.00). The equity capital is divided into 19,115,538 (previous year: 19,115,538) registered, no-par-value individual shares representing a pro rata amount of € 1.00 per share. The shares are fully paid in.

The same rights and obligations apply to all shares. Each share confers one vote at the Shareholders' Meeting and determines the shareholders' portion of the Company's profits. A shareholder in relation to the Company is only someone who is entered as such in the register of shareholders. Shareholders must provide the Company with the information necessary to be included in the share registry.

2. Restrictions with regard to voting rights or the transfer of shares

There are no restrictions with regard to voting rights or the transfer of shares, as stipulated by the articles of incorporation. We are also not aware of the existence of such agreements between shareholders.

3. Investments in capital that exceed 10 percent of the voting rights

During the fiscal year, Universal-Investment-Gesellschaft mbH, Frankfurt, held more than 10 percent of the Company's capital, and since the last disclosure on November 25, 2019, its share of the Company's capital amounted to 14.69 percent. Furthermore, on February 13/14, 2020, and February 19, 2020, we received disclosures from Luxunion S.A. (Luxembourg/Luxembourg), Tesling Capital Management BV (Maasbergen/Netherlands), and Gerlin NV (Maasbergen/Netherlands) who have entered into an acting-in-concert agreement and thus executed voting rights amounting to 13.32 percent. On March 26, 2020, Luxunion S.A. (Luxembourg/Luxembourg), Teslin Capital Management BV (Maasbergen/Netherlands), and Gerlin NV (Maasbergen/Netherlands) disclosed to us that their voting share exceeded the threshold of 15 percent on March 24, 2020, and was 15.01 percent on that day. The current voting rights announcements in accordance with the German Securities Trading Law (WpHG) are also published on the website > www.suss.com under Investor Relations.

4. Shares with extraordinary rights that grant controlling authority

Shares with extraordinary rights that grant controlling authority do not exist.

5. The nature of voting rights control when employees have a stake in the Company's capital and do not exercise their control rights directly

When SUSS MicroTec SE issues shares to its employees through the employee stock program, the shares are directly transferred to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder directly in accordance with applicable laws and the articles of incorporation. There is currently no stock option program for employees.

6. Legal provisions and rules in the articles of incorporation for appointing members to the Management Board and asking them to step down as well as making changes to the articles of incorporation

The appointment and dismissal of members of the Management Board are governed by Articles 39, 46 of the SE Regulation, Section 16 of the German SE Implementation Act, Sections 84 and 85 of the German Stock Corporation Law (AktG), and Section 8 of the articles of incorporation of the Company. Accordingly, Management Board members may be appointed by the Supervisory Board for a maximum period of six years. A reappointment or extension of their terms is permitted for a maximum of six years. The Supervisory Board decides on the appointment and dismissal of Management Board members with a simple majority vote. The Management Board consists of a minimum of two persons, whereby the number of Management Board members is determined by the Supervisory Board. The Supervisory Board may appoint a member of the Management Board as the Chairman or Spokesman of the Management Board as well as a Deputy Chairman or Spokesman of the Management Board. If a required member of the Management Board is absent, in urgent cases the member can be legally summoned upon petition by a concerned party. The Supervisory Board may revoke the appointment of a Management Board member and the nomination of the Chairman of the Management Board for good cause.

Changes to the articles of incorporation require a resolution by the Shareholders' Meeting. Such resolutions require a simple majority of the votes cast and a simple majority of the equity capital represented during the resolution, in accordance with Section 27 (1) of the articles of incorporation, as long as the law does not prescribe a larger majority. The authority to make changes which pertain to the wording only is delegated to the Supervisory Board, in accordance with Section 18 (3) of the articles of incorporation.

7.

Authority of the Management Board to issue or buy back shares

The Management Board is authorized to increase the Company's equity capital in the period through June 5, 2023, one or more times by up to a total of € 2,500,000.00 through the issuance of up to 2,500,000 new registered share certificates for cash or non-cash contributions (authorized capital 2018) with the approval of the Supervisory Board. In the process, the shareholders are granted subscription rights. The new shares can also be taken over by one or more banks determined by the Management Board with the obligation to offer these to shareholders (indirect subscription rights). However, the Management Board is authorized to exclude the subscription rights of shareholders with the approval of the Supervisory Board:

- to offset fractional amounts;
- if in the case of an increase in capital stock against tangible assets, shares are granted for the purpose of acquiring companies, parts of companies, or investments in companies (including an increase in existing investments), or for the purpose of acquiring receivables against the Company;
- if an increase in capital stock for cash contributions does not exceed 10 percent of the equity capital and the issue price of the new shares is not significantly lower than the stock market price (Section 186 (3)(4) of the German Stock Corporation Law (AktG)); when utilizing this authorization excluding subscription rights in accordance with Section 186 (3)(4) AktG, the exclusion of subscription rights based on other authorizations in accordance with Section 186 (3)(4) AktG should be taken into account.

The notional amount of equity capital accruing to the total shares issued for cash or non-cash contributions in accordance with this authorization excluding subscription rights of shareholders may not exceed 10 percent of equity capital at the time this authorization takes effect. Deducted from this limit are shares that

- a) were issued or sold in direct or corresponding application of Section 186 (3)(4) of the German Stock Corporation Law (AktG) excluding subscription rights during the term of this authorization and
- b) are issued or can or must be issued to service bonds with conversion or option rights or obligations, insofar as the bonds are issued after this authorization takes effect in corresponding application of Section 186 (3)(4) of the German Stock Corporation Law (AktG) excluding the subscription rights of shareholders.

The Management Board is authorized, with the approval of the Supervisory Board, to establish further details regarding the increase in capital stock and its implementation. The Supervisory Board is authorized to adjust the wording of the articles of incorporation accordingly following each utilization of approved capital or expiration of the deadline for the utilization of approved capital.

The Company is furthermore authorized to acquire treasury shares. The authorization is limited to the acquisition of treasury shares with a notional share of equity capital of up to 10 percent. At no time may more than 10 percent of the equity capital accrue to the accordingly acquired shares together with treasury shares, which are already owned by the Company or are attributable to it in accordance with Sections 71a et seq. AktG. The authorization can be exercised by the Company or by third parties acting on behalf of the Company in whole or partial amounts, on one or more occasions. The authorization applies until June 5, 2023. It can also be exercised by Group companies or third parties acting for the account of the Company or a Group company. The acquisition occurs via the stock exchange or by means of a public tender offer directed to all shareholders.

8.

Significant agreements on the part of the Company subject to the condition of a change of control resulting from a corporate takeover bid

A syndicated loan of € 56 million exists with a consortium comprised of Deutsche Bank AG, Landesbank Baden-Württemberg (LBBW), Commerzbank AG, and Banque Européenne Crédit Mutuel (BECM). This loan contains a right to extraordinary cancellation if there is a significant change in the Company's circumstances and the parties have not reached a timely agreement regarding maintaining the credit relationship.

There are no other significant agreements on the part of SUSS MicroTec SE subject to the condition of a change of control resulting from a corporate takeover bid.

9.

Compensation agreement of the Company with Management Board members or employees in the event of a corporate takeover bid

The service contract of a departed member of the Management Board contains a change-of-control clause, which provides for an exceptional right of termination in case Management Board duties are suspended prematurely due to a change of control.

In summary, no special rules exist with regard to the voting rights tied to shares or any control options resulting from this, either through the establishment of special stock categories or through restrictions on voting rights or transfers. There are no provisions extending beyond the legal regulations regarding the appointment of members of the Management Board or asking them to step down. Important business fields or activities of SUSS MicroTec SE may not be discontinued due to existing change of control clauses in the event of a takeover bid.

GROUP DECLARATION REGARDING CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289F AND SECTION 315D HGB

On March 31, 2021, the Management Board and Supervisory Board of SUSS MicroTec SE issued a joint Group declaration regarding corporate governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and made it available on the Company's website at www.suss.com > *Investor Relations > Corporate Governance*. The joint Group Declaration on Corporate Governance also includes the report on the Company's corporate governance for the first time starting with the 2020 fiscal year.

NONFINANCIAL GROUP DECLARATION IN ACCORDANCE WITH SECTION 315B OF THE GERMAN COMMERCIAL CODE (HGB)

The Management Board of SUSS MicroTec SE has prepared a non-financial Group declaration for the 2020 fiscal year in accordance with the provisions of Section 315b (1), (3) of the German Commercial Code (HGB).

The declaration is made available together with the condensed Management Report in a separate nonfinancial report in the German Federal Gazette on the Company's website at www.suss.com > *Investor Relations* > *Publications in accordance with Sections 315b, 315c HGB*.

REMUNERATION REPORT

REMUNERATION OF THE MANAGEMENT BOARD

SUSS MicroTec has been disclosing the remuneration of the Management Board members on an individualized basis for many years. The objective of SUSS MicroTec's remuneration system for the Management Board is to incentivize long-term and sustainable corporate governance. Special performance should be rewarded accordingly. However, the failure to achieve objectives must lead to a tangible reduction in remuneration. In addition, remuneration must be oriented toward the size and economic position of the Company. The overall remuneration of members of the Management Board appointed for more than 12 months consists of remuneration components both independent of performance as well as based on performance.

The Supervisory Board is responsible for setting the remuneration of Management Board members. The full council of the Supervisory Board determines and monitors the remuneration system for the Management Board regularly and finalizes the Management Board contracts.

The Supervisory Board has focused extensively on aligning Management Board remuneration with sustainable corporate governance and established a revised remuneration system based on the new legal requirements from the German Act on Implementing the Shareholders' Rights Directive (ARUG II) and the German Corporate Governance Code 2020 (DCGK), which will be applied to new contracts starting in 2021. For the 2020 fiscal year as well as for service contracts in the future that are still subject to grandfathering, the following remuneration system is relevant.

FIXED REMUNERATION

The amount of fixed pay is determined first and foremost by the roles and responsibilities assigned. The remuneration components independent of performance consist of the base salary and fringe benefits in the form of a company car and subsidies for health insurance and unsolicited retirement insurance. No pension commitments (retirement, occupational disability, and widow's pensions) in the form of direct insurance (endowment insurance policies) exist.

PERFORMANCE-BASED REMUNERATION

Performance-based remuneration consists of variable remuneration.

VARIABLE REMUNERATION

Since January 1, 2016, variable remuneration for all Management Board members may amount to a maximum of 100 percent of fixed remuneration at the beginning of the fiscal year. These provisions also apply to future fiscal years. In the 2020 fiscal year, as in previous years, 70 percent of variable remuneration was determined according to annual targets and 30 percent according to targets set three years in advance in each case.

VARIABLE REMUNERATION BASED ON ANNUAL TARGETS (VARIABLE REMUNERATION A)

70 percent of the variable remuneration applies to annual targets, which are set by the Supervisory Board for each fiscal year.

The following annual targets apply to the 2020 fiscal year: order entry, sales, EBIT, and return on investment (ROI). The annual targets are weighted differently.

If 70 percent or less of the order entry annual target, sales of 90 percent or less, 75 percent of the EBIT annual target, and a percentage point or less of the ROI annual target are achieved, then this remuneration component is not received. The maximum amount is reached at a target achievement level of 130 percent for order entry, 110 percent for sales, 125 percent for EBIT, and a percentage point for ROI. Between the upper and lower threshold values, the basis of calculation for this remuneration component is to be calculated in relation to the target achievement level.

Remuneration based on the annual targets is determined annually. In the interest of promoting long-term corporate development, the Management Board members are initially entitled to only half of the final variable remuneration A. As for the other half of the amount payable (the qualified half), the Management Board member is obligated to acquire Company shares during the first trading window after payment of the amount payable and to hold them in a registered account in their name for a lock-up period of three years, commencing on the last day of the trading window in which the shares were acquired.

VARIABLE REMUNERATION BASED ON MULTI-YEAR TARGETS (VARIABLE REMUNERATION B)

Of the variable remuneration, 30 percent applies to multi-year targets, which are as a rule set in advance for a period of three fiscal years, with annual adjustments being made to include the next year in the applicable three-year period.

Sales growth and the EBT margin have been agreed as the multi-year targets for the fiscal years from 2020 to 2022. Both of these targets are assigned a 50 percent weighting. If the target achievement level comes to 70 percent or less, the variable remuneration component is not paid out (minimum value). The maximum value for this remuneration component is reached as soon as the target achievement level reaches 120 percent.

Variable remuneration B, which is based on multi-year targets, is determined annually and is completely paid out in the respective fiscal year.

SEVERANCE PAYMENTS

In Management Board contracts, a compensation payment has been earmarked for cases where the term of a member of the Management Board ends prematurely and without significant cause. This is limited to no more than two years of compensation including fringe benefits (severance payment cap) and compensates for no more than the remaining term of the employment contract. In March 2019, a supplementary agreement to the existing service contract was concluded with the Chief Executive Officer. This agreement includes a change-of-control rule. The rule provides for an extraordinary termination right with corresponding compensatory benefits if the Management Board activity is prematurely suspended due to a change of control.

MANAGEMENT BOARD REMUNERATION

The tables presented below on Management Board remuneration comply with the German Corporate Governance Code at the time of the agreement. The fixed remuneration and fringe benefits are geared to the agreed upon fixed amount. For variable remuneration, both a target value for reaching 100 percent and the achievable minimum and maximum remuneration are stipulated.

AMOUNT OF MANAGEMENT BOARD REMUNERATION

The following tables ("Benefits Granted" and "Inflow") show the compensation for the 2020 and 2019 fiscal years per Management Board member according to the requirements of the German Corporate Governance Codex Number 4.2.5 (3).

Targeted remuneration of the Management Board according to the German Corporate Governance Code:

| Dr. Franz Richter Chief Executive Officer (CEO) | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| <i>in €</i> | | | | |
| Benefits granted | 2019 (100%) | 2020 (100%) | 2020 (min.) | 2020 (max.) |
| Fixed remuneration | 400,000.00 | 400,000.00 | 400,000.00 | 400,000.00 |
| Fringe benefits (fixed) ¹ | 34,060.44 | 34,307.52 | 34,307.52 | 34,307.52 |
| Expenses for retirement benefits | – | – | – | – |
| Total | 434,060.44 | 434,307.52 | 434,307.52 | 434,307.52 |
| Single-year variable remuneration (A) ² | 140,000.00 | 140,000.00 | – | 280,000.00 |
| of which investment in SUSS MicroTec shares ³ | 70,000.00 | 70,000.00 | – | 140,000.00 |
| Multi-year variable remuneration 2020–2022 (B) ² | 60,000.00 | 60,000.00 | – | 120,000.00 |
| Total | 634,060.44 | 634,307.52 | 434,307.52 | 834,307.52 |
| Pension expenses | – | – | – | – |
| Total remuneration | 634,060.44 | 634,307.52 | 434,307.52 | 834,307.52 |

¹ Includes:

- Allowance for optional retirement insurance
- Monetary value of private vehicle or car allowance
- Company share of legal or private health insurance

² Variable remuneration (single-year and multi-year) maximum of 100 percent of fixed remuneration of the respective fiscal year

³ A lock-up period of three years applies to shares acquired through variable remuneration

| Oliver Albrecht Chief Financial Officer (CFO) <i>Entry date: 11/18/2019 (until 04/17/2020 interim)</i> | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| <i>in €</i> | | | | |
| Benefits granted | 2019 (100%) | 2020 (100%) | 2020 (min.) | 2020 (max.) |
| Fixed remuneration | 53,300.00 | 356,452.27 | 356,452.27 | 356,452.27 |
| Fringe benefits (fixed) ¹ | – | 16,920.77 | 16,920.77 | 16,920.77 |
| Expenses for retirement benefits | – | – | – | – |
| Total | 53,300.00 | 373,373.04 | 373,373.04 | 373,373.04 |
| Single-year variable remuneration (A) ² | – | 74,016.39 | – | 148,032.79 |
| of which investment in SUSS MicroTec shares ³ | – | 37,008.31 | – | 74,016.39 |
| Multi-year variable remuneration 2020–2022 (B) ² | – | 31,721.31 | – | 63,442.62 |
| Total | 53,300.00 | 479,110.74 | 373,373.04 | 584,848.45 |
| Pension expenses | – | – | – | – |
| Total remuneration | 53,300.00 | 479,110.74 | 373,373.04 | 584,848.45 |

¹ Includes:

- Allowance for optional retirement insurance
- Monetary value of private vehicle or car allowance
- Company share of legal or private health insurance

² Variable remuneration (single-year and multi-year) maximum of 100 percent of fixed remuneration of the respective fiscal year

³ A lock-up period of three years applies to shares acquired through variable remuneration

Inflow of Management Board remuneration according to the German Corporate Governance Code:

| in € | Dr. Franz Richter Chief Executive Officer (CEO) | | Oliver Albrecht Chief Financial Officer (CFO) Entry date: 11/18/2019 (until 04/17/2020 interim) | |
|---|--|-------------------|--|-------------------|
| | 2019 | 2020 | 2019 | 2020 |
| Inflow | | | | |
| Fixed remuneration | 400,000.00 | 400,000.00 | 53,300.00 | 356,452.27 |
| Fringe benefits (fixed) ¹ | 34,060.44 | 34,307.52 | – | 16,920.77 |
| Expenses for retirement benefits | – | – | – | – |
| Severance payments | – | – | – | – |
| Total | 434,060.44 | 434,307.52 | 53,300.00 | 373,373.04 |
| Single-year variable remuneration (A) ² | 105,725.00 | 256,486.50 | – | 135,601.47 |
| of which investment in SUSS MicroTec shares ³ | 52,862.50 | 128,243.25 | – | 67,800.73 |
| Multi-year variable remuneration 2020–2022 (B) ² | 14,904.23 | 118,500.00 | – | 63,442.62 |
| Total | 554,689.67 | 809,294.02 | 53,300.00 | 572,417.13 |
| Pension expenses | – | – | – | – |
| Total remuneration | 554,689.67 | 809,294.02 | 53,300.00 | 572,417.13 |

¹ Includes:

- Allowance for optional retirement insurance
- Monetary value of private vehicle or car allowance
- Company share of legal or private health insurance

² Variable remuneration (single-year and multi-year) maximum of 100% of fixed remuneration of the respective fiscal year

³ A lock-up period of three years applies to shares acquired through variable remuneration (after deduction of personal taxes)

PENSIONS

There are no pension obligations for members or former members of the Management Board.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board is set out in Section 20 of the articles of incorporation of SUSS MicroTec SE. In addition to the reimbursement of his/her expenses and meeting attendance compensation of € 2,000.00 per meeting, each member of the Supervisory Board receives a fixed remuneration based on the member's responsibilities and extent of activities. According to this, the Chairman of the Supervisory Board receives € 60,000.00, the Deputy Chairman receives € 50,000.00, and a regular member of the Supervisory Board receives € 45,000.00 per fiscal year as fixed compensation.

| 2019 in € | Remuneration | Attendance fee |
|---|--------------|----------------|
| Supervisory Board | | |
| Dr. Stefan Reineck (Chairman of the Supervisory Board) | 60,000.00 | 16,000.00 |
| Jan Teichert (Deputy Chairman of the Supervisory Board) | 50,000.00 | 16,000.00 |
| Gerhard Pegam | 45,000.00 | 16,000.00 |
| Dr. Myriam Jahn | 45,000.00 | 16,000.00 |
| Dr. Dietmar Meister (since 6/11/2019) | 25,687.50 | 10,000.00 |

In the 2020 fiscal year, neither members of the Supervisory Board nor persons or companies affiliated with them received any remuneration or benefits for personal services, particularly consultation and placement services.

| 2020 in € | Remuneration | Attendance fee |
|--|--------------|----------------|
| Supervisory Board | | |
| Dr. David Dean (Chairman of the Supervisory Board, since 5/20/2020) | 37,049.18 | 18,000.00 |
| Dr. Stefan Reineck (Chairman of the Supervisory Board, until 5/20/2020) | 23,114.75 | 12,000.00 |
| Dr. Myriam Jahn (Deputy Chairwoman of the Supervisory Board) | 48,087.43 | 28,000.00 |
| Jan Teichert (Deputy Chairman of the Supervisory Board, until 4/30/2020) | 16,256.83 | 8,000.00 |
| Dr. Dietmar Meister | 45,000.00 | 28,000.00 |
| Jan Smits (since 5/20/2020) | 27,786.89 | 18,000.00 |
| Dr. Bernd Schulte (since 11/6/2020) | 6,885.25 | 8,000.00 |
| Gerhard Pegam (until 3/25/2020) | 10,450.82 | 6,000.00 |

OPPORTUNITIES AND RISKS FOR THE FUTURE DEVELOPMENT OF THE SUSS MICROTREC GROUP

The goal of our opportunity and risk management is to maintain and increase the enterprise value of the SUSS MicroTec Group. Our corporate goals include the early and successful detection of opportunities, the identification and suitable assessment of the related risks, and an appropriate response. The diverse opportunities for our Group result from technology leadership in our businesses, our broad spectrum of products and solutions for the semiconductor equipment industry, collaborations with international customers and research institutes, and our global positioning.

We define opportunities and risks as follows:

- Opportunities are possible future developments or events that can lead to a deviation from forecasts or targets that is positive for the Group.
- Under risks, we understand possible future developments or events that can lead to a deviation from forecasts or targets that is negative for the Group.

The analysis and assessment of opportunities and risks for the Group is the subject of continuous deliberations by the Management Board and the management of the Group. On the basis of an opportunity-oriented but simultaneously risk-conscious management, however, the Company's fundamental goal is not to avoid all potential risks. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify opportunities and to use them for the benefit of the Company and its shareholders.

OPPORTUNITIES FOR THE GROUP

The global business activities of the SUSS MicroTec Group within a dynamic market environment open up new opportunities to support and advance the targeted growth of SUSS MicroTec. Therefore, the recognition and exploitation of these opportunities are among the main components of our growth policy.

Macroeconomic Opportunities

SUSS MicroTec is represented worldwide with production, sales, and service subsidiaries and also collaborates with many external commercial partners. Its international presence offers the Group opportunities to acquire new customers worldwide, to enter into new cooperative agreements, and to participate in the growth of industrial markets in the major and emerging economies.

Strategic Corporate Opportunities

SUSS MicroTec develops and produces equipment and process solutions for micropattern applications for the semiconductor industry – this is an area in which SUSS MicroTec has over seventy years of experience. The Company's portfolio encompasses a broad range of products and solutions for back end lithography, wafer bonding, and photomask cleaning, supplemented by microoptic components. Whether for the production of memory chips, the manufacturing of cameras for mobile phones, or the production of tire pressure sensors – SUSS MicroTec's solutions are used for a wide range of manufacturing processes for everyday and industrial applications. These strengths give the Group the opportunity to carry out promising development projects and enter into auspicious collaborative agreements in order to further expand its product range and to refine applications and technologies. The SUSS MicroTec Group maintains numerous development partnerships with research institutes and industry partners. In particular, cooperation with research institutes offers tremendous potential for SUSS MicroTec because they usually work very closely with our customers and are financed to a significant extent by these customers. New basic technologies are frequently developed in the laboratories of research institutes and only then find their way into industry. It is all the more important for a high-tech company like SUSS MicroTec to participate in the development of new technologies and processes from the beginning. This increases the chances of being able to offer tools and solutions later for industry on a large scale.

Along with the refinement of its own technologies, SUSS MicroTec fundamentally also sees the opportunity to expand the Company with new businesses and technologies through acquisitions.

Sector and Market-Specific Opportunities

Unlimited mobility, autonomous driving, Industry 4.0/smart factories, and artificial intelligence – none of this would be possible without high-performance chips. The technically demanding production of these chips takes place through several complex processing steps (micro-patterning), for which chip manufacturers require corresponding specialized tools. SUSS MicroTec develops and builds these specialized tools.

The semiconductor equipment industry markets served by SUSS MicroTec are undergoing a process of continuous change which is influenced by information and communication technology as well as the rapid developments in the automotive sector. Developments such as the increasing use of assistance systems in cars, autonomous driving, and the changeover to electrical drives are shaping demand for semiconductor components in the automotive industry. Electronic and hybrid cars require significantly more semiconductors than conventional vehicles. Moreover, beyond assistance systems and the functions that are required for autonomous driving, a large number of semiconductors are required in order to provide premium infotainment. In addition, the numerous functions of smartphones and tablets are among the main drivers of business in the semiconductor equipment industry. The number of different components contained in smartphones and tablets – such as memory chips, sensors for fingerprint and facial recognition, image sensors for cameras – increases the demand by smartphone manufacturers for powerful chips, which in turn leads to greater demand for semiconductor equipment. The digitalization of the services industry (smart pay, smart logistics, smart services) as well as of private households (smart home, smart health) has likewise entailed growing demand for semiconductors and sensors for some years now. Wearable high-tech components such as smartwatches and intelligent clothing are also growth drivers for the semiconductor industry. These trends will likely continue in the coming years.

Our global network of sales employees, product engineers, and commercial partners is focused on fulfilling the sector and market-specific requirements of our customers worldwide. SUSS MicroTec is represented in the core markets of the semiconductor equipment industry in Taiwan, China, Singapore, South Korea, and Japan with its own subsidiaries. Our philosophy includes maintaining direct contact at all times with our customers via our branch offices, with the goal of immediately recognizing current developments in the semiconductor markets. As a result, SUSS MicroTec is able to respond quickly to emerging developments and to adjust its applications accordingly.

In order to perceive developments in the markets early on, direct and regular contact with partners, customers, and potential new customers is very important to us. SUSS MicroTec is therefore represented at trade fairs for the semiconductor industry and sponsors international technology forums.

SUSS MicroTec is represented at a great number of trade fairs and conferences throughout the year and uses this platform regularly to present its latest technologies of the different product lines. Due to the COVID-19 pandemic, many events such as trade fairs and conferences were postponed to the following year or indefinitely, held on virtual platforms, or canceled entirely in 2020. This included the SEMICON trade fairs where SUSS MicroTec is represented regularly as well as SEMICON Korea (Seoul), China (Shanghai), and Europe (Munich) – nearly all of these trade fairs were canceled. As the only exception, SEMICON Taiwan (Taipei) was held in the form of a hybrid trade fair during which the live event was complemented by a virtual part. SUSS MicroTec attended the fair with fewer booth staff and under the strictest safety precautions. Furthermore, SUSS MicroTec attended various virtual trade fairs such as the Electronic Components and Technology Conference (ECTC), IMAPS Device Packaging, and the International Wafer Level Packaging Conference (IWLPC). SUSS MicroTec also used new technology conferences such as the APEX Additive TechExchange to virtually present new technologies and applications such as inkjet printing.

Through cooperation with the SEMI industry association and numerous international research institutes, SUSS MicroTec is able to address a large audience. The international presence of SUSS MicroTec and the level of recognition boosted by attending trade fairs and events make it possible for us to “keep our ear close to the market” and to respond quickly to technological progress and new developments.

Operational Opportunities

Lithography remains the SUSS MicroTec Group’s largest division and accounted for more than 55 percent of total annual Group sales in 2020. With the mask aligner and coater/developer product lines, SUSS MicroTec has been represented successfully in the market for many years, servicing customers from various sectors and markets. The consistent sales volume of these two product lines ensures that the SUSS MicroTec Group can maintain a consistent workload at its Garching, Sternenfels, and Taiwan production sites. With refinement and improvement of the technologies of these two product lines, we are consolidating our market position and safeguarding continued stable sales of mask aligners and coaters/developers.

In order to be able to achieve the SUSS MicroTec Group’s planned sales increases over the next few years, it is necessary to expand the Group’s development and production capacities. For this reason, premises at a government-sponsored science park were leased in the second half of 2019 in Hsinchu (Taiwan). We started with the production of coaters/developers here in the 2020 fiscal year. As a result, the Sternenfels location will increasingly focus on the production of bonders and mask cleaners. SUSS MicroTec expects its new production site in Taiwan to provide increased flexibility and better proximity to customers, thus enabling it to satisfy its customers’ requirements in

a targeted fashion. In addition, the proximity of its development and production operations to customers in Taiwan may generate costs and competitive advantages for obtaining additional orders.

In the past, the technologies of SUSS MicroTec Photonic Systems – UV projection lithography and laser processing – generated insufficient sales that did not cover costs, and the market outlook did not indicate any significant short-term improvement, so the Management Board decided at the beginning of 2020 to discontinue the production of lasers and scanners. In January 2020, most of the employees at the Group's American subsidiary SUSS MicroTec Photonic Systems Inc. at its Corona, USA site were laid off. Closure costs for the California site totaled € 6.0 million, of which € 3.5 million impacted gross profit and € 2.5 million was disclosed under selling, administrative, and development costs by the end of 2020. However, three already written off pieces of production equipment from the liquidation of SMT Photonic Systems Inc., California, USA, could be sold, which had a positive effect of approx. € 3.4 million on EBIT. After a part of the in-progress and written-off equipment was sold in 2020 and orders for further UV projection scanners were acquired, the Company announced at the beginning of 2021 that the production of the UV projection scanners will be resumed in the course of 2021 at the new production site in Taiwan.

SUSS MicroTec took over the inkjet printer business from Meyer Burger (Pixdro) B.V. effective March 31, 2020. Through this acquisition, the roughly 30 employees at PiXDRO's site in Eindhoven (Netherlands) were taken on. SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) produces and sells semi- and fully automated devices for inkjet printing-based coating processes. While the main applications of Meyer Burger (Pixdro) B.V. were previously in the fields of research and development, printed circuit boards (PCB) and photovoltaics (PV), additive, digital inkjet technology will also provide a large number of new opportunities in the field of semiconductor technology. Through the acquisition of this business, including related patents, SUSS MicroTec will add the option of applying photo resists and dielectric layers by means of this new process to its existing lithography product portfolio in its coater/developer segment. Unlike other coating methods, with this process almost 100 percent of the material used is applied to the wafer, with a very high throughput rate. For SUSS MicroTec customers, this enables significant savings on the materials used, lower cleaning and disposal costs, and related significant cost savings, while also reducing the environmental impact. SUSS MicroTec assumes that with these advantages it will gain further customers for its coaters/developers and expects this new technology to generate significant sales growth over the next few years.

The Bonder division is divided into the two sub-areas of permanent and temporary bonding. After a sharp drop of the market for 3D memory chips in the 2019 fiscal year and declining sales in the temporary bonding area, order intake and sales increased significantly in 2020 compared to the previous year. In the past year, more orders for temporary bonding systems, orders for permanent bonders, and – for the first time – for applications in the hybrid bonding area, particularly from the Asia region, could

therefore be won. Division earnings also improved compared to the previous year. However, for the future we assume significant sales growth and further improved positive division earnings and firmly expect that we will be able to consolidate and expand our market share in our Bonder division over the next few years and that we will pick up new customers and high-margin orders in both areas.

In the Photomask Equipment division, most of the sales involved a few individual orders, each of which had a very high order value of several million euros. Sales per fiscal year therefore display large fluctuations. We view our market position in this division as very secure and assume that we will be able to achieve large profits in the future. The sales volume developed very positively in 2020. After a very strong 2020, we are expecting a moderate decline in sales and earnings in this division for 2021. Due to the few but large-volume orders, we continue to expect fluctuations in sales per fiscal year long-term, which can correspondingly have an impact on division earnings per fiscal year.

In the Microoptics division, especially the Automotive sector, the targets for order intake, sales, and earnings could not be achieved in the 2020 fiscal year as a result of the COVID-19 pandemic. The Company had to report reduced working hours in the first and second quarters. Quality concerns with a main supplier had an additional negative impact on earnings. Development activities resulted in the acquisition of new orders in the Automotive area, and the construction of a cleanroom for expanding capacities also weighed on earnings. The Microoptics division expects a significant increase in sales and earnings for 2021 and the following years that will be achieved by the Automotive sector in particular. This growth should primarily be generated by an increasing demand for microlenses for headlamps for electric vehicles.

Financial Opportunities

Significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The changes in value of the euro against the US dollar will influence sales and achievable margins in the North American and Asian regions in the future. An appreciation of the euro against the US dollar would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec.

Employee-Related Opportunities

SUSS MicroTec views itself as a small to medium-sized business that has flat hierarchies due to its relatively small size and therefore offers its employees short lines of communications and fast decision-making processes in all respects. In our view, our SME structures together with our international orientation make SUSS MicroTec an attractive employer. The average period of employment of our globally active employees is around ten years. We will maintain our existing strategy to retain long-term employees. In addition, we will increase our efforts to continue to attract qualified employees. While the current lack of specialist staff is noticeable at our Garching and Sternenfels sites, we assume that we will continue to be able to fill all vacant positions with qualified and motivated employees, thanks to remuneration in line with the market, interesting tasks, and attractive workplace conditions.

Our remuneration system includes variable remuneration for our executives, the amount of which depends on the extent to which targets are achieved. The targets are redefined annually and are based on certain Group parameters (such as EBIT, sales, and order entry), which are reset annually using current budget plans. In addition, personal targets are agreed upon with the employee. For sales employees, ordinarily targets are defined that are related to winning customer orders. The personal goals of employees of other departments mostly involve services or projects that add value to the respective department. By integrating budget planning into the remuneration system, we establish a financial incentive for our executives to contribute actively to the achievement of the established targets. In this way, we increase our chances of actually achieving our planned sales and earnings. In addition, the definition of personal targets for executives offers us the opportunity to implement strategic projects critical for success in various areas, even if a work effort is required of employees that goes beyond the normal day-to-day business.

As a globally active technology company, SUSS MicroTec needs employees working in the area of research and development to advance targeted new product developments in order to satisfy the needs of our customers. For this purpose, SUSS MicroTec establishes appropriate incentives and rewards employee ideas that are used in our products with annual inventor royalties. Our international presence enables us to recruit highly qualified employees worldwide if the current developments require it.

Development-Specific Opportunities

In the last fiscal year, we further expanded our development activities (adjusted for extraordinary effects) and increased the number of employees in this division. Several development projects for our mask aligner, coater/developer, bonder, and photomask cleaning product lines were successfully concluded.

In the mask aligner product line, the developers focused primarily on the areas of imprint applications and metrology functions. A new generation of MABA8 mask aligners were developed and introduced to the market specifically for imprint. These aligners will also form the core of the automatic nano imprint cluster. A new stamp production device as well as the improvement of the imprint-specific tooling further round off the imprint offering. In the Metrology division, work was carried out on thickness measurement devices as well as fault inspection devices. The development of additional functions such as the automatic regulation for increasing position accuracy, the comprehensive introduction of UV LED light sources, and switching over to the Windows 10 operating system were on the agenda.

The focus in the coater/developer product line was on two main topics. In the first slightly broader topic, various components were further optimized regarding their reliability, availability, and easy maintenance as part of ongoing improvements. The component was selected specifically to achieve the greatest possible customer benefit. The second topic focused on a new 300mm system. The concepts from the previous year were grouped into specific components and detailed and the control concept was established.

In the Bonder division, the work focused on completing and introducing to the market hybrid and fusion bond modules for the XBS200 and XBS300 platform, as well as the ongoing improvement of the post-bond alignment. The 355nm solid-state laser debonding module in the Temporary bonding division achieves applications with lower technical requirements compared to established 308nm excimer laser-based debonding module. In addition to continuing collaboration with leading research institutes, we participated in the Graphene Flagship Program of the European Union and started in this framework to design a device for full area transfer of 2D materials at the wafer level which will be used in a European pilot line. 2D materials are required for the production of the next generations of transistors.

In the Photomask Equipment division, the focus was on the development of a software application for analyzing the status of systems as well as the integration and qualification of new technologies in the area of EUVL photomask cleaning.

In the Photomask division, the WTA 1.0 (Within-Tool-Analysis) software platform as part of the AI project started in the previous year was completed and tested successfully. This application makes it possible to analyze and assess corresponding statuses of the data and parameters recorded to then make predictions on possible errors or process deviations and make dynamic changes. In doing so, the availability of the systems, the process quality, and the number of processed masks can be optimized.

The sidewall cleaning process for cleaning EUVL photomasks could be finalized and integrated successfully into the Mask-Track X system. This technology makes it possible to clean large particles on the mask edges which could only be cleaned to a limited extent with prior methods. Furthermore, simultaneous cleaning of the front and back of the mask with SPM was implemented for the EUVL division. This technology for one reduces the processing times required and also prevents particle cross-contamination in the further course of the process.

In the Microoptics division, our development activities focused on applications in the automotive segment.

We will continue our efforts in the coming years, focusing on cost efficiency and environmental impact, as well as the development of new technologies and the improvement of existing technologies. Our goal is to continuously adapt our product lines to the latest developments in the market and to satisfy new customer demands. In the process, we intend to consolidate and further expand our market position.

RISK MANAGEMENT SYSTEM

The risk management system has long been a component of corporate management for the purpose of recognizing and controlling risks, and for meeting legal requirements.

In addition to short-term (operating) risks, risk management at SUSS MicroTec Group also deals with long-term (strategic) developments that can have a negative impact on the business development. Despite opportunity-oriented, but simultaneously risk-conscious management, the Company's fundamental goal is not to avoid all potential risks, however. Instead, it constantly aims to achieve an optimum level of risk avoidance, risk reduction, and the controlled acceptance of risk. An awareness of risks should not interfere with the ability to identify opportunities and to use them for the benefit of the Company and its shareholders.

Risk Management Organization and Documentation

The organization of risk management is geared toward the functional and hierarchical structure of the Group. Upon introduction of the risk management system, a risk management officer, who reports directly to the Management Board every three months, was appointed.

An external auditor examines the established early risk identification system during the audits of the annual financial statements. He or she reports about this to the Management Board and Supervisory Board.

Risk Identification

All Group units subject to reporting organize regular workshops which, in addition to past events, primarily address future developments. Moreover, the workshops serve to ensure that uniform valuation principles are maintained throughout the Group. Within the framework of a structured process, all identified risks are recorded and evaluated quarterly using intranet-based standardized risk management software. Next, risk reports are prepared that subject the known risks to a critical appraisal and address new topics.

Suddenly emerging risks are also immediately to be reported to the risk management officer of the respective unit.

The risk management officer processes the information and reports to the Management Board. The results of the overall process are presented to the Supervisory Board at least once a year.

The Group's quality management is an important element of early detection. The large production sites are certified in accordance with DIN EN ISO 9001, which confirms reliable, process- and system-oriented quality management. Clearly structured and unambiguously documented processes within the framework of quality management not only ensure transparency but also have become, for most production clients, a precondition for the successful marketing of our tools.

| | | | Likelihood | | | | |
|---------------|--------------------|-------------------------------------|-----------------|------------------|-------------------|-------------------|--------------------|
| | | | Very low | Low | Medium | High | Very high |
| | | | > 0% to ≤ 5% | > 5% to ≤ 10% | > 10% to ≤ 25% | > 25% to ≤ 50% | > 50% to ≤ 100% |
| Impact | Going-concern risk | > € 10 million to ≤ € 20 million | Yellow | Red | Red | Red | Red |
| | Critical | > € 2 million to ≤ € 10 million | Yellow | Yellow | Red | Red | Red |
| | Serious | > € 500 thousand to ≤ € 2 million | Green | Yellow | Yellow | Yellow | Red |
| | Marginal | > € 20 thousand to ≤ € 500 thousand | Green | Green | Yellow | Yellow | Yellow |
| | Negligible | € 0 to ≤ € 20 thousand | Green | Green | Green | Yellow | Yellow |

Risk Assessment

Risks are assessed by indicating the maximum estimated amount of damage if no countermeasures are taken. The risk value is determined on this basis by including a probability of occurrence, taking the corresponding countermeasures into account. The indication of the risk value pertains to the next twelve or 24 months in each case.

The identified risks are assigned to one of three different risk categories using a risk matrix, which takes into account both the possible damage amount and the likelihood of occurrence. Risks starting at a damage amount of € 10 million – as measured by the level of liquidity outflow – are viewed as “a going-concern risk.”

The combination of the likelihood of occurrence and the extent of impact determines which risk categories are regarded as significant from the Group’s perspective. In this regard, a distinction is made between low (green category), medium (yellow category), and high (red category) risks.

According to our method of risk assessment, only high risks are classified as significant.

Risk Management

Depending on the type of risk and the amount of the assessment, measures for avoiding and lessening risk are taken on a tiered basis. In doing so, risk management is always geared toward the principles of an opportunity-based handling of risks, as mentioned earlier.

The avoidance of risk and organization of countermeasures is carried out at the subsidiary level. The parties responsible for risk and the reporting units are obligated to develop and implement strategies for preventing known risks. Should their expertise not suffice for implementing these, they must request assistance from higher management levels.

Global activities in the field of high technology yield general and current risks for the Company. The Management Board has taken appropriate measures for the purpose of monitoring risks in order to identify developments that may threaten the continued existence of the SUSS MicroTec Group early on.

Description of the Key Features of the Accounting-related Internal Control and Risk Management System in Accordance with Sections 289 (4) and 315 (4) of the German Commercial Code (HGB)

The risk management system for the accounting process aims to minimize the risk of false statements in accounting documents and external reporting. It serves as the first step toward the identification and evaluation and subsequent restriction and review of known risks in the accounting process which could undermine the compliance of the consolidated financial statements with regulations. The internal control system for the accounting process should ensure with sufficient certainty that the consolidated financial statements conform to regulations despite identified risks in financial reporting.

Preparation of the consolidated financial statements is supported by means of uniform, standardized reporting and consolidation software that includes extensive inspection and validation routines. Accordingly, the accounting-related internal control and risk management system envisages preventive checks as well as retrospective detection. For instance, this includes IT-based and manual reviews in the form of regular sampling-based and plausibility checks, various risk, process, and contents-based checks in the Company’s divisions, the establishment of functional separations and predefined approval processes, the consistent implementation of the dual control principle for all key accounting-related processes, and strictly controlled access rules for our IT systems, in order to prevent unauthorized access to accounting-related data.

The suitability of the risk early identification system is reviewed at the end of the year by the auditor during the audit. Selected accounting-related internal controls are investigated and their effectiveness evaluated. In addition, checks are made of accounting-related aspects of the IT systems in use.

The management of SUSS MicroTec SE is responsible for the establishment and effective maintenance of suitable controls over financial reporting. At the end of each fiscal year, management evaluates the suitability and effectiveness of the control system. As of December 31, 2020, management had confirmed the effectiveness of internal controls over financial reporting.

Naturally, there are certain limitations in the effectiveness of any control system. Absolute certainty cannot be assured even with appropriate, functioning systems.

SUSS MicroTec SE employs its Group-wide accounting manual to ensure the consistent application of accounting principles. The accounting manual is based on IFRS financial reporting standards and is the basis for the accounting process at all Group companies. Transparent and structured guidelines are designed to restrict employee discretion with respect to the recognition and measurement of assets and liabilities and thus to reduce the risk of inconsistencies in the Group's accounting practices. The subsidiaries are subject to certain mandatory guidelines regarding reporting and the scope of disclosure. The central Finance and Controlling departments monitor compliance with reporting obligations and deadlines.

Accounting at the subsidiaries is done either locally by their own employees or with the support of external accounting firms or tax consulting companies. In the process, various electronic data processing (EDP) systems are used. All German companies have worked with SAP since 2008. Since 2010, SAP has been used by SUSS MicroTec (Taiwan) Company Ltd., Hsinchu (Taiwan). In 2011, SAP was installed at SUSS MicroTec Inc., Corona, California (USA). In 2015, SUSS MicroTec Photonic Systems Inc., California (USA) was connected to the Group-wide SAP system. For SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.), acquired in 2020, the data migration to a new SAP system hosted by SUSS MicroTec took place in the first quarter of 2021. Reporting to the corporate headquarters is carried out with the assistance of Infor PM Application Studio management information software. At the Group level, the Finance and Controlling departments review the accuracy and reliability of the separate financial statements submitted by the subsidiaries. Controls within the framework of the consolidation process, such as the consolidation of liabilities, expenses, and income, are carried out manually. Possible deficiencies are corrected and reported back to the subsidiaries. The financial systems employed are protected from misuse through appropriate authentication principles and access restrictions. Authorizations are reviewed regularly and updated if necessary.

RISKS FOR THE GROUP

Macroeconomic Risks

As an internationally active Company, SUSS MicroTec distributes its products worldwide. Much of its sales are achieved in Asia, particularly in Taiwan, China, and South Korea. Europe is also an important distribution region, followed by the USA. All of our international business activities typically entail a large number of general market risks that depend on overall economic developments, social and geopolitical factors, and regulatory outline conditions. Macroeconomic developments – such as an economic slowdown in individual regions or exchange rate fluctuations – may adversely affect our customers' readiness to invest or result in delays in their purchasing decisions.

SUSS MicroTec is represented worldwide, has a broad customer network, and offers its customers five different product lines, which can be used in various sectors and industries. Consequently, SUSS MicroTec is fundamentally independent of individual markets and customers. Thus, economic downturns in a region or sector can be at least partially offset. Due to the concentration of production at only a few sites and the Company's employees' ability to produce various tool types, in case of significant economic upheaval SUSS MicroTec is able to react to market circumstances without delay and to adjust its organizational setup and its cost structures within an appropriate period of time. Tools such as flextime accounts and reducing the number of temporary employees are available to reduce personnel costs. In addition, the option exists of reducing working hours. Furthermore, purchasing departments routinely review and adjust procurement quantities.

Political decisions, new legislation, and other regulations in the countries in which SUSS MicroTec operates can also negatively impact our business. This includes tax legislation in respective countries, export restrictions, trade disputes between certain countries, and tightened policies in the areas of product liability, competition law, work safety, and patent and trademark law.

SUSS MicroTec routinely participates in public tenders and also counts universities and government research facilities among its worldwide customers. Regulations for participating in public tenders and the criteria for awards differ from country to country and can make it much more difficult to win and consummate public orders.

In general, significant changes in the currency market can affect the sales and earnings of SUSS MicroTec both positively and negatively. The changes in value of the euro, particularly against the US dollar, will influence sales and achievable margins in the North American and Asian regions in the future. An appreciation of the euro against the US dollar would have rather negative effects, while a devaluation would prospectively result in positive effects for SUSS MicroTec since SUSS MicroTec currently has more inflows than outflows in dollars.

The exchange rate of the Swiss franc has no noticeable impact on the ordering behavior of our customers in the Lithography, Bonder, and Photomask Equipment divisions. However, the business of SUSS MicroOptics S.A., which is located in Hauterive, Switzerland, and manufactures microlenses, is affected by the exchange rate of the Swiss franc. A strong appreciation in the Swiss franc relative to the euro or US dollar could negatively affect the micro-optics business.

SUSS MicroTec conducts business only to a very limited extent in Asian currencies (Taiwanese dollar, Singapore dollar, South Korean won, and Chinese renminbi). However, the Group subsidiaries located in Taiwan, Singapore, South Korea, and China have euro- and US dollar-denominated receivables from customers and other SUSS MicroTec companies. Depending on the size and due date, significant currency losses can arise for the Group in the valuation of these receivables in the respective country currency.

Risks that may result from the further spread of the COVID-19 coronavirus

The development of the global economy and society were dominated by the effects of the COVID-19 pandemic in the 2020 reporting year. Trade and consumption have in part dropped sharply due to the lockdown measures in Germany and the rest of the world. Unemployment increased significantly in many countries. Economic performance declined significantly in all regions of the world despite massive support by monetary and fiscal policy, especially in Europe, but also in the USA and in most emerging countries. China was one of the only few countries in the world that achieved a slight growth over the year as a whole (source: IHS Markit, January 2021).

We expect the world economy to slowly recover from the severe recession of 2020 in 2021. Global economic performance should increase significantly. Nevertheless, the COVID-19 pandemic will likely still impede growth since the restrictive protection and contact restriction measures in many countries are still necessary and governmental assistance may be reduced. At the same time, it is to be expected that over the course of the year that vaccinations will be available throughout the world and the pandemic will slowly be contained. This will likely result in a further normalization of economic life and private consumption will increase further in the second half of the year. The recovery should be particularly pronounced in the USA and in emerging countries – particularly in China and India. In the European Union, however, a slower recovery is to be expected, primarily due to a possible further increase in unemployment source: IHS Markit, January 2021).

Aside from SUSS MicroOptics where the order entry, sales, and earnings targets could not be achieved due to the pandemic and its subsidiary had to report reduced working hours, SUSS MicroTec recorded no negative effects in order intake and sales in the 2020 fiscal year. On the contrary, SUSS MicroTec was able to continue the growth rate in 2020 despite COVID-19 and also expects further growth in sales for the 2021 fiscal year as well.

Nevertheless, the spread of COVID-19 impaired Company processes in various ways.

Due to the COVID-19 pandemic, many events such as trade fairs and conferences were postponed to the following year or indefinitely held on virtual platforms, or canceled entirely in 2020. This affected the SEMICON trade fairs that SUSS MicroTec regularly attends under normal circumstances. As the only exception, SEMICON Taiwan (Taipeh) was held in the form of a hybrid trade fair for which the live event was complemented by a virtual part. SUSS MicroTec attended the fair with limited booth staff and under the strictest safety precautions.

This meant that it was not possible to present new developments and technologies that are usually presented to the customers at these trade fairs. It is possible that these trade fairs will only be held to a limited extent or virtually for the foreseeable future. SUSS MicroTec would thus lose an important platform to pick up new customers and orders.

At the moment, traveling is still very restricted or not possible at all around the world. At SUSS MicroTec, business trips between Germany and the other risk areas have been suspended. Until further notice, no German employees will be sent to customers in areas affected heavily by the COVID-19 virus. Inversely, Germany is also subject to travel restrictions from numerous other countries (e.g., Taiwan, the USA, and various European countries). In general, SUSS MicroTec is still represented locally with its own subsidiaries and therefore service employees in the main sales areas so that the installation and maintenance work can still be offered on the customers' machines without having to travel long distances.

In the 2020 fiscal year, some completed machines could not be delivered to customers in the affected regions in time or put into operation, since freight traffic is also subject to restrictions along with passenger traffic. Furthermore, customer orders were delayed in some cases. However, it cannot be ruled out that such individual cases may repeat until economic life returns back to normal.

Our supply chain proved to be stable and robust during the ongoing COVID-19 pandemic. On the procurement side, we were confronted with supply bottlenecks for our suppliers in a few individual cases which we were able to solve, however, without incurring any earnings losses through corresponding countermeasures, such as redispensing orders or obtaining alternative suppliers. Our suppliers are mainly based in Germany. As part of the production ramp-up in Taiwan, we are working continuously on further expanding the supplier base worldwide to further reduce the risk of possible supply bottlenecks.

In the 2020 fiscal year, occupational health and safety was heavily impacted by the developments of the COVID-19 pandemic. Since our employees' health and safety has the highest priority to us, we activated corresponding pandemic and emergency plans early on. Thus, we for example organized our corporate operations in a temporary two-shift model to maintain minimum operations. In addition, employees have been working from home – as far as this makes sense from an organizational perspective. We set up a crisis team to control these measures. Despite and due to these organizational measures, the production processes could be kept stable. We only had a low number of infections and were able to fully achieve the production targets for 2020.

Thanks to the improvement of our profitability due to sales, the high customer payments received, and the improvement measures in working capital management, the liquidity situation of SUSS MicroTec improved significantly. The cash drawdowns in the syndicated loan were paid back in full. This gives SUSS MicroTec a sufficient liquidity buffer to be able to compensate for a temporary decline in sales due to the pandemic. SUSS MicroTec is able to fulfill all financial obligations of the upcoming 12 months to ensure the continued existence of the Company with the financial leeway at its disposal and while considering the possible measures for saving costs.

Due to the COVID-19 pandemic, most of our investor relations activities took place virtually in the 2020 fiscal year. Despite the restrictions in place since the outbreak of the pandemic, we have been able to continue our intensive exchange with our shareholders. As usual, the Management Board participated in a great number of conferences and roadshows. The Shareholders' Meeting was held virtually. The next Shareholders' Meeting will also take place virtually on June 16, 2021.

Our business activities are affected by the pandemic and the associated uncertainties in different ways that also have an accounting-related impact. Short- and medium-term impacts of changing market conditions are reflected in particular in risk management and in planning processes.

At present, we cannot identify any material adverse effects on our net assets, financial position and results of operations from COVID-19 as a result of the pandemic. The development of the COVID-19 pandemic remains dynamic, which could lead to increased risks with regard to value creation and recoverability of assets, e.g., in connection with possible impairments of goodwill and intangible assets, trade receivables, and inventories. The uncertainty prevailing in the global economy could burden suppliers, customers, and other business partners and lead to disruption of our supply chains, payment defaults, and operational changes. We will continue to carefully monitor the impact of the pandemic, including the impact on our inventories and receivables from customers as well as significant assumptions relating to goodwill and intangible assets. In general, we expect the good market development in the semiconductor industry to continue in 2021.

Sector and Market-Specific Risks

The difficulty in assessing the short and medium-term market development is still one of the greatest risks for SUSS MicroTec. The semiconductor industry in particular, which is among the Company's sales markets, is characterized by strong market cycles. A corresponding significant drop in the entire semiconductor market would lead to lower sales for SUSS MicroTec and harm the Company's earnings. As part of our risk management, we try to identify the associated risks early on to adapt the organizational and personnel structure in time for a weak development of business. We are trying to cover our future capacity requirements increasingly via outsourcing.

The contribution to sales with Chinese customers increased further in 2020. Due to the strong demand from Chinese customers, this contribution to sales in China will presumably also continue to grow in 2021. At the same time, there are signs that European companies are increasingly being affected by the trade war between the USA and China since the USA has issued corresponding trade restrictions and embargo provisions to avoid the transfer of technology to China. SUSS MicroTec is affected to the extent that individual technologically relevant components originating from the USA and replacement parts may not be sold to China. Should this trade war intensify further, it may result in a corresponding loss in sales with Chinese customers. SUSS MicroTec tries to avoid this risk by qualifying alternative suppliers for the previous suppliers.

In the photomask equipment business segment, SUSS MicroTec achieves a significant contribution to sales and earnings with just a few customers and orders. Should one of these customers or orders be lost to a competitor, this may result in a corresponding decline in sales and earnings. SUSS MicroTec attempts to reduce this risk through technological innovations and a high level of customer satisfaction.

Employee-Specific Risks

The Company depends on the expertise of individual employees in individual areas, primarily in the field of research and development and applications. In addition, new developments and the refinement of existing technologies are only possible with a sufficient number of qualified and experienced employees. Moreover, a lack of employees, or a lack of sufficiently qualified employees, in the area of production may have a negative impact on delivery times and quality. Non-availability of these employees in these areas is a related risk. The current lack of specialist staff in Germany is also noticeable at our Garching and Sternenfels sites. SUSS MicroTec must currently be a highly attractive employer in order to attract sufficiently qualified employees with the necessary experience for SUSS MicroTec. In addition, it is necessary to allow for more time to fill vacancies, which may result in shortages within departments and the need for other staff to cover positions.

Development-Specific Risks

The business model of the SUSS MicroTec Group is based on a strong culture of innovation and technological leadership. As a manufacturer of specialized tools, SUSS MicroTec delivers customer-specific solutions and conducts its product policies according to the rapidly changing conditions in the semiconductor equipment market. Nevertheless, we see the risk that in individual cases our technical developments could deviate from the preferences of the markets and our customers. In these cases, the danger would exist that the affected customers might turn away from SUSS MicroTec and seek alternative technical solutions from our competitors. In the last fiscal year, our engineers developed new technologies for all product lines and made a number of detail improvements to existing technologies.

Aside from developing customer-specific solutions, the engineers at SUSS MicroTec Group are continuously working on long-term development projects designed to anticipate future market developments so that the products of SUSS MicroTec will continue to satisfy future technical requirements. The risk exists that individual development projects might not lead to the desired result or that the result achieved does not correspond to market expectations. In these cases, the danger exists that SUSS MicroTec would temporarily not be represented with innovative products in the target market. The affected customers might turn away from SUSS MicroTec and seek alternatives in the market. In the last fiscal year, we focused on projects which, we believe, will be well received by our customers. If this assessment should prove to be incorrect and if new developments do not live up to our customers' expectations, SUSS MicroTec would have inappropriately allocated scarce development resources. This would accordingly have a negative impact on the result for the affected product line. Overall, however, this risk is not viewed as a going-concern risk for SUSS MicroTec.

In order to maintain our success on the market and customer satisfaction, refinements and improvements are routinely required for our existing products. The risk exists that we might not recognize or implement technical innovations in time. In these cases, we see the danger that SUSS MicroTec could lose its market leadership in individual areas and would have to accept long-term sales losses.

We are currently faced with the challenge that the market is making new demands of our mask cleaners' particle removal efficiency, due to a further decrease in the size of their patterns. Efficient particle removal while maintaining the masks' patterns is a highly challenging task. In the Photomask Equipment division, we are concentrating our development activities on these challenges, so that in future we will continue to be able to offer our customers mask cleaners that satisfy these stringent technological requirements. We are collaborating with external development partners for this purpose.

Operating Risks

As of December 31, 2020, SUSS MicroTec has reported goodwill of approximately € 18.3 million, which is entirely attributable to the Lithography division. The Lithography division produces more than 50 percent of Group sales. The Lithography division is expected to once again generate more than half of total Group sales next year. We therefore see no signs of impairment in the Lithography division based on the current planning.

The mask aligner product line, which belongs to the Lithography division, is one of the high-sale product lines of the SUSS MicroTec Group and has made a significant contribution to Group earnings for several years. We are confident that this product line will continue to make a large contribution to sales and stable margins in the coming years. Nevertheless, the risk exists that the mask aligner would no longer be able to satisfy the technical requirements of customers and could be supplanted by other technologies. However, we currently regard this risk as minimal.

The coater product line, which similarly belongs to the Lithography division, has also made a major contribution to Group sales for many years. In 2020, SUSS MicroTec was able to acquire multiple large orders with coaters and developers, which resulted in a significant growth in earnings and in a slightly improved gross profit margin. Our customers' ordering behavior in 2020 has once again demonstrated that we continue to occupy a technologically leading position and can hold our own against Japanese and Chinese competitors in the market for coaters. Nevertheless, we need to lower production costs via cost-saving measures and efficiency improvements in the areas of construction, assembly, and material purchases for this product line to also remain competitive in the future with the increasing competition from Asia. For this reason, and to achieve a greater customer focus, SUSS MicroTec decided to expand its production capacities with a production facility in Taiwan. Correspondingly, the number of employees in Taiwan was expanded from 83 employees in 2019 to 142 employees as of December 31, 2020. The first coaters from Taiwan could be delivered in late December. This expansion is associated with fixed costs that are only covered by a corresponding workload of production. For this purpose, other products will also be manufactured in Taiwan in the future.

The Lithography division also includes the SUSS MicroTec Photonic Systems product lines for UV projection lithography and laser processing. After the order entry and sales were well short of expectations despite the new generation of the DSC300 receiving very positive feedback from potential customers, the Company decided in early 2020 to discontinue the production of lasers and scanners and to shut down the US production location in Corona. In the meantime, a significantly improved market situation is shown for this product line with concrete intended orders from a major customer at improved prices. The Company thus decided in February 2021 to manufacture the product lines in Taiwan in the future. Shifting the production of the UV production scanners to Taiwan requires a transfer of technology to Taiwan and

adding additional personnel, which is associated with corresponding costs and risks. Due to framework conditions agreed with a major customer, we consider this an attractive business case.

SUSS MicroTec took over the inkjet printer business of the former Meyer Burger (Pixdro) B.V. effective March 31. Through the acquisition of this business, including related patents, SUSS MicroTec will add the option of applying photo resists and dielectric layers by means of this new process to its existing lithography product portfolio in its coater/developer segment. This will also enable the additive, digital inkjet technology to provide a large number of new opportunities in the field of semiconductor technology. The business plan intends to generate additional orders and profitable sales with this complementary technology. The acquired business was not able to achieve the sales expectations due to project postponements in 2020 on the part of the customers and achieved a contribution to Group EBIT of € -1.6 million. The company expects increasing sales for a positive EBIT contribution for 2021.

In the last fiscal year, the Bonder division achieved a slightly positive EBIT of € 0.4 million after a slightly negative result of € -0.3 million was achieved in 2019. The further development of sales and earnings depends heavily on the development of the 3D memory chip market which declined in the past and to what degree it will be possible to sell additional automatic permanent bonders for metal-based bonding processes as well as for hybrid and fusion bonding processes against the established market leader. Looking ahead, we assume that the Bonder division will provide constant substantial sales and positive contributions to Group earnings with product lines in the area of permanent and temporary bonding.

In 2020, a further high volume of sales was achieved in the automotive segment in our Microoptics division. In its role as a supplier to the automotive industry, SUSS MicroOptics is subject to risks that may differ from those which apply for SUSS MicroTec as a semiconductor equipment manufacturer. In order to further expand its automotive business, SUSS MicroOptics has to comply with the automotive industry's specifications and has successfully completed IATF 16949:2016 certification for this purpose. In 2020, sales activities in the automotive business included optical lenses that are used as part of a design lighting system and increasingly also for headlights. With the expansion of the micro-optics business to the automotive area, increased product liability risks may arise for SUSS MicroTec. For this reason, SUSS MicroOptics has expanded its insurance coverage, so that potential claims in the automotive sector are also covered. However, the expected increasing capacity at our Hauterive, Switzerland, site is necessary in order to be able to fulfill the significant increase in order and sales volumes and to ensure the requirements of the automotive customers regarding supply reliability. In 2020, major investments were once again made in cleanrooms and production equipment. For 2021, investments in the mid-single-digit million euro range are likewise planned. In the event that the high order and sales volumes expected in the future fail to materialize – in particular,

due to fluctuations in demand from automotive customers – then SUSS MicroTec would have inappropriately allocated these investment resources. However, we regard this risk as minimal.

Significant pricing pressure still exists in the current market environment. This includes the risk that original target selling prices can no longer be achieved, even given recovering markets. We are countering this risk with a constant pricing policy. As such, orders are rejected if the conditions are unattractive, in order to guarantee constant prices for customers in recovering markets.

We are increasingly experiencing heightened customer demand for very short delivery times, while our customers are only placing binding orders with us very late on. Nevertheless, in order to meet our customers' requirements for short-term delivery deadlines, we undertake preliminary work, where necessary, and we produce individual tools in line with our customers' needs before a binding order has been placed with us. In such cases, there is a risk that the expected order may not materialize, so that SUSS MicroTec will have used its production capacities inappropriately and possibly procured material for a customer-specific tool that cannot be used for another purpose. Furthermore, in these situations no customer down payments are forthcoming. This increases the need for SUSS MicroTec to build up and pre-finance its inventory. We counter this risk by means of a critical assessment of our (generally long-term) customers and their needs as well as by restricting our pre-production to common types of tools, which can also be used for other customer orders in the event that an expected specific order fails to materialize.

SUSS MicroTec's products are regularly analyzed, checked, and optimized using an extensive risk and quality management system. Nonetheless due to the growing complexity of the equipment there is a risk of quality shortcomings only being identified at the commissioning and process qualification stages. The liability risk for SUSS MicroTec may increase given the use of the products in the manufacturing environment of companies with rising demands on product quality. In addition to other types of insurance, SUSS MicroTec also has product liability insurance for the Group. This limits the potential risk. The suitability of these insurance policies, which also protect the Group companies, is reviewed regularly with respect to the covered risks and coverage amounts and modified if necessary. In addition, we also endeavor to include the limitations of liability in contracts with all contractual partners.

SUSS MicroTec depends on just a few key suppliers for individual components. To further reduce this risk, the strategic purchasing area will be expanded to develop alternative supply sources together with engineering.

In the event of a disruption in operations due to major fire-related damage, there is a risk for SUSS MicroTec that customers will switch to competitors due to postponed delivery dates or a lack of delivery capability. This may result in lost order entries and a

decline in sales. Direct damages to buildings and loss of earnings due to a disruption in operations are covered by corresponding insurance policies. The probability of such an event occurring is estimated to be very low.

Information Technology Risks

We fundamentally view our IT infrastructure as well constructed and are of the opinion that we have taken adequate precautions to prevent data manipulation, data loss, and data misuse. Furthermore, we routinely invest in new hardware and software in order to minimize the likelihood that IT systems and software solutions will fail. With virus scanners and antivirus software, which are continually updated, we protect our IT systems from unauthorized access and damage. Nevertheless, we cannot eliminate the possibility of data manipulation, data loss, or data misuse in individual cases. It is also conceivable that new viruses and Trojans that are not detected by our security programs could penetrate our IT systems. The problem is exacerbated by the increasing use of mobile devices, such as notebooks and smartphones, that access our corporate network. This is also enhanced by the increasing number of employees working from home due to COVID-19. In addition, the link-up between our foreign sites and our central corporate network requires particular security precautions in order to prevent unauthorized external access. In order to minimize the risk of unauthorized access to our corporate network arising from the use of mobile devices, Group-wide guidelines for mobile device usage have been established.

FINANCIAL RISKS

Credit Risks

A credit risk is an unexpected loss of cash or earnings. This occurs when a customer is unable to meet its obligations by the due date, or the assets used as collateral lose value. The Company has implemented Group-wide guidelines on the topic of credit assessment. These guidelines set out the specific payment conditions and safeguards to which the Company's individual sales units can agree, while taking the customer and country-specific aspects into consideration. Orders from customers located in "risk countries" can, therefore, only be accepted against adequate prepayments, a bank guarantee, or a letter of credit. In the case of customers who are located in the "non-risk countries" and exceed a certain size, a corresponding customer rating is established. These ratings are based on information provided by external credit rating agencies. Depending on the customer's rating, tiered payment conditions and/or safeguards may be necessary to process the order.

Of the gross amount of trade receivables totaling € 18.6 million (previous year: € 19.7 million), € 12.6 million overall was neither overdue nor impaired as of the reporting date (previous year: € 13.1 million). As of December 31, 2020, there were no indications of payment defaults occurring.

The age structure of overdue but not impaired receivables as of the reporting date and that of the previous year are as follows:

AGE STRUCTURE OF PAST DUE RECEIVABLES WITHOUT VALUE ADJUSTMENT

| <i>in € thousand</i> | 2020 | 2019 |
|---|--------------|--------------|
| 1–30 days | 2,243 | 2,325 |
| 31–60 days | 1,323 | 514 |
| 61–90 days | 806 | 1,185 |
| 91–180 days | 428 | 1,081 |
| Overdue receivables without impairment | 4,800 | 5,105 |

As of the reporting date, a total of € 1.3 million (previous year: € 1.4 million) of the gross inventory of receivables was overdue and impaired. The age structure of overdue and impaired receivables as of the reporting date and that of the previous year are shown in the following table:

AGE STRUCTURE OF PAST DUE RECEIVABLES WITH VALUE ADJUSTMENT

| <i>in € thousand</i> | 2020 | 2019 |
|---|--------------|--------------|
| 181–360 days | 965 | 869 |
| 361–720 days | 70 | 217 |
| > 720 days | 228 | 322 |
| Past due receivables with value adjustment | 1,263 | 1,408 |

Additional information about how value adjustments for trade receivables are determined can be found in the Notes.

Liquidity Risks

The liquidity risk of SUSS MicroTec could be reduced significantly compared to the previous year due to high liquidity inflows in the 2020 fiscal year. As of the end of the year, SUSS MicroTec Group held net cash of € 20.3 million (previous year: € -18.0 million). Free cash flow in the last fiscal year totaled € 44.0 million (previous year: € -36.9 million).

The financing of noncurrent assets with matching maturity is ensured with equity and by taking out long-term loans, particularly to reduce interest rate risk. A loan agreement exists between SUSS MicroTec SE and IKB Deutsche Industriebank AG that serves to finance the business property in Garching. The loan was originally valued at € 7.5 million. It was made available and drawn down on December 16, 2013, and runs until June 30, 2021. As of December 31, 2020, the SUSS MicroTec Group recognized bank borrowings of € 0.5 million for this loan. The loan was repaid in full in the amount of € 0.5 million in 2021. In addition, normal bank interest will be charged for the loan.

In 2019, two German Reconstruction Loan Corporation (KfW) development loans were taken out from IKB with a total volume of € 10.0 million. These two loans were paid out in April 2019 and August 2019. They have a term of ten years. The two loans are secured by means of land charges on the business property in Garching. As of December 31, 2020, this loan amount has been reported under noncurrent financial liabilities.

Aside from cash and cash equivalents of € 40.8 million, the current and noncurrent financing needs is ensured sufficiently by way of free lines of credit of the syndicated loan concluded in October 2019 with four banks (Deutsche Bank, LBBW, Commerzbank and BECAM) of a total of € 56 million. Under this syndicated loan agreement with a term of five years, SUSS MicroTec SE has been granted a € 40 million credit line for cash drawdowns as well as a guarantee line of € 16 million. The Group's other German companies may also make use of this guarantee line. The cash

credit facility from this agreement was not used as of December 31, 2020 (previous year: € 9.5 million). This amount was reported under current financial liabilities in the previous year.

We are currently making use of these available guarantee lines in order to offer down payment guarantees in the operational business. As of December 31, 2020, € 6.3 million of these credit and guarantee lines are being utilized in the form of guarantees. We anticipate that we will be able to continue to provide all of the necessary down payment guarantees.

The conclusion of the syndicated loan agreement, which will provide us with a total credit line of € 40 million for cash drawdowns, will safeguard the baseline financing of the SUSS MicroTec Group for the foreseeable future. We therefore consider any potential financing risk to be very low. Nonetheless, we aim to keep the Company's ratio of borrowed capital at a low level through corresponding cash flows, also by optimizing its working capital. Further details about the Company's liquidity situation can be found in Note (24).

Market Price Risks

Market price fluctuations can result in significant cash flow and earnings risks for the Company. Changes in foreign currency and interest rates influence the global operational business as well as investment and financing alternatives.

SUSS MicroTec's international orientation exposes it to foreign currency risk within the scope of its normal operating activities. Currency hedging is carried out on the basis of existing foreign currency orders. Incoming and outgoing payment flows, which result particularly from foreign currency orders of materials and supplies, are deducted from the foreign currency amount to be identified and hedged. Where necessary, forward exchange transactions are used as hedging instruments. For further details, please refer to Note (30).

The favorable development of foreign currency exchange rates can lead to higher margins for individual orders and generate additional currency gains.

The syndicated loan agreement concluded in October 2019 includes a variable interest rate for the drawn down loan amounts. This variable interest rate corresponds to Euribor plus a margin that depends on the debt ratio. Commitment commission is payable on the portion of the credit line not used. This is likewise variable. SUSS MicroTec is thus subject to a limited interest rate risk. In view of the interest rate policy of the European Central Bank, SUSS MicroTec currently considers this interest rate risk to be very low.

The loans associated with the financing of the Garching property and the newly concluded KfW development loan have been granted on the basis of a fixed interest rate.

OVERALL ASSESSMENT

No risks that threaten the Company's existence were identified in the Group in the 2020 fiscal year. The continued existence of the Company was at no time endangered from a material assets and liquidity point of view.

Material risks for the SUSS MicroTec Group are presented in the following table. The risks are rated according to their likelihood of occurrence as well as potential financial impact (as measured by the level of potential liquidity outflow).

| | Likelihood | | | | | Impact | | | | |
|--|----------------------|-----------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------------|----------------------------------|---------------------------------------|--|
| | Very low | Low | Medium | High | Very high | Negligible | Marginal | Serious | Critical | Going-concern risk |
| | > 0 % to ≤ 5 % | > 5 % to ≤ 10 % | > 10 % to ≤ 25 % | > 25 % to ≤ 50 % | > 50 % to ≤ 100 % | € 0 to ≤ € 20 k | > € 20 k to ≤ € 500 k | > € 500 k to ≤ € 2 million | > € 2 million to ≤ € 10 million | > € 10 million to ≤ € 20 million |
| Macroeconomic Risks | | | | | | | | | | |
| Negative effects through fluctuations in exchange rates | | | X | | | | | X | | |
| Development-Specific Risks | | | | | | | | | | |
| Insufficient ability to innovative, loss of technical expertise, failed development projects | | | | X | | | | | X | |
| Staff shortages in research and development | | | | X | | | | X | | |
| Operating Risks | | | | | | | | | | |
| Excessive delivery times due to staff shortages in production and fields related to production | | | | X | | | | X | | |
| Sales losses for photomask equipment due to dependence from a few major customers | | | | X | | | | | X | |
| Country-specific risk China (trade restrictions) | | | | X | | | | X | | |
| Dependence on key suppliers | | | | X | | | | X | | |
| Quality shortcomings of vendor parts | | | | X | | | | X | | |
| Sales losses due to supply deferrals through disruptions in operations caused by fire | X | | | | | | | | | X |
| IT Risks | | | | | | | | | | |
| Data security | | | X | | | | X | | | |
| Risks that could arise through the spread of the COVID-19 virus and its mutations | | | | | | | | | | |
| | | | X | | | | | X | | |

FORECAST REPORT

The COVID-19 pandemic has had a significant influence on this year's forecast report. All statements made here are subject to the development of the pandemic, which remains uncertain.

The risks and uncertainties associated with this forecast report are unusually large. The range of expectations from various economic research institutes is therefore also quite broad for the 2021 economic forecasts. The estimates for the expected growth of the German gross domestic product in 2021 range from 2.8 percent (OECD Economic Outlook, issue 2020/2) and 3.5 percent (German Institute for Economic Research, DIW, Berlin, December 2020) to 4.9 percent (Leibniz Institute for Economic Research, RWI Essen, Economic Forecast December 18, 2020). The uncertainty of the forecasts is based on the following questions: How long will the current lockdown last? Will there be more lockdowns? Will the measures for containing the pandemic have to be tightened? How many people are willing to get vaccinated and how quickly can wide-scale vaccination be achieved? Economic researchers are at least in agreement that the desperately needed recovery will likely only take place in the second half of 2021.

There is a great level of uncertainty at the international level as well. The approval of various vaccines, which is advancing worldwide, is the only source of hope that the COVID-19 pandemic can be brought largely under control before the end of this year and that life will be able to go back to "normal." The mutations of the virus that have now emerged are, however, a cause for

grave concern and continue to add a great deal of uncertainty to the forecast. Against this backdrop, the International Monetary Fund expects global economic growth of 5.5 percent in 2021 and another 4.2 percent growth in 2022 (Source: IMF World Economic Outlook Update, January 2021). However, the recovery is going to be very different in the various countries, as can be expected. This will chiefly depend on the regional medical care, vaccination coverage and the respective political support measures. The IMF expects growth of 4.2 percent for the eurozone for 2021. The strongest growth of around 6.3 percent is expected in emerging countries, particularly in Asia.

Aside from the further development of the COVID-19 pandemic and the regional and global economic conditions, the growth of the semiconductor market also affects the business performance of SUSS MicroTec. In the following forecast report, we will explore various factors that both the Company and market and industry observers consider to be essential for the future business development of the Company.

INDUSTRY-SPECIFIC CONDITIONS

SEMICONDUCTOR AND SEMICONDUCTOR EQUIPMENT INDUSTRY

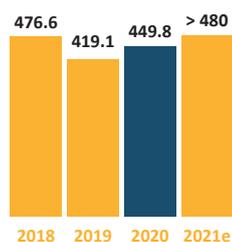
Global semiconductor sales

Growth rates for the semiconductor market and the market for semiconductor equipment may vary in some cases. It has to be taken into consideration that the equipment sector may see considerably less growth in the tools area due to efficiency gains, increases in throughput and yield, and the trend to greater wafer diameters.

In his estimations from December 2020 for the 2021 fiscal year, the Chair of the Semiconductor Components specialist group in the ZVEI Association for Electronic Components and Systems expects an increase in the semiconductor market of 8 to 10 percent to a total volume of over US\$ 480 billion, after US\$ 449.8 billion in 2020. The reasons for the further growth are the recovery in the market for memory chips, artificial intelligence, and sustainable strong demand for 5G-compatible smartphones. Gartner also expects smartphone sales to increase by 11 percent for 2021 compared to the previous year. Approximately 35 percent of all smartphones sold on the market will be 5G-compatible (Source: Gartner, February 3, 2021). The further growth will be determined, in particular, by the speed and volume of the roll-out of the new mobile communications standard and its impact on the smartphone market. Furthermore, Gartner expects an increase in the expenditures for information technology of around 6.3 percent to a market volume of US\$ 3.9 trillion in 2021. In particular, the rapid spread of remote working as part of the protective measures against COVID-19 have resulted in a kind of digital revolution of people working from home. According to SEMI researchers, further drivers are cloud services, servers, laptops, and gaming as well as health applications and the Internet of Things.

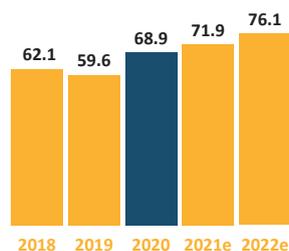
After the global decline in the demand for semiconductor equipment in 2019 to a market volume of US\$ 59.6 billion, the industry recorded significant growth in 2020 of around 16 percent to a volume of US\$ 68.9 billion in 2020. For the current 2021 fiscal year, the experts from the SEMI industry association expect further growth by around 4.3 percent as well as a gain of an additional 5.8 percent in 2022 (Source: SEMI, December 14, 2020). The expected growth will be carried both by the semiconductor front end as well as the mid and back end of the semiconductor industry. Investments in wafer fab equipment for storage media, logic applications, and other foundry equipment will drive growth, in particular. From a regional perspective, the majority of investments in this division in 2021 will likely be made in South Korea, closely followed by China and Taiwan.

SEMICONDUCTOR MARKET in US\$ billion



Gartner, January 14, 2021, ZVEI, December 2020 (for 2021e)

SEMICONDUCTOR EQUIPMENT MARKET in US\$ billion



Source: SEMI, December 15, 2020

EXPECTED DEVELOPMENTS IN THE MAJOR MARKETS

MICROELECTROMECHANICAL SYSTEMS (MEMS) AND SENSORS

There have been no major changes to the positive expectations for the MEMS market compared to the previous year. The market for microelectromechanical systems (MEMS) and sensors has developed highly dynamically over the past few years. While their original area of application was the registration of simple physical data such as pressure or acceleration, many additional applications have been added in a large variety of segments. Today, according to the market research institute Yole Développement, consumer electronics accounts for around 60 percent of the overall sector, for example. Growth is being driven by megatrends such as autonomous driving, artificial intelligence, and the changeover to the 5G mobile communications standard. In addition, the percentage of portable end devices that monitor and record our data concerning health, for example, is increasing steadily. In its estimations from January 12, 2021, Gartner expects that the market for wearable devices will increase by approximately 18 percent in 2021 compared to the previous year to a total volume of around US\$ 81.5 billion. The growth of the smartphone sector and the entire consumer goods industry is even more important for the sensor business. The value of the global MEMS and sensor market, according to Yole Développement, will grow from US\$ 11.5 billion in 2019 and US\$ 10.9 billion in 2020 to around US\$ 17.7 billion in 2025 (Yole Développement, June 2020).

Lithography and bonding solutions from SUSS MicroTec are used to manufacture MEMS.

ADVANCED PACKAGING

Today the concept of advanced packaging encompasses a variety of technologies, such as wafer-level packaging (WLP), in which the touchdowns occur while the individual chips are still located on the wafer. The chips are separated only after the packaging process. The packaging process therefore takes place at a highly sensitive moment in the value chain for a wafer. The wafer produced reaches its peak value here, while the precision and reliability of the packaging determine the revenue and the quality level associated with the overall production process. Each packaging process is specifically designed to meet the requirements for gentle processing of the individual parts installed.

Fan-in and fan-out WLP, flip chip bonding, wafer-level chip-scale packaging, and both 2.5D and 3D integration are special packaging methods. SUSS MicroTec is particularly active in this field with its lithographic and temporary bonding solutions.

FAN-OUT WAFER LEVEL PACKAGING

Fan-out wafer-level packaging (FOWLP) is a special form of wafer-level packaging (WLP). Advantages offered by this technology include the miniaturization of form factors for the packages that are used, for example in smart devices, i.e., devices such as mobile phones, smartwatches, and tablets. The automotive and medical sectors are further areas of use. For 2019 to 2025, Yole Développement expects average annual growth of about 16 percent in this market niche to a volume of US\$ 3 billion. SUSS MicroTec is represented in this niche with its lithography machines (coaters, developers, and UV projection scanners). This is a decline compared to the estimates of the previous year, which predicted growth of around 26 percent from 2018 to 2024.

3D INTEGRATION

3D integration is a refinement of advanced packaging technologies. In this process, thinned microchips are stacked on top of each other and connected by through-silicon vias (TSVs). The advantage of this technology is the high degree of packing density and complexity in a very small space. Through 3D integration, it is also possible to integrate various options, such as memory and the processor, in one package. With its temporary bonders and debonders, SUSS MicroTec offers reliable equipment for processing of thinned and thus extremely sensitive wafers.

ENDOGENOUS INDICATORS

In addition to the development of the target markets, innovative potential is key for business success. In the 2020 fiscal year, SUSS MicroTec also maintained important collaborative development agreements with various partners from industry and research. Collaborative agreements with respected universities, research institutes, and technology-driven companies are an important part of our corporate strategy.

STATEMENT ON THE PROJECTED DEVELOPMENT OF THE GROUP – OUTLOOK FOR 2021

After very strong order entry in the third and fourth quarters of the 2020 fiscal year, we can generally look optimistically to the 2021 fiscal year while keeping the uncertainty of COVID-19 in mind. The general expectations of the semiconductor industry and the individual investment plans of our primary customers raise the expectation of additional growth. The market environment in the semiconductor industry continues to be characterized by emerging trends in the field of digitalization, working remotely, and the many areas of use in industry, the service industry, and private households. For 2021, we therefore expect that our products and comprehensive solutions will be in high demand with our customers in the markets that are relevant for us. At present, it is difficult to estimate the specific impact that the ongoing COVID-19 pandemic and the related possible economic slowdown will have on SUSS MicroTec.

However, we are now starting off the new fiscal year with a very solid order backlog of over € 120 million. Compared to the previous year, we expect a slightly higher order entry for the 2021 fiscal year. We expect a sales compared to the previous year for the entire 2021 fiscal year of between € 270 to € 290 million euros. Earnings before interest and taxes (EBIT) will undergo a corresponding positive development. At this time, we anticipate the EBIT margin to be in a range from 9.0 percent to 11.0 percent.

This does not include negative effects resulting from the continued and protracted worldwide spread of the coronavirus COVID-19. The report on risks and opportunities outlined the possible effects of a further spread of COVID-19 on SUSS MicroTec.

For the 2021 fiscal year, in view of the necessary investments associated with our strategic growth goals and to improve our production capacities, a free cash flow of between € 12 million and € 18 million is expected. However, free cash flow and thus also net liquidity are strongly dependent on our customers' payment behavior and the down payments received. In the event of significant customer payments being postponed to next year, this might have a negative impact on free cash flow and net liquidity in 2021. In 2019, a long-term syndicated credit line of € 40 million was agreed, which provides us with sufficient financial leeway for our envisaged growth.

In the 2020 fiscal year, the Lithography division will once again deliver the largest contribution to sales for the Group. Based on the order backlog at the end of 2020 and the forecast for order entry for 2021, we anticipate slightly higher sales than in the previous year. Due to the elimination of the closure costs for the Corona production location and the introduction of various optimization and cost-saving measures, we assume a significant improvement of the division's EBIT compared to the previous year. For the Bonder division, we expect to achieve a significant increase in sales which should be accompanied by a significant improve-

ment of the EBIT margin. Due to the very good level of the 2020 fiscal year, we expect a moderate decrease in sales development 2021 in the Photomask Equipment division. At the same time, the EBIT margin may decline slightly due to sales. In the Micro-optics division, we expect a clear increase in sales in 2021 and a clear recovery of the EBIT margin. The previous year was characterized by expenditures due to COVID-19 and additional costs for generating orders in the automotive business as well as capacity development measures.

FORWARD-LOOKING STATEMENTS

This report contains information and forecasts that refer to the future developments of the SUSS MicroTec Group and its companies. The forecasts are assessments that the Company has made based on all of the information available to it at the present time. Should the assumptions on which these forecasts are based not occur or the risks – as addressed in the risk report – arise, the actual results may deviate from those currently expected.

Garching, Germany,
March 31, 2021

signed
Dr. Franz Richter
Chief Executive Officer

signed
Oliver Albrecht
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

OF SUSS MICROTEC SE FOR THE 2020 FISCAL YEAR

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CONSOLIDATED STATEMENT OF INCOME (IFRS)

| <i>in € thousand</i> | Note | 01/01/2020 –12/31/2020 | 01/01/2019 –12/31/2019 |
|--|-------------|-------------------------------|-------------------------------|
| Sales | (3) | 252,114 | 213,799 |
| Cost of sales less special write-downs on laser/scanner assets | | -170,539 | -149,824 |
| Special write-downs on assets of laser and scanner product lines | | 2,115 | -14,246 |
| Cost of sales | (4) | -168,424 | -164,070 |
| Gross profit | | 83,690 | 49,729 |
| Selling costs | | -23,508 | -22,867 |
| Research and development costs | (10) | -19,847 | -20,195 |
| Administration costs | | -20,770 | -18,931 |
| Other operating income | (5) | 4,257 | 1,688 |
| Other operating expenses | (6) | -3,385 | -3,182 |
| Analysis of net income from operations (EBIT) | | | |
| EBITDA (earnings before interest and taxes, depreciation and amortization) | | 28,201 | -5,189 |
| Depreciation and amortization of tangible assets, intangible assets and financial assets | (10) | -7,764 | -8,569 |
| Net income from operations (EBIT) | | 20,437 | -13,758 |
| Financial income | | 5 | 18 |
| Financial expenses | | -423 | -380 |
| Financial result | (7) | -418 | -362 |
| Profit/loss before taxes | | 20,019 | -14,120 |
| Income taxes | (8) | -7,656 | -2,141 |
| Net profit/loss | | 12,363 | -16,261 |
| thereof equity holders of SUSS MicroTec SE | | 12,363 | -16,261 |
| thereof non-controlling interests | | 0 | 0 |
| Earnings per share (basic) | (9) | | |
| Earnings per share in € | | 0.65 | -0.85 |
| Earnings per share (diluted) | (9) | | |
| Earnings per share in € | | 0.65 | -0.85 |

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

| <i>in € thousand</i> | 01/01/2020 –12/31/2020 | 01/01/2019 –12/31/2019 |
|--|-------------------------------|-------------------------------|
| Net profit/loss | 12,363 | -16,261 |
| Items that will not be reclassified to profit and loss | | |
| Revaluation of defined benefit pension plans | -235 | -320 |
| Deferred taxes | 63 | 190 |
| Other comprehensive income after tax for items that will not be reclassified to profit and loss | -172 | -130 |
| Items that will be reclassified to profit and loss in later periods | | |
| Foreign currency adjustment | -1,075 | 1,344 |
| Cash flow hedges | 0 | 0 |
| Deferred taxes | 0 | 0 |
| Other comprehensive income after tax for items that will be reclassified to profit and loss | -1,075 | 1,344 |
| Total income and expenses recognized in equity | -1,247 | 1,214 |
| Total income and expenses reported in the reporting period | 11,116 | -15,047 |
| thereof equity holders of SUSS MicroTec SE | 11,116 | -15,047 |
| thereof non-controlling interests | 0 | 0 |

CONSOLIDATED BALANCE SHEET (IFRS)

| <i>in € thousand</i> | Note | 12/31/2020 | 12/31/2019 |
|---------------------------|-------------|-------------------|-------------------|
| Assets | | | |
| Noncurrent assets | | 65,398 | 55,109 |
| Intangible assets | (11) | 5,089 | 4,153 |
| Goodwill | (12) | 18,286 | 15,707 |
| Tangible assets | (13) | 40,352 | 33,905 |
| Other assets | (14) | 350 | 568 |
| Deferred tax assets | (8) | 1,321 | 776 |
| Current assets | | 166,007 | 144,789 |
| Inventories | (15) | 72,983 | 75,047 |
| Trade receivables | (16) | 17,717 | 18,992 |
| Contract assets | (17) | 30,247 | 31,182 |
| Other financial assets | (18) | 559 | 366 |
| Current tax assets | (19) | 395 | 4,708 |
| Cash and cash equivalents | (20) | 40,827 | 10,280 |
| Other assets | (21) | 3,279 | 4,214 |
| Total assets | | 231,405 | 199,898 |

| <i>in € thousand</i> | Note | 12/31/2020 | 12/31/2019 |
|--|-------------|-------------------|-------------------|
| Liabilities & Shareholders' Equity | | | |
| Equity | | 136,504 | 125,388 |
| Total equity attributable to shareholders of SUSS MicroTec SE | | 136,504 | 125,388 |
| Subscribed capital | (22) | 19,116 | 19,116 |
| Reserves | (22) | 118,969 | 106,606 |
| Accumulated other comprehensive income | (22) | -1,581 | -334 |
| Noncurrent liabilities | | 32,563 | 24,468 |
| Pension plans and similar commitments | (23) | 6,396 | 6,037 |
| Financial debt due to banks | (24) | 9,062 | 10,500 |
| Financial debt from lease obligations | | 7,656 | 4,638 |
| Other liabilities | | 312 | 0 |
| Deferred tax liabilities | (8) | 9,137 | 3,293 |
| Current liabilities | | 62,338 | 50,042 |
| Provisions | (25) | 4,501 | 4,198 |
| Tax liabilities | (29) | 814 | 702 |
| Financial debt due to banks | (24) | 1,386 | 10,399 |
| Financial debt from lease obligations | | 2,387 | 2,751 |
| Other financial liabilities | (26) | 10,436 | 6,773 |
| Trade payables | | 9,834 | 10,013 |
| Contract liabilities | (27) | 25,679 | 9,346 |
| Other liabilities | (28) | 7,301 | 5,860 |
| Total liabilities and shareholders' equity | | 231,405 | 199,898 |

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

| <i>in € thousand</i> | 01/01/2020 – 12/31/2020 | 01/01/2019 – 12/31/2019 |
|--|--------------------------------|--------------------------------|
| Net profit/loss (after taxes) | 12,363 | -16,261 |
| Amortization of intangible assets | 667 | 1,230 |
| Depreciation of tangible assets | 7,098 | 7,339 |
| Profit on disposal of intangible and tangible assets | -97 | 318 |
| Change of reserves on inventories | -6,468 | 14,337 |
| Change of reserves for bad debts | 251 | 114 |
| Other non-cash effective items | -418 | -1,522 |
| Change in inventories | 9,751 | 4,610 |
| Change in contract assets | 940 | -28,171 |
| Change in trade receivables | 1,175 | 3,155 |
| Change in other assets | 1,012 | 498 |
| Change in pension provisions | 363 | 75 |
| Change in trade payables | -432 | 926 |
| Change in contract liabilities | 14,147 | -8,887 |
| Change in other liabilities and other provisions | 4,916 | -3,569 |
| Change of tax assets and tax liabilities | 9,891 | -4,995 |
| Cash flow from operating activities | 55,159 | -30,803 |

| <i>in € thousand</i> | 01/01/2020 –12/31/2020 | 01/01/2019 –12/31/2019 |
|--|-------------------------------|-------------------------------|
| Disbursements for tangible assets | -6,838 | -5,676 |
| Disbursements for intangible assets | -1,115 | -454 |
| Payments from the disposal of intangible and tangible assets | 97 | 0 |
| Disbursements for the purchase of SUSS MicroTec Netherlands B.V. | -3,307 | 0 |
| Cash flow from investing activities | -11,163 | -6,130 |
| Repayment of bank loans | -10,451 | -1,000 |
| Proceeds of bank loans | 0 | 19,500 |
| Change in current bank liabilities | 0 | -3 |
| Repayment of rental and lease liabilities | -2,830 | -2,098 |
| Cash flow from financing activities | -13,281 | 16,399 |
| Adjustments to funds caused by exchange rate fluctuations | -168 | 142 |
| Change in cash and cash equivalents | 30,547 | -20,392 |
| Funds at the beginning of the year | 10,280 | 30,672 |
| Funds at the end of the period | 40,827 | 10,280 |
| Cash flow from operating activities includes: | | |
| Interest paid during the period | 359 | 143 |
| Interest received during the period | 3 | 10 |
| Tax paid during the period | 2,936 | 6,309 |
| Tax refunds during the period | 5,656 | 330 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)

| <i>in € thousand</i> | Subscribed capital | Additional paid-in capital | Earnings reserve | Retained earnings |
|---|-----------------------|-------------------------------|---------------------|----------------------|
| As of January 1, 2019 | 19,116 | 71,547 | 202 | 51,118 |
| Withdrawal from the capital reserves of SUSS MicroTec SE | | -15,725 | | 15,725 |
| Net income/loss | | | | -16,261 |
| Total income and expenses recognized in equity | | | | |
| Total comprehensive income/loss | | | | -16,261 |
| As of December 31, 2019 | 19,116 | 55,822 | 202 | 50,582 |
| As of January 1, 2020 | 19,116 | 55,822 | 202 | 50,582 |
| Withdrawal from the capital reserves of SUSS MicroTec SE | | | | |
| Net income/loss | | | | 12,363 |
| Total income and expenses recognized in equity | | | | |
| Total comprehensive income/loss | | | | 12,363 |
| As of December 31, 2020 | 19,116 | 55,822 | 202 | 62,945 |

| Accumulated other comprehensive income | | | | | Total equity attributable to shareholders of SUSS MicroTec SE | Equity |
|--|-------------------|--|---------------------|-------------------|--|----------------|
| Items that will not be reclassified to profit and loss | | Items that will be reclassified to profit and loss in later periods | | | | |
| Revaluation of defined benefit pension plans | Deferred taxes | Foreign currency adjustment | Cash flow hedges | Deferred taxes | | |
| -3,290 | 751 | 991 | 0 | 0 | 140,435 | 140,435 |
| | | | | | -16,261 | -16,261 |
| -320 | 190 | 1,344 | 0 | 0 | 1,214 | 1,214 |
| -320 | 190 | 1,344 | 0 | 0 | -15,047 | -15,047 |
| -3,610 | 941 | 2,335 | 0 | 0 | 125,388 | 125,388 |
| -3,610 | 941 | 2,335 | 0 | 0 | 125,388 | 125,388 |
| | | | | | 12,363 | 12,363 |
| -235 | 63 | -1,075 | 0 | 0 | -1,247 | -1,247 |
| -235 | 63 | -1,075 | 0 | 0 | 11,116 | 11,116 |
| -3,845 | 1,004 | 1,260 | 0 | 0 | 136,504 | 136,504 |

FIXED ASSETS MOVEMENT SCHEDULE

The fixed assets movement schedule is part of the notes to the consolidated financial statements.

FIXED ASSETS MOVEMENT SCHEDULE 2020

| <i>in € thousand</i> | Acquisition and manufacturing costs | | | | | |
|---|-------------------------------------|------------------------|---------------|---|-------------------|--------------|
| | 01/01/2020 | Translation adjustment | Additions | Additions through business combinations | Reclassifications | Disposals |
| I. Intangible assets | | | | | | |
| 1. Concessions, intellectual property rights and similar rights, and assets as well as licenses in such rights and assets | 22,412 | -140 | 1,115 | 51 | | 69 |
| 2. Development costs | 29,467 | -71 | | | | |
| 3. Other intangible assets | 3,197 | -192 | | 437 | | |
| | 55,076 | -403 | 1,115 | 488 | 0 | 69 |
| II. Goodwill | 30,120 | -180 | | 2,759 | | |
| III. Tangible assets | | | | | | |
| 1. Properties, buildings, fixtures | 20,692 | -16 | 112 | | | |
| 2. Technical equipment and machinery | 22,365 | -243 | 6,190 | 67 | | |
| 3. Other equipment, office, and plant furnishings | 12,528 | -78 | 1,674 | 10 | | 79 |
| 4. Motor vehicles | 383 | -1 | | | | |
| 5. Capitalized leased property | | | | | | |
| Technical equipment and machinery | 311 | -27 | | | | |
| Fleet of vehicles | 32 | -1 | | | | |
| 6. Rights of use | 9,487 | -206 | 5,819 | | | 1,339 |
| | 65,798 | -572 | 13,795 | 77 | 0 | 1,418 |
| IV. Financial assets | | | | | | |
| Other investments | 2,120 | | | | | |
| | 2,120 | 0 | 0 | 0 | 0 | 0 |
| Total | 153,114 | -1,155 | 14,910 | 3,324 | 0 | 1,487 |

| | Depreciation and amortization | | | | | Net book value | | |
|--|-------------------------------|---------------|------------------------|--------------|--------------|----------------|---------------|---------------|
| | 12/31/2020 | 01/01/2020 | Translation adjustment | Additions | Disposals | 12/31/2020 | 12/31/2019 | 12/31/2020 |
| | 23,369 | 18,259 | -140 | 640 | 69 | 18,690 | 4,153 | 4,679 |
| | 29,396 | 29,467 | -71 | | | 29,396 | 0 | 0 |
| | 3,442 | 3,197 | -191 | 26 | | 3,032 | 0 | 410 |
| | 56,207 | 50,923 | -402 | 666 | 69 | 51,118 | 4,153 | 5,089 |
| | | | | | | 14,413 | 15,707 | 18,286 |
| | 32,699 | 14,413 | | | | | | |
| | 20,788 | 4,474 | -16 | 747 | | 5,205 | 16,218 | 15,583 |
| | 28,379 | 14,503 | -264 | 2,751 | | 16,990 | 7,862 | 11,389 |
| | 14,055 | 10,086 | -73 | 859 | 73 | 10,799 | 2,442 | 3,256 |
| | 382 | 359 | -1 | 5 | | 363 | 24 | 19 |
| | 284 | 311 | -27 | | | 284 | 0 | 0 |
| | 31 | 32 | -1 | | | 31 | 0 | 0 |
| | 13,761 | 2,128 | -58 | 2,736 | 1,150 | 3,656 | 7,359 | 10,105 |
| | 77,680 | 31,893 | -440 | 7,098 | 1,223 | 37,328 | 33,905 | 40,352 |
| | 2,120 | 2,120 | | | | 2,120 | 0 | 0 |
| | 2,120 | 2,120 | 0 | 0 | 0 | 2,120 | 0 | 0 |
| | 168,706 | 99,349 | -842 | 7,764 | 1,292 | 104,979 | 53,765 | 63,727 |

FIXED ASSETS MOVEMENT SCHEDULE

The fixed assets movement schedule is part of the notes to the consolidated financial statements.

FIXED ASSETS MOVEMENT SCHEDULE 2019

| <i>in € thousand</i> | Acquisition and manufacturing costs | | | | | |
|---|-------------------------------------|------------------------|---|---------------|-------------------|--------------|
| | 01/01/2019 | Translation adjustment | First-time recognition of right-of-use assets (IFRS 16) | Additions | Reclassifications | Disposals |
| I. Intangible assets | | | | | | |
| 1. Concessions, intellectual property rights and similar rights, and assets as well as licenses in such rights and assets | 19,567 | 45 | | 3,374 | | 574 |
| 2. Development costs | 29,451 | 16 | | | | |
| 3. Other intangible assets | 3,153 | 44 | | | | |
| | 52,171 | 105 | 0 | 3,374 | 0 | 574 |
| II. Goodwill | 30,079 | 41 | | | | |
| III. Tangible assets | | | | | | |
| 1. Properties, buildings, fixtures | 19,555 | 3 | | 1,156 | | 22 |
| 2. Technical equipment and machinery | 19,305 | 538 | | 3,010 | 200 | 688 |
| 3. Other equipment, office, and plant furnishings | 12,422 | 39 | | 1,510 | -200 | 1,243 |
| 4. Motor vehicles | 381 | 1 | | 1 | | |
| 5. Capitalized leased property | | | | | | |
| Technical equipment and machinery | 305 | 6 | | | | |
| Fleet of vehicles | 31 | 1 | | | | |
| 6. Rights of use | 0 | 0 | 2,464 | 7,023 | | |
| | 51,999 | 588 | 2,464 | 12,700 | 0 | 1,953 |
| IV. Financial assets | | | | | | |
| Other investments | 2,120 | | | | | |
| | 2,120 | 0 | 0 | 0 | 0 | 0 |
| Total | 136,369 | 734 | 2,464 | 16,074 | 0 | 2,527 |

| Depreciation and amortization | | | | | | Net book value | | |
|-------------------------------|---------------|------------------------|--------------|---------------------------|--------------|----------------|---------------|---------------|
| 12/31/2019 | 01/01/2019 | Translation adjustment | Additions | Extraordinary write-downs | Disposals | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| 22,412 | 17,932 | 42 | 760 | 64 | 539 | 18,259 | 1,635 | 4,153 |
| 29,467 | 29,395 | 16 | 56 | | | 29,467 | 56 | 0 |
| 3,197 | 2,810 | 37 | 280 | 70 | | 3,197 | 343 | 0 |
| 55,076 | 50,137 | 95 | 1,096 | 134 | 539 | 50,923 | 2,034 | 4,153 |
| 30,120 | 14,413 | | | | | 14,413 | 15,666 | 15,707 |
| 20,692 | 3,727 | 3 | 734 | 32 | 22 | 4,474 | 15,828 | 16,218 |
| 22,365 | 11,458 | 370 | 2,086 | 995 | 406 | 14,503 | 7,847 | 7,862 |
| 12,528 | 9,936 | 33 | 1,153 | 206 | 1,242 | 10,086 | 2,486 | 2,442 |
| 383 | 353 | 1 | 5 | | | 359 | 28 | 24 |
| 311 | 305 | 6 | | | | 311 | 0 | 0 |
| 32 | 31 | 1 | | | | 32 | 0 | 0 |
| 9,487 | 0 | 0 | 2,128 | | | 2,128 | 0 | 7,359 |
| 65,798 | 25,810 | 414 | 6,106 | 1,233 | 1,670 | 31,893 | 26,189 | 33,905 |
| 2,120 | 2,120 | | | | | 2,120 | 0 | 0 |
| 2,120 | 2,120 | 0 | 0 | 0 | 0 | 2,120 | 0 | 0 |
| 153,114 | 92,480 | 509 | 7,202 | 1,367 | 2,209 | 99,349 | 43,889 | 53,765 |

SEGMENT REPORTING (IFRS)

The Segment Reporting is part of the notes to the consolidated financial statements.

SEGMENT INFORMATION BY BUSINESS SEGMENT

| <i>in € thousand</i> | Lithography | | Bonder | | Photomask Equipment | |
|-------------------------------|----------------|----------------|---------------|---------------|---------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| External sales | 141,374 | 117,295 | 30,407 | 26,420 | 57,651 | 46,362 |
| Internal sales | 0 | 0 | 0 | 0 | 0 | 0 |
| Total sales | 141,374 | 117,295 | 30,407 | 26,420 | 57,651 | 46,362 |
| Result per segment (EBIT) | 8,970 | -19,290 | 388 | -269 | 15,284 | 9,806 |
| Income before taxes | 8,971 | -19,363 | 389 | -302 | 15,286 | 9,783 |
| Significant non-cash items | 12,388 | -14,024 | -193 | 439 | -260 | -656 |
| Segment assets | 89,467 | 85,224 | 24,561 | 25,089 | 26,532 | 31,258 |
| thereof goodwill | 18,286 | 15,707 | 0 | 0 | 0 | 0 |
| Unallocated assets | | | | | | |
| Total assets | | | | | | |
| Segment liabilities | -36,342 | -19,337 | -4,769 | -3,092 | -6,809 | -6,477 |
| Unallocated liabilities | | | | | | |
| Total liabilities | | | | | | |
| Depreciation and amortization | 2,757 | 4,217 | 526 | 568 | 621 | 436 |
| thereof scheduled | 2,757 | 2,850 | 526 | 568 | 621 | 436 |
| thereof impairment loss | 0 | 1,367 | 0 | 0 | 0 | 0 |
| Capital expenditure | 4,662 | 2,090 | 412 | 424 | 364 | 116 |
| Workforce on December 31 | 615 | 558 | 99 | 101 | 154 | 150 |

SEGMENT INFORMATION BY REGION

| <i>in € thousand</i> | Sales | | Capital expenditure | | Assets (without goodwill) | |
|-----------------------|----------------|----------------|---------------------|--------------|---------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| EMEA | 44,291 | 53,666 | 9,989 | 5,544 | 156,262 | 146,560 |
| North America | 22,671 | 26,381 | 18 | 432 | 3,281 | 9,191 |
| Asia/Pacific | 185,152 | 133,752 | 1,253 | 154 | 6,825 | 8,138 |
| Consolidation effects | 0 | 0 | 0 | 0 | 20 | -610 |
| Total | 252,114 | 213,799 | 11,260 | 6,130 | 166,388 | 163,279 |

| | Microoptics | | Others | | Consolidation effects | | Total | |
|--|---------------|---------------|---------------|---------------|-----------------------|---------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | 21,537 | 22,596 | 1,145 | 1,126 | – | – | 252,114 | 213,799 |
| | 0 | 0 | 10,777 | 9,513 | -10,777 | -9,513 | 0 | 0 |
| | 21,537 | 22,596 | 11,922 | 10,639 | -10,777 | -9,513 | 252,114 | 213,799 |
| | 5 | 2,206 | -4,210 | -6,211 | – | – | 20,437 | -13,758 |
| | -8 | 2,182 | -4,619 | -6,420 | – | – | 20,019 | -14,120 |
| | -653 | -708 | -25 | -773 | – | – | 11,257 | -15,722 |
| | 26,159 | 19,711 | 17,955 | 17,704 | – | – | 184,674 | 178,986 |
| | 0 | 0 | 0 | 0 | – | – | 18,286 | 15,707 |
| | | | | | | | 46,731 | 20,912 |
| | | | | | | | 231,405 | 199,898 |
| | -3,141 | -2,027 | -2,592 | -2,146 | – | – | -53,653 | -33,079 |
| | | | | | | | -41,248 | -41,431 |
| | | | | | | | -94,901 | -74,510 |
| | 2,606 | 1,926 | 1,254 | 1,422 | – | – | 7,764 | 8,569 |
| | 2,606 | 1,926 | 1,254 | 1,422 | – | – | 7,764 | 7,202 |
| | 0 | 0 | 0 | 0 | – | – | 0 | 1,367 |
| | 4,517 | 1,942 | 1,305 | 1,558 | – | – | 11,260 | 6,130 |
| | 106 | 94 | 35 | 34 | – | – | 1,009 | 937 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

of SUSS MicroTec SE for the 2020 Fiscal Year

(1) DESCRIPTION OF BUSINESS ACTIVITY

SUSS MicroTec SE (the “Company”), domiciled at Schleissheimer Str. 90, Garching, near Munich, Germany, and its subsidiaries constitute an international Group (hereinafter: “the Group”) that manufactures and distributes products using microelectromechanical systems and microelectronics. Production is spread across the facilities in Garching and Sternenfels in Germany, Hauterive (Canton of Neuchâtel, Switzerland), Corona (California, USA), and Hsinchu, Taiwan. In December 2020, the company delivered coaters from the production facility in Hsinchu, Taiwan, for the first time. SUSS MicroTec (Taiwan) Company Ltd. previously operated purely as a sales company. A further production site was gained with the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) headquartered in Eindhoven, Netherlands, as of March 31, 2020. With this acquisition, SUSS MicroTec added the option of applying photo resists and dielectric layers by means of this new process to its existing lithography product portfolio in its coater/developer segment.

The Company’s products are distributed by the production facilities directly and through distribution companies in the USA, France, the United Kingdom, Japan, Singapore, China, and South Korea. In countries in which the Group does not have offices of its own, distribution is organized through trade representatives.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved and published by the International Accounting Standards Board (IASB) which are mandatory in the European Union. The consolidated financial statements were principally prepared on the basis of historical cost. Historical cost is generally based on the fair value of the consideration charged in return for the asset. This does not include certain financial instruments that were recognized at fair value on the reporting date. A corresponding explanation is made as part of the respective accounting and valuation principles. The requirements of the IFRS have been met in full and lead to the presentation of a true and fair view of the net assets, financial position, and results of operations of the SUSS MicroTec Group.

The Company is a Societas Europaea or European company (SE) and is subject to German law. SUSS MicroTec SE was formed by way of the transformation of SUSS MicroTec AG. The transformation was recorded in the Commercial Register Department B of the District Court of Munich on August 9, 2017. Under the regulations of the German commercial code (Handelsgesetzbuch – HGB), the Company is obliged to prepare consolidated financial statements in accordance with the accounting regulations of Section 315e HGB as SUSS MicroTec SE is a capital market-oriented company. The Group Management Report has been prepared in accordance with Section 315 HGB.

The consolidated financial statements and the Group Management Report for the year ending on December 31, 2020, will be submitted to and published in the Federal Gazette.

B) STANDARDS AND INTERPRETATIONS THAT HAVE BEEN APPLIED FOR THE FIRST TIME

In the 2020 fiscal year, SUSS MicroTec SE also applied the following new standards and amendments to existing standards for the first time:

- Amendments to references to the conceptual framework in IFRS (EU-endorsed, mandatory from January 1, 2020)
- Amendments to IAS 1 and IAS 8 regarding the definition of the term “material” (EU-endorsed, mandatory from January 1, 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (EU-endorsed, mandatory from January 1, 2020)
- Amendments to IFRS 3 “Business Combinations” regarding the definition of a business (EU-endorsed, mandatory from January 1, 2020)

C) STANDARDS AND INTERPRETATIONS THAT HAVE NOT BEEN APPLIED PRIOR TO THE MANDATORY APPLICABLE DATE

The IASB has published the following standards, interpretations and amendments of standards or interpretations, the application of which is not yet mandatory.

- Amendment to IFRS 16: COVID-19-Related Rent Concessions (EU-endorsed, mandatory for reporting periods beginning after June 1, 2020)
- Amendments to IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9 (EU-endorsed, mandatory from January 1, 2021)

- IFRS 17 “Insurance Contracts” (not yet adopted in EU law, mandatory from January 1, 2023)
- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Non-Current or Current Plus Amendments to IAS 1 – Deferral of the Effective Date (not yet adopted into EU law, mandatory from January 1, 2023)
- Annual improvements, 2018–2020 cycle; amendments to:
 - IFRS 3 Business Combinations: Reference to the Conceptual Framework
 - IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
 - IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (not yet adopted in EU law, mandatory from January 1, 2022)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (not yet adopted in EU law, mandatory from January 1, 2021)

SUSS MicroTec does not see any application area for the rules of IFRS 17. The initial application of the aforementioned amended standards and interpretations is not expected to result in any material impact on the consolidated financial statements of SUSS MicroTec.

D) SIGNIFICANT ACCOUNTING POLICIES

Taking into consideration the quality criteria of the accounting and the applicable IFRS, the consolidated financial statements fulfill the principle of true and fair view and of fair presentation. In preparing the consolidated financial statements according to IFRS, primarily the following accounting policies were applied.

Goodwill

Under IFRS 3, derivative goodwill is not subject to amortization, but is instead examined once annually for impairment. An examination is also performed if there are triggering events that indicate possible impairment.

The recoverability of goodwill is examined at the level of cash-generating units, which correspond to the operating divisions in the SUSS MicroTec Group.

Impairment is recorded if the book values of the assets are no longer covered by the recoverable amount of the cash-generating unit concerned. The recoverable amount is the higher of fair value less costs to sell and value in use. In the reporting year, SUSS MicroTec SE computed the recoverable amount of cash-generating units on the basis of value in use. This value is generally based on valuations using discounted cash flow.

Other Intangible Assets

Purchased and internally generated intangible assets are capitalized pursuant to IAS 38 if it is probable that a future economic benefit will flow from the use of the asset and the costs of the asset can be determined reliably. They are recognized at cost and amortized normally using the straight-line method over their useful life, which is a maximum of ten years.

Development costs in connection with product development are capitalized as cost of sales if the expense can be attributed clearly and if technical feasibility and successful marketing are assured. It must, moreover, be sufficiently probable that the development activity will indeed generate a future economic benefit. The capitalized development performances comprise all costs that are directly attributable to the development process, including overheads relating to development. Capitalized development costs are amortized normally using the straight-line method from the commencement of production over the expected product life cycle, which is generally three to five years.

There are no other intangible assets with an indeterminate useful life in the SUSS MicroTec Group.

Tangible Assets

Tangible assets are recognized at cost and lessened on the basis of probable useful life by straight-line depreciation. The depreciation periods for the principal categories of tangible assets are given below:

| | |
|--|-------------|
| Buildings, fixtures | 10–40 years |
| Technical equipment and machinery | 4–5 years |
| Other equipment, office, and plant furnishings | 3–5 years |
| Vehicles | 5 years |

When assets are disposed of, the pertinent historical acquisition costs and accumulated depreciation are derecognized and the difference to the revenue from the sale is recorded as other operating expense or income.

For granted rights of use, the Group recognizes an asset that is disclosed under tangible assets in accordance with IFRS 16. The right of use is measured upon conclusion of the lease agreement at cost, reflecting the present value of the anticipated lease payments. Subsequently, the right of use is depreciated on a straight-line basis from the provision date until the end of the leasing period.

In compliance with the rules of IAS 16, there was no revaluation of tangible assets.

Impairment of Intangible and Tangible Assets

Intangible assets, including goodwill, and tangible assets are subject to impairment if the book values of the assets would no longer be covered by the sales proceeds that may be expected or by the discounted net cash flow from further use. If it is not possible to determine the realizable amount for individual assets, the cash flow is determined for the next higher grouping of assets for which such a cash flow can be computed. Allocation of goodwill is on the basis of the reporting units (divisions).

If the circumstances that led to the impairment cease to apply in later periods, revaluations are made. The revaluation is made at a maximum of the amount that would have resulted if the impairment had not been recorded. No revaluation is made on goodwill once it has been written down.

Inventories

Inventories are measured at cost or, if lower, their net realizable value. The net realizable value is the sales proceeds that can probably be obtained less the costs likely to be incurred prior to sale. Inventory risks arising from decreased marketability and technical risks are accommodated by appropriate value adjustments.

The costs of conversion of work in progress and finished goods include direct material and production costs as well as attributable material and production overhead costs.

For materials and supplies, the acquisition costs are computed on the basis of a weighted average.

If the reasons that led to an adjustment of the inventories cease to be applicable, a revaluation is made.

Financial Instruments

Financial instruments are contractual relationships which lead to a financial asset for one party and to a financial debt or an equity instrument for the other.

Financial assets are divided into three categories and measured differently.

- Debt instruments that are held for the purpose of collecting contractual cash flows and whose contractual technical characteristics lead to cash flows at fixed times that exclusively represent repayment and interest payments for the outstanding amount of capital: measurement at amortized cost
- Debt instruments that are held for the purpose of collecting contractual cash flows and selling the financial asset and whose contractual technical characteristics lead to cash flows at fixed times that exclusively represent repayment and interest payments for the outstanding amount of capital: measurement at fair value without effect on profit or loss

- Equity instruments and other debt instruments that do not fall under the already specified categories: measurement at fair value in profit or loss

Financial liabilities are measured at fair value in profit or loss if they fall under the definition of "held for trading purposes." All remaining financial liabilities are measured at amortised cost.

Receivables, Other Financial Assets, and Contract Assets

Trade receivables and contract assets are recognized from the time at which they arise. All other financial assets and liabilities are initially recognized on the trading date on which the Company becomes a contractual party in accordance with the contractual provisions.

Trade receivables without significant financial components are measured upon initial recognition at the transaction price and in the subsequent periods at amortized cost. Contract assets involve claims of the Group for consideration for services that have been completed but not yet invoiced as of the reporting date. Upon initial recognition, contract assets are measured at 96 percent of the transaction price unless the Group is aware of a deviating value. Customer down payments received are subtracted from this amount. Contract assets are reclassified to trade receivables when the rights become unconditional. All other financial assets are measured upon initial recognition at fair value. Measurement in the subsequent periods – according to the type of financial asset – is either with or without effect on profit or loss. Receivables become due promptly in accordance with customer payment agreements. Provided that down payment agreements with customers exist, receivables are immediately settled by offsetting them with down payments received.

Appropriate value adjustments are made for trade receivables if the receivables are considered to be doubtful or unrecoverable. The Group considers a financial asset to be doubtful or unrecoverable if it is unlikely that the debtor can pay the Group for its credit obligation in full or that recourse to the recovery of possibly available collateral is impossible or unsuccessful. In addition, value adjustments are made depending on the age structure of overdue receivables. These impairments are recorded in separate adjustment accounts.

Impairments of Financial Instruments

Financial assets are subject to default risks, which are taken into consideration by providing for a risk provision or, in case of losses that have already been incurred, by recognizing an impairment. The default risk of receivables and contract assets is accounted for by creating individual value adjustments and portfolio-based value adjustments.

Specifically, a risk provision is created for these financial assets in the amount of the expected loss according to uniform Group standards. Actual individual value adjustments for the losses that have occurred are taken from this risk provision. The potential need for a value adjustment is assumed not only if various circumstances exist, such as a payment delay over a certain period of time or a final payment default (e.g., through insolvency), but also for receivables that are not past due.

In order to determine portfolio-based value adjustments, both insignificant receivables and significant individual receivables without any indication of impairment are combined into homogeneous portfolios based on comparable credit risk characteristics and divided into risk classes. In order to determine the impairment amount, average historical default probabilities are considered along with forward-looking parameters of the respective portfolio.

Credit default risks are to be examined for all financial assets that are measured at amortized cost or at fair value without effect on profit or loss (debt instruments) as well as for contract assets in accordance with IFRS 15.

Securities

A distinction should be made as to whether securities are to be classified as “debt instruments” or as “equity instruments.” According to classification and structure, securities are measured at amortized cost or fair value. Measurement effects that arise from measurement at fair value are recognized in other comprehensive income without effect on profit or loss unless the measurement effects are to be recognized in the financial result without effect on profit or loss.

Cash and Cash Equivalents

Cash equivalents include all nearly liquid assets that, at the time of acquisition or investment, have a remaining term of less than three months. Cash and cash equivalents are measured at cost.

Pension Plans and Similar Commitments

Provisions for pension plans and similar commitments are recognized pursuant to IAS 19 “Employee Benefits.”

Defined contribution plans generally do not lead to the formation of provisions since the Company’s obligation is restricted to the payment of contributions to retirement/pension funds. Premium payments to retirement/pension funds are recognized as an expense in the period in which they are accrued.

With defined benefit plans, the Company’s obligation consists of ensuring promised benefits to active and former employees. Defined benefit plans generally do not lead to the formation of pension provisions.

The net liability from defined benefit plans (the cash value of the defined-benefit obligation less the value of plan assets) is calculated based on the projected unit credit method. Future salary increases and other increases in benefits are taken into consideration. The measurement of the pension obligations is on the basis of pension reports using the assets existing to cover these obligations (at the fair value of plan assets). The effects from the remeasurement of the net liability (actuarial gains and losses, income from plan assets, and changes in the effect of the upper limit on assets) are recognized in full in accumulated other comprehensive income. In case of future changes to the plan, the unrecognized prior service cost is recognized immediately in profit and loss.

Provisions

Provisions are formed under IAS 37 when there is an obligation to outside parties whose fulfillment they are likely to demand and if the probable amount of the necessary provision can be estimated reliably. The measurement is at full cost. Noncurrent provisions are recognized on the basis of corresponding interest rates at their discounted settlement amount as of the reporting date.

Financial Debt

Financial debt comprises bank borrowings and liabilities from rent and lease agreements. Bank borrowings are allocated to the category "Financial liabilities" and measured at amortized cost. Liabilities that result from rent and lease agreements are measured and recognized in accordance with IFRS 16.

Other Financial Liabilities

With the exception of derivative financial instruments, other financial liabilities are allocated to the category "Financial liabilities" and measured at amortized cost.

Trade Payables

Trade payables are allocated to the category "Financial liabilities" and measured at amortized cost.

Contract Liabilities

Contract liabilities involve customer down payments received for contracts concluded in accordance with IFRS 15. They are measured at amortized cost. Upon settlement of a performance obligation in accordance with IFRS 15, it is subtracted from the associated contract assets or offset with trade receivables.

Leasing

The Group's lease agreements include office and production areas as well as passenger vehicles. The term of the lease agreements ranges from three to ten years. Some have the option to extend the lease agreements after this period. Individual lease agreements provide for additional lease payments based on the change in the local price indexes.

The Group leases IT equipment with contractual terms between one year and three years. The lease agreements are usually short-term; in addition, they are based on items of negligible value. The Group has decided not to recognize either rights of use or lease liabilities for these lease agreements.

Right-of-use assets are presented separately under tangible assets:

Lease liabilities have developed as follows:

| <i>in € thousand</i> | Lease liabilities |
|---|--------------------------|
| As of 01/01/2020 | 7,389 |
| Additions 2020 | 5,822 |
| Repayment | -3,017 |
| Extraordinary repayment | 0 |
| Currency difference | -151 |
| Financial debt from lease obligations as of 12/31/2020 | 10,043 |
| thereof noncurrent | 7,656 |
| thereof current | 2,387 |

Lease liabilities are divided into a long-term portion of € 7,656 thousand and a short-term portion of € 2,387 thousand.

For concluded lease agreements and rights of use granted in this connection, the Group recognizes an asset that is disclosed under tangible assets in accordance with IFRS 16. The right of use is measured upon conclusion of the lease agreement at cost, reflecting the present value of the anticipated lease payments. Subsequently, the right of use is depreciated on a straight-line basis from the provision date until the end of the leasing period.

The lease liabilities are recognized when the agreement is concluded at the present value of the lease payments that have still not been made on the provision date. The subsequent measurement of the lease liability is done at its amortized carrying amount using the effective interest method. The lease liability is remeasured if the future lease payments change due to a change in the index or (interest) rate.

The Group has decided not to recognize rights of use and lease liabilities for leases involving assets of negligible value as well as short-term leases, including IT equipment. The Group expenses

| <i>in € thousand</i> | Total right-of-use assets | of which properties, buildings, fixtures | of which other equipment, office, and plant furnishings |
|---|----------------------------------|---|--|
| As of 1/1/2020 | 7,359 | 6,593 | 766 |
| Additions to right-of-use assets | 5,819 | 5,149 | 670 |
| Disposals on right-of-use assets | -1,339 | -1,256 | -83 |
| Write-downs in the fiscal year | -2,736 | -2,271 | -465 |
| Extraordinary write-downs | 0 | 0 | 0 |
| Disposal depreciation for wear and tear | 1,150 | 1,067 | 83 |
| Currency difference | -148 | -148 | 0 |
| As of 12/31/2020 | 10,105 | 9,134 | 971 |

the lease payments associated with these leases over the term of the leases using the straight-line method. In the 2020 fiscal year, lease expenses related to this amounted to € 353 thousand.

Discontinued Operations

Discontinued operations are shown as soon as a part of the Company with business activities and cash flows that can be clearly distinguished from the remainder of the entity for accounting purposes is classified as being for sale or has already been disposed of, and the business area represents a separate and substantial business branch.

Sales Recognition

Sales are recorded in accordance with IFRS 15 if the conditions are met for recognizing them. Using a principles-based, five-step model, an assessment is made regarding in what amount and at what time or over what period sales are recognized.

For the sale of tools, the following distinct performance obligations are identified, for each of which sales are recognized separately.

- Production and delivery of the tool
- Installation of the tool and initial training of the customer on the tool (including the warranty)
- Training employees on the tool
- A warranty that exceeds the legal scope
- Maintenance and service of the tool
- Delivery of replacement parts
- Implementation of upgrades to the tool

For each identified performance obligation, an assessment is made whether the performance of service occurs over time or at a point in time. Sales are recognized if control over the good or service has been transferred to the customer.

For the production and delivery of the tool on the one hand and the installation or initial training on the tool on the other hand, revenue recognition occurs in each case at the point in time when control is transferred to the customer. In this context, the point in time of delivery or the transfer of risk to the customer is crucial for the performance obligation “production and delivery of the tool.” Upon conclusion of “bill and hold” agreements, the transfer of risk occurs when the tool is stored at the customer’s request in a place of their choosing and the risk of accidental destruction is transferred to the customer. For the performance obligation “installation of the tool/initial training of the customer,” a transfer of control occurs at the point in time when the installation has been completed and the tool has been accepted by the customer. 96% of the amount of the order normally accrues to the performance obligation “production and delivery of the tool”; 4% of the amount of the order is normally allocated to the performance obligation “installation of the tool/initial training of the customer.” Revenue recognition at the point in time of the transfer of control occurs in the corresponding amount.

Revenue from the sale of micro-optics is recognized at a point in time upon delivery.

Sales from services are recognized when the service has been rendered or, in the case of service contracts, proportionately over time. In the case of sales of spare parts, the revenue is recognized on delivery.

Cost of Sales

The cost of sales comprises the costs of conversion and procurement costs of the products and spare parts sold. In addition to the directly allocable materials and manufacturing costs, it also includes overhead costs such as depreciation and amortization of production facilities and intangible assets as well as value adjustments on inventories.

Research and Development Costs

Expenses for research and expenses for development work that cannot be capitalized are recorded as expense when incurred.

Other Operating Expenses and Income

The other operating expenses and income are classified under the operating income and allocated to the appropriate period. This also applies to expenses and income from foreign currency translation.

Deferred Taxes

In accordance with IAS 12 “Income Taxes,” deferred tax assets and liabilities are formed on all temporary differences between the fiscal measurement bases of the assets and debts and their recognized values in the IFRS consolidated statement of financial position as well as on tax loss carryforwards. The deferred taxes are computed on the basis of tax rates that apply or are expected to apply at the time of realization in light of the present legal situation in the relevant countries. Deferred tax assets on temporary differences or on loss carryforwards are only recognized if it seems sufficiently certain that they can be realized in the near future.

Deferred taxes are only set up on temporary differences in goodwill if write-downs on the derivative goodwill are subject to recognition for tax purposes.

Deferred taxes are measured using tax rates that are expected to be applied to temporary differences as soon as they reverse, namely using tax rates that are valid or have been announced on the reporting date. This also applies to the future expected use of remaining tax loss deductions. As a result, the amount of recognized deferred taxes reflects any possible uncertainty inherent in income taxes.

Earnings per Share (EPS)

The Company computes earnings per share in accordance with IAS 33 "Earnings Per Share."

The undiluted earnings per share are computed by dividing the net profit by the weighted average of the shares issued.

The diluted earnings per share are computed by dividing the adjusted net profit by the weighted average of the shares issued plus the share equivalents leading to a dilution.

Derivative Financial Instruments

Derivative financial instruments are accounted for in accordance with IFRS 9. Derivative financial instruments are allocated to assets and liabilities, are recognized at their market values, and are presented under other current financial assets or other current financial liabilities. First-time recognition is on the day of the transaction. Changes in market value are shown in the statement of income or, in case of classification as a cash flow hedge, under accumulated other comprehensive income after deduction of deferred taxes.

Treatment of Subsidies

Under IAS 20 "Accounting for Government Grants," public subsidies are only recognized if there is sufficient certainty that the attached conditions will be fulfilled and the subsidies granted. They are taken to the statement of income, generally in the periods in which the expenses that are to be met by the subsidies are incurred. Subsidies relating to capitalizable development costs are subtracted from the total.

Transactions in Foreign Currency

Purchases and sales in foreign currency are translated at the daily exchange rate at the time of delivery. Assets and debts in foreign currency are translated to the functional currency at the exchange rate in effect on the reporting date. Foreign currency gains and losses arising from these translations are taken to the statement of income.

E) USE OF ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires estimates and assumptions that affect the presentation of assets and debts, the disclosures of contingent liabilities at the reporting date, and the presentation of income and expenses. The estimates and respective underlying assumptions are constantly monitored. In individual cases, the actual values may deviate from the assumptions and estimates made.

Sales Recognition

In the 2019 fiscal year, the Management Board has made a change in its assessment regarding an appropriate allocation of contractually agreed amount of orders to the components "production and delivery of the tool" and "installation of the tool/initial training of the customer" (IAS 8.39). Instead of the method of adjusted fair value that was used in the 2018 fiscal year, a transition to the cost plus method was made in the 2019 fiscal year in accordance with IFRS 15.79 b). The Management Board is of the opinion that using this method achieves a more appropriate determination and recognition of profit margins allocated to the respective components of an overall project. The changed allocation of income by six percentage points as a result of the increased revenue share for machine delivery components compared with fiscal year 2018 resulted in an increase in Group sales in 2019 of € 3,666 thousand. The method remained unchanged in the 2020 fiscal year.

Trade Receivables

Adjustments on doubtful receivables involve considerable estimates and judgments of individual receivables that are based on the creditworthiness of the individual customer and the current development of the economy. The Company bases the determination of impairments on receivables on expected losses. As of December 31, 2020, the total adjustment on trade receivables was € 928 thousand (previous year: € 678 thousand).

Impairments

SUSS MicroTec SE examines the goodwill for possible impairment at least once annually. The determination of the recoverable amount of a cash-generating unit that the goodwill is allocated to is associated with estimates by management. The recoverable amount is the higher of the fair value, less costs to sell, and the value in use. The Company generally determines these figures using measurement methods based on discounted cash flows. These discounted cash flows are determined for a period of five years. The basis used for the immediate future is the cash flow derived from the Group budget. For cash flow forecasts beyond the period of detailed planning, suitable forecasts from the semiconductor sub-supplier industry are used. On the basis of these forecasts, a growth rate is determined for each year of the period under consideration. For the five-year period, average annual growth of 7.8% (previous year: 6.0%) is calculated for the Lithography cash-generating unit, to which recognized goodwill is allocated. At the end of the five-year planning horizon, an annual sales growth rate of 1.0% is assumed for the subsequent years. The forecast net cash flow is discounted using the calculated risk-adjusted interest rate of 7.66% (previous year: 8.53%). The risk-adjusted interest rates used were aligned with external determinations. The premises and the underlying method may have a considerable influence on the values in question and, finally, on the amount of any possible impairment of goodwill.

If it is not possible to determine the recoverable amount for individual assets in the framework of an impairment test for tangible assets or other intangible assets, the cash flow is determined for the next higher group of assets for which such a cash flow can be determined. For tangible assets or intangible assets, the determination of the recoverable amount is also similarly associated with estimates by management, which has a considerable influence on the values concerned and, in the final analysis, on the amount of any impairment.

Pension Plans and Similar Commitments

Commitments for pensions and associated expenses and income are determined in accordance with actuarial measurements. These measurements are based on key premises, including discount factors, the expected yield from plan assets, salary trends, and life expectancies. The assumed discount factors reflect the interest rates obtained as of the reporting date for high-quality, fixed-interest investments with corresponding terms.

On account of fluctuations in the market and economic situation, the premises applied may deviate from the actual development, with material effects on the obligations for pensions.

Provisions

The determination of provisions for contractually agreed guarantees and warranty claims is associated to a considerable extent with estimates. Where the Company derives these provisions from historical guarantee and warranty cases, a decline in the sales volume reduces such provisions correspondingly, and vice versa.

Other Financial Liabilities

Other financial liabilities are capitalized at their settlement amount. They are derecognized when the contract liabilities have been met or rescinded or have expired. Depending on the contents of the contractual agreements, estimates are necessary in order to determine the likely settlement amount.

Purchase Price Allocation

On acquisition of entities, under IAS 27 (rev. 2008) and IFRS 3 (rev. 2008), the purchase price for the entity acquisition must be made on the identifiable assets, debts and contingent liabilities acquired at purchase. With some exceptions (e.g., tax liabilities, pension obligations and share-based remuneration), assets, debts, and contingent debts must be recognized at fair value. Here, consideration must be given not only to assets in the financial statement but also to intangible assets that have not previously been recognized.

F) CONSOLIDATION

Consolidation Principles

The consolidated financial statements include SUSS MicroTec SE and all active companies over which, independent of the level of its participatory investment, the proprietary company can exercise control (i.e., the control principle). Control exists if SUSS MicroTec SE has the power to participate in positive and negative variable returns of a company and can influence these returns through its power of disposition. In cases where the majority of voting rights are held, it is assumed that it exercises control.

Receivables and liabilities as well as income and expenses incurred between the companies included in the consolidated financial statements as well as intra-Group profits and losses are eliminated.

Translation of Financial Statements in Foreign Currency

The reporting currency of the Group is the euro, which is also the functional currency of the proprietary company. All figures are in thousand euros unless otherwise stated.

Statement of financial position items of subsidiaries that use their local currency as their functional currency are (with the exception of equity, which is translated at historical rates) translated at the rate on the reporting date, and the items in the statement of income are translated at average rates.

| | 2020 | | 2019 | |
|-----------------|---------------------------------|---------------------|---------------------------------|---------------------|
| | Statement of Financial Position | Statement of Income | Statement of Financial Position | Statement of Income |
| 1 EUR vs. 1 USD | 1.227 | 1.145 | 1.123 | 1.122 |
| 1 EUR vs. 1 JPY | 126.497 | 121.829 | 121.891 | 122.271 |
| 1 EUR vs. 1 GBP | 0.899 | 0.886 | 0.850 | 0.877 |
| 1 EUR vs. 1 CHF | 1.081 | 1.072 | 1.086 | 1.112 |
| 1 EUR vs. 1 TWD | 34.449 | 33.701 | 33.605 | 34.563 |
| 1 EUR vs. 1 SGD | 1.622 | 1.573 | 1.511 | 1.528 |
| 1 EUR vs. 1 CNY | 7.984 | 7.896 | 7.817 | 7.744 |
| 1 EUR vs. 1 KRW | 1,333.213 | 1,346.230 | 1,295.938 | 1,300.753 |

The resulting translation differences are shown as a separate component of equity (i.e., under accumulated other comprehensive income).

Disclosures on the Scope of Consolidation

The consolidated financial statements include the financial statements of SUSS MicroTec SE and of all material companies over which, independent of the level of its participatory investment, the proprietary company can exercise control (i.e., the control principle).

Compared with the consolidated financial statements as of December 31, 2019, changes to the scope of consolidation were as described below.

With the purchase agreement of December 19, 2019, SUSS MicroTec SE has acquired 100% of the shares of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) with headquarters in Eindhoven, Netherlands, from Meyer Burger (Germany) GmbH. Meyer Burger (Pixdro) B.V. (formerly Meyer Burger Netherlands B.V.) emerged from the divestment of Meyer Burger Netherlands B.V. as part of the transaction. With this acquisition, SUSS MicroTec added the option of applying photo resists and dielectric layers by means of this new process to its existing lithography product portfolio in its coater/developer segment.

The valuation date is based on the time of assumption of control in accordance with IFRS 3.9. Therefore, March 31, 2020, was taken as the reporting date for the initial consolidation and for the purchase price allocation. In the process, a purchase price allocation was carried out for the essential acquired intangible and tangible assets as well as liabilities. In addition, the previously unrecognized internally generated intangible assets and liabilities were recognized.

The goodwill acquired in the amount of € 2,759 thousand results from the difference between the net fair values of the identifiable assets acquired and liabilities assumed at the purchase price. The goodwill comprises the expected synergies resulting from the implementation of the PIXDRO technology in SUSS MicroTec products and the expectations of the resulting market growth. For SUSS MicroTec customers, this technology can help them save significantly on the materials used, have lower cleaning and disposal costs, and provide related significant cost savings, while also reducing the environmental impact. SUSS MicroTec assumes that with these advantages it will gain further customers for its coaters/developers and expects this new technology to generate significant sales growth over the next few years.

The following is a presentation of the fair values from the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) at the time of its initial consolidation as of March 31, 2020.

| <i>in € thousand</i> | Recognized by the Group |
|---|--------------------------------|
| Assets | |
| Noncurrent assets | 4,063 |
| Intangible assets | 488 |
| Goodwill | 2,759 |
| Tangible assets | 552 |
| Deferred tax assets | 264 |
| Current assets | 2,934 |
| Inventories | 2,326 |
| Trade receivables | 550 |
| Other assets | 58 |
| Total assets | 6,997 |
| Liabilities | |
| Noncurrent liabilities | 97 |
| Deferred tax liabilities | 97 |
| Current liabilities | 3,592 |
| Provisions | 160 |
| Trade payables | 336 |
| Contract liabilities | 2,347 |
| Other liabilities | 749 |
| Total assets | 3,689 |
| Net assets: acquired assets ./ assumed liabilities | 3,308 |
| Transferred consideration | 3,308 |

The assets and liabilities of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) presented here were allocated in full to the Lithography division.

Therefore, the following subsidiaries and associates of SUSS MicroTec SE (ultimate proprietary company) were included in the consolidated financial statements as of December 31, 2020

(figures on capital and net profit or loss of the individual companies according to local law and in local currency).

| Company, based in | Currency | Subscribed capital | Investment | Shareholders' equity | Annual earnings | Consolidation |
|---|----------|--------------------|------------|----------------------|-----------------|---------------|
| SUSS MicroTec SE, Garching ¹ , Germany | EUR | 19,115,538.00 | Holding | 63,134,940.46 | 711,264.38 | full |
| SUSS MicroTec Lithography GmbH, Garching ² , Germany | EUR | 2,000,100.00 | 100% | 34,489,300.32 | -6,237,175.93 | full |
| SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels, Germany | EUR | 3,000,000.00 | 100% | 3,000,000.00 | 7,728,368.52 | full |
| SUSS MicroTec Photomask Equipment Beteiligungs-GmbH, Sternenfels, Germany | EUR | 25,000.00 | 100% | 14,700.45 | -482.03 | full |
| SUSS MicroTec Ltd., Market Rasen, United Kingdom | GBP | 10,000.00 | 100% | 441,616.39 | 2,082.42 | full |
| SUSS MicroTec KK, Yokohama, Japan | JPY | 30,000,000.00 | 100% | -719,212,509.00 | -12,513,520.00 | full |
| SUSS MicroTec S.a.r.l., Pierre-Bénite, France | EUR | 114,750.00 | 100% | 3,032,489.96 | 279,575.00 | full |
| SUSS MicroOptics S.A., Hauterive, Switzerland | CHF | 2,500,000.00 | 100% | 18,652,404.03 | 289,284.35 | full |
| SUSS MicroTec, Inc., Corona, USA | USD | 4,197,000.00 | 100% | 60,712,824.74 | -659,258.73 | full |
| SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan | TWD | 5,000,000.00 | 100% | 315,170,386.00 | -10,167,927.00 | full |
| SUSS MicroTec Company Ltd., Shanghai, China | CNY | 1,655,320.00 | 100% | 66,876,127.26 | 7,567,795.78 | full |
| HUGLE Lithography Inc., San Jose, USA ³ | USD | 1,190,442.00 | 53,1% | -39,579.00 | -800.00 | - |
| SUSS MicroTec REMAN GmbH, Oberschleißheim ² , Germany | EUR | 25,564.59 | 100% | 426,445.58 | 225,290.06 | full |
| SUSS MicroTec (Singapore) Pte. Ltd., Singapore | SGD | 25,000.00 | 100% | 4,480,171.86 | 1,659,240.61 | full |
| SUSS MicroTec Korea Co. Ltd., Hwaseong City, South Korea | KRW | 50,000,000.00 | 100% | 3,751,708,522.00 | 126,658,712.00 | full |
| SUSS MicroTec Photonic Systems Inc., Corona, USA | USD | 10,400.00 | 100% | -42,406,960.04 | -6,883,091.01 | full |
| SUSS MicroTec Netherlands B.V., Netherlands | EUR | 10.00 | 100% | -1,309,918.11 | -1,159,856.11 | full |

¹ Equity and net income before profit and loss transfer agreement with SUSS MicroTec Lithography GmbH and SUSS MicroTec REMAN GmbH as well as before consideration of earnings for SUSS MicroTec Photomask Equipment GmbH & Co. KG

² Equity and net income before profit and loss transfer agreement with SUSS MicroTec SE.

³ Entity considered at cost due to immateriality

The closing date of the financial statements of all the companies included is December 31 of the year in question.

Among the domestic subsidiaries within the legal form of a corporation, SUSS MicroTec Lithography GmbH, Garching, and SUSS MicroTec REMAN GmbH, Oberschleissheim, fulfill the conditions for exemption pursuant to Section 264 (3) HGB. All exemption rules were applied.

SUSS MicroTec Photomask Equipment GmbH & Co. KG, which has the legal form of a partnership, fulfills the conditions for exemption pursuant to Section 264b HGB. All exemption rules were applied.

SUSS MicroTec SE prepares consolidated financial statements based on the International Financial Reporting Standards (IFRS) in accordance with Section 315e HGB for the largest and smallest group of companies. These consolidated financial statements and the condensed Management Report for the 2020 fiscal year will be published in the Federal Gazette.

COMMENTS ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

The following explanations to the consolidated statement of income relate exclusively to the Group's continuing operations. All figures are in € thousand unless otherwise stated.

(3) SALES

The sales are composed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--------------------------|----------------|----------------|
| Machinery and equipment | 192,177 | 154,588 |
| Spare parts and upgrades | 25,122 | 22,858 |
| Services | 12,087 | 12,961 |
| Microoptics | 21,537 | 22,563 |
| Other sales | 1,991 | 829 |
| Sales | 252,114 | 213,799 |

Sales during the 2020 fiscal year are allocated to the divisions as follows:

| <i>in € thousand</i> | Lithography | Bonder | Photomask Equipment | Microoptics | Others | 2020 total |
|--------------------------|--------------------|---------------|----------------------------|--------------------|---------------|-------------------|
| Machinery and equipment | 116,188 | 26,881 | 49,108 | – | – | 192,177 |
| Spare parts and upgrades | 18,759 | 2,193 | 3,946 | – | 224 | 25,122 |
| Services | 6,211 | 1,196 | 4,597 | – | 83 | 12,087 |
| Microoptics | – | – | – | 21,537 | 0 | 21,537 |
| Others | 216 | 137 | – | – | 838 | 1,191 |
| Sales | 141,374 | 30,407 | 57,651 | 21,537 | 1,145 | 252,114 |

The regional distribution of sales in the 2020 fiscal year was as follows:

| <i>in € thousand</i> | Lithography | Bonder | Photomask Equipment | Microoptics | Others | 2020 total |
|----------------------|--------------------|---------------|----------------------------|--------------------|---------------|-------------------|
| EMEA | 24,249 | 4,803 | 3,029 | 12,210 | 0 | 44,291 |
| North America | 18,841 | 1,851 | 1,190 | 788 | 0 | 22,670 |
| Asia/Pacific | 98,284 | 23,753 | 53,432 | 8,539 | 1,145 | 185,153 |
| Sales | 141,374 | 30,407 | 57,651 | 21,537 | 1,145 | 252,114 |

Sales during the previous year are allocated to the divisions as follows:

| <i>in € thousand</i> | Lithography | Bonder | Photomask Equipment | Microoptics | Others | 2019 total |
|--------------------------|----------------|---------------|---------------------|---------------|--------------|----------------|
| Machinery and equipment | 93,626 | 22,879 | 38,083 | – | – | 154,588 |
| Spare parts and upgrades | 16,808 | 2,430 | 3,461 | 16 | 143 | 22,858 |
| Services | 6,844 | 1,111 | 4,839 | – | 167 | 12,961 |
| Microoptics | – | – | – | 22,563 | 0 | 22,563 |
| Others | 17 | – | -21 | 17 | 816 | 829 |
| Sales | 117,295 | 26,420 | 46,362 | 22,596 | 1,126 | 213,799 |

The regional distribution of sales in 2019 was as follows:

| <i>in € thousand</i> | Lithography | Bonder | Photomask Equipment | Microoptics | Others | 2019 total |
|----------------------|----------------|---------------|---------------------|---------------|--------------|----------------|
| EMEA | 29,025 | 6,392 | 3,352 | 14,897 | 0 | 53,666 |
| North America | 18,613 | 5,681 | 1,340 | 747 | 0 | 26,381 |
| Asia/Pacific | 69,657 | 14,347 | 41,670 | 6,952 | 1,126 | 133,752 |
| Sales | 117,295 | 26,420 | 46,362 | 22,596 | 1,126 | 213,799 |

Contract Balances

The following table provides information about receivables, contract assets, and liabilities from contracts with customers.

| <i>in € thousand</i> | 12/31/2020 | 12/31/2019 |
|--------------------------|------------|------------|
| Contract balances | | |
| Trade receivables | 17,717 | 18,992 |
| Contract assets | 30,247 | 31,182 |
| Contract liabilities | -25,679 | -9,346 |

The contract assets involve claims of the Group for consideration for services from machine orders that have been rendered, but not yet invoiced as of the reporting date. The contract assets are reclassified to trade receivables when the rights become unconditional. This occurs as a rule when SUSS MicroTec prepares a final invoice for the customer.

Contract assets developed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Opening portfolio of contractual assets as of 01/01 | 31,182 | 3,026 |
| Additions | 92,227 | 58,653 |
| Disposals (reclassification to trade receivables) | -93,162 | -30,497 |
| Closing portfolio of contractual assets as of 12/31 | 30,247 | 31,182 |

The contract liabilities involve customer down payments received for the production of tools. Upon delivery or acceptance and associated sales recognition, the contract liabilities are offset against the contract assets or receivables that arise.

Contract liabilities developed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|----------------|----------------|
| Opening portfolio of contractual liabilities as of 01/01 | -9,346 | -18,225 |
| Additions | -187,430 | -93,657 |
| Disposals | 171,097 | 102,536 |
| Closing portfolio of contractual liabilities as of 12/31 | -25,679 | -9,346 |

The amount of € 9,346 thousand that was disclosed under contract liabilities as of the previous year's reporting date was largely recognized as sales in the 2020 fiscal year.

Order backlog as of December 31, 2020, amounts to € 119,897 thousand (previous year: € 93,180 thousand). SUSS MicroTec assumes that this order backlog will be fully realized in sales in 2021.

(4) **COST OF SALES**

The cost of sales in the 2019 fiscal year included impairments on assets of the scanner and laser product lines as well as provisions for acceptance obligations totaling € 14,246 thousand. Due to the receipt of orders for four scanners, which had already been fully written down in the previous year, corresponding reversals of impairment losses were made, reducing the cost of sales in 2020 by € 3,354 thousand. Other extraordinary expenses of € 1,239 thousand had the opposite effect.

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Write-downs on inventory reserves | -3,354 | 12,270 |
| Write-downs on other assets of current assets | 1,239 | 323 |
| Write-downs on production-related non-current assets | 0 | 1,367 |
| Provisions for purchase contingencies | 0 | 286 |
| Special write-downs Scanner/Laser | -2,115 | 14,246 |

The cost of sales includes write-downs on demonstration equipment of € 3,429 thousand (previous year: € 4,925 thousand) and on other inventories of € 3,885 thousand (previous year: € 2,773 thousand). The demonstration equipment is used as evaluation, development, or demonstration machinery and it is subject to normal wear and tear, which is accounted for through appropriate value adjustments. The remaining impairments primarily involve materials and supplies. Of the total impairments, € 4,616 thousand (previous year: € 5,764 thousand) accrues to inventories in the Lithography division and € 2,011 thousand (previous year: € 1,550 thousand) accrues to inventories of the Bonder division. The inventories of the Photomask Equipment division were written down by € 661 thousand (previous year: € 384 thousand).

(5) **OTHER OPERATING INCOME**

Other operating income was comprised as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|--------------|--------------|
| Foreign currency gains | 3,226 | 1,245 |
| Company cars | 290 | 255 |
| Income from the reversal of value adjustments for trade receivables | 20 | 13 |
| Income from the reversal of other provisions | 13 | 0 |
| Other subsidies | 75 | 22 |
| Insurance claims | 157 | 20 |
| Others | 476 | 133 |
| Other operating income | 4,257 | 1,688 |

The foreign currency gains stemmed primarily from various business transactions in the operational area that were conducted in foreign currency (primarily in US dollars) and from exchange rate changes during the year. Here, revenue is also recognized from the reporting date measurement of intra-Group clearing accounts, which exist in foreign currency from the perspective of the reporting company.

(6) **OTHER OPERATING EXPENSES**

Other operating expenses were comprised as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|--------------|--------------|
| Foreign currency losses | 2,564 | 2,493 |
| Other taxes | 820 | 548 |
| Allowances for value adjustments for doubtful debts and contract assets | 0 | 127 |
| Others | 1 | 14 |
| Other operating expenses | 3,385 | 3,182 |

The foreign currency losses arose – as in the previous year – mainly from changes in measurement of customer receivables in US dollars on account of changes in the exchange rates during the year as well as from measurement changes to intra-Group clearing accounts in foreign currency.

(7) FINANCIAL RESULT

The financial result is composed of interest expenses and interest income as well as other financial expenses and other financial income.

Financial income of € 5 thousand (previous year: € 18 thousand) resulted mainly from interest income for money market investments and securities.

The financial expenses are comprised as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---------------------------------------|------------|------------|
| Interest for bank loans | 355 | 177 |
| Interest for lease liabilities | 10 | 70 |
| Commissions on bank guarantees | 57 | 99 |
| Other interest and financial expenses | 1 | 34 |
| Financial expenses | 423 | 380 |

Interest for bank liabilities includes € 41 thousand (previous year: € 78 thousand) attributable to financing the property in Garching (loan status as of December 31, 2020: € 500 thousand). Additional € 100 thousand relates to two loans taken out, which were granted as part of a KfW Development Bank promotional program (loan status as of December 31, 2020: € 10,000 thousand). Bank interest of approximately € 186 thousand (previous year: € 22 thousand) accrues to the provision and partial utilization of a syndicated loan, which includes a credit line of € 40 million.

(8) INCOME TAXES

The tax expense and its breakdown into current and deferred taxes are as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|-----------------------------------|--------------|--------------|
| Current tax expense | 2,132 | 709 |
| Deferred tax income (-) / expense | 5,524 | 1,432 |
| thereof on temporary differences | 5,845 | 3,569 |
| Total expense | 7,656 | 2,141 |

The table below shows a reconciliation between the tax expense expected in each fiscal year and the tax expense presented.

| <i>in %</i> | 2020 | 2019 |
|---------------------------|--------------|--------------|
| Expected tax rate | | |
| Corporate income tax rate | 15.00 | 15.00 |
| Solidarity surcharge | 5.50 | 5.50 |
| Trade income tax rate | 12.43 | 12.43 |
| Composite tax rate | 28.25 | 28.25 |

| <i>in € thousand</i> | 2020 | 2019 |
|---|---------------|----------------|
| Earnings before taxes | 20,483 | -14,120 |
| Expected income taxes | 5,786 | -3,989 |
| Different foreign tax rates | -276 | 505 |
| Minimum taxation | 86 | 6 |
| Trade income additions and deductions | 15 | 5 |
| Other non-deductible expenses | 65 | 262 |
| Income taxes from previous years | 50 | -649 |
| Non-activation/value adjustment on deferred taxes | 1,841 | 5,740 |
| Use of loss carryforwards adjusted in full | -280 | -23 |
| Non-taxable income | 123 | 53 |
| Others | 246 | 231 |
| Effective income taxes | 7,656 | 2,141 |

A comparison of the expected and effective income taxes from the continuing operations shows a deviation of € -1,870 thousand (previous year: € -6,130 thousand). Instead of the expected tax expense of € 5,786 thousand, a tax expense of € 7,656 thousand resulted at the Group level in the reporting year.

In the reporting year, deferred tax assets of € 1,841 thousand were not recognized or adjusted. This primarily affected temporary differences and loss carryforwards of SUSS MicroTec Photonic Systems Inc., Corona, California, USA. Both US companies, SUSS MicroTec Inc. and SUSS MicroTec Photonic Systems Inc., form a tax group whose taxable income in the USA is subject to Group taxation. In the past, the technologies of SUSS MicroTec Photonic Systems – UV projection lithography and laser processing – generated insufficient sales that did not cover costs, and the market outlook did not indicate any significant short-term improvement, so the Management Board decided at the beginning of 2020 to discontinue the production of lasers and scanners. Either no deferred tax assets are being recognized or they are being completely written down for the losses that arose in 2020 as well as loss carryforwards incurred in the past at SUSS MicroTec Photonic Systems Inc. in view of the lack of any positive earnings prospects. Earnings for SUSS MicroTec Inc. are expected to be slightly positive in the next few years.

No tax deferral was recorded on non-distributed profits from subsidiaries. It was decided to forgo a calculation of the possible tax effects because the time and effort would have been disproportionate.

The deferred income and prepaid expenses for deferred taxes are calculated as follows:

| <i>in € thousand</i> | Assets | | Liabilities | |
|---|--------------|------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Other current liabilities | 327 | 491 | 0 | 0 |
| Pension plans and similar commitments | 1,113 | 1,061 | 0 | 0 |
| Trade receivables | 0 | 0 | 8,617 | 8,823 |
| Customer deposits | 0 | 0 | 18,518 | 7,822 |
| Noncurrent provisions | 189 | 207 | 58 | 110 |
| Intangible assets | 3 | 3 | 907 | 825 |
| Other current assets | 0 | 0 | 3 | 2 |
| Goodwill | 0 | 0 | 2,064 | 2,064 |
| Adjustment item SMT Photomask Equipment | 0 | 0 | 127 | 158 |
| Inventories | 18,365 | 13,530 | 10 | 0 |
| Tangible assets | 0 | 1 | 255 | 206 |
| Others | 64 | 64 | 1 | 1 |
| Loss carryforward | 2,681 | 2,137 | 0 | 0 |
| Offsetting | -21,422 | -16,718 | -21,424 | -16,718 |
| Total | 1,320 | 776 | 9,136 | 3,293 |

The Group has tax loss carryforwards of € 50,796 thousand (previous year: € 46,687 thousand). Of this amount, a total of € 20,762 thousand will have lapsed by December 31, 2030. In the period from 2031 to 2040, a total of € 7,333 thousand will lapse. Loss carryforwards of € 22,701 thousand can be used indefinitely.

The total amount includes loss carryforwards of € 19,920 thousand, which involve SUSS MicroTec Photonic Systems Inc. (Corona, USA). Since SUSS MicroTec has not previously assumed that it could take advantage of these loss carryforwards in the foreseeable future, no deferred tax assets were recognized. Therefore, a possible loss of these loss carryforwards does not have any effect on the consolidated financial statements.

The taxable income of the four German companies SUSS MicroTec SE, SUSS MicroTec Lithography GmbH, SUSS MicroTec Reman GmbH and SUSS MicroTec Photomask Equipment GmbH & Co. KG were negative in total in 2019, which is why deferred tax assets of € 2,137 thousand were recognized as loss carryforwards in the previous year. In the 2020 fiscal year, loss carryforwards were utilized in the corporate tax group, but a loss still occurred in the trade tax group because contributions to earnings of SUSS MicroTec Photomask Equipment GmbH & Co. KG are not recognized in the trade tax group. As a partnership, SUSS MicroTec Photomask Equipment GmbH & Co. KG is an independent tax subject with regard to trade tax. Deferred tax assets on the loss carryforwards of the German companies amount to € 2,417 thousand as of December 31, 2020.

The increase in loss carryforwards compared to the previous year is mainly due to the once again negative net result of SUSS MicroTec Photonic Systems Inc. Earnings were also negatively affected by expenses that resulted from the termination of the scanner and laser product lines.

No deferred tax assets were recognized for loss carryforwards of € 42,240 thousand (previous year: € 39,123 thousand) and temporary differences of € 30,234 thousand (previous year: € 47,573 thousand).

According to IAS 12.74 et seq., deferred tax assets and liabilities are offset if the possibility to do so exists according to civil law and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

As of December 31, 2020, deferred tax assets and liabilities of € 21,422 thousand (previous year: € 16,718 thousand) were offset.

(9) EARNINGS PER SHARE

The following table shows the calculation of both the basic and diluted earnings per share:

| <i>in € thousand</i> | 2020 | 2019 |
|---|-------------|--------------|
| Net profit or loss accruing to shareholders of SUSS MicroTec SE | 12,363 | -16,261 |
| Adjusted weighted average number of outstanding shares | 19,115,538 | 19,115,538 |
| Earnings per share in € – basic | 0.65 | -0.85 |
| Earnings per share in € – diluted | 0.65 | -0.85 |

(10) ADDITIONAL DISCLOSURES ON THE IFRS CONSOLIDATED STATEMENT OF INCOME

EXPENDITURES FOR RESEARCH AND DEVELOPMENT

Research and development expenditures in the 2020 fiscal year came to € 19,847 thousand (previous year: € 20,195 thousand). The capitalized development costs were already amortized as scheduled in the previous year. No new capitalizations were carried out in 2020.

Net investments and expenses for research and development are as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Research and development costs | 19,847 | 20,195 |
| Amortization on capitalized research and development costs | 0 | 56 |
| Net capital expenditure | 0 | -56 |

Research and development costs include government funding of € 250 thousand.

PERSONNEL EXPENSES

The consolidated statement of income of the SUSS MicroTec Group includes personnel expenses under the various postings as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Wages and salaries | 68,999 | 65,107 |
| Social security expenses and expenses for benefits | 8,481 | 8,589 |
| Pension expenses | 4,269 | 4,008 |
| Personnel expenses | 81,749 | 77,704 |

The social security charges and expenses for benefits mainly contain the employer's portions of social security insurance and contributions to the employer's liability insurance.

The expenditures for pension provisions include pension expenses from Company pension plans and employer contributions to the statutory retirement insurance.

COST OF MATERIALS

The cost of materials in the 2020 fiscal year came to € 95,685 thousand (previous year: € 81,578 thousand).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are composed as follows:

| <i>in € thousand</i> | 2020 | | | 2019 | | |
|--------------------------------------|-------------------------------|---|-------------------------------------|-------------------------------|---|-------------------------------------|
| | Depreciation and amortization | Extraordinary depreciation and amortization | Total depreciation and amortization | Depreciation and amortization | Extraordinary depreciation and amortization | Total depreciation and amortization |
| Intangible assets | 667 | 0 | 667 | 1,096 | 134 | 1,230 |
| Tangible assets | 7,097 | 0 | 7,097 | 6,106 | 1,233 | 7,339 |
| Depreciation and amortization | 7,764 | 0 | 7,764 | 7,202 | 1,367 | 8,569 |

During the fiscal year, concessions and industrial property rights and similar rights as well as licenses to such rights and values were amortized in the amount of € 667 thousand (previous year € 1,096 thousand). In the previous year, extraordinary write-downs on concessions and industrial property rights were also taken in connection with the termination of the laser and scanner product lines in the amount of € 64 thousand.

Apart from the depreciation of tangible assets of € 7,097 thousand (previous year: € 6,106 thousand), no extraordinary write-downs were taken in the 2020 fiscal year. In the previous year, extraordinary write-downs of € 1,233 thousand were taken on production-related fixed assets of the scanner and laser product lines.

EXPLANATIONS ON THE ASSETS SIDE

The following explanations to the consolidated statement of financial position relate exclusively to the Group's continuing operations in the reporting year. All figures are in € thousand unless otherwise stated.

(11) INTANGIBLE ASSETS

As of the reporting date, patents, licenses, and similar rights of € 4,679 thousand (previous year: € 4,153 thousand) are disclosed under intangible assets. The Group-wide SAP system is included in this amount. In the 2019 fiscal year, a right of use was capitalized for € 2,920 thousand, which involves a joint applications center with partner BRIDG in Kissimmee, USA. The right-of-use asset of € 875 thousand was allocated to the cash-generating Lithography units, and € 2,045 thousand was allocated to Bonders. As part of a cooperation agreement, SUSS MicroTec has sold four machines of the bonder and coater production lines to BRIDG. These four machines – together with other demonstration equipment from SUSS MicroTec – will be installed at BRIDG's applications center at the Kissimmee site in Florida. For five years, SUSS MicroTec has the right to use not only its own demonstration equipment, but also machines sold to BRIDG at this applications center, for research and development as well as for customer demonstrations. This right of use was measured at € 2,920 thousand and is being amortized over five years from the start of use. There were delays in the installation of this equipment in the 2020 fiscal year due to the COVID-19 pandemic and structural changes in the operator consortium. The installation and final acceptance of this equipment, and thus the start of the contractually guaranteed five-year utilization period, is being pursued in close coordination with the collaborating partners. Contractual obligations in the form of installation services amounting to € 122 thousand are still outstanding.

(12) GOODWILL

The goodwill presented as of the reporting date in the amount of € 18,286 thousand (previous year: € 15,707 thousand) is allocated entirely to the Lithography cash-generating unit. A part of goodwill (US\$ 2,366 thousand) is denominated in US dollars and therefore is subject to currency fluctuations. The increase in goodwill compared to the previous year results from goodwill acquired as part of the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.). The entire amount of goodwill is assigned to the Lithography division.

(13) TANGIBLE ASSETS

The breakdown of tangible assets that are combined in the statement of financial position and their development in the reporting year are shown in the fixed assets movement schedule, which is a component part of these notes.

Since 2019, rights of use for leased and rented assets have been disclosed under tangible assets; the carrying amount totals € 10,105 thousand as of December 31, 2020 (previous year: € 7,359 thousand).

As of December 31, 2020, real estate with a carrying amount of € 8,400 thousand (previous year: € 8,577 thousand) was encumbered with a land charge as security for a bank loan (see note 24). Following repayment of the loan, this will be carried forward as an owner's land charge.

(14) OTHER (NONCURRENT) ASSETS

Other noncurrent assets include security deposits paid for rented office buildings. The insurance event for the reinsurance contract occurred in the 2020 fiscal year and payment was made.

| <i>in € thousand</i> | 2020 | 2019 |
|--------------------------------|-------------|-------------|
| Reinsurance policies | 0 | 178 |
| Deposits | 350 | 390 |
| Other noncurrent assets | 350 | 568 |

(15) INVENTORIES

The inventories can be broken down as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---------------------------|---------------|---------------|
| Materials and supplies | 42,308 | 46,197 |
| Work in process | 28,338 | 25,519 |
| Finished goods | 12,467 | 10,312 |
| Demonstration equipment | 17,634 | 31,727 |
| Merchandise | 0 | 480 |
| Value adjustments | -27,764 | -39,188 |
| Inventory reserves | 72,983 | 75,047 |

In connection with the termination of the scanner and laser product lines, inventories of € 12,270 thousand were completely written down in 2019. Due to the receipt of orders for four scanners, which had already been fully written down in the previous year, corresponding reversals of impairment losses were made, reducing the cost of sales for the 2020 fiscal year by € 3,354 thousand. Of these items, three had already been sold by the reporting date and one is still included in inventories with a carrying amount after reversal of impairment losses of € 991 thousand. Other extraordinary expenses of € 1,239 thousand had the opposite effect.

Of the total inventories of € 72,983 thousand as of December 31, 2020 (previous year: € 75,047 thousand), € 31,561 thousand (previous year: € 43,457 thousand) are accounted for at net realizable value.

Write-downs of € 1,127 thousand resulted from the first-time adoption of the accounting guideline on standardized marketability discounts for inventories at SUSS MicroTec Company Ltd., Shanghai, China, and SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan, for the 2020 fiscal year. If this accounting guideline had been adopted in the previous year, this would have resulted in write-downs of € 1,194 thousand for the 2019 fiscal year.

The amount of inventories, which were recorded as an expense in the fiscal year, totaled approximately € 153,040 thousand (previous year: € 131,403 thousand).

(16) TRADE RECEIVABLES

Trade receivables break down as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--------------------------------|---------------|---------------|
| Receivables from third parties | 18,630 | 19,655 |
| Value adjustments | -913 | -663 |
| Trade receivables | 17,717 | 18,992 |

Value adjustments on receivables from contracts with customers were formed on the basis of expected losses as follows in 2020:

| <i>in € thousand</i> | Not due | Overdue 1–180 days | Overdue 181–360 days | Overdue 361–720 days | Overdue > 720 days | 2020 total |
|--------------------------------|---------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------|
| Receivables from third parties | 12,567 | 4,800 | 965 | 70 | 228 | 18,630 |
| Value adjustments | -10 | -24 | -616 | -35 | -228 | -913 |
| Trade receivables | 12,557 | 4,776 | 349 | 35 | 0 | 17,717 |

In the previous year, value adjustments on receivables from contracts with customers were presented as follows:

| <i>in € thousand</i> | Not due | Overdue 1–180 days | Overdue 181–360 days | Overdue 361–720 days | Overdue > 720 days | 2019 total |
|--------------------------------|---------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------|
| Receivables from third parties | 13,142 | 5,105 | 869 | 217 | 322 | 19,655 |
| Value adjustments | -14 | -26 | -180 | -121 | -322 | -663 |
| Trade receivables | 13,128 | 5,079 | 689 | 96 | 0 | 18,992 |

Of the receivables not due, a percentage of 0.11% was value-adjusted.

The following table reproduces the changes in the value adjustments on the stock of trade receivables.

| <i>in € thousand</i> | 2020 | 2019 |
|--|------------|------------|
| Value adjustments at the beginning of the fiscal year | 663 | 564 |
| Payment receipts and reversals for receivables that had been written off | -383 | -13 |
| Addition | 633 | 112 |
| Value adjustments at the end of the fiscal year | 913 | 663 |

The Group has inferred from empirical values that a low default risk exists and that it has not increased significantly since initial recognition.

Additional information on the determination of value adjustments on trade receivables can be found in the Group Management Report.

(17) VERTRAGLICHE VERMÖGENSWERTE

| <i>in € thousand</i> | 2020 | 2019 |
|------------------------|---------------|---------------|
| Contract assets | 30,262 | 31,197 |
| Value adjustments | -15 | -15 |
| Contract assets | 30,247 | 31,182 |

The contract assets of € 30,247 thousand (previous year: € 31,182 thousand) involve claims of the Group for consideration for services from machine orders that have been completed but not yet invoiced as of the reporting date. The contract assets are reclassified to receivables when the rights become unconditional. This occurs as a rule when the Group prepares a final invoice for the customer. It is expected that the recognized contractual obligations will be met within the next 12 months.

(18) OTHER FINANCIAL ASSETS

Supplier bonuses and other tax receivables are primarily disclosed under other financial assets of € 559 thousand (previous year: € 366 thousand).

(19) TAX REFUND CLAIMS

Current tax assets of € 395 thousand (previous year: € 4,708 thousand) involve tax prepayments, as in the previous year. Of this amount, approximately € 198 thousand (previous year: € 4,321 thousand) accrues to companies in Germany.

(20) CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounting to € 40,827 thousand (previous year: € 10,280 thousand) relate to cash in hand, checks and deposits with banks, provided they are available within three months from the date of deposit. The year-on-year change is presented in the consolidated statement of cash flows.

(21) OTHER (CURRENT) ASSETS

The following items are presented under other current assets:

| <i>in € thousand</i> | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| Deferred items | 1,320 | 1,355 |
| Prepayments | 842 | 729 |
| Value-added tax | 708 | 1,828 |
| Bidding securities | 203 | 160 |
| Others | 206 | 142 |
| Other current assets | 3,279 | 4,214 |

The prepaid expenses item contains prepayments for future expenses, e.g., insurance premiums and advance payments of rent.

EXPLANATIONS ON THE EQUITY & LIABILITIES SIDE

(22) SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

The equity capital of SUSS MicroTec SE remained unchanged at € 19,115,538.00 as of the reporting date (divided into 19,115,538 registered and fully paid-in no-par-value shares each with an imputed face value of € 1.00). We refer here to the presentation of the Consolidated Statement of Changes in Equity.

Each individual share carries one vote. The individual shares are not repayable and cannot be converted. Dividends may only be distributed from the distributable profits as recognized in the financial statements of SUSS MicroTec SE prepared in accordance with commercial law.

The authorized capital as of the reporting date was € 2,500 thousand (previous year: € 2,500 thousand).

| <i>in € thousand</i> | 2020 | 2019 |
|----------------------|--------|--------|
| Share capital | 19,116 | 19,116 |
| Authorized capital | 2,500 | 2,500 |

RESERVES

The Group's reserves are composed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|----------------------------|----------------|----------------|
| Additional paid-in capital | 55,822 | 55,822 |
| Earnings reserve | 202 | 202 |
| Retained earnings | 62,945 | 50,582 |
| Reserves | 118,969 | 106,606 |

ACCUMULATED OTHER COMPREHENSIVE INCOME

The development of accumulated other comprehensive income is as follows:

| <i>in € thousand</i> | 2019 | 2019 |
|--|---------------|---------------|
| Revaluation of defined benefit plans | -3,610 | -3,290 |
| Foreign currency adjustment | 2,335 | 991 |
| Cash flow hedges | 0 | 0 |
| Tax effects | | |
| Revaluation of defined benefit plans | 941 | 751 |
| Cash flow hedges | 0 | 0 |
| Status at the beginning of the period | -334 | -1,548 |
| Changes before taxes | | |
| Revaluation of defined benefit plans | -235 | -320 |
| Foreign currency adjustment | -1,075 | 1,344 |
| Cash flow hedges | 0 | 0 |
| Tax effects | | |
| Revaluation of defined benefit plans | 63 | 190 |
| Cash flow hedges | 0 | 0 |
| Status at the end of the period | -1,581 | -334 |

MANAGEMENT OF EQUITY

The shareholders' equity of the SUSS MicroTec Group – comprised of subscribed capital, reserves, and accumulated other comprehensive income – totaled € 136,504 thousand as of December 31, 2020 (previous year: € 125,388 thousand); this corresponds to an equity ratio of 59.0% (previous year: 62.7%). Along with an appropriate return on equity, the SUSS MicroTec Group strives for a sustained high equity ratio in order to ensure future growth and increase the company value. In order to maintain or adjust the capital structure, the Group can exploit all the options arising from SUSS MicroTec SE's listing on the stock exchange.

The Company's Management Board assumes on the basis of its current planning that significantly positive earnings will be achieved in the coming fiscal year. If the Company falls drastically short of its goals, the danger exists that shareholders' equity might decrease as a result of a net loss for the year.

(23) PENSION PLANS AND SIMILAR COMMITMENTS

The Company grants various benefits arrangements covering mainly old age, death, and invalidity. The plans vary depending on the legal, fiscal, and economic conditions in the various countries. As a rule, the benefits are calculated on the basis of the salaries and length of service of the insured employees.

A distinction is made between a defined benefit system and a defined contribution system. In the case of defined benefit commitments, the obligation of the Group consists in fulfilling the promised benefits to former employees, for which corresponding provisions are set up.

In the case of defined contribution plans, the Group does not enter into any further obligation apart from making contributions to special purpose funds. The contribution payments are charged against income; no provisions are set up.

Pension obligations are composed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|-------------------------------|--------------|--------------|
| Defined benefit obligations | 16,582 | 13,951 |
| Fair value of plan asset | -10,186 | -7,914 |
| Net pension obligation | 6,396 | 6,037 |

DEFINED BENEFIT PLANS

The Group maintains defined benefit pension plans in Germany, Japan, and Switzerland.

The existing pension commitments in Germany comprise claims to old age, invalidity, and surviving dependents' pensions and are linked to annual salary or take the form of fixed commitments. Selected members of the management are eligible for these benefits. The main actuarial estimates for pension commitments in Germany are shown below:

| <i>in %</i> | 2020 | 2019 |
|--------------------------------|------|------|
| Discount factor | 0.39 | 0.70 |
| Expected return on plan assets | 0.00 | 0.00 |
| Salary increase | 0.00 | 0.00 |
| Pension increase | 2.00 | 2.00 |

Life expectancy according to tables by Dr. Heubeck 2018 G

Salary-related increases have not been included since there are no longer any active claimants waiting under the German plans.

Pension commitments of the subsidiary in Switzerland comprise claims to occupational retirement, survivors' and disability pension plans that result from the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). Accordingly, every employer is obligated to conclude a retirement insurance policy for its employees, depending on reaching an age threshold and a minimum annual salary. For this purpose, the employer must establish or join a pension plan entered in the register of occupational pension plans.

SUSS MicroOptics has concluded pension plan policies for a total of 114 active insured persons (previous year: 104 active insured persons). Two individuals are paid a disability pension. One individual receives a retirement pension (unchanged from the previous year). Until December 31, 2019, SUSS MicroOptics maintained a pension plan at Helvetia Group Foundation. As of January 1, 2020, SUSS MicroOptics joined the AXA Fondation LLP Suisse romande. The switch included a change in the plan with an increase in retirement credits. The pension obligations taken into account as of December 31, 2019, already include all adjustments.

The principal actuarial estimates for the benefit plan of Suss MicroOptics are shown below:

| <i>in %</i> | 2020 | 2019 |
|--------------------------------|------|------|
| Discount factor | 0.20 | 0.00 |
| Expected return on plan assets | 0.50 | 0.70 |
| Salary increase | 1.00 | 1.50 |
| Pension increase | 0.00 | 0.00 |

The subsidiary in Japan has a noncontributory unfunded defined benefit plan, under which certain employees receive a pension payment after leaving the Company. The level of the pension payment is determined by a set computation method providing for a benefit of 80% of the monthly salary per year of employment for each qualifying employee. Every employee qualifies after belonging to the Company for at least three years.

The principal actuarial estimates for pension commitments of the Japanese subsidiary are shown below:

| <i>in %</i> | 2020 | 2019 |
|------------------|------|------|
| Discount factor | 0.10 | 0.00 |
| Salary increase | 1.58 | 1.54 |
| Pension increase | 0.00 | 0.00 |

The present values of defined benefit obligations and the fair values of the plan assets of the Group developed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|---------------|---------------|
| Present values as of 01/01 | 13,951 | 10,663 |
| Service cost | 1,361 | 834 |
| Past service costs | 0 | 769 |
| Interest cost | 12 | 86 |
| Pension payments | 1,364 | 64 |
| Actuarial (-) gain/(+) loss due to changes in financial assumptions | -1,041 | 1,917 |
| Actuarial (-) gain/(+) loss due to changes in demographic assumptions | -260 | 0 |
| Actuarial (-) gain/(+) loss due to experience adjustments | 1,167 | -712 |
| Foreign exchange fluctuations | 28 | 330 |
| Present values as of 12/31 | 16,582 | 13,951 |

| <i>in € thousand</i> | 2020 | 2019 |
|--------------------------------|---------------|--------------|
| Plan assets as of 01/01 | 7,914 | 5,588 |
| Expected return on plan assets | 0 | 37 |
| Fund allocations paid | 2,607 | 974 |
| Actuarial (+) gain/(-) loss | -367 | 1,104 |
| Foreign exchange fluctuations | 32 | 211 |
| Plan assets as of 12/31 | 10,186 | 7,914 |

The components of plan assets are reinsurance policies for pension obligations in Switzerland. Until December 31, 2019, they were insured via the Helvetia Group Foundation. On January 1, 2020, the insurer was switched and the pension plans were moved to the AXA Fondation LLP Suisse romande. According to the key figures report of the AXA Fondation LLP Suisse romande, the investment portfolio as of December 31, 2020 was comprised as follows:

| | |
|--------------------------------|--------|
| Debt instruments (e.g., bonds) | 38.61% |
| Equity instruments | 25.16% |
| Real estate | 24.75% |
| Alternative investments | 9.27% |
| Liquidity | 2.21% |

Of the plan asset classes shown, there are market price quotes in a regulated market for the debt instruments and equity instruments.

With regard to the benefit plan, there are interest rate risks as well as actuarial and biometric risks. As a risk minimization strategy, a professional asset manager undertakes a diversified investment strategy.

In the 2020 fiscal year, contributions of € 520 thousand were made to the employer benefit plan and there were plan participant contributions of € 511 thousand.

Of the present value of the pension obligations, € 14,710 thousand (previous year: € 12,060 thousand) applies to pension claims financed by funds.

The pension expenses break down as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| Service cost | 1,361 | 835 |
| Past service cost | 0 | 769 |
| Personnel expenses component | 1,361 | 1,604 |
| Interest cost | 12 | 86 |
| Actuarial (+) gains / (-) losses | 0 | 14 |
| Interest cost component | 12 | 100 |

For 2021, the Group expects to make payments totaling € 788 thousand (previous year: € 614 thousand) to meet pension obligations.

The weighted average term of the obligations (duration) as of December 31, 2020 is 18.6 years (previous year: 19.4 years).

The following overview shows how the present value of all defined benefit obligations would be affected by changes in the essential actuarial assumptions:

| <i>in € thousand</i> | 2020 | 2019 |
|--|--------|--------|
| Change in the present value of all defined benefit obligations if | | |
| interest rate was 50 basis points lower | 1,549 | 1,309 |
| interest rate was 50 basis points higher | -1,319 | -1,104 |
| salary increase was 50 basis points lower | -309 | -264 |
| salary increase was 50 basis points higher | 320 | 279 |
| rate of pension increase was 0.50% lower | -769 | -600 |
| rate of pension increase was 0.50% higher | 862 | 665 |

DEFINED CONTRIBUTION PLANS

The Group has set up a defined contribution plan for its employees in the USA. All employees of SUSS MicroTec Inc., Corona, USA, from the age of 18 or 21 and with a minimum of 1,000 working hours per year benefit from the plan. All contributions are held in a trust fund. Qualifying employees obtain a non-forfeitable claim to benefits over a period of three to five years. In the 2020 fiscal year, due to the discontinuation of production at SUSS MicroTec Photonic Systems Inc., Corona, USA, employees were laid off and partially employed by SUSS MicroTec, Inc., Corona, USA.

Both 401(k) plans offer employees the possibility of paying a certain portion of their annual remuneration into the 401(k) plan. The maximum possible amount is determined by the limit set by the US Internal Revenue Service (IRS), which amounted to US\$ 19,500 in 2020. Starting at age 50, employees can pay in an additional US\$ 6,500.

The employer also makes contributions to the 401(k) plans. For each US\$ 1.00 the employee pays into the 401(k) plan, the employer contributes US\$ 1.00. The employer participates in the retirement savings plan up to a maximum contribution amount of 4% of the employee's salary.

In the 2020 fiscal year, the expenses to the Group for the 401(k) plan came to US\$ 230 thousand (previous year: US\$ 312 thousand). Of this, US\$ 14 thousand were contributions paid for members of management.

Furthermore, in the reporting year employer contributions were paid into the statutory pension plan in the amount of € 4,039 thousand (previous year: € 3,696 thousand).

(24) FINANCIAL DEBT

FINANCIAL DEBT TO BANKS

The maturity structure of bank borrowings as of December 31, 2020, and the previous year's reporting date is as follows:

| 12/31/2020 in € thousand | Remaining term up to one year | Remaining term of more than one up to five years | Remaining term of more than five years | Total |
|---------------------------------|--|---|---|---------------|
| Loans payable to banks | 485 | 5,895 | 4,062 | 10,442 |
| Current bank liabilities | 6 | 0 | 0 | 6 |
| Total | 491 | 5,895 | 4,062 | 10,448 |

| 12/31/2019 in € thousand | Remaining term up to one year | Remaining term of more than one up to five years | Remaining term of more than five years | Total |
|---------------------------------|--|---|---|---------------|
| Loans payable to banks | 10,396 | 5,188 | 5,312 | 20,896 |
| Current bank liabilities | 3 | 0 | 0 | 3 |
| Total | 10,399 | 5,188 | 5,312 | 20,899 |

Bank borrowings were comprised as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Bank loan for the financing of the business property in Garching | 500 | 1,500 |
| Promotional loan | 10,000 | 10,000 |
| Utilization in the form of syndicated loans | 0 | 9,500 |
| Accrued borrowing costs | -58 | -104 |
| Loans payable to banks | 10,442 | 20,896 |

The loan agreement to finance the Company property in Garching was concluded on October 23–28, 2013, between SUSS MicroTec SE and the IKB. The loan has a term lasting until June 30, 2021, and a fixed interest rate of 3.65%. It was made available and disbursed on December 16, 2013. The loan is secured by land charges on the Company property in Garching; the carrying amount of the property and the buildings amounted to € 8,400 thousand as of December 31, 2020 (previous year: € 8,577 thousand).

The outstanding balance of this loan was, as of December 31, 2020, € 500 thousand (previous year: € 1,500 thousand).

In 2019, two KfW Development Bank promotional loans were taken out for an amount of € 5,000 thousand each at IKB. Both loans were paid out in April 2019 or August 2019. They feature a term of 10 years and a fixed interest rate of 1.00%. Both loans are secured by land charges on the Company property in Garching.

In October 2019, SUSS MicroTec SE concluded a syndicated loan agreement with four banks (Deutsche Bank, LBBW, Commerzbank, and BECM) for a total of € 56 million. The syndicated loan agreement features a term of 5 years and grants SUSS MicroTec SE a credit line of € 40 million as well as a guarantee line of € 16 million. The guarantee line can also be used by other German companies.

The interest rates for utilization of the credit line are variable and are comprised of EURIBOR and a margin whose amount depends on the net debt ratio of the SUSS MicroTec Group and the utilization rate of the credit line. Commitment interest amounting to 35% of the margin is calculated for the portion of the credit line that was not utilized.

The syndicated loan agreement reserves a special termination right for the lending banks if the equity ratio of SUSS MicroTec falls below 40.0%. Additional covenants were not stipulated.

As of December 31, 2020, the credit line under the syndicated loan agreement has not been used (previous year: € 9,500 thousand). In exchange, € 58 thousand in borrowing costs was recognized. The guarantee line was utilized in the amount of € 6,286 thousand (previous year: € 8,277 thousand).

The total credit and guarantee lines and their utilization have developed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|---------------|---------------|
| Credit and guarantee line | 56,000 | 56,000 |
| Utilization in the form of guarantees | 6,286 | 8,277 |
| Utilization in the form of syndicated loans | 0 | 9,500 |
| Available credit and guarantee lines | 49,714 | 38,223 |

FINANCIAL DEBT FROM LEASE OBLIGATIONS

With the application of IFRS 16, liabilities are recognized for concluded rent and lease agreements in the amount of the present value of the lease obligations.

The maturity structure of liabilities from lease obligations as of December 31, 2020, is as follows:

| <i>12/31/2020 in € thousand</i> | Remaining term up to one year | Remaining term of more than one up to five years | Remaining term of more than five years | Total |
|--|-------------------------------|--|--|---------------|
| Liabilities from rent and lease agreements | 2,387 | 4,795 | 2,861 | 10,043 |
| Total | 2,387 | 4,795 | 2,861 | 10,043 |

The development of lease liabilities is as follows:

| <i>in € thousand</i> | 2020 |
|---|---------------|
| As of 01/01/2020 | 7,389 |
| Additions 2020 | 5,822 |
| Repayment | -3,017 |
| Extraordinary repayment | 0 |
| Currency difference | -151 |
| Financial debt from lease obligations as of 12/31/2020 | 10,043 |
| thereof noncurrent | 7,656 |
| thereof current | 2,387 |

(25) (CURRENT) PROVISIONS

Current provisions are composed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|---|--------------|--------------|
| Warranty provisions | 3,320 | 2,792 |
| Provisions for the severance payment of a Management Board member | 180 | 400 |
| Other provisions | 1,001 | 1,006 |
| Current provisions | 4,501 | 4,198 |

The warranty provisions were set up in the amount of their probable utilization for statutory and contractually agreed guarantees and warranty claims of customers arising from deliveries of machines.

The remaining provisions essentially include provisions for follow-up costs and provisions for personnel expenses.

Current provisions developed as follows:

| <i>in € thousand</i> | As of 01/01/2020 | Utilization | Reversal | Additions | As of 12/31/2020 |
|---------------------------|-----------------------------|--------------------|-----------------|------------------|-----------------------------|
| Warranty provisions | 2,792 | -2,792 | 0 | 3,320 | 3,320 |
| Severance provisions | 400 | -400 | 0 | 180 | 180 |
| Other provisions | 1,006 | -1,006 | 0 | 1,001 | 1,001 |
| Current provisions | 4,198 | -4,198 | 0 | 4,501 | 4,501 |

(26) OTHER (CURRENT) FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|--------------|
| Premiums and commissions | 5,786 | 3,171 |
| External services | 2,159 | 2,009 |
| Subsidies | 1,140 | 0 |
| Outstanding wage and church tax | 723 | 796 |
| Suppliers with debit balances | 193 | 385 |
| Supervisory Board remuneration | 103 | 221 |
| License fees | 82 | 25 |
| Others | 250 | 166 |
| Other (current) financial liabilities | 10,436 | 6,773 |

All liabilities will lead to outflows within one year. The subsidy of € 1,140 thousand received relates to a European Union development program for research and development activities. Implementation of the supported project has not yet begun.

(27) CONTRACT LIABILITIES

The contract liabilities of € 25,679 thousand (previous year: € 9,346 thousand) involve customer down payments received for the production of tools. Upon delivery or acceptance and associated sales recognition, the contract liabilities are offset against the contract assets or receivables that arise.

(28) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| Accrued personnel expenses | 4,457 | 3,603 |
| Liabilities for payments in kind | 2,030 | 1,931 |
| Value-added tax | 426 | 113 |
| Others | 388 | 213 |
| Other current liabilities | 7,301 | 5,860 |

The accrued personnel expenses contain mainly obligations for vacation arrears and credit accounts under the flexible hours scheme.

(29) TAX LIABILITIES

The tax liabilities are made up of domestic income taxes of € 776 thousand (previous year: € 365 thousand) and foreign income taxes of € 38 thousand (previous year: € 337 thousand).

OTHER DISCLOSURES

(30) ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

Under IAS 32, financial instruments generally comprise all economic occurrences performed on a contractual basis that include a claim for cash. They include original financial instruments such as trade receivables and payables as well as financial receivables and liabilities. The financial instruments also comprise derivative instruments that are used to hedge currency and interest rate risks. The estimated market values of the financial instruments do not necessarily represent the values that the Company would realize in an actual transaction under present market conditions. The following section provides a comprehensive overview of the significance of financial instruments for the Company and supplies additional information on statement of financial position items containing financial instruments. Further information on the risk management of financial instruments can be found in the Management Report in the section “Opportunities and Risks for the Future Development of the SUSS MicroTec Group.”

The following table shows the book values of all categories of financial assets and liabilities:

| <i>in € thousand</i> | 2020 | 2019 |
|--|---------------|---------------|
| Financial assets | | |
| Cash and cash equivalents | 40,827 | 10,280 |
| Loans and receivables | 48,523 | 50,540 |
| Financial assets held for trading | 0 | 0 |
| | 89,350 | 60,820 |
| Financial liabilities | | |
| Financial liabilities held for trading | 0 | 0 |
| Financial liabilities | 40,761 | 45,074 |
| | 40,761 | 45,074 |

The table below presents the market values and the book values of the financial assets and liabilities.

| <i>in € thousand</i> | 2020 | | Measurement category according to IFRS 9 | Hierarchy level fair value measurement |
|------------------------------|------------|------------|--|--|
| | Book value | Fair value | | |
| Financial assets | | | | |
| Cash and cash equivalents | 40,827 | 40,827 | at amortized cost | |
| Trade receivables | 17,717 | 17,717 | at amortized cost | |
| Contract assets | 30,247 | 30,247 | at amortized cost | |
| Other financial assets | 559 | 559 | at amortized cost | |
| Financial liabilities | | | | |
| Trade payables | 9,834 | 9,834 | at amortized cost | |
| Financial debt | 20,491 | 21,209 | | |
| Bank borrowings | 10,448 | 11,166 | at amortized cost | Fair value level 2 |
| Lease liabilities | 10,043 | 10,043 | at fair value | |
| Other financial liabilities | 10,436 | 10,436 | at amortized cost | |

| <i>in € thousand</i> | 2019 | | Measurement category according to IFRS 9 | Hierarchy level fair value measurement |
|------------------------------|------------|------------|--|--|
| | Book value | Fair value | | |
| Financial assets | | | | |
| Cash and cash equivalents | 10,280 | 10,280 | at amortized cost | |
| Trade receivables | 18,992 | 18,992 | at amortized cost | |
| Contract assets | 31,182 | 31,182 | at amortized cost | |
| Other financial assets | 366 | 366 | at amortized cost | |
| Financial liabilities | | | | |
| Trade payables | 10,013 | 10,013 | at amortized cost | |
| Financial debt | 28,288 | 29,006 | | |
| Bank borrowings | 20,899 | 21,617 | at amortized cost | Fair value level 2 |
| Lease liabilities | 7,389 | 7,389 | at fair value | |
| Other financial liabilities | 6,773 | 6,773 | at amortized cost | |

For the trade receivables, the contract assets, and the other financial assets, the book values represent the individual amount of maximum credit risk to which the Group is exposed on the reporting date.

The following methods and assumptions apply in determining the market values:

Cash and Cash Equivalents

On account of the short-term nature of the investments, the book values correspond to the market values of the instruments.

Receivables/Trade Payables

On account of the short-term nature of the receivables and payables, the book values correspond approximately to the market values of the instruments.

Other Financial Assets/Liabilities

Because of the short-term nature of the assets and liabilities, the book values of the other financial assets and liabilities, which are measured at amortized cost, correspond roughly to their market value.

The measurement of other financial assets and liabilities that are measured at market value depends on their category. The fair value of forward currency transactions is determined by the rates for forward currency transactions. The market value of interest derivatives is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the yield curve.

Bank Borrowings

The market value of the financial liabilities with regard to bank borrowings was calculated by discounting the expected outflow of funds (non-observable inputs) at usual market interest rates for debt instruments with comparable conditions and residual terms.

The net gains and losses on financial instruments have developed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|--|------|------|
| Financial assets recognized at amortized cost | 45 | -343 |
| Financial liabilities recognized at amortized cost | -50 | 9 |

Net gains or losses from loans and receivables contain changes in the value adjustments, foreign currency effects, gains and losses from retirements, and receipts of payments for loans and receivables that had been written off.

DERIVATIVE FINANCIAL INSTRUMENTS

Purchasing and sales obligations in foreign currencies arise due to cross-border supply relationships between SUSS MicroTec companies and external customers or suppliers who are not based in the eurozone. This applies above all to customers or suppliers in countries using the US dollar and the Japanese yen that obtain products from SUSS MicroTec companies in the eurozone or sell to them. At the time an order is placed, forward currency forwards are concluded in order to hedge against currency changes during the period until payment is made. The change in market values is shown under other operating income or other operating expenses. Potential risks arise from the fluctuation of the currency exchange rates and in the creditworthiness of the contractual partners, which are exclusively German financial institutions with a first-rate credit standing.

No open foreign currency forwards exist as of December 31, 2020 (as in the previous year).

The sensitivity to exchange rates is determined by aggregating the foreign currency items of the operating activities and the Group treasury. Foreign currency risks are thus calculated on the basis of a simulation of a 10% devaluation of all foreign currencies versus the euro. This simulated devaluation would have led to a reduction in the euro-equivalent value of € 930 thousand as of the reporting date (previous year: € 696 thousand) and a corresponding decrease in annual income.

The following tables show the composition of the foreign currency exposure and the effects on annual earnings of a ten percent appreciation or depreciation of the euro as of the reporting date and that of the previous year:

| in € thousand | 2020 | | | |
|---|---------------|--------------|---------------|---------------|
| | USD | JPY | CHF | Summe |
| Cash and cash equivalents | 8,211 | 1,440 | 31 | 9,682 |
| Trade receivables | 2,434 | 0 | 26 | 2,460 |
| Trade payables | -270 | -223 | -1,423 | -1,916 |
| Net exposure | 10,375 | 1,217 | -1,366 | 10,226 |
| Effect of a 10% appreciation of the euro on annual net income | -943 | -111 | 124 | -930 |
| Effect of a 10% depreciation of the euro on annual net income | 1,153 | 135 | -152 | 1,136 |

| in € thousand | 2019 | | | |
|---|--------------|--------------|-------------|--------------|
| | USD | JPY | CHF | Summe |
| Cash and cash equivalents | 4,152 | 2,188 | 27 | 6,367 |
| Trade receivables | 2,966 | 1,335 | 76 | 4,377 |
| Trade payables | -1,590 | -842 | -653 | -3,085 |
| Net exposure | 5,528 | 2,681 | -550 | 7,659 |
| Effect of a 10% appreciation of the euro on annual net income | -503 | -244 | 50 | -696 |
| Effect of a 10% depreciation of the euro on annual net income | 614 | 298 | -61 | 851 |

(31) LEASES

The Group leases all premises where the foreign SUSS MicroTec companies are located as well as the premises of SUSS MicroTec REMAN GmbH (Oberschleissheim, Germany). The leased premises are used as offices, warehouses, and production areas. Each of the lease contracts is concluded according to local law and they do not display any uniform structure. Some have agreements for lease increases or lease extension options, for example.

Particularly at sites where major installations have been performed (e.g., cleanrooms for production or applications), lease extension options that the Group can exercise are sought when the lease contracts are finalized. In the 2020 fiscal year, there was an early extension of the lease agreements of SUSS MicroOptics, Hauterive (Switzerland) for the office and commercial space used in an industrial park until the end of August 2030.

In addition, the Group leases Company vehicles in several countries in which it is represented by branches. The term of the lease usually runs for three or four years.

(32) RELATED PARTIES

IAS 24 requires the disclosure of people that control or are controlled by SUSS MicroTec SE unless already included in the consolidated financial statements.

Control exists if a shareholder has more than half of the voting shares of SUSS MicroTec SE or has the possibility, on the strength of the articles of incorporation or contractual agreement, to control the financial and business policies of SUSS MicroTec SE.

Furthermore, the obligation of disclosure set out in IAS 24 also covers transactions with joint ventures and transactions with persons that exercise a substantial influence on the financial and business policies of SUSS MicroTec SE, including close family members or intermediate entities. A substantial influence on the financial and business policy of the Group may rest on a shareholding in SUSS MicroTec SE of 20% or more, a seat on the Management Board or Supervisory Board of SUSS MicroTec SE or another key management position.

With the exception of disclosures on the remuneration of the corporate bodies, the Group was not affected by the disclosure obligations set out under IAS 24 "Related Parties" in the fiscal year. Details on the remuneration of the corporate bodies can be found in the Remuneration Report, which is part of the Management Report.

(33) FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

Other financial obligations and contingent liabilities are composed as follows:

| <i>in € thousand</i> | 2020 | 2019 |
|----------------------|---------------|---------------|
| Commitments | 16,086 | 22,468 |
| Total | 16,086 | 22,468 |

Purchase contingencies commit the Group to purchase services or materials from third parties

(34) EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the consolidated statement of cash flows of the SUSS MicroTec Group, a distinction is made in accordance with IAS 7 ("Statement of Cash Flows") between payment flows from operating activities and from investing and financing activities.

The item cash and cash equivalents in the statement of cash flows comprises all of the liquid funds shown in the statement of financial position, i.e., cash in hand, checks and deposits with banks, provided they are available within three months without significant fluctuations in value.

Assets and liabilities obtained as a result of the acquisition of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) were completely disclosed in cash flow from investing activities. As a result, reconciling changes in items in the statement of financial position with corresponding operating cash flow items is possible only to a limited extent.

The cash flows from investing and financing activities are computed on the basis of payments. On the other hand, the cash flow from operating activities is derived indirectly from the net result for the year.

Under the indirect computation, effects due to currency translation are eliminated from the relevant changes in statement of financial position items. The changes in the relevant statement of financial position items can, therefore, not be reconciled with the corresponding figures on the basis of the consolidated statement of financial position.

Other non-cash effective transactions amounting to € -423 thousand result exclusively from negative currency effects in the current fiscal year.

In the previous year, non-cash income and expenses amounted to € -1,522 thousand. They include a negative effect of € 2,920 thousand from the capitalization of a right of use in connection with the conclusion of a cooperation agreement with an applications center. Additional positive effects involved the addition

of a provision for severance payments of € 400 thousand, the increase in the pension provision in Switzerland by € 769 thousand as well as currency effects.

Cash flow from financing activities amounted to € 13,281 thousand. It indicates, on the one hand, at € -1,000 thousand, the scheduled repayment of the bank loan that serves to finance the property in Garching. The utilization in the form of current bank liabilities from the syndicated loan agreement as of December 31, 2019, amounting to € 9,500 thousand, were repaid in full in 2020. Repayments of rent and lease obligations in accordance with IFRS 16 amounted to € -2,830 thousand.

Fair value changes or exchange rate effects were not recognized in cash flow from financing activities either in 2020 or in the previous year.

(35) SEGMENT REPORTING

INFORMATION ABOUT THE SEGMENTS

The activities of the SUSS MicroTec Group are delineated by product line and region in the course of segment reporting in accordance with the rules of IFRS 8 ("Operating Segments"). This analysis is aligned with internal controlling and reporting to the Management Board and takes the different risk and earnings structures of the divisions into consideration.

The activities of the SUSS MicroTec Group are divided into the Lithography, Bonder, Photomask Equipment, and Microoptics operating divisions. The Others division combines further activities of the Group and the non-allocable costs of the Group functions.

In the Lithography division, the SUSS MicroTec Group develops, produces, and sells the mask aligner, developer, and coater product lines as well as the UV projection scanner and laser processing product lines. The development and production activities are conducted in Germany at the locations in Garching near Munich and Sternenfels near Stuttgart.

The development and production of the UV projection scanner and laser processing tool product lines, which falls within the remit of the American subsidiary SUSS MicroTec Photonic Systems Inc. (Corona, USA), ended in the 2020 fiscal year. After a part of the in-progress and written-off equipment was still able to be sold in 2020 and orders for further UV projection scanners were acquired, the Company decided and announced at the beginning of 2021 that the production of the UV projection scanners will be resumed in the course of 2021 at the new production site in Taiwan. It was possible to reverse impairment losses totaling € 3.4 million in the 2020 fiscal year due to the receipt of orders for four UV projection cannors that had already been written down. Closure costs for the California site totaled € 6.0 million in 2020, of which € 3.5 impacted gross profit and € 2.5 million was disclosed under selling, administrative, and development costs.

Substantial parts of the distribution organizations in North America and Asia support the Lithography division. Lithography comprises somewhat more than half of the entire business of the Group and is represented in the advanced packaging, MEMS, and compound semiconductor markets.

The Bonder division encompasses the development, production, and distribution of the bonder product line. The activities of this division are concentrated at Sternenfels near Stuttgart. Distribution for the Bonder division occurs from Sternenfels itself and worldwide in small units at locations in Europe, the USA, and Asia.

The Photomask Equipment division includes the development, manufacture, and sale of the HMx, ASx, MaskTrack, and MaskTrack Pro product lines of SUSS MicroTec Photomask Equipment GmbH & Co. KG. The development and production of specialized systems for the cleaning and processing of photomasks for the semiconductor industry are conducted at the Sternenfels site.

The Microoptics division includes the production and sales of microlenses and highly-specialized optics that are manufactured for a variety of industrial applications. These activities are bundled in SUSS MicroOptics S.A. in Hauterive, Switzerland.

The Others division represents all other activities as well as costs for central Group functions that generally cannot be attributed to the main divisions.

OTHER COMMENTS ON SEGMENT REPORTING

Division data was collated using the accounting and measurement methods applied in the consolidated financial statements. Due to the division of the Group by product line across companies, there are no material inter-division transactions. One exception is the reallocation of costs by SUSS MicroTec SE, recorded in the Others division, to the other divisions for the performance of certain Group functions such as financing and strategic matters. These charges also contained the expenses incurred by the holding company in connection with the introduction and operation of the SAP system.

In compliance with the requirements of IFRS 8 "Operating Segments," the segment reporting contains disclosure of the pre-tax result per segment. This enables the sum of the segment results to be reconciled with the overall consolidated result before tax. However, in the view of the Management Board, segment earnings before interest and taxes (EBIT) is the most relevant information to evaluate results compared to other companies in the industry.

During the fiscal year, sales were recorded with one customer representing a share of more than 10% of the Group's total sales. In the process, sales of approximately € 31.4 million, which are disclosed in the Lithography and Photomask equipment divisions, accrue to this customer. In the previous year, SUSS MicroTec also generated sales with one customer that represented a share of over 10% of the Group's sales.

Among the principal non-cash expenses and income are value adjustments on trade receivables, write-downs on inventory reserves, and the addition and reversal of provisions and other liabilities.

Segment assets represent the necessary operational assets of the individual divisions. These comprise the intangible assets (including goodwill), tangible assets, inventory reserves, and trade receivables.

The segment liabilities include the operating debts and provisions of the individual divisions.

The investments relate to additions of both tangible and intangible assets.

For the geographic segment reporting, sales are segmented according to the location of the customers. In the past fiscal year, SUSS MicroTec generated sales of € 24,802 thousand (previous year: € 17,624 thousand) in Germany.

The assets and investments were calculated on the basis of the location of the Group company concerned. The noncurrent assets of the Group are primarily comprised of intangible assets, goodwill, and tangible assets. Of noncurrent assets, € 39,698 thousand (previous year: € 39,189 thousand) are attributable to companies in Germany; € 24,029 thousand (previous year: € 14,576 thousand) accrued to foreign companies. In the past fiscal year, the SUSS MicroTec Group undertook investments of € 3,742 thousand (previous year: € 4,727 thousand) in Germany.

(36) SUBSEQUENT EVENTS

The new production site in Taiwan will also be used for the manufacture of UV projection scanners in the future. The production of UV scanners in the USA, which was discontinued at the beginning of 2020, will be resumed in Taiwan. The first machines will be manufactured and delivered there in the course of the 2021 financial year. Market expectations for UV projection scanners have improved considerably compared to the previous year. The interest of both existing and potential customers in scanner technology has increased significantly as major investment funds are currently flowing into the market segment served here. The framework conditions for the supply of several machines have already been agreed upon with an important customer under a memorandum of understanding. The significantly improved market outlook and conditions show a clear improvement in the profitability of the UV projection scanner product line. Under these new conditions, the Management Board has decided to resume production at our new manufacturing facility in Hsinchu, Taiwan.

The Supervisory Board of SUSS MicroTec SE has appointed Dr. Götz Bendele Chief Executive Officer of the Management Board of SUSS MicroTec SE effective May 1, 2021. In addition, Dr. Thomas Rohe was appointed a Member of the Management Board and Chief Operating Officer as of May 1, 2021. At the same time, Dr. Franz Richter will step down as Chief Executive Officer on April 30, 2021.

(37) MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD OF SUSS MICROTEC SE

The Members of the Management Board of SUSS MicroTec SE in the 2020 fiscal year were:

Dr. Franz Richter

- Dr.-Ing., resident of Eichenau,
Chief Executive Officer

Responsible for the areas:

Marketing and sales, Group strategy, service, research and development, patents, divisions/product lines, human resources, production and quality management, occupational health and safety, environmental protection, materials management, and logistics.

Further appointments:

- Meyer Burger Technology AG, Gwatt, Switzerland
(member and president of the Administration Board)

Oliver Albrecht

- Diplom-Kaufmann (Business Administration), resident of Ulm,
Chief Financial Officer

Responsible for the areas:

Finance and accounting, controlling, IT, legal and compliance, tax and insurance, facility management, and investor relations

Further appointments:

None

SUPERVISORY BOARD OF SUSS MICROTEC SE

The Members of the Supervisory Board in the 2020 fiscal year were:

Dr. David Dean

- Resident of Feldafing, Chairman of the Supervisory Board since May 20, 2020

Further appointments:

Supervisory Board or Advisory Board in the following companies:

- PT XL Axiata Tbk, Jakarta, Indonesia
- Axiata Group Berhad, Kuala Lumpur, Malaysia
- Ncell Pvt Ltd., Kathmandu, Nepal

Dr. Myriam Jahn

- Resident of Düsseldorf, Member of the Management Board of q.beyond AG (until December 31, 2020), Köln; Deputy Chairwoman of the Supervisory Board since May 20, 2020

Further appointments:

None

Dr. Dietmar Meister

- Resident of Hilden, Management Consultant, Hilden; Supervisory Board Member

Further appointments:

None

Jan Smits

- Resident of Heeze, the Netherlands; Supervisory Board Member since May 20, 2020

Further appointments:

None

Dr. Bernd Schulte

- Resident of Aachen; Supervisory Board Member since November 6, 2020

Further appointments:

- Member of the Management Board of Aixtron SE, Herzogenrath

Dr. Stefan Reineck

- Resident of Kirchartd; Founder and Director of RMC Dr. Reineck Management & Consulting GmbH; Kirchartd; Chairman of the Supervisory Board until May 20, 2020

Further appointments:

- attocube systems Systems AG, Munich (Vice Chairman of the Supervisory Board)
- Phoseon Technology Inc., Hillsboro, Oregon, USA (Member of the Board of Directors until March 31, 2019)
- Wittenstein SE, Igersheim (Deputy Director of the Supervisory Board)

Jan Teichert

- Resident of Metten, Member of the Board of Einhell Germany AG/ Landau (Isar); Deputy Chairman of the Supervisory Board until April 30, 2020

Further appointments:

None

Gerhard Pegam

- Resident of Au/Bad Feilnbach, Managing Director of GPA Consulting, Au/Bad Feilnbach; Supervisory Board Member until March 25, 2020.

Further appointments:

- OC Oerlikon Corporation AG, Pfäffikon, Switzerland (Deputy Administrative Board President)
- Schaffner Holding AG, Solothurn, Switzerland (Member of the Administrative Board)

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The members of the Management Board received cash remuneration of € 1,382 thousand (previous year: € 1,428 thousand).

The remuneration of the members of the Supervisory Board, including meeting attendance fees and expense allowances, amounted to € 341 thousand (previous year: € 300 thousand).

Individualized information about the remuneration of the Management Board and the Supervisory Board is presented in the Remuneration Report, which is part of the condensed Management Report.

Share and option holdings of the officers at year end:

| | 2020 | | 2019 | |
|---------------------------------------|---------|----------|---------|----------|
| | Aktien | Optionen | Aktien | Optionen |
| Dr. Franz Richter | 119,760 | 0 | 113,760 | 0 |
| Oliver Albrecht | 0 | 0 | 0 | 0 |
| Dr. David Dean | 0 | 0 | – | – |
| Dr. Myriam Jahn | 0 | 0 | 0 | 0 |
| Dr. Dietmar Meister | 0 | 0 | 0 | 0 |
| Jan Smits | 0 | 0 | – | – |
| Dr. Bernd Schulte | 0 | 0 | – | – |
| Dr. Stefan Reineck (until 05/20/2020) | – | – | 9,600 | 0 |
| Jan Teichert (until 04/30/2020) | – | – | 0 | 0 |
| Gerhard Pegam (until 03/25/2020) | 0 | 0 | 0 | 0 |

(38) EMPLOYEES

In the fiscal year, the SUSS MicroTec Group had an average of 958 employees (previous year: 914 employees).

Status at the end of the year:

| | 2020 | 2019 |
|---------------------------|--------------|------------|
| Administration | 88 | 79 |
| Sales and marketing | 336 | 336 |
| Production and technology | 585 | 522 |
| Total | 1,009 | 937 |

(39) AUDITOR'S FEES

In the current fiscal year, SUSS MicroTec recorded a fee totaling € 358 thousand (previous year: € 254 thousand) for the auditor of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, pursuant to Section 314 (1) (9) HGB. Of this, € 345 thousand were for expenses for the audit of the financial statements and € 13 thousand were for other certification services. Of the auditor's fee for the financial statements, € 82 thousand were for the 2019 fiscal year.

In the 2020 fiscal year, other fees of € 78 thousand (previous year: € 21 thousand) went to network partners of the auditor (other members of BDO Global).

(40) CORPORATE GOVERNANCE

As in the previous years, in December 2020, the Management Board and Supervisory Board submitted a declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) and declared that since issuing the last declaration of compliance in December 2019, SUSS MicroTec SE has complied with all recommendations of the German Corporate Governance Code as amended on December 19, 2019 (published in the official section of the Federal Gazette on March 20, 2020) with the following exceptions and will comply with the recommendations in the future with the following exceptions (Transparency and External Reporting (section F.2) and Remuneration of the Management Board (section G.I.)). With reference to the deviation in section G.I., the Supervisory Board of SUSS MicroTec SE has commissioned an external remuneration expert with reviewing and developing the remuneration systems for the Supervisory Board and Management Board members and will present the appropriately developed remuneration systems for both boards for approval at the 2021 Shareholders' Meeting. This will include in particular the major new recommendations of the German Corporate Governance Code for future Management Board contracts.

The declarations of compliance have been made permanently available online at > www.suss.com/en/investor-relations/corporate-governance.

(41) APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of SUSS MicroTec SE approved the IFRS consolidated financial statements for forwarding to the Supervisory Board on March 31, 2021

Garching, Germany, March 31, 2021
The Management Board

signed
Dr. Franz Richter
Chief Executive Officer

signed
Oliver Albrecht
Chief Financial Officer

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that in accordance with applicable accounting principles, the consolidated financial statements convey an accurate view of the net assets, financial position, and results of operations of the Group and that the Group Management Report, which has been combined with the Management Report of SUSS MicroTec SE, conveys an accurate view of the business performance, including the earnings and condition of the Company, and describes the essential opportunities and risks for the Group's future development.

Garching, Germany, March 31, 2021

SUSS MicroTec SE
The Management Board

signed
Dr. Franz Richter
Chief Executive Officer

signed
Oliver Albrecht
Chief Financial Officer

AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR

to SUSS MicroTec SE, Garching, Germany

CERTIFICATE REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONDENSED MANAGEMENT REPORT

AUDIT OPINION

We have audited the consolidated financial statements of SUSS MicroTec SE, Garching, Germany, and its subsidiaries (the Group) comprising the statement of financial position as of December 31, 2020, the statement of income, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the fiscal year from January 1, 2020 to December 31, 2020, as well as the Notes, including a summary of significant accounting methods.

In addition, we have audited the condensed Management Report of SUSS MicroTec SE for the fiscal year from January 1, 2020 to December 31, 2020. We have not substantively audited the sections of the condensed Management Report specified under "Other Information" in conformity with German legal provisions.

In our opinion, based on the insights gained in the audit,

- the attached consolidated financial statements comply with IFRS, as applicable in the EU, in all material respects as well as the supplementary regulations under German law according to Section 315e (1) of the German Commercial Code (HGB). In addition, they convey in accordance with these principles an accurate view of the net assets and financial position of the Group as of December 31, 2020, and its results of operations for the fiscal year from January 1, 2020 to December 31, 2020.
- Furthermore, the attached condensed Management Report conveys an overall accurate picture of the condition of the Group. In all material respects, this condensed Management Report is consistent with the consolidated financial statements, complies with German legal regulations, and presents the opportunities and risks of future development accurately. Our audit opinion on the condensed Management Report does not extend to the contents of the sections of the condensed Management Report specified under "Other Information."

According to Section 322 (3)(1) of the HGB, we declare that our audit has not led to any objections regarding the accuracy of the consolidated financial statements and the condensed Management Report.

BASIS FOR THE AUDIT OPINION

We have conducted our audit of the consolidated financial statements and the condensed Management Report in accordance with Section 317 of the HGB and the EU Auditor Regulation (No. 537/2014; referred to below as "EU-APrVO"), taking into account the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these regulations and principles is further described in the "RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED MANAGEMENT REPORT" section of our audit certificate. We are independent of the Group companies in accordance with European legal and German commercial and professional legal regulations and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, we declare in accordance with Article 10 (2)f of the EU-APrVo that we have not performed any prohibited non-auditing services in accordance with Article 5 (1) of the EU-APrVO.

We are of the opinion that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the condensed Management Report.

PARTICULARLY IMPORTANT ISSUES IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particularly important audit issues are those matters that were the most significant in our dutiful judgment in our audit of the consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020. These issues were taken into account in connection with our audit of the consolidated financial statements as a whole and in the formation of our audit opinion on them; we do not issue any separate audit opinion on these issues.

We have identified the following issues as particularly important for the audit.

1. Impairment of goodwill and a right-of-use asset
2. Recognition of multi-component transactions (IFRS 15)

1. IMPAIRMENT OF GOODWILL AND A RIGHT-OF-USE ASSET

Issue

In the consolidated financial statements of SUSS MicroTec SE as of December 31, 2020, goodwill totaling EUR 18.3 million is disclosed that represents 7.9% of consolidated total assets or 13.4% of consolidated shareholders' equity. This goodwill was allocated to the Lithography cash-generating unit, which corresponds to the Lithography division.

Furthermore, EUR 2.9 million of the intangible assets reported in the consolidated financial statements out of a total of EUR 5.1 million was attributable to a cooperation agreement in the previous year that granted usage rights to spatial capacities in an applications center. As a result of delays in preparing the applications center for operation – primarily due to the coronavirus pandemic and structural changes in the operator consortium in 2020 – the right of use could not yet be exercised as intended. In the view of the Management Board, the initial use and the amortization of the right-of-use asset over the original contractual useful life of five years will begin in 2021. Due to this delay, the right-of-use asset was subjected to an impairment test in accordance with IAS 36.10 a). For this purpose, the right-of-use asset was allocated pro rata to the Lithography and Bonder cash-generating units.

Cash-generating units with goodwill or intangible assets not yet ready for use are subjected to an impairment test at least once annually as well as in cases in which the Company finds indications of an impairment. The evaluation is done using a measurement model based on a discounted cash flow analysis. If the carrying amount of a cash-generating unit is greater than the recoverable amount, an impairment is taken in the amount of the difference. Determination of the recoverable amount of a cash-generating unit is complex and requires numerous estimates and discretionary decisions by the legal representatives, particularly regarding the amount of future cash flow surpluses, the growth rate for the projected cash flows beyond the detailed planning period, and the discount rate to be used. Given the significant amounts involved in goodwill and the right-of-use asset for the consolidated financial statements of SUSS MicroTec SE, and the uncertainties associated with the assessment, this constitutes a particularly important audit issue.

Disclosures by SUSS MicroTec SE on goodwill and on the right-of-use asset are included in the Notes in sections (2D) Significant Accounting Policies, (2E) Use of Estimates, (11) Intangible Assets, and (12) Goodwill.

Audit Response and Insights

Inspection of the contractual documents in the course of our audit has convinced us that the Group's cooperation with the applications center will be continued despite the delays in preparing it for operation, and that it can still be assumed that the applications center's spatial capacities will be used. In addition, we have assessed the suitability of the respective pro rata allocation of the right-of-use asset to the Lithography and Bonder cash-generating units for the purpose of the impairment test.

In the course of our audit of the impairment test, we have assessed the suitability of material assumptions and discretionary parameters as well as the method of calculation for the impairment tests, taking into account the insights of our measurement specialists. We have gained an understanding of the planning system and planning process as well as material assumptions made by the legal representatives during planning. We have reconciled the forecast for future cash flow surpluses in the detailed planning period with the budget approved by the Supervisory Board for 2021 and plans for the subsequent years of 2022 to 2025. We have examined the Company's planning accuracy in the course of the audit. Moreover, we have recognized the assumptions underlying planning and the growth rates assumed for cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In addition, we have critically scrutinized the discount rates used based on the average cost of capital of a peer group.

Overall, we were able to ascertain that the assumptions made by the legal representatives while conducting the impairment test and the measurement parameters used are reproducible and lie within a justifiable range.

2. RECOGNITION OF MULTI-COMPONENT TRANSACTIONS (IFRS 15)

Issue

In the consolidated financial statements of SUSS MicroTec SE, sales of EUR 252,114 thousand are disclosed in the statement of income for the 2020 fiscal year. Of this amount, EUR 192,228 thousand was attributable to the sale of machinery and equipment. The Company recognizes sales revenue from the sale of machinery and equipment on the basis of multi-component transactions in accordance with IFRS 15.22 et seq.

The contracts on the sale of machinery and equipment usually include the manufacture, delivery and installation of a machine, and include initial training of the customer in its usage. For accounting purposes, SUSS MicroTec SE has classified these performance obligations as distinct performance obligations. Additional distinct performance obligations can also be agreed upon in accordance with customer-specific requirements. For the entire scope of performance, a total order value is usually agreed

upon with the customer, so that an allocation of the entire transaction price to the individual distinct performance obligations in the amount of the individual sale prices is necessary. The Company applies the cost plus method in accordance with IFRS 15.79 b).

For each distinct performance obligation, SUSS MicroTec SE assesses whether the performance of service occurs over time or at a point in time. Sales are recognized if control over the asset has been transferred or the service rendered to the customer. For the manufacture and delivery of the machine, sales are recognized at a point in time upon transfer of control to the customer. The decisive factor is the time of the transfer of contractual risk to the customer. Regarding installation of the machine, including initial training of the customer, sales are also recognized at a point in time upon performance of the service. Acceptance of the machine by the customer in the form of an acceptance protocol is essential.

The internal corporate processes for the recognition, measurement, and representation of the relevant order information for recognition of revenue and earnings for multi-component transactions in accordance with IFRS 15 – and the audit of these processes – are complex and require discretion on the part of legal representatives. This is particularly true with regard to the evaluation of the transfer of control, the recognition of revenue at a point in time, and the allocation of the order value to the individual performance obligations. For these reasons, the revenue recognition of multi-component transactions represents a particularly important audit issue.

Disclosures by SUSS MicroTec SE on the revenue recognition of multi-component transactions are included in the Notes in sections (2D) Significant Accounting Policies, (2E) Use of Estimates, and (3) Sales.

Audit Response and Insights

In the course of our audit, we have assessed the processes and controls in place at the significant subsidiaries for the recognition of sales revenue from the sale of machinery and equipment and convinced ourselves of the effectiveness of the relevant controls through functional tests. We have reproduced the assessments of these subsidiaries regarding recognition of revenue at a point in time. With the support of our IT specialists, we have verified the proper application of the selection criteria chosen for the assessments and convinced ourselves of the completeness of the selected projects. We have reproduced the accounting recognition of the identified application cases in the consolidated financial statements.

Regarding the proper recognition of the relevant contractual information for assessing the transfer of control, we carried out additional functional tests for a sample of all projects within the scope of revenue and sales recognition for multi-component transactions as of the reporting date. In addition, in the course

of statement-related audit procedures we have reproduced the time of the transfer of control for a conscious selection of orders based on contractual conditions (INCOTERMS) and transport documents and convinced ourselves of the proper accrual accounting of sales from the manufacture and delivery of tools in accordance with IFRS 15. We have audited revenue recognition for the lease obligation “installation, including initial training” for the selected individual cases using acceptance protocols.

We have reproduced the multi-year business analyses of the actual average costs incurred for both performance obligations “machine manufacture and delivery” and “installation, including initial training.” We have calculated achievable earnings margins given a changed allocation of the total project value to the performance obligations.

We were able to ascertain that the revenue and earnings recognition at a point in time for multi-component transactions in accordance with IFRS 15 as well as the allocation of the total order value to various performance obligations in the context of a project order were appropriate in the 2020 fiscal year and were performed in line with the relevant provisions of IFRS 15.

OTHER INFORMATION

The legal representatives – more specifically, the Supervisory Board – are responsible for other information. Other information includes:

- The separately published nonfinancial Group declaration in accordance with the reference in section “Nonfinancial Group Declaration in Accordance with Section 315b of the German Commercial Code (HGB)” of the condensed Management Report,
- The Group declaration on corporate governance in accordance with the reference in section “Group Declaration on Corporate Governance in Accordance with Section 289f and 315f of the German Commercial Code (HGB)” of the condensed Management Report,
- The remaining parts of the Annual Report, with the exception of the audited consolidated financial statements, the condensed Management Report, and our audit certificate.

Our audit opinion on the consolidated financial statements and the condensed Management Report does not extend to other information. Accordingly, we are not issuing either an audit opinion or any other form of audit conclusion regarding it.

In connection with our audit, we have the responsibility to read other information and to evaluate whether the other information

- indicates material discrepancies from the consolidated financial statements, the condensed Management Report, or the insights we gained during the audit, or whether it
- otherwise appears to contain material misrepresentations.

If we conclude, based on the work we have carried out, that a material misrepresentation of this other information exists, we are obligated to report about this fact. In this regard, we have nothing to report.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONDENSED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with IFRS, as applicable in the EU, as well as the supplementary regulations under German law according to Section 315e (1) of the German Commercial Code (HGB). In addition, they convey in accordance with these principles an accurate view of the net assets, financial position, and results of operations of the Group. Furthermore, the legal representatives are responsible for internal controls that they have determined to be necessary in order to prepare consolidated financial statements that are free of material – deliberate or unintended – misrepresentations.

During the preparation of the consolidated financial statements, the legal representatives are responsible for assessing the ability of the Group to continue its corporate activities. Furthermore, they bear responsibility for indicating any issues in connection with the continuation of corporate activities, provided that they are relevant. In addition, they are responsible for accounting on the basis of the going concern principle, unless there is the intention to liquidate the Group or to discontinue business, or there is no realistic alternative.

The legal representatives are also responsible for the preparation of the condensed Management Report, which provides an overall accurate picture of the condition of the Group and is consistent with the separate and consolidated financial statements in all material respects, complies with German legal regulations, and accurately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for precautions and measures (systems) that they have deemed to be necessary in order to prepare a condensed Management Report in accordance with the applicable German legal provisions and in order to provide sufficient appropriate evidence for the statements in the condensed Management Report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the condensed Management Report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONDENSED MANAGEMENT REPORT

Our objective is to obtain sufficient assurance regarding whether the consolidated financial statements as a whole are free of material – deliberate or unintended – misrepresentations and whether the condensed Management Report conveys an overall accurate picture of the condition of the Group and is consistent with the consolidated financial statements and the insights gained during the audit in all material respects, complies with German legal provisions, and presents the opportunities and risks of future development accurately. Our objective is also to issue an audit certificate that includes our audit opinion on the consolidated financial statements and the condensed Management Report.

Sufficient assurance is a high degree of assurance, but no guarantee that an audit performed in accordance with Section 317 of the HGB and the EU-APrVO, taking into account the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW), uncovers every material misrepresentation. Misrepresentations may result from violations or errors and are deemed as material if it can reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these consolidated financial statements and condensed Management Report.

During the audit, we exercise professional judgment and maintain an attitude of professional skepticism. We also:

- Identify and assess the risks of material – deliberate or unintended – misrepresentations in the consolidated financial statements and the condensed Management Report, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misrepresentations are not uncovered is higher for violations than errors since violations may entail fraudulent collaboration, forgeries, deliberate omissions, misleading representations, or the bypassing of internal controls.
- Gain an understanding of the relevant internal control system for the audit of the consolidated financial statements and the relevant precautions and measures taken for the audit of the condensed Management Report in order to plan audit procedures that are appropriate under the given circumstances, but not for the purpose of issuing an audit opinion on the effectiveness of these systems.
- Assess the appropriateness of the accounting methods applied by the legal representatives as well as the validity of the estimates presented by the legal representatives and the related information.

- Draw conclusions regarding the appropriateness of the going concern accounting principle applied by the legal representatives as well as, on the basis of the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that could cast meaningful doubt on the Group's ability to remain a going concern. If we conclude that a material uncertainty exists, we are obligated to call attention to the related information in the consolidated financial statements and the condensed Management Report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained by the date of our audit certificate. However, future events or circumstances may prevent the Group from continuing its corporate activities.
- Assess the overall presentation, the structure, and the contents of the consolidated financial statements, including both information and whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements convey a picture of the Group's net assets, financial position and results of operations, taking into account IFRS, as applicable in the EU, and supplementary regulations under German law according to Section 315e (1) of the HGB.
- Obtain sufficient appropriate audit evidence for the accounting information of the companies or the business activities within the Group in order to issue audit opinions on the consolidated financial statements and the condensed Management Report. We are responsible for directing, monitoring, and executing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.
- Assess the consistency of the condensed Management Report with the consolidated financial statements, its legal compliance, and the picture it conveys of the Group's condition.
- Carry out audit procedures on the forward-looking statements presented by the legal representatives in the condensed Management Report. Based on sufficient appropriate audit evidence, we reproduce in particular the significant assumptions underlying the forward-looking statements of the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent audit opinion on the forward-looking statements and the underlying assumptions. A substantial unavoidable risk exists that future events may deviate significantly from the forward-looking statements.

We discuss with those responsible for oversight the planned scope and scheduling of the audit as well as significant audit findings, including potential flaws in the internal control system that we identify during our audit, among other issues.

We issue a declaration to those responsible for oversight that we have complied with the relevant independence requirements and discuss with them all relationships and other issues that can reasonably be assumed to affect our independence, as well as the safeguards taken regarding them.

Of the issues that we have discussed with those responsible for oversight, we determine those issues that were most meaningful in the audit of the consolidated financial statements for the current reporting period and therefore constitute particularly important audit issues. We describe these issues in the audit certificate unless laws or other legal provisions preclude the public disclosure of the issue.

OTHER LEGAL AND STATUTORY REQUIREMENTS

CERTIFICATE REGARDING THE AUDIT OF THE ELECTRONIC CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT CREATED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SECTION 317 (3B) HGB

Audit Opinion

In accordance with Section 317 (3b) HGB, we have carried out an audit with sufficient assurance regarding whether the consolidated financial statements and the condensed Management Report in the attached file (also referred to as "ESEF documents" in the following) [SMT_KA20_ESEF.zip:

7bc2e49c0aaa4408c56df518ebd08f49f226a2176
74d18499119d6841035df57]

which were prepared for disclosure purposes, fulfill the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal requirements, this audit extends only to the transfer of the information contained in the consolidated financial statements and the condensed Management Report to the ESEF format. It therefore does not extend to the information contained in this representation or to other information contained in the aforementioned file.

In our opinion, the representation of the consolidated financial statements and the condensed Management Report contained in the aforementioned attached file and prepared for disclosure purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We express no opinion on the information contained in this representation, nor on any other information contained in the aforementioned file, beyond this audit opinion and those regarding the attached consolidated financial statements and the condensed Management Report for the financial year from January 1, 2020 to December 31, 2020, which are contained in our "Report on the Audit of the Consolidated Financial Statements and the Condensed Management Report" above.

Basis for the audit opinion

We conducted our audit of the representations of the consolidated financial statements and the condensed Management Report which are contained in the aforementioned attached file in accordance with Section 317 (3b) HGB, under consideration of the draft of the IDW Auditing Standards. This concerns the audit of electronic representations of financial statements and management reports which are prepared for disclosure purposes in accordance with Section 317 (3b) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (revised). Our responsibility according to these regulations is further described in the section "Responsibility of the Auditor for the Audit of the ESEF Documents." Our auditing firm applied the IDW's quality assurance system requirements in accordance with its quality assurance standards. These concern the requirements for quality assurance in auditing firms (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the Company are responsible for creating the ESEF documents including the electronic reproduction of the consolidated financial statements and the condensed Management Report in accordance with Section 328 (1)(4)(1) HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1)(4)(2) HGB.

In addition, the legal representatives are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The legal representatives of the Company are also responsible for the submission of the ESEF documents together with the audit certificate and the attached audited consolidated financial statements and audited condensed Management Report as well as other documents to be published to the operator of the German Federal Gazette.

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

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain an attitude of professional skepticism. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to auditing the ESEF documents in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of issuing an audit opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents; i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited condensed Management Report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and completely machine-readable XBRL copy of the XHTML reproduction.

OTHER INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU-APRVO

We were chosen as auditors at the Shareholders' Meeting on May 20, 2020. We were commissioned by the Supervisory Board on November 11, 2020. We have continuously served as auditors for SUSS MicroTec SE since the 2012 fiscal year.

We declare that the audit opinion contained in this audit certificate is consistent with the supplemental report to the Supervisory Board according to Article 11 of the EU-APrVO (audit report).

We provided the following services, which were not specified in the consolidated financial statements or the condensed Management Report, in addition to the audit of the Group companies:

- Audit of the opening balance of SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V.) as per March 31, 2020.

RESPONSIBLE AUDITOR

Dimitrios Skiadas is responsible for the audit.

Munich, March 31, 2021

BDO AG
Wirtschaftsprüfungsgesellschaft

signed Dirks
Auditor

signed Skiadas
Auditor

GLOSSARY

3D Integration

3D integration is divided into two main categories: 3D packaging and 3D interconnect. 3D packaging is used to describe components stacked on a wafer-level packaging strata without being connected using through-silicon vias (TSVs). 3D packaging is comprised of technologies such as SOC (system-on-chip) and other processes for which the connection is normally based on wire bonding. 3D interconnect on the other hand includes components joined by TSVs. This refers to vertical vias through the massive silicon which, as a general rule, is heavily thinned.

300mm technology

Wafers are disks made, for example, of the purest monocrystalline silicon, the basic material used in manufacturing microchips. The largest number of silicon wafers by far (~42%) used around the world today is 300mm in diameter. The larger the wafer diameter, the more chips can be made on one wafer. The more chips that can be manufactured on a wafer, the lower the production costs per individual chip.

Advanced Packaging

This term describes modern technologies to “package” microchips in their housing. All microchip contacts must be guided individually to the outside of the housing to ensure a connection to the printed circuit board. Advanced packaging involves packaging processes that generally employ methods previously used only in the front end manufacturing of microchips themselves, such as lithography and photoresist technologies.

Back end

This term is used to describe the second (rear) link in the microchip production chain. The back end process begins once the wafer has passed through all front end process steps in the manufacture of the microchip itself. In this process, microchips are tested on the wafer and, if required, prepared for bonding. The wafers are then sawed into individual microchips that are packaged in their housing. For cost reasons, back end process work is primarily done in Asia, where semiconductor manufacturers have back end facilities of their own or allow foundries to handle testing and packaging.

Bonder

The bonder connects two or more substrates (primarily wafers) aligned to one another in an extremely precise manner. This is done using soldering, adhesion, or another physical-chemical process. Many MEMS components require this processing step, as it is the only way to ensure that airbags, tire pressure sensors, GPS sensors, ink-jet printers, etc., work.

Bonding

Attaching two or more components or wafers to each other by means of various chemical and physical effects. Adhesive bonding, for example, uses adhesives (usually epoxy resins or photoresists) to attach two components. Fusion or direct bonding directly links two wafers that are initially only connected by the weak atomic forces (van der Waals forces) of water molecules in the borderline layer. By subsequently applying heat, the water molecules are broken down, and the oxygen atoms released combine with the wafer’s silicon atoms to form the covalent bond silicon oxide. This is a very strong, non-soluble bonding of the two wafers.

Bump

A metallic (solder, gold, or similar) three-dimensional contact on a chip. In simple terms, it is described as a ball of solder on a single microchip contact.

C4NP

IBM paved the way for flip chip bonding in the late 1960s. This technology was used for the first time in 1973 in IBM System 3. Since then, billions of chips have made contact with the outside world via this process under the name IBM C4. C4 stands for “controlled collapse chip connection” and is sometimes also used as a synonym for flip chip bonding. C4NP is the next generation technology, which IBM developed in conjunction with SUSS MicroTec on the basis of the proven C4 process. “NP” stands for “new process.”

Chip

General term used for semiconductor components. In electronics, a chip or microchip is understood to mean an integrated circuit embedded in housing. From the outside, all one generally sees is the black housing and the connection point that links the chip and printed circuit board (by wire or flip chip bonding). The piece of silicon in the housing is frequently also referred to as the chip or microchip.

Cluster

A group of individual process modules (e.g., coater, aligner) which is fed wafers for processing by a central robot.

Coater

A coater is a special machine for the production of semiconductors. It disperses photosensitive resist to the wafer by way of rotational power.

Compound semiconductor

Semiconductor composed of several elements, such as gallium arsenide, indium phosphide, silicon germanium, etc. Advantages over simple semiconductors include: speed, high temperature compatibility, and lower energy consumption.

Cost of ownership (CoO)

This assesses acquisition and operating costs as well as the costs of cleanroom space and wear and tear and maintenance of the machines. These costs are then calculated in relation to the proportion of functioning components at the end of the production process. The higher the output of perfect chips, the better the cost of ownership of the machines for the customers. An outstanding CoO is of major significance, especially in mass production.

Die

Die, IC (integrated circuit), and chip are terms often used synonymously. Integrated circuits are known as dies until the point at which they are integrated into housing. Wafers are referred to as dies long as they are going through the individual process steps. The term “chips” is only used after the dies are isolated and packaged.

DRAM

DRAM = dynamic random access memory. Electronic memory chip components primarily used in computers. This is the world’s most widely used memory chip.

Fab

This is a manufacturing facility which specializes in the production of ICs on wafers (chips). Today, building a large, modern fab complete with the required cleanrooms and equipment costs approximately US\$ 1.5 billion to US\$ 4 billion.

Flip chip bonding

An advanced bonding technique between chip and housing that makes higher clock frequencies possible in signal transmission. The active side of the chip is face down and, therefore, has to be “flipped” before assembly.

Foundry

A chip factory where microchips are manufactured to a circuit design that is specified by the customer. Making goods to order in this way, the foundry operators have no chip design or product sales/marketing costs and can, therefore, focus their R&D resources entirely on the process technology. The globally leading foundries are located in Taiwan and Singapore.

Front end

Front end processes are the production steps carried out on the wafer as a whole. This is where the chip itself is made. Back end processes in which chips are tested on the wafer follow. There, the wafer is cut into individual chips that are then inserted into housing.

IC (Integrated Circuit)

An integrated circuit (IC) consists of electronic components such as transistors, resistors, and capacitors that are integrated on a tiny microchip. Today, tens of millions of this type of cells are housed in circuits on a single chip. This high integration density has led to a high degree of chip performance.

IDM (Integrated-Device-Manufacturer)

These are companies in the semiconductor industry that develop, produce and market semiconductor components themselves.

Laser Processing

New developments in solid-state laser technology, such as high-performance UV lasers with high pulse rates in picoseconds, have expanded potential applications for lasers through microstructuring. SUSS MicroTec offers two laser technologies:

Excimer Laser Ablation: In microstructuring, the use of excimer lasers primarily offers options for material evaporation. Through bombardment with pulsed laser radiation material can be removed from a surface. In the process, a photochemical reaction sets off electron excitation, which results in a sudden rise in pressure and an explosive removal of material in the form of monomers and gases. The thermal effect here is minimal – the process technology protects materials that are sensitive to temperature. The systems use a photomask that is exposed with a laser beam. Projection optics between the mask and the wafer project the mask patterns onto the wafer, similarly to a projection stepper in lithography. The material, however, is not exposed but rather removed directly. The entire wafer is patterned using a step and repeat process.

Processing with solid-state laser: Solid-state laser technology promises all advantages of laser processing: It achieves high resolutions up to 2µm and ensures extremely precise results. Patterning processes are conducted without thermal side-effects. The systems do not require a mask and use a direct writing method.

LED (Light Emitting Diode)

LEDs are semiconductor components that can generate light. They emit a very bright light, yet, at the same time, consume very little energy. Moreover, their life span is over ten times that of a conventional light bulb.

Lithography

The electrical circuits of ICs are created by structuring individual strata on a silicon wafer in a type of layer structure. To create very small structures in the individual strata, the wafer is coated with a light-sensitive material (photo-resist) and then exposed using a mask. The structures on the mask are, thus, superimposed on the wafer by means of casting a shadow. Where the mask blocks the light, the photoresist on the wafer is not exposed. Where it is transparent, light falls onto the wafer and the photoresist is exposed. During development after exposure, the exposed photoresist areas are cleared above the strata and can be accessed by the following process step. Nowadays, typical structure sizes for front end lithography applications are between 32nm (0.032 micrometers) and 0.6 micrometers. In the back end, structure sizes ranging from several microns to tens of microns are generated by photolithography to create, for example, bumps for flip chip bonding.

Mask

A plate of glass or quartz glass on which the patterns needed to manufacture an IC are mapped. These patterns consist of transparent and opaque areas that correspond in size and shape to the circuits required.

Mask Aligner

Mask aligners align a glass mask to a wafer (covered with photo-sensitive material previously spun or sprayed on by a coater) with submicrometer accuracy. The glass mask is patterned with the structures which need to be transferred onto the wafer. These structures will then build electrical circuits, grooves, and bridges – all the various things that the chip needs in order to function. The pattern is transferred onto the wafer by means of exposure not unsimilar to a photographic procedure.

MEMS (Micro Electro Mechanical System)

Microelectromechanical systems (MEMS) is the term used primarily in North America for microsystems technology (MST), a term more common in Europe. Semiconductor production technologies and processes are used to manufacture mechanical and other non-electrical elements. MEMS products are used, for example, in the automobile industry, telecommunications, optoelectronics, and medical technology.

Micrometer/micron

A metric unit of length, symbol: μm . A micron is a millionth of a meter. The diameter of a human hair is approximately $60\mu\text{m}$.

Microsystem

A system made up of various components each less than 1mm in size.

Microsystems technology

This term is defined differently by region. In Europe, it means the entire miniaturization of precision mechanics component structures of less than 1mm. In the United States and Asia, in contrast, microsystems technology or the more frequently used microelectromechanical systems (MEMS) means the use of semiconductor electronics technologies to produce the smallest of sensors or even complex systems such as a complete chemical or biological analysis unit. MEMS components include, for example, the silicon acceleration sensor that is used to activate an airbag or an inkjet printer cartridge nozzle.

Nanoimprinting/nanoimprint-lithography (NIL)

A mechanical method to create two or three-dimensional structures in the nanometer range with a casting or stamping tool. In contrast to photolithographic production of devices on semiconductor wafers, the structures are formed by stamping patterns in soft polymers. The future importance of nanoimprinting will be in cost savings. Classical photolithography equipment will, if extended to extremely short wavelengths of light (EUV, x-ray), become too expensive.

Nanotechnology

(Greek. *nānos* = dwarf) A collective term comprised of a broad range of technologies which deal with structures and processes in spatial dimensions ranging from one to several hundred nanometers. One nanometer is the billionth part of one meter (10^{-9}m) and defines a border range where the typical dimensions of a single molecule are found. Nanotechnology is a stringent continuation and expansion of microtechnology with mostly unconventional, new approaches. The tasks of nanotechnology include creating materials and structures in the nanometer range.

Optoelectronics

By deliberately combining semiconductor electronics technologies and III-V materials such as gallium arsenide, light can be generated or detected (semiconductor lasers, LEDs, photodiodes, etc.). This technology is primarily used in telecommunications to transmit very large quantities of data (fiber-optic networks). LEDs are also being used increasingly in automobiles and domestically due to their many advantages, such as low energy requirement, extreme brightness, and very long lifespan.

OSAT (Outsourced Assembly- and Test-Houses)

These companies operate in the mid and back end of the semiconductor industry. They offer packaging solutions, test systems and other services for semiconductor manufacturers, without being bound to a certain one of them. The focus is often on packaging and assembly of ICs and other semiconductor products.

Packaging foundries

See Back end.

Photoresist

A light-sensitive material that is first applied as a layer to the wafer and then exposed through a mask using ultraviolet light. In exposed areas, the ultraviolet light brings about chemical changes. These areas are dissolved from the layer during development, leaving a relief-like structure in the photoresist coating. This process is highly similar to photography.

Projection Lithography

While the complete wafer is exposed in one step during full-field lithography (mask aligner), during projection lithography processes only individual sections of the wafer are typically exposed using projection optics. The complete exposure of the wafer is then carried out in steps (step and repeat) or continuously (scan). SUSS MicroTec manufactures 1:1 projection scanners for the semiconductor mid and back end. Here a full-field mask is used and the wafer is exposed in one scanning step. There is no reduction in pattern sizes from the mask to the wafer. The projection scanner technology of SUSS MicroTec combines the advantages of full-field exposure and traditional projection lithography and offers an alternative to mask aligner and projection steppers.

Semiconductor

A monocrystalline material of which the electrical resistance can be changed by implanting foreign atoms into its crystal grid. Silicon is the most important and also the most frequently used semiconductor element. ICs made of silicon are also often called semiconductors.

Sensor

A component used to record and convert measurements such as temperature, pressure, and acceleration. These measurements are converted into electrical signals and relayed to a signal evaluation unit.

Silicon

A material with the structure of a crystal lattice with semiconducting properties. Semiconducting means that the material can be used as a conductor or non-conductor depending on the inclusion of certain foreign atoms. In the semiconductor industry, the most common base material used is silicon in monocrystalline disk form.

System on a chip

Highly complex ICs incorporating many different functions. Until recently, these functions had to be accommodated on several ICs. The enormous innovative momentum in process technology that has made it possible to manufacture ICs with ever smaller structure widths now means that different kinds of memory, digital signal processors, and analog functions can be accommodated on one chip. The advantage is that instead of many chips, only a handful or even a single one is needed, thereby reducing the space needed, the assembly requirements (and, therefore, the cost of the finished product), and, very importantly, the power consumption. This prolongs the battery life in battery-powered equipment such as laptops and cellular-telephones. The trend towards ever smaller and more portable devices that should also be less and less expensive makes system on a chip increasingly important.

Through-silicon vias (TSVs)

Individual chip components are stacked on top of one another and joined with this technology. This shortens the path of the data stream between the individual chip components and allows for significantly less capacity loss. As such, through-silicon vias contribute to lowering the overall size of chips combined with a simultaneous rise in performance.

Tool

Machines, instruments, robots, etc. Tools are all individual systems that comprise a production line in a semiconductor factory.

Wafers

Slices of the purest silicon, for example, or compound semiconductors (gallium arsenide, indium phosphide, etc.) on which chips are produced. Over the past ten years, their diameter has increased from 150mm to 200mm and today to even 300 mm. Twice as many chips fit onto the surface area of the latest 300 mm wafers than onto a 200mm wafer, cutting production costs by approximately 30%.

Wire bonding

A common contact process that connects chips with housing via metal wires.

Yield

One of the key parameters in semiconductor production. It measures the output of functioning microchips in relation to the total number of microchips on a wafer. The higher the yield, the more efficient and cost-effective the chip production for the customer.

FINANCIAL CALENDAR 2021

- Apr 9** — Annual Report 2020
- May 12** — Quarterly Report 2021
- Jun 16** — Annual General Meeting 2021
- Aug 5** — Interim Report 2021
- Nov 11** — Nine-month Report 2021

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IMPRINT

Published by

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Edited

Finance: Markus Münch
Investor Relations: Franka Schielke

Concept and design

wagneralliance Kommunikation GmbH,
Offenbach, Germany

Photos

SUSS MicroTec SE, Garching, Germany

Forward-looking statements: These reports contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates, and projections, and should be understood as such. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution readers that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement.

FIVE-YEAR OVERVIEW

| <i>in € million</i> | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Business development | | | | | |
| Order entry | 281.1 | 219.3 | 191.0 | 200.3 | 161.1 |
| Order backlog as of December 31 | 120.1 | 93.2 | 84.7 | 133.4 | 101.5 |
| Total sales | 252.1 | 213.8 | 203.9 | 166.5 | 177.6 |
| Gross profit | 83.7 | 49.7 | 67.3 | 59.5 | 58.6 |
| Gross margin | 33.2% | 23.2% | 33.0% | 35.7% | 33.0% |
| Cost of sales | 168.4 | 164.1 | 136.7 | 107.0 | 119.0 |
| Research and development costs | 19.8 | 20.2 | 18.3 | 15.2 | 14.1 |
| EBITDA | 28.2 | -5.2 | 15.7 | 18.0 | 15.3 |
| EBITDA margin | 11.2% | -2.4% | 7.7% | 10.8% | 8.6% |
| EBIT | 20.4 | -13.8 | 10.9 | 13.9 | 11.1 |
| EBIT margin | 8.1% | -6.5% | 5.3% | 8.3% | 6.3% |
| Earnings after tax | 12.4 | -16.3 | 4.8 | 6.7 | 5.0 |
| Earnings per share (in €) | 0.65 | -0.85 | 0.25 | 0.35 | 0.26 |
| Balance sheet and cash flow | | | | | |
| Equity | 136.5 | 125.4 | 140.4 | 127.0 | 124.4 |
| Equity ratio | 59.0% | 62.7% | 70.3% | 62.9% | 69.2% |
| Return on equity | 9.1% | -13.0% | 3.4% | 5.3% | 4.0% |
| Balance sheet total | 231.4 | 199.9 | 199.6 | 202.0 | 179.6 |
| Net cash | 20.3 | -18.0 | 28.2 | 33.0 | 31.1 |
| Free cash flow | 44.0 | -36.9 | -5.0 | 2.9 | -9.1 |
| Further key figures | | | | | |
| Investments | 11.3 | 6.1 | 6.9 | 6.5 | 3.6 |
| Investment ratio | 4.5% | 2.9% | 3.4% | 3.9% | 2.0% |
| Depreciation | 7.8 | 8.6 | 4.8 | 4.1 | 4.2 |
| Employees as of December 31 | 1,009 | 937 | 881 | 779 | 711 |

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