

Report of the Supervisory Board

In the following report, the Supervisory Board would like to inform you, dear shareholders, about its activities in the 2016 fiscal year.



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

Dear Shareholders,

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in 2016 and advised the Management Board on directing the Company and monitored its activities. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with the Supervisory Board and provided it with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained in detail and reviewed by the Supervisory Board based on available documents and information. The Supervisory Board discussed significant business events extensively with the Management Board and gave its consent to the transactions requiring its approval. During the 2016 fiscal year, the Supervisory Board held a total of seven ordinary meetings and one extraordinary meeting.

As in previous years, in addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. In this communication, special focus was placed on the development of the UV scanner and laser stepper product lines of SUSS MicroTec Photonic Systems. In addition, the Deputy Chairman of the Supervisory Board interacted regularly with the Management Board and the auditors, BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, regarding accounting topics and the auditing of the annual financial statements.

MEETINGS AND MAIN TOPICS OF DISCUSSION

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

The first ordinary Supervisory Board meeting for the 2016 fiscal year was held on February 10, 2016. At that meeting, the Supervisory Board held discussions about the Management Board's report on the fourth quarter of 2015 and about the preliminary figures for the 2015 fiscal year. The Supervisory Board discussed the planning of the 2016 fiscal year and multi-year planning for 2016–2018; it also approved the planning for the 2016 fiscal year. It further outlined the objectives and the bonus plan for the Management Board for the 2016 fiscal year and long-term objectives. In this meeting, the Supervisory Board also discussed the objectives and criteria for the composition of the Supervisory Board. In addition, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code. Finally, the Supervisory Board dealt extensively with the strategic options of the Company in view of the growing M&A activities of other companies in the industry.

Representatives of the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 29, 2016. They reported to the Supervisory Board the key results of the audit of the separate and consolidated financial statements for the 2015 fiscal year. The auditor explained to the Supervisory Board the main findings of the audit of the separate and the consolidated financial statements. The Supervisory Board acknowledged the Management Board's report for the 2015 fiscal year and on the current business situation in the first quarter of 2016. Following an in-depth examination, the Supervisory Board approved the separate and the consolidated financial statements of SUSS MicroTec prepared for the 2015 fiscal year by the Management Board. The Supervisory Board also adopted by resolution its report to the Shareholders' Meeting regarding its activities in the past 2015 fiscal year. In addition, the Supervisory Board approved the agenda with the proposals for the Shareholders' Meeting on June 15, 2016. The Supervisory Board addressed the Management Board bonus for 2015 and discussed targets

for the Management Board for the 2016 fiscal year as well as long-term three-year goals. It subsequently reached a decision on the Management Board's bonus plan for the 2016 fiscal year as well as the long-term three-year goals. A further focus of the Supervisory Board meeting was again the strategic options of the Company against the background of the amplifying M&A activities of other companies in the industry.

The third ordinary Supervisory Board Meeting was held on May 3, 2016. The Supervisory Board dealt with the current business situation in the first quarter of the 2016 fiscal year and the outlook for the entire 2016 fiscal year. It also discussed in depth the intercompany loans made to SUSS MicroTec Photonic Systems and the risks associated with these. The Supervisory Board subsequently approved an irrevocable loan waiver of SUSS MicroTec AG to SUSS MicroTec Photonic Systems Inc. Further topics of the meeting were access to adjacent markets and the state of the laser imaging product line. In conclusion, the Supervisory Board discussed individual, important customer projects with the Management Board.

In the meeting on June 15, 2016, immediately before the ordinary Shareholders' Meeting, the Management Board informed the Supervisory Board about the current business situation. The Supervisory Board meeting was resumed following the Shareholders' Meeting. The Management Board informed the Supervisory Board about various customer and development projects. In addition, the Supervisory Board discussed in detail the status of the development of the SUSS MicroTec Photonic Systems Inc. UV scanner and laser stepper product lines. Special attention was given to the financial risks for the Group and for SUSS MicroTec AG.

The fifth ordinary Supervisory Board Meeting in the 2016 fiscal year was held on August 4, 2016. The meeting covered, among other topics, the current business figures of the second quarter of 2016 and the outlook for the entire 2016 fiscal year. In the meeting, the Supervisory Board once again discussed the status of SUSS MicroTec Photonic Systems Inc. in the presence of the General Manager. The Supervisory Board passed a resolution to commence the necessary steps toward the transition of SUSS MicroTec AG to SUSS MicroTec SE. Also discussed was the upcoming election of the Supervisory Board within the framework of the 2017 Shareholders' Meeting. The Management Board subsequently introduced the concept for the reconstruction and renovation of the cleanroom at the Sternenfels location. Moreover, within the framework of the Supervisory Board Meeting, the Management Board presented the results of an employee survey and a current competitive analysis.

On August 22, 2016, the Supervisory Board passed a resolution regarding a leave of absence of Dr. Per-Ove Hansson after he resigned his position as Member of the Management Board and Chief Executive Officer on August 16, 2016.

In an extraordinary meeting (via telephone) on August 30, 2016, the Supervisory Board appointed Dr. Franz Richter as SUSS MicroTec AG's new Chief Executive Officer.

On November 8, 2016, the sixth ordinary Supervisory Board Meeting was held. In this meeting, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year of 2016. The Supervisory Board once again discussed the situation of SUSS MicroTec Photonic Systems Inc. and the status of individual, important customer projects. Beyond that, the main topic of focus of the meeting was the composition of the Supervisory Board for the 2017 Shareholders' Meeting, a possible expansion, and the arrangement of the associated search for candidates. Furthermore, the Supervisory Board dealt with the status of the planned transition of SUSS MicroTec AG to SUSS MicroTec SE and approved the award of contracts for the net assets audit necessary in this context to BDO AG Wirtschaftsprüfungsgesellschaft. In addition, it discussed the main points of focus with regard to the audit for the 2016 annual financial statements and dealt with the updating of the annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) of the German Corporate Governance Code.

The last ordinary meeting of the 2016 fiscal year, which was held on December 13, 2016, focused on the current business situation and planning for the 2017 fiscal year. Furthermore, the Supervisory Board dealt extensively with corporate governance, particularly with finalizing the updated declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG) of the German Corporate Governance Code, the targets and criteria for the composition of the Supervisory Board, and the fraud catalog of the BDO AG Wirtschaftsprüfungsgesellschaft. The Supervisory Board addressed the Company's risk management and other Management Board issues. In addition, topics such as the expansion of the Supervisory Board, the requirements of a potential candidate and the status of the transition of SUSS MicroTec AG to SUSS MicroTec SE were discussed.

When necessary, the Supervisory Board adopted its decisions by means of document circulation.

All Supervisory Board members participated in all meetings and decisions.

Supervisory Board member	Meeting participation	Personally present	Participation by telephone	Attendance in percent
Dr. Stefan Reineck	8/8	7	1	100%
Jan Teichert	8/8	7	1	100%
Gerhard Pegam	8/8	7	1	100%

COMMITTEES

The Supervisory Board did not form any committees in the 2016 fiscal year due to its size of three members.

CORPORATE GOVERNANCE

The Supervisory Board once again addressed during the 2016 fiscal year the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and pattern of remuneration for the Management and Supervisory Boards are provided in the Remuneration Report section of the condensed Management Report on pages 80 et seq. In January 2016, the Management and Supervisory Boards approved the annual declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

In its meeting on February 10, 2016, the Supervisory Board conducted and documented an examination of the efficiency of its activities pursuant to Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

Conflicts of interest of members of the Management and Supervisory Boards, which would have to be disclosed to the Supervisory Board and be made known at the Shareholders' Meeting, did not occur in the 2016 fiscal year.

AUDIT OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2016 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, 2016, and issued an unqualified audit opinion for both. The consolidated financial statements and Group management report were prepared in accordance with Section 315 a HGB based on International Financial Reporting Standards, as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW).

The audit reports of BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 29, 2016 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 main focal points of this year's annual and consolidated financial statements audit were the internal control and IT system as well as the assessment of the value of assets in the lithography and bonder segments, the realization of sales and the assessment of possible risks from deviations from the plan and a margin deterioration in individual product segments. In addition, the topics of the SUSS MicroTec Photonic Systems Inc. scanner order and the effects of the reorientation of sales in Japan were examined as the focus of the audit. In addition, the completeness and correctness of the explanatory notes, the completeness and appropriateness of the management report, and the topic of management override were also part of this year's audit focus. In the annual financial statements of SUSS MicroTec AG, the focus of the audit was on the valuation of financial assets and the valuation and completeness of the provisions.

The Supervisory Board audited the annual financial statements of the Company and the Group as well as the condensed management report of SUSS MicroTec AG with the Group management

report for the 2016 fiscal year on March 29, 2017 during the financial statements meeting. The Supervisory Board had no objections. The Supervisory Board noted with approval the reports of the auditor after conducting a detailed examination.

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 combined management report of the Corporation and the Group and, in particular, the assessment regarding the further development of the Company.

COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

There were two changes in the composition of the Management Board in the 2016 fiscal year. Dr. Per-Ove Hansson resigned his position as Member of the Management Board and Chief Executive Officer on August 16, 2016 with effect from the end of that day. The Supervisory Board appointed Dr. Franz Richter on August 30, 2016 with effect from September 7, 2016 for the duration of three years as Member of the Management Board and Chief Executive Officer of SUSS MicroTec AG. Chief Financial Officer Michael Knopp and Chief Operating Officer Walter Braun continued to belong to the Management Board in the 2016 fiscal year.

The Supervisory Board remained unchanged in the 2016 fiscal year.

THANKS

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

Garching, Germany, March 29, 2017



Dr. Stefan Reineck, Chairman of the Supervisory Board