

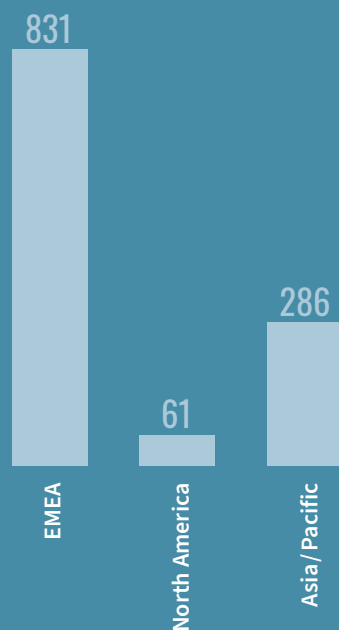
**WE
ARE
PART
OF
IT**



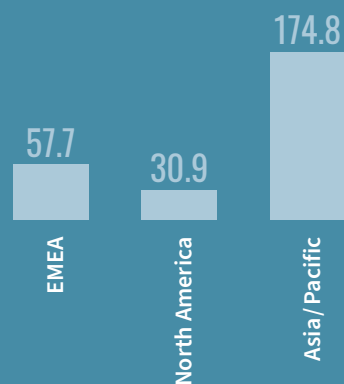
ANNUAL REPORT 2021

LITHOGRAPHY	BONDER	PHOTOMASK EQUIPMENT	MICROOPTICS	OTHERS
<ul style="list-style-type: none"> • Mask Aligner • UV Projection • Lithography Systems • Coaters/Developers 	<ul style="list-style-type: none"> • Bonder 	<ul style="list-style-type: none"> • Photomask Processing Systems 	<ul style="list-style-type: none"> • Microoptics and Lenses 	<ul style="list-style-type: none"> • Centralized Group Functions
Order entry: € 183.9 M.	Order entry: € 46.4 M.	Order entry: € 70.8 M.	Order entry: € 34.2 M.	Order entry: € 1.7 M.
Sales: € 155.1 M.	Sales: € 31.3 M.	Sales: € 49.7 M.	Sales: € 25.7 M.	Sales: € 1.7 M.
EBIT: € 16.0 M.	EBIT: € 0.6 M.	EBIT: € 6.6 M.	EBIT: € -1.7 M.	EBIT: € 1.1 M.

Employees by region

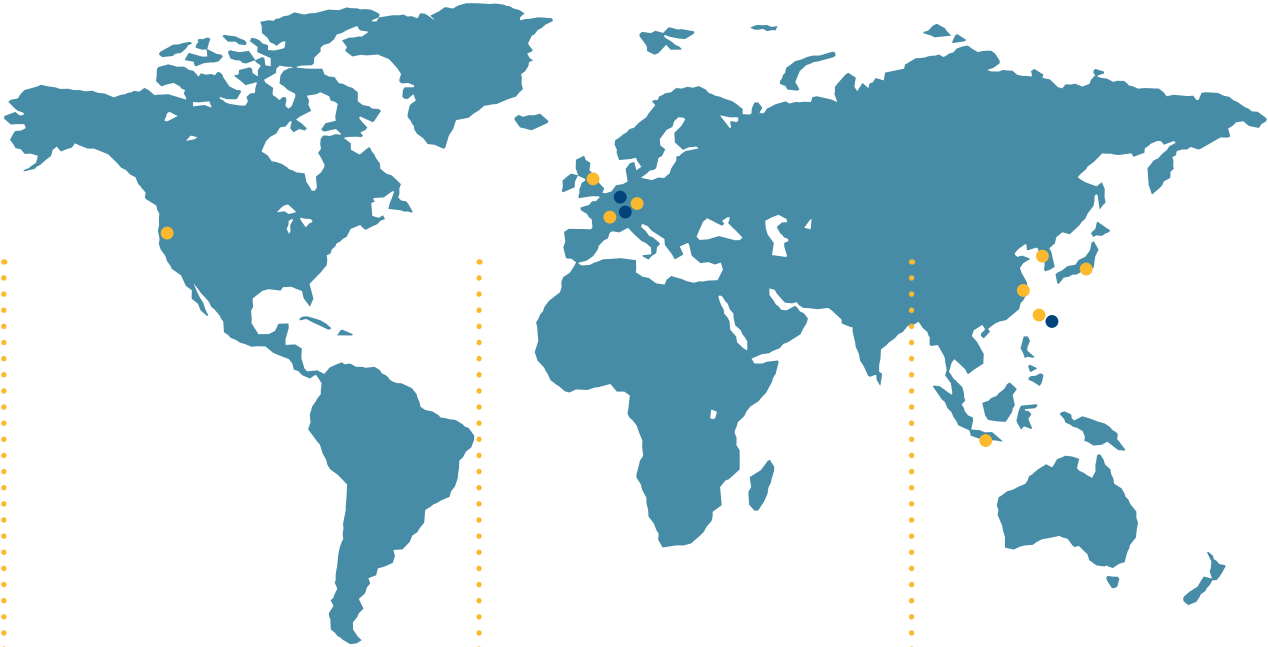


Sales by region in € million



LOCATIONS

- Production
- Sales



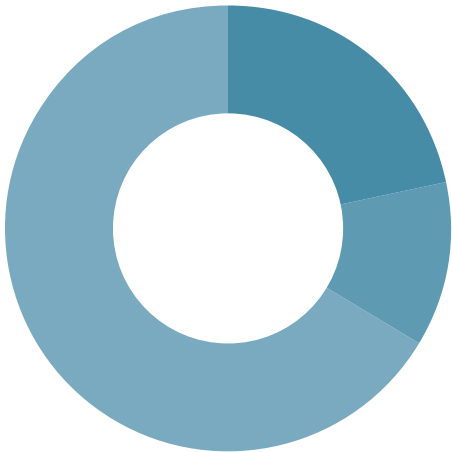
Corona, US

Garching, DE (Headquarters)
Sternefels, DE

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

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

SALES BY REGION IN %



- EMEA **21.9**
- North America **11.7**
- Asia/Pacific **66.3**

KEY FIGURES

€ million	2021	2020	Change 2021/2020
Business development			
Order entry	337.0	281.1	19.9%
Order backlog as of December 31	193.9	120.1	61.4%
Total sales	263.4	252.1	4.5%
Gross profit	94.2	83.7	12.5%
Gross margin	35.8%	33.2%	2.6%-pts.
Gross profit – adjusted for extraordinary effects	92.7	83.8	10.6%
Gross margin – adjusted for extraordinary effects	35.2%	33.2%	2.0%-pts.
Cost of sales	169.2	168.4	0.5%
Cost of sales – adjusted for extraordinary effects	170.7	168.3	1.4%
Research and development costs	22.1	19.8	11.6%
EBITDA	29.6	28.2	–
EBITDA margin	11.2%	11.2%	0.0%-pts.
EBIT	22.6	20.4	–
EBIT margin	8.6%	8.1%	0.5%-pts.
EBIT – adjusted for extraordinary effects	21.1	23.0	–
EBIT margin – adjusted for extraordinary effects	8.0%	9.1%	-1.1%-pts.
Earnings after tax	16.0	12.4	–
Earnings per share, basic (in €)	0.86	0.65	–
Extraordinary effects			
Reversals/special write-downs on assets	-1.5	-2.1	–
Closure costs included in the cost of sales	0.0	2.2	–
Closure costs included in sales, administration, and development costs	0.0	2.5	–
Balance sheet and cash flow			
Equity	156.9	136.5	14.9%
Equity ratio	56.2%	59.0%	-2.8%-pts.
Return on equity	10.2%	9.1%	1.1%-pts.
ROCE	14.0%	12.9%	1.1%-pts.
Balance sheet total	279.2	231.4	20.7%
Net cash	33.8	20.3	–
Free cash flow	14.7	44.0	–
Further key figures			
Investments	9.6	11.3	-15.0%
Investment ratio	3.6%	4.5%	-0.8%-pts.
Depreciation	7.1	7.8	-9.0%
Employees as of December 31	1,178	1,009	16.7%

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from left to right:
Dr. Thomas Rohe, COO
Dr. Götz M. Bendele, CEO
Oliver Albrecht, CFO

LETTER TO OUR SHAREHOLDERS

Dear Sir or Madam,

We are reporting the financial year 2021 developments and results of SÜSS MicroTec SE to you, which overall have been positive. With that said, the ongoing supply chain challenges, as well as the war of aggression on Ukraine that was started by Russia in February, may affect the Company's outlook for the current year.

Two of us (Goetz M. Bendele, Thomas Rohe) have joined the Company in 2021 as CEO and COO, respectively, and all three of us share the common goal of realizing as much of the significant potential of SÜSS MicroTec as a technology company over the coming years. We have already made a number of strategic decisions in 2021 to progress with developing the Company, even as it is still very early in this transformation.

BUSINESS DEVELOPMENT 2021

First off, the 2021 financial year: order entry, revenue and profit (EBIT) have increased further. With that, the Company is progressing towards the goal of resilient and sustained profitability. Additional sustained growth appears plausible, even in our fundamentally cyclical industry. In spite of higher inventory levels due to supply bottlenecks, free cash flow was once again positive, and the Company's net cash reserve has grown further.

These are the key results in the past financial year:

SÜSS MicroTec has exceeded the prior year's record revenue, which has grown by 4.5% to € 263.4 million (prior year: € 252.1 million). However, we have not reached our original guidance level due to revenue postponements at the end of the year. Order entry, on the other hand, has exceeded our own expectation: with 19.9 % growth to € 337.0 million (prior year: € 281.1 million), we have reached a new company record. At € 101.0 million, order entry in the third quarter also exceeded € 100 million in a single quarter for the first time. We are pleased that all four segments have contributed to the significant increase in order entry.

The revenue growth has had a positive impact on profit: EBIT has increased by 10.8% to € 22.6 million (prior year: € 20.4 million), and EBIT margin has increased to 8.6% (prior year: 8.1%). SÜSS MicroTec has generated value for our shareholders with a return

on capital employed (ROCE) of 14,0% in 2021 (2020: 12.9%). At € 14.7 million, free cash flow was also positive, even as we have selectively increased safety stock levels at the end of the year due to the supply chain challenges. At this point, we would like to add that we intend to continue to improve the Company's capital efficiency in the coming years.

SUSS MicroTec has been able to realize these results in spite of a worsening supply chain situation, especially since the second half of the year, which has led to delays in shipments and revenue recognition. We owe this success primarily to our approximately 1,200 colleagues worldwide, and we would like to express our gratitude to all of them. SUSS MicroTec is on a profitable growth path and on its way to continually generate value, while maintaining positive cash flow and increasing our return on capital. We will further expand our worldwide position as a leading partner to the global semiconductor industry.

In March 2022, the Management Board of SUSS MicroTec has adopted a dividend policy for the Company for the first time. This policy specifies that, in general, between 20% and 40% of the Group's free cash flow shall be distributed as a dividend. Together, the Management Board and the Supervisory Board will propose to this year's Shareholders' Meeting that for the first time since the Company's initial public offering (IPO), a dividend shall be paid, specifically € 0.16 per share. This represents approximately 20.8% of the Group's free cash flow generated in 2021.

BUSINESS DEVELOPMENT IN OUR SEGMENTS

The Lithography segment is the largest segment with a revenue share just below 59%. In 2021, the segment's external revenue has increased to € 155.1 million (prior year: € 141.4 million) and segment EBIT has risen to € 16.0 million (prior year: € 9.1 million). Order entry has also increased to € 183.9 million (prior year: € 173.5 million). We expect growth contributions in this segment from the advanced packaging market, which is growing at an above-average rate; from additional gains in market share including from our UV projection scanners; from the integration of the recently acquired inkjet technology into our coater and developer solutions; and from our solutions for imprint processes. We note that already in 2021, following the successful transfer of our UV projection scanner production, we have received new orders for these systems.

External revenue in the Bonder segment has increased slightly to € 31.3 million in 2021 (prior year: € 30.4 million), and segment EBIT has also risen slightly to € 0.6 million (prior year: € 0.4 million). Order entry has increased stronger than sales and earnings,

to € 46.4 million (prior year: € 37.4 million). We expect the Bonder segment, and in particular the developing business of hybrid bonding solutions, to be a key growth driver for SUSS MicroTec. Our strategy is to offer our customers a comprehensive portfolio of die-to-wafer and wafer-to-wafer hybrid bonding solutions. While our wafer-to-wafer hybrid bonding solution is being qualified by third parties since the first half of 2021, we have entered into a cooperation with SET Corporation of Saint-Jeoire, France, during the third quarter to jointly develop a fully automated, flexible systems solution for die-to-wafer hybrid bonding. This solution is currently being developed at full speed. You can find more information about hybrid bonding starting on page 16.

External revenue in the Photomask Equipment segment has declined to € 49.7 million in 2021 (compared to € 57.7 million in the previous year). Accordingly, segment EBIT has been reduced to € 6.6 million (compared to € 15.3 million in the previous year). Since the business of this segment is determined more by individual large orders from a few customers than in our other segments, revenue fluctuates more from year to year in comparison. Demand for our solutions in this segment is strong: our market share remains very high, and order entry has increased significantly to € 70.8 million in 2021 (compared to € 47.2 million in the previous year), among other reasons driven by our customers' high willingness to invest in extreme ultraviolet (EUV) lithography. Going forward, this segment will continue to make a significant growth contribution, but most likely in the order of magnitude of market growth.

External revenue in the Microoptics segment has increased to € 5.7 million in 2021 (compared to € 21.5 million in the previous year), of which roughly half is generated from FSMO applications (fiber/semiconductor/medical/optical), while the other half is generated from light carpet applications in the automotive space. In the fall of 2021, we have begun production of microlens arrays (MLAs) for state-of-the-art automotive headlights, and two of our customers will have launched their first vehicles with low-beam headlights driven by our MLAs at the end of 2021. This is an important milestone for our Microoptics segment. Segment EBIT has dropped to a loss of € 1.7 million (compared to € 0.0 million in the previous year). This was mainly due to production start-related cost in the fourth quarter and the associated production start at our second manufacturing site. These were primarily one-time cost, as illustrated by the fact that the Microoptics segment has reached positive segment EBIT in the opening months of 2022. Order entry in the Microoptics segment has increased more substantially than sales to € 34.2 million (compared to € 21.9 million in the previous year). You can find more information about automotive lighting with microlens arrays starting on page 20.

CHANGES

SUSS MicroTec is a technology company which, as long-term partner of the semiconductor industry, often operates on the cutting edge of what is technologically feasible. Our customers work with us not only because of the specifications of our systems (which of course must meet their requirements), but also because of the reliability of our solutions, our reliability as a supplier and partner, and our close collaboration with our customers on their own technology roadmaps as well – in short, our customer orientation.

We have had many conversations within the Company about adjustments and changes needed to increase our success further. This is not only about improving financial and operational performance. We need to learn to act faster and more directly, both within the Company and in working with our customers – even as implementing changes of this nature takes time.

We consider the following three topics important as a basis for the performance improvements and sustainable growth that we aim for. Some changes have already resulted from these topics, and additional adjustments and improvements are following this year.

First, we need to understand the economic logic of our customers even better. Our systems perform process steps for our customers that can determine the cost base and therefore, the value of our customers' products. Our main value contribution is to understand well the parameters that drive our customers' economic success. This is not easy, and it means that we need to understand in detail the markets of our customers in the wide range of applications for which our systems are used. We have already taken initial measures to increase our customer orientation and better understand the specific customer value of our solutions, and we continue to strengthen strategic product management in various business areas of the Company. We continue to do this with vigor in 2022.

Second, we want to operate as One Company. We cannot take this for granted, and this requires significantly higher transparency and closer cooperation throughout the Company. This applies to all of SUSS MicroTec, whether in sales, service, research and development, production or corporate functions. Where this makes sense, we will sensibly increase the degree of integration of the current corporate structure with four segments, which currently operate fairly independently of each other in terms of research and development, products, and customer segments, among other things. Many of our customers purchase systems from more than one of our segments, and we are developing new products, which do not necessarily fall into one of our current segments. We want to maximize the potential synergies across the current units. As an important first step, we have decided to merge the two German operating subsidiaries, and we expect to complete this process this spring.

Third, we want to further strengthen the profitability and efficiency of the Company. In spite of strong revenue growth in recent years, profitability is still below the levels of many of our peers. This effort does not merely center on traditional cost reduction, but our goal is optimizing operations and processes in such a way as to strengthen our capabilities without restricting future growth. For example, our lean manufacturing program which we begun in the summer of 2021 aims at this and we will be continuing to focus on that in 2022. In addition, we will further strengthen cost discipline in the Company, so that we can continue to deliver sustained growth with below-average increases in fixed costs. There is still significant room for improvement here.

To realize these goals, during the third quarter of 2021, we have launched a Company-wide transformation program involving almost all areas of the Company. It consists of 13 projects organized by function, e.g., sales, service, research and development, production, HR, finance. Our aim is to achieve sustainable operational improvements, better collaboration and a stronger focus on customer value and with that, increase success with our customers. We are continuing this program in 2022.

As a Company, we aim to operate our business in a sustainable manner, and to take on social and environmental responsibility as well. Protecting our environment and developing the Company are important tasks, and we are well aware of our responsibility. This is an extremely important part of our success.

That is why we have launched our “SUS(S)tainability” program in 2021. It is set to become a key element of our actions as a company, and it will not only influence but shape future decisions. The program covers a number of focus areas, including climate and environment, employees, and governance. We have defined specific goals and targets for each focus area, aiming for ambitious outcomes and regularly monitoring the progress of projects and defining appropriate measures. As a meaningful overarching goal, we intend to achieve climate neutrality for SUSS MicroTec by 2030.

CURRENT DEVELOPMENTS AND OUTLOOK

SUSS MicroTec has continued to develop successfully during the past year. However, the COVID-19 pandemic also had a significant impact on 2021. The fact that we were able to achieve our positive results illustrates the Company's performance and the resilience that we already have.

First, the pandemic's direct impact: a large majority of our people have taken advantage of vaccination offers in 2021, including those offered at our sites. At the same time, we have continued various measures put in place and have continuously adapted them to the situation. For example, many of our teams have continued to work from home to the largest extent possible in 2021, and physical interaction at our sites has remained limited. Our

business – including manufacturing at all sites – has continued to take place without interruptions in 2021. The omicron variant, which has been spreading since December, has also led to higher case numbers at SUSS MicroTec in the first quarter of 2022, but not to prolonged absences or serious illness. In any case, we will continue to do everything we can to protect our employees and their families, our business partners, and the Company in order to minimize the economic impact and to continue to serve our customers as effectively as possible during the pandemic.

The ongoing, at times serious deterioration of our supply chain has been more difficult for the Company. This continues today and affects the entire industry. Specifically, many components – from robots to standard electrical parts – have seen supply failures at short notice, significantly extended supplier lead times, and supply reliability in general has declined. In many cases, we have succeeded in addressing these challenges, for example, by qualifying new components. In addition, there are also logistics bottlenecks (i.e., transport of our systems to customers), e.g., in transportation or in handling, including where lockdowns are still imposed in some regions.

These supply chain challenges affect us in two ways: first, there can be delivery delays due to missing parts. Even though these delays are often not long, some have extended beyond the end of the year, reducing revenue (and with that, EBIT) accordingly. Second, in some cases, systems are delivered as scheduled despite some missing parts – with the customer’s agreement – but as a consequence, because of the missing parts, corresponding revenue cannot be recognized on delivery, but only after the missing parts have subsequently been delivered and installed during commissioning. This has also had a negative impact on revenue and EBIT, and we expect it will continue to do so for some time.

We would like point out that we have not had any order cancellations because of these delays, and do not anticipate any for the foreseeable future. Here, it helps that we have a long-term, close relationship with our customers, and in many cases, such a close relationship has existed for some time.

On February 24, 2022, Russian forces have attacked Ukraine. This war is ongoing and currently there is no end in sight. Reacting to this attack, Germany, the European Union, the United States and several other countries have imposed extensive sanctions on Russia. SUSS MicroTec fully complies with these sanctions and has also fully discontinued all business with customers in Russia. The direct economic impact is small: revenue from Russia was less than € 1 million in 2021, and now-canceled orders from Russia totaled approximately € 4.5 million. This does not change our financial forecast for 2022.

The outcome of the 2022 financial year will heavily depend on when the various supply chain bottlenecks can be resolved. At this time, we are assuming that planned delivery dates and with that, timing of revenue, of some systems will move from the first

to the second half of the year. We also expect that not every order planned for 2022 can be completed before the end of the year.

If the current supply bottlenecks are mostly resolved by the end of the first half of the year, we will be able to make up much of the delivery backlog during the second half of the year.

With that assumption, we expect growing revenue to between € 270 and 300 million in the 2022 financial year, with an earnings margin before interest and taxes (EBIT) of between 8.5 to 10.5 percent of revenue. As for free cash flow, we expect a range between a negative mid-single-digit million amount and a positive mid-single-digit million amount. Our net cash reserve, which has increased further in 2021, together with our existing credit facility constitute sufficient financial reserves for the Company. For the following years, we continue to expect sustained, profitable growth and by 2025, at least group revenue of € 400 million and an EBIT margin of 15%, with further growth thereafter.

2021 was a successful financial year for SUSS MicroTec, but one that was defined by hard work. We would like to thank all of our colleagues, who have worked with great dedication for our customers in this second year of the pandemic. We would like to thank our works councils for their constructive work with us, which is especially important as we are facing the current challenges. We would also like to thank our Supervisory Board for their advice and the trust they have placed in us.

Our special thanks go to you, dear shareholders, and we hope that you will continue to support SUSS MicroTec in the future.

Best regards,

signed

Dr. Götz M. Bendele

signed

Oliver Albrecht

signed

Dr. Thomas Rohe

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 2021 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 2021 fiscal year.

Dear Readers,

Dear Shareholders,

The COVID-19 pandemic continued to have a significant influence on the 2021 fiscal year. Nevertheless, it has been a successful fiscal year for SUSS MicroTec. The Company succeeded in achieving a significant increase in order entry by 19.9% to a record level of € 337.0 million. In addition, a slight increase in sales of 4.5% was achieved. Earnings before interest and taxes (EBIT) also improved from € 20.4 million to € 22.6 million. However, the supply bottlenecks for vendor parts caused by the pandemic slowed down the Company's sales growth. Overall, the work done by the Supervisory Board and its committees, which we report on herein, has also effectively adapted to the new conditions. In 2021, meetings were held predominantly as video or conference calls in accordance with the strict health and safety measures in place at the Company.

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 expert, who was also the 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 regularly 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



Dr. David Dean, Chairman of the Supervisory Board

compliance management system, and the independence of the auditor. Furthermore, the Supervisory Board discusses the state and development of corporate governance at the Company at least once a year. In particular, it discussed compliance with the recommendations of the German Corporate Governance Code.

The Management Board and Supervisory Board work in close collaboration to keep developing the Company successfully. The Supervisory Board regularly monitored the Management Board during the fiscal year and advised it on various areas of corporate management. The discussions between the Supervisory Board and Management Board, whether virtual or face-to-face, 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, the current position of the Group and the Company, and planned changes to legal and organizational structures. The Supervisory Board discussed significant business events extensively with the Management Board and gave its consent to the transactions requiring its approval. It also regularly satisfied itself of the legality, propriety and expediency of the actions taken by the Management Board. The Supervisory Board was given access to the Company's books and business documents as needed. During the 2021 fiscal year, the Supervisory Board held a total of seven ordinary meetings and four extraordinary meetings with the Management Board. All members of the Supervisory Board participated in all the meetings.

The discussions at the Supervisory Board meetings focused on various topics in the fiscal year. In the first half of 2021, the Supervisory Board meetings mainly covered the reconstitution of the Management Board and the implementation of a new system of Management Board remuneration as well as the relaunch of the production of the UV scanners. It also reviewed and approved the financial reports for 2020, debated the outlook for the 2021 fiscal year and discussed new, strategically important customer projects. There was a lively exchange with the auditors on the main points of the 2020 audit. Another key issue that came up in 2021 was the harmonization of the previously disparate SAP systems and the planned merger of SUSS MicroTec Lithography GmbH into SUSS MicroTec Photomask Equipment GmbH & Co. KG. In addition to regular status updates on business development, the development of core key figures and the progress of strategic projects. There were also in-depth discussions of objectives and measures to improve sustainability and sustainability communication as well as the further development of the compliance management system. The Management Board was reconstituted and, in the process, the schedule of responsibilities was defined and appointments to various bodies in the subsidiaries were determined.

Another key topic of meetings held in the second half of the year was the new transformation program launched by the Management Board to improve the Company's operational excellence and earning power. As part of the strategic discussions, the competitive positioning and future opportunities were explained and discussed by all business units. The transformation program was launched to respond even more quickly and to respond even faster and more effectively to the needs and wishes of our customers, and to further strengthen the earnings power and balance sheet of the company. A major focus of this focus of this program is on the Operations area. The management is of the opinion that the manufacturing strategy is not suitable to efficiently support the growth strategy and the margin improvement goals. Therefore it is important to optimize and streamline production processes and the of production and to improve throughput times. The LEAN principles approach is intended to introduce a synchronized manufacturing. These projects and the progress during the year were regularly discussed at the Supervisory Board meetings. At its meeting in November 2021, following in-depth discussion, the Supervisory Board adopted new Company bylaws that have been made permanently available on the Company's website under Corporate Governance. Furthermore, on December 17, 2021, the Supervisory Board decided to form an additional Sustainability Committee, which met for the first time in January 2022.

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

Supervisory Board member	Meeting participation	Attended in person	Attended virtually	Attendance
Dr. David Dean	11	2	9	100 %
Dr. Myriam Jahn	11	2	9	100 %
Dr. Dietmar Meister	11	2	9	100 %
Dr. Bernd Schulte	11	2	9	100 %
Jan Smits	11	2	9	100 %

MEETINGS OF THE PERSONNEL AND AUDIT COMMITTEES

As of December 31, 2021, the Personnel Committee (Nomination Committee and Remuneration Committee) consisted of the Supervisory Board members Dr. David Dean (Chairman), Dr. Myriam Jahn, and Dr. Bernd Schulte. This committee deals with matters concerning the Management Board – in particular, preparations for the appointment of Management Board members, their competency profile, the preparation of Management Board service contracts and the remuneration of Management Board members. The committee took a close look at the succession plan for the Chief Executive Officer, the appointment of a Chief Operating Officer and a new remuneration arrangement to meet ARUG II requirements, particularly at the beginning of 2021.

Meetings of the Personnel Committee

Supervisory Board member	Meeting participation	Attended in person	Attended virtually	Attendance
Dr. David Dean	12	0	12	100 %
Dr. Myriam Jahn	12	0	12	100 %
Dr. Dietmar Meister	9	0	9	100 %
Dr. Bernd Schulte	12	0	12	100 %
Jan Smits	9	0	9	100 %

As of December 31, 2021, the Audit Committee consisted of the Supervisory Board members Dr. Dietmar Meister (Chairman), Dr. David Dean, and Jan Smits. The Audit Committee deals in particular with questions of accounting and the risk management system, the internal control system and the compliance management system, the required independence of the auditor, the engagement of the auditor, the determination of key audit matters, and the fee agreement.

Meetings of the Audit Committee

Supervisory Board member	Meeting participation	Attended in person	Attended virtually	Attendance
Dr. David Dean	7	1	6	87.5 %
Dr. Dietmar Meister	8	1	8	100 %
Jan Smits	8	1	8	100 %

The meeting on August 3, 2021, was also attended by Dr. Myriam Jahn and Dr. Bernd Schulte.

The Audit Committee thoroughly discussed the reports being published with the Management Board prior to the quarterly announcements and interim reports as of March 31, 2021, June 30, 2021, and September 30, 2021.

The Audit Committee meetings in the first quarter of 2021 focused on discussing and reviewing the annual reports and financial statements of the individual companies and the consolidated financial statements in preparation for the Supervisory Board meeting to adopt the financial statements. The Audit Committee also discussed risk reporting and assessed the effectiveness and suitability of risk management. In the second quarter, the Audit Committee engaged in discussions with the Management Board on the establishment of an internal audit function and reviewed the effectiveness of the internal control system used for financial reporting and non-financial reporting purposes. In addition, the Audit Committee engaged in discussions with the Management Board on the further development of the controlling organization, the processes, an employed BI tool, the process for the refinement of long-term planning, the planned harmonization of the ERP system, and the merger of two Group companies. In the third quarter, the Audit Committee addressed the refinement of the compliance management system and sustainability management. It also determined the audit scope and key audit matters for the 2021 financial year. In the fourth quarter, the Audit Committee conducted in-depth discussions of budget planning for 2022. The Audit Committee also held several meetings during the year, both scheduled and unscheduled, to thoroughly discuss the invitation to tender for the audit of the annual financial statements and the selection of a new auditor for the 2022 fiscal year. The Audit Committee remained apprised of business development by regularly reviewing management reporting during the year.

TRAINING AND CONTINUING EDUCATION FOR THE SUPERVISORY BOARD

In October 2021, an external law firm provided training and continuing education event to the Supervisory Board on legal issues related to Supervisory Board activities. In particular, it addressed legal changes such as the German Act on Strengthening Financial Market Integrity (Finanzmarktintegritätsstärkungsgesetz, FISG) and the Second Act on Equal Participation of Men and Women in Management Positions (Zweites Führungspositionen-Gesetz, FÜPoG II). There was also a refresher on the obligation to report directors' dealings and a brief presentation on sustainability reporting. The workshop also covered current issues in the German Corporate Governance Code (including self-assessment, succession planning, curriculum vitae) as well as the remuneration system and remuneration report under ARUG II.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

In the 2021 fiscal year, the Supervisory Board concerned itself once again with the substance of the German Corporate Governance Code 2020 and its implementation. A supplement to the current declaration of compliance from December 2020 addressing Management Board remuneration was published back in June 2021. Information on corporate governance at the Company is published in the corporate governance declaration (March 2021) and the declaration of compliance (December 2021). 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. In December 2021, 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.

During an ordinary Supervisory Board Meeting on March 29, 2021, the Supervisory Board conducted its efficiency review and its documentation in accordance with the recommendation of 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 November 2021) 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 2021 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. No conflicts of interest among Management and Supervisory Board members to be immediately disclosed to the Supervisory Board were reported in the 2021 fiscal year.

SUSTAINABILITY

In 2021, sustainability has become increasingly relevant to the general public and the capital market. The Management Board and the Supervisory Board dealt intensively with this topic in the 2021 financial year I and began to revise and expand the sustainability strategy, because the Management Board and the Supervisory Board are convinced that the success of the company does not only depend on the achievement of financial factors. In particular, the needs of our employees and customers, environmental concerns and the issues of human rights and compliance in the areas in which we operate are important building blocks for our corporate success. In December 2021, it was decided to establish a sustainability committee. In April 2022, a comprehensive sustainability report for the 2021 financial year will be published in addition to the mandatory non-financial statement.

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 Micro-Tec SE as of December 31, 2021, 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, 2021, and issued an unqualified audit opinion for both. The consolidated financial statements were prepared in accordance with Section 315e HGB based on International Financial Reporting Standards (IFRS), as applicable 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, 2022, 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. Particularly significant audit areas (key audit matters) include the impairment testing of goodwill, as well as income recognition in the case of multi-component transactions in accordance with IFRS 15. In the financial statements of SUSS MicroTec SE, the valuation of the shares in SUSS MicroTec Inc. and the loans granted to it were also examined. In addition, the audit of the financial statements focused on assessing the suitability and accuracy of segment reporting, inventories reported in current assets, and demonstration equipment. Other key audit matters included cut-off testing for “partially completed” assets or assets with missing parts. The audit of the subsidiary SUSS MicroOptics (SMO) focused in particular on issues such as the measurement of fixed assets and the depreciation periods for various classes of fixed assets.

During the financial statements meeting on March 29, 2022, the Supervisory Board examined the annual financial statements of the Company and the Group as well as the condensed management report of SUSS MicroTec SE contained in the Group management report for the 2021 fiscal year. The Supervisory Board had no objections. The Supervisory Board noted the reports of the auditor after conducting a detailed examination with approval.

COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

There were various changes in the Management Board of the Company over the past fiscal year. The Chief Executive Officer, Dr. Franz Richter, left the Management Board of SUSS MicroTec SE at his own request as of April 30, 2021. Two new members were appointed to the Management Board of SUSS MicroTec SE effective May 1, 2021. Dr. Götz Bendele was appointed to succeed Dr. Franz Richter as Chief Executive Officer (CEO) and Dr. Thomas Rohe as the new Chief Operations Officer (COO). The Management Board now consists of three people.

There were no changes in the composition of the Supervisory Board in the 2021 fiscal year.

THANKS

Once again, I would like to express my deepest appreciation to the employees who have been working hard to drive forward the Company's positive development during the pandemic, which has been going on for roughly two years. We owe our very good performance in order intake and further increase in sales and earnings to the extraordinary commitment of our employees in all areas of the Company. I would also like to express my thanks to Chief Executive Officer Dr. Franz Richter, who left at the end of April, for his many years of dedicated service and to the incumbent Management Board for its dedication and commitment in 2021.

Garching, Germany, March 2022

signed

Dr. David Dean

Chairman of the Supervisory Board

Fast Lane to the Future





The first robotaxis have been approved in California following a twelve-year testing period. Passengers can travel from San Francisco to Silicon Valley at a maximum speed of 100 kilometers per hour during the day. At night, the autonomous taxis drive at 50 kilometers per hour. However, the authorities have imposed a few restrictions. For example, a safety driver has to be behind the wheel on commercial journeys. But the driver's seat can be vacant when no money is exchanged, because the journey is then considered a test trip. This is likely to also be the case in Germany very soon, as the first autonomous driving service is planned for Munich.

What still sounds like a science fiction film to many is no surprise at all for Stefan Lutter of SUSS MicroTec. As head of the Bonder division, his day-to-day work revolves around manufacturing powerful microchips. "Self-driving cars have been made possible thanks to chip stacking, which provides a high level of integration," he explains. Live data is constantly exchanged as the autonomous vehicle drives around. Video cameras, ultrasonic sensors, radar sensors, and laser scanners constantly record other traffic and scan the environment around the car every millisecond. Information from the individual technological inputs is processed by the onboard computer and compared to countless saved scenarios so that the system can react appropriately to any given situation.

“Without these systems, even a ‘normal’ modern car would hardly be able to move.”

All of this is possible thanks to highly integrated microchip systems that allow this data to be exchanged in real time. "Without these systems, even a 'normal' modern car would hardly be able to move," Stefan Lutter adds. "Your distance warning system, brake assistant, and traffic jam assist wouldn't work without the vehicle's sensors, which are based on semiconductors. They also control the air conditioning and any driver alert systems." There are between 50 and 100 sensors in every new car and this figure keeps growing every year.

SUSS MicroTec is right in the middle of this rapid development, if not in the fast lane. That's because we can offer equipment and expertise for one of the most modern techniques used to produce these highly integrated systems: hybrid bonding.

This process connects two surfaces, e.g., two wafers, increasing the performance of the microchips that are created. More specifically, a single process creates both mechanical and electronic bonds between several chips, which is often referred to as 3D integration. Chips can have the same functionality, which increases performance, or a multi-functional system can be formed by combining different types of chips.

A Two-in-One Process

The new process combines direct bonding and inter-diffusion bonding. Direct bonding only requires low temperatures and allows wafers to be precisely aligned. Subsequent inter-diffusion bonding happens during the annealing process, i.e., when treating the surface at high temperatures, which creates a high-strength permanent bond.

Accurate to
less than

100 nm

For comparison,
a human hair is 700 times thicker.

Copper structures are embedded in electrical insulating layers between the wafers and the bonding process connects these structures to form electrical contacts. This is where the critical difference lies. In traditional bonding processes, what are known as “solder bumps” provide the electrical connection. These bumps of solder disperse during bonding and therefore have to be placed a certain distance apart from each other.

“Hybrid bonding allows us to create incredibly accurate electrical connections because we’re working with embedded copper structures instead of solder bumps. This of course also means that electrical contacts can be much closer to each other. We can achieve very small pitches, far less than ten micrometers,” says Thomas Schmidt, Bonding Product Manager at SUSS MicroTec. “That works out at several thousand electrical connections per square millimeter.”

We can therefore drastically increase the number of contacts on each surface, which in turn increases the bandwidth available for data exchange. These better integrated chip systems therefore allow much more data to be exchanged per unit of time.

“Hybrid bonding is one
of the most modern
bonding processes for
highly integrated
systems.”

Huge Data but Low Energy

Of course, these chip systems are not only used in self-driving cars. They are also in cellular telephones, laptops, VR headsets, digital assistants, and even cloud storage, where the data from these and many other devices and systems is stored. “Anywhere that lots of data needs to be exchanged on small surfaces while using a small amount of energy,” Thomas Schmidt explains.

“Hybrid bonding is one of the most modern bonding processes for highly integrated systems and we’re able to offer our customers all of the equipment they need for this process,” says Stefan Lutter. “Which definitely puts us among the most innovative providers in the sector.”

Cooperation Powers Innovation

At SUSS MicroTec, innovation is also about partnering with renowned research institutes.

For example, SUSS MicroTec has maintained a close partnership with one of the largest European research centers for nano- and microelectronics – the IMEC (Interuniversity Microelectronics Centre) since 2010. A joint development program is being worked on at IMEC’s headquarters in Leuven, Belgium. SUSS MicroTec has developed a machine for the wafer-to-wafer bonding process that has been approved by the IMEC for industrial use and is accurate to less than 100 nanometers. For comparison, a human hair is 700 times thicker.

In September 2021, SUSS MicroTec also began a development partnership with SET (Smart Equipment Technology) in France, which provides modules for the die-to-wafer-hybrid-bonding process. The project aims to provide an integrated solution for all process steps in the die-to-wafer-hybrid-bonding process this year, achieving an accuracy of less than 200 nanometers. Instead of bonding whole wafers together as in the wafer-to-wafer bonding process, the die-to-wafer-hybrid-bonding process bonds individual chips to wafers one after another. These chips can have the same function, e.g., 3D memory, or different functions, which then creates a multi-functional system that could include a logic chip, memory chip, and wireless chip, for example.



“We pride ourselves in being a full-service provider of hybrid bonding,” says Götz M. Bendele, Chief Executive Officer of SÜSS MicroTec SE. “This is why we are driving forward the perfection of wafer-to-wafer and die-to-wafer hybrid bonding.” The SÜSS MicroTec CEO considers both partnerships an important investment in the future.

A little bit of SÜSS MicroTec is in nearly every smartphone: Rotation and image sensors in the camera are based on microchip systems that are produced in a hybrid bonding process.

Broad Expertise

“Hybrid bonding has slowly established itself over the past few years as a way to manufacture chip-to-chip contacts for 3D applications with particularly high demands in terms of packing density,” Thomas Schmidt said in summary of how the sector has developed. It’s an area within the field of permanent bonding processes that presents excellent growth prospects over the coming years. “As a systems specialist in equipment manufacturing for high-precision alignment, cleaning, surface activation, measuring, and bonding, we have exactly the right expertise to support our customers with these amazing developments and help drive them forward.”



The XBS300 hybrid bonder platform

Where Is Hybrid Bonding Used?

Phones: Our cellular telephones contain image sensors for cameras and rotation sensors that recognize when you rotate the phone. **Self-driving cars:** Hybrid bonding is used to manufacture image recognition sensors and motion sensors for the electronic stability program (ESP). **Digital assistants, virtual reality headsets, and cloud servers:** Microchip systems are found in all of these and more.

MICRO-OPTICS



Dr. Reinhard Völkel has called what is currently happening in the automotive sector a revolution. But the CEO of SUSS MicroOptics was not referring to the fact that vehicles are now being fitted with zero-emission drive trains. Nor was he referring to the self-driving cars that are fundamentally changing how we get around. Instead, he was referring to the new level of importance that light has acquired: “We’re living through the micro-optics revolution in the automotive sector. Microlens arrays are setting new and innovative standards in both vehicle and street illumination. Not only do they improve road safety but they also open up many design options.”



Microlens Arrays: Small Lights, Big Impact

“We’re living through the micro-optics revolution in the automotive sector.”

Microlens arrays (MLAs) are tightly packed groups of microlenses that can be arranged in different forms and patterns. They accurately reshape light from lasers, LEDs, and other light sources. Microlens arrays have virtually unlimited depth of field unlike traditional optics like camera lenses or even the reflective optics in some current headlights. This means that the light, or image, is always in focus irrespective of the distance – both close to the vehicle and far in the distance.

See and Be Seen

When driving, MLAs improve both the driver’s ability to see and to be seen by others, especially at night. Light from vehicle headlights can be directed at the precise area of the road that the driver needs to see. They are less unsettling for a driver’s eyes in rain and fog and don’t dazzle oncoming vehicles as much. Taillights also stand out more so that a driver can spot them from further away. What’s more, MLAs can also help improve road

safety by projecting images or patterns onto the road – arrows, for instance, to indicate that a vehicle is turning. This helps warn cyclists well in advance. Furthermore, light carpets can be projected next to vehicle doors to draw attention to the open doors of parked cars. All of this provides completely new ways to communicate out on the road. Microprojectors superimpose images to create door lights and other projections. This means that the rule that “the brighter the image, the larger the projector” simply no longer applies; MLAs take up a very small amount of space. There are approximately 100 microlenses in every square centimeter of the MLAs manufactured by SUSS MicroOptics, and each lens is just a couple of millimeters thick.



A new form of light: Microlens arrays don't just make road traffic safer – they also open up new avenues for creative design.

New Design Freedom

MLAs are therefore easy to integrate into the car body and can be placed almost anywhere. This has now freed designers from many of the constraints previously placed on vehicle and light design because they no longer have to include minimum spaces in their plans. “Headlights and taillights can now be narrow, elegant vehicle features thanks to these smaller MLA modules. High-quality design allows car manufacturers to stand out from their competition and be seen as an attractive brand,” says Völkel. Even the interior and ambient lighting around the doors can play with images thanks to MLAs, for example, images that represent a brand – a type of light logo.

Semiconductor Processes are a Recipe for Success

MLAs were first developed in the 1980s and combined photonics with the time-saving automatic processes of the semiconductor industry. Here, wafer-level-production is the key to success. Microchips manufactured simultaneously on wafers in huge numbers are the perfect example. But microlenses can also be manufactured simultaneously, unlike traditional optics, which are produced one at a time. Not only is this cost-effective but it also ensures consistently high quality.

MLAs are manufactured using what is known as the imprint method, which involves shaping the microlenses with a mold. A light-curing polymer layer is applied onto a glass substrate and spreads out evenly across the whole surface, filling the cavities of the mold. This can produce a variety of lenses that are then exposed to light to cure the polymer.

Pioneer of Modern Micro-Optics

SUSS MicroOptics boasts considerable and practically unique experience with imprint processes as well as other manufacturing technologies for wafer-level optics. The Company was founded in 1999 when a spin-off from the Institute of Microtechnology (IMT) at the University of Neuchâtel in Switzerland teamed up with SUSS MicroTec. The joint venture made use of the manufacturing equipment available for chip processing at SUSS MicroTec and the company's global contacts in the semiconductor industry. SUSS MicroOptics – which now manufactures in two cleanrooms – has also had a production line specialized in vehicle illumination since 2018. “In 2014, the demand for new lighting concepts in the automotive industry grew considerably,” says Dr. Reinhard Völkel. “And since 2018, light carpets have been an integral design element for many automakers. The first cars with microlens headlights hit the road at the end of 2021. SUSS MicroOptics is also well positioned to implement innovative illumination concepts in the future.”

“Our solutions can have a direct influence on the lives of other people.”



Name:

Davide Lomellini

Position in the company:

Product Specialist Micro-Optics

At SUSS MicroTec since:

I joined SUSS MicroOptics in 2018 and then I transferred to SUSS MicroTec Inc. in 2021.

This is how I explain my job to other people:

In my role as a Product Specialist, I help companies in North and South America develop new microlens arrays that are eventually integrated into Telecom/Datacom products, medical devices, automotive lighting solutions, and many other applications.

I am part of it (I feel part of the whole) because:

Being part of SUSS means a lot to me – every day I get to talk to some of the most innovative companies and universities, while interacting with incredibly intelligent coworkers, all coming from very diverse geographic regions and professional backgrounds. I can definitely say that I’ve learned more in the last four years than in the rest of my professional career.

Also, when it comes to micro-optics and microstructuring applications, finding the most efficient solution for the customer could potentially have an immediate, positive impact on people’s lives– it means having faster communication, safer self-driving systems, affordable and accurate medical wearables. All this gives me the extra motivation and passion that helps me with my job here at SUSS MicroTec.

Privately, I am interested in:

Football (or soccer, as they call it over here), baseball, and hiking. Traveling has always been my biggest passion. I always try to learn something about the local culture when I visit a country and I usually can’t wait to jump on a plane and discover a new place.

SUSS MicroOptics has operated a production line that specializes in vehicle illumination since 2018.



At Home in the Nanoworld



When Yuta Nagai, Head of the Photomask Equipment division at SUSS MicroTec, explains what happens when photomasks are cleaned, he first makes the order of magnitude clear: Imagine trying to remove a piece of chewing gum on Earth from space. A piece of chewing gum that sometimes even stubbornly sticks to the floor. The cleaning operation would have to be done with a tool that had a great deal of power, precision and care, because nothing surrounding the chewing gum could be damaged – not the buildings, which correspond to the microstructures on the photomask, nor the open spaces representing its material layers.

Every day, Nagai and his team immerse themselves in a tiny miniature world to guarantee their company remains the leading solution provider for photomask processing. Photomask cleaning is a nanotechnology that deals with the removal of particles in the nanometer range. A nanometer is a billionth of a meter; it relates to a meter in the same way that the diameter of the earth relates to that of a penny.

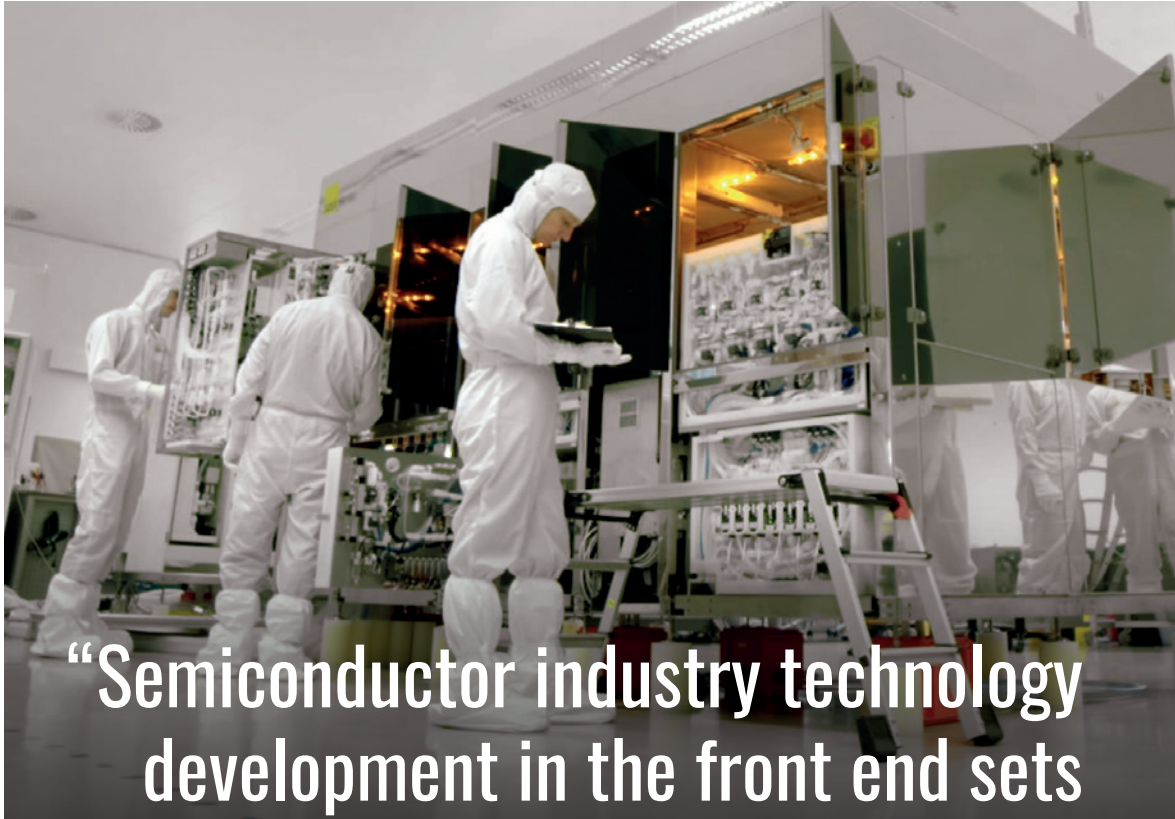
Not a Single Speck

Photomask cleaning takes place in what is known as the front end of microchip production, i.e., at the very start of the production line. At this stage, photomasks are used to build up the bottom layer of chips on bare wafer, where the transistors and circuits are located.

“The transistors are the actual working patterns of a chip, which is why these layers are the heart of every microprocessor and memory chip,” explains Oliver Brux, Senior Product Manager in the Photomask Equipment division. It’s no wonder then that the demands placed on the front end are extremely high: Chips are manufactured in extremely clean environments known as cleanrooms, and in fact, only in cleanrooms of the highest class. This is necessary because particles larger than 10 nanometers (10 billion times smaller than a meter) are all it takes to cause an entire circuit to fail.

The transistor is later built up in several steps by transferring the patterns of different photomasks (scaled down by a factor of four) to the wafers as microstructures. The smaller and finer these microstructures are, the more powerful the chip will be. The integrity of the photomasks is therefore vital. Each photomask is regularly cleaned to ensure it’s ready to be used again after each process. Complex physical and chemical processes make sure that inorganic and organic impurities and minute particles in the nanometer range are removed completely.

“These transistor layers are the heart of every microprocessor and memory chip.”



“Semiconductor industry technology development in the front end sets the requirements for advanced photomask cleaning.”

Chip manufacturers normally use an acid process to clean photomasks, but this has a significant drawback: “It weakens the contrast of the patterns on the photomask, which in turn has a negative impact on its optical imaging properties. Put more simply, it significantly shortens the useful life of a mask,” says Oliver Brux. This has tangible financial consequences for chip manufacturers because a single photomask can easily cost well over half a million dollars. By contrast, a technology patented by SUSS MicroTec uses a much gentler in-situ UV process that affects photomask patterns much less and ensures contrasts remain sharp over the long term.

State-of-the-Art Processes

As chip microstructures continue to get smaller, the processes for transferring photomask structures to wafers are also changing – and cleaning technologies must adapt as well. “Semiconductor industry technology development in the front end sets the market and technology requirements for advanced photomask cleaning,” reports Nagai. Currently, customers in the semiconductor industry require cleaning of photomasks whose

microstructures, reduced to a quarter, are found on chips in the form of five-nanometer technology nodes. However, the trend here has long been toward three nanometers.

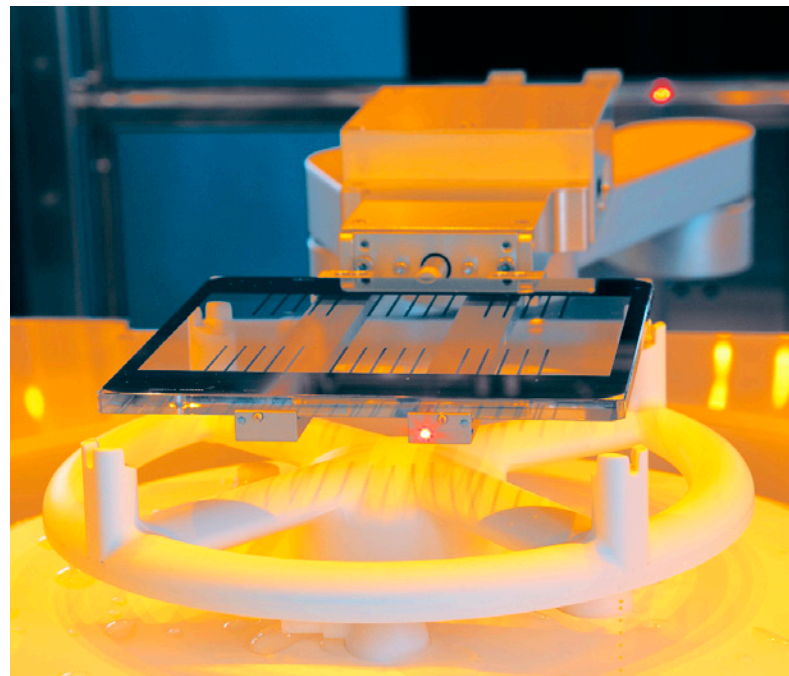
“We are consistently keeping pace with our customers’ development cycles,” says Nagai. “At SUSS MicroTec, we integrate numerous innovative hardware and software technologies into our photomask platforms to meet the requirements of both standard and newly developed wafer lithography processes. For example, targeted megasonic sound waves applied simultaneously to both the front and back of a photomask during the cleaning process remove even the most stubborn particles from between gaps in the smallest of structures. We then adapted and refined the process such that it preserves complete pattern integrity.”

AI Secures Market Leadership

In addition to these hardware and process improvements, however, SUSS MicroTec also relies on artificial intelligence (AI). “We have developed algorithms that, in just a few seconds, can analyze, partition, display, report, and predict process behavior based on current sensor and log file data. These capabilities will improve product output and yield, tool uptime, and will save an immense amount of engineering analysis time,” says Ben Eynon, Senior Director Business Development Research&Development. The first AI software package from SUSS MicroTec, called Within Tool Analysis (WTA), is currently being evaluated by some of our manufacturing customers. From mid-2022 onwards, it will be available to order along with regular purchases of new equipment. Integrating new types of sensors into the machines will allow data to be collected and analyzed on an ongoing basis. This means that the entire process can be checked and continuously improved.

It is the renowned and well-known semiconductor companies that are driving this technological development and meeting the ever-growing demand for ever more powerful and smaller microchips. Our Photomask Equipment division is the current market leader. According to Nagai, it is also well equipped for the future: “Alignment with the roadmaps of all leading semiconductor manufacturers worldwide, combined with our new and innovative hardware, process, and AI software, ensures our leadership position in the future as well. We welcome the future challenges of all advanced semiconductor processes with enthusiasm and excitement.”


“We are consistently keeping pace with our customers’ development cycles.”




Prepare for cleaning: the photomask will be put into the processing chamber shortly, where even the smallest particles will be removed through both physical and wet chemistry processes.

Welcome to the Matrix





In the 1999 classic film “The Matrix,” the main character, Neo, discovers that the world he lives in is actually a simulation. Machines created the matrix to control people. But when we talk about the matrix at SUSS MicroTec, we’re referring to a much nicer situation, because our matrix helps people control machines – for the benefit of our customers all over the world. We use cutting-edge technology in our matrix and have even benefited from this proactive approach during the pandemic. It sounds like the plot of a film, but it’s reality.



“Our machines are part of a production environment in which some of the most complex devices operate together smoothly and efficiently. A lot depends on them running faultlessly, which is why users need comprehensive professional support,” explains Rolf Wolf, Senior Vice President of Sales, Service and Marketing at SUSS MicroTec. He has been with the Company for 25 years and understands his customers’ needs perfectly. “This means that we have to be available around the clock, everywhere in the world.

This is also why customer support is such an important part of the solutions we offer and why it’s critical to the Company’s success. “If the customer is happy with their first machine and the support we provide, they’ll come back to buy their next machine from us as well,” Rolf Wolf notes. And to make sure this happens, service employees around the world are organized in a matrix structure.

20 Years in the Matrix – Close to Our Customers

SUSS MicroTec set up a decentralized structure for customer service some 20 years ago. The Company’s world was divided into seven sales regions, each with its own sales and service branch.

“Customer support is such an important part of SUSS MicroTec solutions.”

We now have more than 200 staff employed in customer service around the world. They work tirelessly to ensure that our machines are ready and that customers are satisfied. “Any production downtime can be incredibly expensive for our customers,” notes Sasa Getlicher, Global Director Customer Support. “This of course means that the machines have to be well maintained so that they always function correctly, ideally without any faults. But if problems do still arise, it’s also important to be on site quickly.” The time between receiving an error notification and fixing the issue, in other words, should be as short as possible.

Standardized Skills

Back to the matrix, more specifically to the skills matrix, which details the specialist skills of all service employees around the world. Technical skills are defined in a standardized and global system, which means that all service technicians have the same level of proficiency. But the matrix also records specific expertise, so we can use it to quickly find someone with the right qualification for a specific job, e.g., specialist repair work.

“Quality and speed are the name of the game in customer support,” says Sasa Getlicher. We ask customers for feedback after every service job to ascertain client satisfaction. The feedback is then evaluated so that we can best satisfy the needs of the entire customer base. If necessary, the Company introduces targeted improvements in specific areas.

The Right Package for Everyone

Every customer can choose a customized service level package. The packages include various services, applications, and training. Customers also receive phone support on top of the more traditional service work on machines, such as fitting replacement parts or carrying out repair and upgrade work. Our customer support teams are on hand to advise customers and can even answer complex questions about optimizing processes.

“On top of that, it’s also important that the people who work with our machines acquire as much expertise as possible. That’s why we also offer specific training sessions and courses as part of customer support,” Sasa Getlicher explains when asked about the training services offered by SUSS MicroTec.

“Quality and speed are the name of the game in customer support.”



In addition to traditional on-site service work, Customer Support also provides support remotely. Using images transmitted to his screen by a head-mounted display (HMD) with integrated camera, it is possible for Customer Support to give specific instructions, even if they're not on-site.



“I want to keep driving the company forward.”



Name:

Harvey Hui

Position in the Company:

Service & Application Manager

At SUSS MicroTec since:

June 2001

I feel like part of the bigger picture because:

When SUSS MicroTec established a branch in Shanghai 20 years ago, I was one of the first employees at SUSS MicroTec China. I started as a Field Service Engineer. At that time, we were a team of only seven employees. It consisted of a general manager, two field service employees, three sales employees, and one office employee.

In the initial phase, between the years of 2001 and 2005, semiconductor development in China was still in its infancy and there were only a few industrial production companies. Our customers at that time were primarily research institutes and universities.

At that time, we sold lithography tools, coating and developing equipment, bonders, and other machines. Since there were only two of us in the Service department, we both had to be able to handle the installations and after-sales service for all the devices. During this phase, my colleague and I were trained as “all-around engineers” who were familiar with all models from SUSS MicroTec.

Since 2006, the Chinese semiconductor industry has been developing rapidly. The number of industrial production companies grew steadily and thus our industrial business became bigger and automation solutions also increased.

Since 2008, I have been responsible for this area at SUSS MicroTec China as an after-sales service and application manager. Because the customer structure has changed and the volume of business has increased continuously, the after-sales team has also grown. By now we are 28 employees. Given the rapid development of China’s semiconductor industry in recent years, SUSS MicroTec China will continue to develop. As a long-time employee, I will continue to work to move the company forward and grow with it so that SUSS MicroTec can always shine in new splendor.

In my personal life, I am interested in:

Reading, playing badminton, swimming and mountain climbing.

Matrix Structure a Positive During the Pandemic

Our international service network not only spans the entire globe; it also allows the Company to provide all customers with quick and qualified support in any region. The quality of our service is also extremely high because we have experienced service employees working in highly coordinated teams. It's a huge benefit to the Company and has even helped during the pandemic.

“In the past, we often sent out service technicians from our headquarters, especially if we were delivering a new generation of machines to a company for the first time,” Rolf Wolf explains. But travel options suddenly became extremely limited during the COVID-19 pandemic, which is why the service teams in each sales region had to carry out new installations independently. Our colleagues were more than a match for this challenge, though, thanks to their extraordinary skills and qualifications. We were also able to provide them with cutting-edge remote support from our headquarters in Germany.

In addition to e-learning, Customer Support now also offers interactive training for both customers' staff and their own colleagues.

“It's important that the people who work with our machines acquire as much expertise as possible.”





Digitalization Opportunities Seized

Remote support in particular proved hugely successful during the pandemic. Teams managed to work together across borders extremely well, which is why the Company is looking to develop this further.

We also have instructions for installing machines and parts – including remotely or via 3D headsets – to ensure appropriate visual support for service work. Our 3D parts catalog helps our customers identify defective parts more easily. Training sessions and courses can also be provided in digital formats. Alongside e-learning, customer support now offers interactive training both for our customers' employees and our own colleagues.

“The pandemic has shown us that you don't always need to be on site. Remote support has even worked well with companies that have considerable security concerns,” Sasa Getlicher reveals when asked about the service model. “It made us have a rethink, which we're now using for new ideas.”

On request, customers receive extremely clear instructions for how to carry out service work.



**We are proud to be
part of the team!**

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If you ask Stefanie Schuhmann, Head of Human Resources Germany, what makes up the corporate culture at SUSS MicroTec, she doesn't have to think for long. "The identification with the Company and its products is very strong. It makes us proud to know that our products are playing a major role in one of the most important issues facing our society: digitalization," says Schuhmann. "Every day we hold technological progress in our hands, as a process that we actively help to shape. Without the packaging technologies we use, there would be no smartphones, for example, that easily fit into your pocket and essentially deliver the performance of an entire computer. People carry around their address book, their photo albums, their whole office. This would hardly be possible without our tools!"

The thing that excites Stefanie Schuhmann so much is the Company's broad spectrum of products and solutions for back-end lithography, wafer bonding, and photomask cleaning, supplemented by micro-optic components. Whether they're producing memory chips, cameras for mobile phones, or fine pressure sensors, the production solutions offered by SUSS MicroTec are used in both everyday and industrial applications. Companies in the semiconductor industry and related markets such as advanced packaging, microelectromechanical systems (MEMS), and LED applications value our vast experience in micropatterning. This makes SUSS MicroTec a reliable partner not only in mass production but also in research and development projects.

Because SUSS MicroTec is a medium-sized company, this commitment also makes an impact very quickly: Instead of being a cog in the wheel, individuals can directly influence developments in their respective department. Among other things, even young colleagues have the opportunity to take on projects for which they are responsible. For everyone, this creative freedom goes hand in hand with the opportunity for constant professional development. To lay the foundation here, SUSS MicroTec makes training and continuing education a top priority.

"Our employees shape a piece of the future."

Change Never Stops

SUSS MicroTec is truly a hidden champion operating in a market environment that's not only exciting but also subject to constant change. There are always new technological challenges to overcome. "Our job as a high-tech company is to find solutions for the complex wishes of our customers," Schuhmann explains. "To achieve this goal, we need sound knowledge, creative thinking, and the courage to do things differently than before. This drive is shared by the entire Company – there is never a dull moment in any of our divisions. It's an incentive for every employee to contribute new ideas and new knowledge."



.....

Many trainees have been offered permanent jobs.



It's All About Training

Many employees benefit from training early on in their careers. Since the end of the 1990s, the Company has been systematically training mechatronics engineers and industrial managers at the Garching site. But the Sternenfels site has also been used for training since 2011. The majority of trainees are offered permanent employment after their final qualifications, and it is happily accepted: "When trainees leave, it's nearly always to get an additional qualification," says Stefanie Schuhmann. "Only rarely do they switch to another company." After all, SUSS MicroTec is not only concerned with the quality of their training, but also with making sure that the trainees enjoy learning and have a sense of achievement. One of the many highlights for the Company's junior staff: the opportunity to spend time abroad for really committed and high-performing trainees. If they wish, prospective mechatronics engineers who have chosen to specialize as service technicians can accompany someone with deep experience in this field on an assignment abroad.

"Even trainees can actively contribute to the company's success."



Name:

Amely Katharina Voigt

Position in the Company:

StudiumPLUS student

StudiumPLUS combines training and studies. This means that after a total of five years, I will have both a complete skilled worker's certificate and a bachelor's degree in mechatronics.

The first year of training ends with the intermediate examination. In the second year, the first two semesters of study at the university follow. In the third year, the training is completed with the final examination. The degree is awarded after two additional years.

At SUSS MicroTec since:

September 2020

This is how I explain my job to others:

During the training, I build mechatronic systems, such as a sorting system, from mechanical and electronic components. I program this equipment and then put it into operation.

In my studies, I learn all the basics necessary to design, develop, program or maintain systems in my future professional life.

I feel like part of the bigger picture because:

On the one hand, I feel like part of the bigger picture because I represent the Company in my university. The StudiumPLUS program is promoted there, and in the process other students also get an insight into my day-to-day work at SUSS MicroTec.

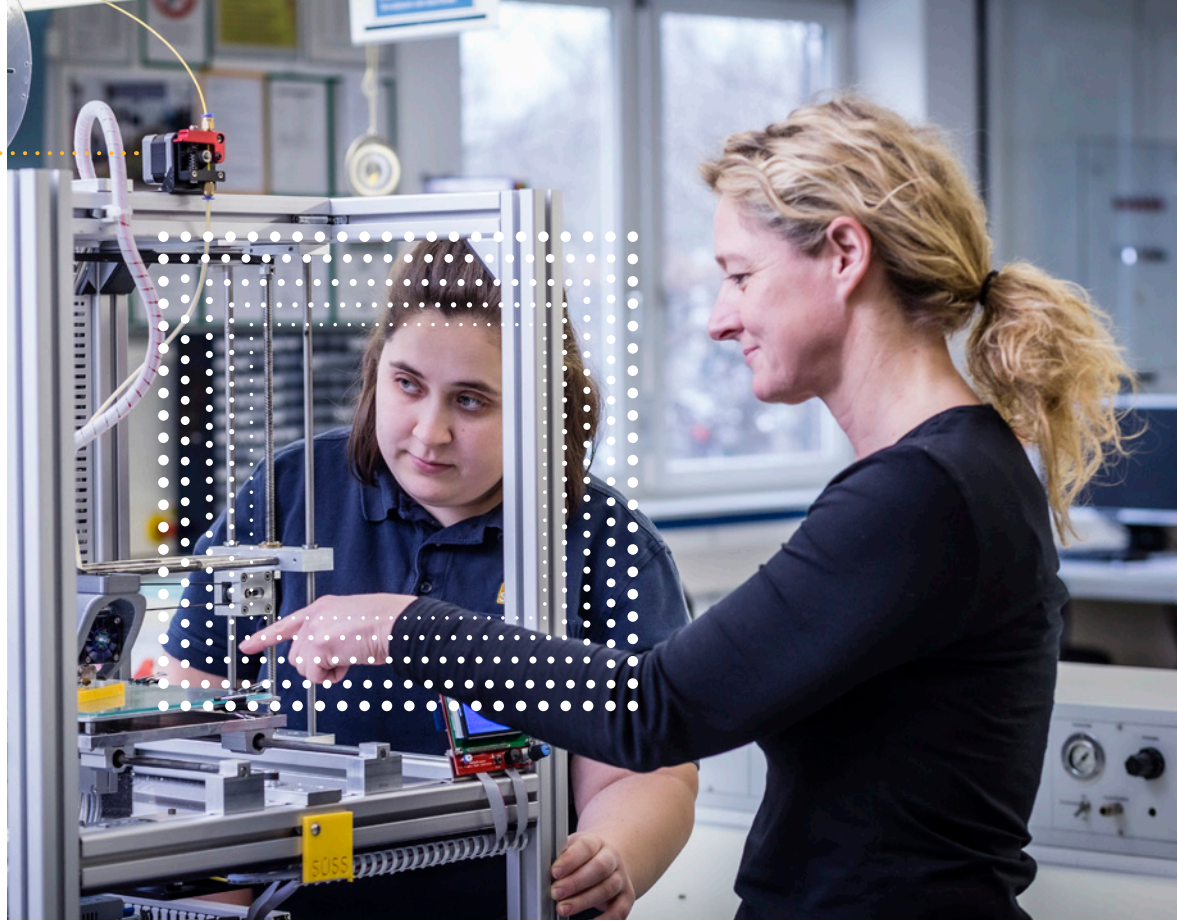
Even during my training period, I am assigned to various departments and prepared to work on different projects after graduation.

Sometimes we do jobs for other departments of the Company in the training workshop and thereby actively contribute to the success of SUSS MicroTec. As a result, I have a personal stake in technologies that are now an integral part of our world.

In my personal life, I am interested in:

Riding motorcycles both on and off road. Besides that, I also like to repair and tinker with motorcycles. In addition, I do a lot of exercise to pursue my passion: pole dancing.

Prospective mechatronics engineers learn how to work with complex machines at the training center.



Study With Emphasis on Practical Experience

In addition, SUSS MicroTec offers the StudiumPLUS program at its Sternenfels site in cooperation with Pforzheim University. The program combines mechatronics training and study, while shortening and accelerating both. “We immediately liked this new plan from Pforzheim University. With StudiumPLUS, our junior staff come away with two degrees in just five years. And for SUSS MicroTec, it’s a big plus for the students to gain practical

experience at a very early stage in their university education, while also being integrated into our Company,” says Sabrina Wolf, HR Marketing Officer. Another opportunity to start a career at SUSS MicroTec is an 18-month trainee program for university graduates in the fields of design, project management, or software. Among other things, this includes a stay abroad, which prepares students to work in such an international company.

Data & Facts *

27%

of employees are female

1/5

of management positions are held by women

42

is the average age of employees

3.5%

of employees have a severe disability

* Number of employees (Germany)



- Take off for an assignment anywhere in the world or work flexibly from home – both options are possible at SUSS MicroTec.

A Diverse Community

SUSS MicroTec is represented in five countries each in Europe and Asia, as well as in the USA. The nearly 1200 employees at its sites come from all over the world. In Germany alone, employees of 37 nationalities work together. So it's not uncommon to have a phone meeting with Japanese, Taiwanese, and American participants one moment and then meet your French or Italian colleague in the hallway the next. "Our corporate culture is extremely

open," Schuhmann notes. "For us, diversity is not just a word. We benefit immensely from the various experiences and cultural backgrounds in our teams." The Company promotes close and informal working relationships in any case, because people either know each other personally or have had chances to connect on the phone. In addition, they are all united by a common goal: to continue to help shape how our society is developing.

"SUSS MicroTec has developed a lot in the past few years, and I was able to grow with it."



Name:
Maximilian Henkel

Position in the Company:
Production Manager at the Garching site (mask aligners, imprint, metrology modules)

At SUSS MicroTec since:
2008 in various positions in production. After my training, I first worked as an assembler and commissioning engineer, and then I gained experience as a Continuous Improvement Process (CIP) expert. I initially managed the basic setup and am now responsible for the entire production with logistics, management and planning.

This is how I explain my job to others:

Together with my team, I ensure that we take our customers one process step further in their production with individual tools. We build machines for the semiconductor industry, micro-optics, and micro-electromechanical systems, but also for research and development in these fields. My task is to create the best conditions for the smooth flow of production and logistics and to fulfill the desires of our customers in terms of quality and delivery reliability. The demand for our products is constantly growing. Optimizing throughput times with the team is therefore also one of my tasks.

I feel like part of the bigger picture because:

Everyone has held a component in their hands that was processed by our machines. Like the market and our customers, SUSS MicroTec has evolved and grown in recent years. I was not only allowed to follow along on this path, but also to help shape it, and with the support of SUSS MicroTec, I was able to grow along with it.

In my personal life, I am interested in:

Outdoor trips with my family and friends, moped trips and shares.

“I’m part of groundbreaking technological innovations at SUSS MicroTec.”



Name:

Dr. Vijay Ramya Kolli

Position in the Company:

Program Manager Imprint Technologies

At SUSS MicroTec since:

2015

That’s how I explain my job to others:

I make sure that we have reliable and high-performance imprint solutions for the production of high-quality micro- and nano-optical elements at wafer level. These are used in the electronics, photonics, automotive and biomedical industry.

I feel part of the bigger picture because:

I am proud to be working at SUSS MicroTec, because I have the opportunity to develop breakthrough technological innovations for many large companies.

In my private life I am interested in:

In my free time, I like to swim, watch movies and I like to visit cities.

Quality, speed and absolute purity. That’s what solutions from SUSS MicroTec are all about.





Taking Responsibility

The world is changing, digitalization is shifting how we live and work, and with its products, SUSS MicroTec is playing an important part in these transformations. This means the Company bears a unique responsibility that goes beyond its business relationships, products, and employees. As a global company and global employer, SUSS MicroTec wants to meet the challenges of this era and make a contribution to future generations. To ensure the Company meets its future responsibilities, SUSS MicroTec established the SUS(S)tainability program in the 2021 fiscal year, setting ambitious targets.



About SUS(S)tainability

SUS(S)tainability has set five areas of focus that describe the sustainability targets in greater detail. Every year, one of these focus areas takes center stage in the sustainability strategy.

AREAS OF FOCUS



Environment/Climate



Employees/Culture



Innovation/
Research & Development



Market/Customers



Community/Social Issues

These focus areas are used to define concrete, binding, and measurable sustainability targets. SUSS MicroTec also uses these areas to determine appropriate measures and regularly assesses their effectiveness.

To give greater weight to the topic of sustainability, the Supervisory Board has formed an ESG Committee. ESG stands for environment, social, and governance. This committee supports the program leadership, Chief Operations Officer Dr. Thomas Rohe and Director of Quality Management Petra Nuschele, in the direction and implementation of SUS(S)tainability. In addition, the SUS(S)tainability team includes selected employees who work in the respective focus areas.

A Sustainability Scorecard is currently being developed to illustrate the Company's strategic sustainability goals and track relevant key figures. In the future, SUSS MicroTec will therefore also be measured against sustainability metrics in addition to financial key figures. The Scorecard will be the number one management tool for the sustainability program and will be made publicly available to ensure transparency for all parties.

Our Focus in 2022: Environment and Climate

Chief Operations Officer Dr. Thomas Rohe and Director of Quality Management Petra Nuschele helped get the SUS(S)tainability project off the ground. In the following interview, they explain why “environment and climate” is the main theme in 2022 and why employees can make such a big difference to sustainability.

SUSS MicroTec has defined a total of five topics that the SUS(S)tainability project is targeting. The focus topic for 2022 is “environment and climate.” Why?

Dr. Thomas Rohe:

First, I just want to emphasize that all of the focus areas are important. But climate change is certainly one of the main topics today, which is why it's important we do as much as we can, as quickly as we can. For instance, we're committed to reducing both our energy consumption and CO₂ emissions.

And we made good progress with both last year. But we're also aware that we've got a long way to go to put a stop to climate change.

What measures have helped the Company make progress in these areas?

Petra Nuschele:

We took some important steps in 2021. For example, we replaced many heating pumps with new, much more efficient models. That also saves electricity. And in Sternenfels, we installed e-charging stations so that employees can get to work in an environmentally friendly way. Additionally we plan to install further e-charging stations at our production site in Garching. On top of that, we're gradually replacing our existing company cars with more economical hybrid and electric models.

Looking to the future, what measures are planned for 2022?

Petra Nuschele:

In 2022, we're going to be reviewed by an independent audit firm. Future measures will therefore be based on the audit's findings.

Dr. Thomas Rohe:

We also need to build on our efforts to reduce CO₂ emissions internationally. But before we can do that, we need to find out how much CO₂ all of our locations around the world are responsible for. This also applies to our production site in Taiwan. We intend to face up to all of our responsibilities, wherever they may be.

Dr. Thomas Rohe and his colleagues view climate change as the most heated topic for their project SUS(S)tainability. This is why carbon emissions must be reduced even further.



Sustainability is also important to many SÜSS MicroTec colleagues. What can they do in the future to contribute to SUS(S)tainability?

Petra Nuschele:

The DEKRA audit firm's assessment will also consider emissions caused by employees who travel to work. Our colleagues have some wonderful ideas regarding travel to promote sustainability. And I'm sure we'll see many more initiatives. Our joint goal will be to reach CO₂ neutrality sooner than required by law.

Aside from the report, are there any other topics that SÜSS MicroTec would like to address in 2022 as part of SUS(S)tainability?

Dr. Thomas Rohe

Yes, absolutely! We want to install LED lighting in our buildings and we're planning to improve efficiency in the cleanrooms by replacing the motors. But we're also looking into operating the Garching site using electricity from green sources. And we're planning the same for other locations down the line. Finally, we're checking whether photovoltaic systems can be installed on the roofs of the manufacturing sites in Garching and Sternenfels.

Petra Nuschele:

It has to be said that even the pandemic has brought a couple of positive changes. Our customer support team gathered a great deal of experience in how to support customers remotely during the pandemic. This means that many problems can now be solved remotely, which of course also helps reduce CO₂ emissions. And we're currently purchasing mixed-reality headsets that display interactive 3D projections in your environment so that we're able to provide professional remote support. So you see, we're addressing the topic in many different ways but the best thing is that all of our colleagues – and I mean all – are part of the project and their contribution can make a big difference.

On the topic of SUS(S)tainability, Petra Nuschele has taken something positive from the coronavirus pandemic: Customer Support has gathered a lot of experience in providing remote support.



SUSS MICROTEC IN THE CAPITAL MARKET

THE SUSS MICROTEC SHARE

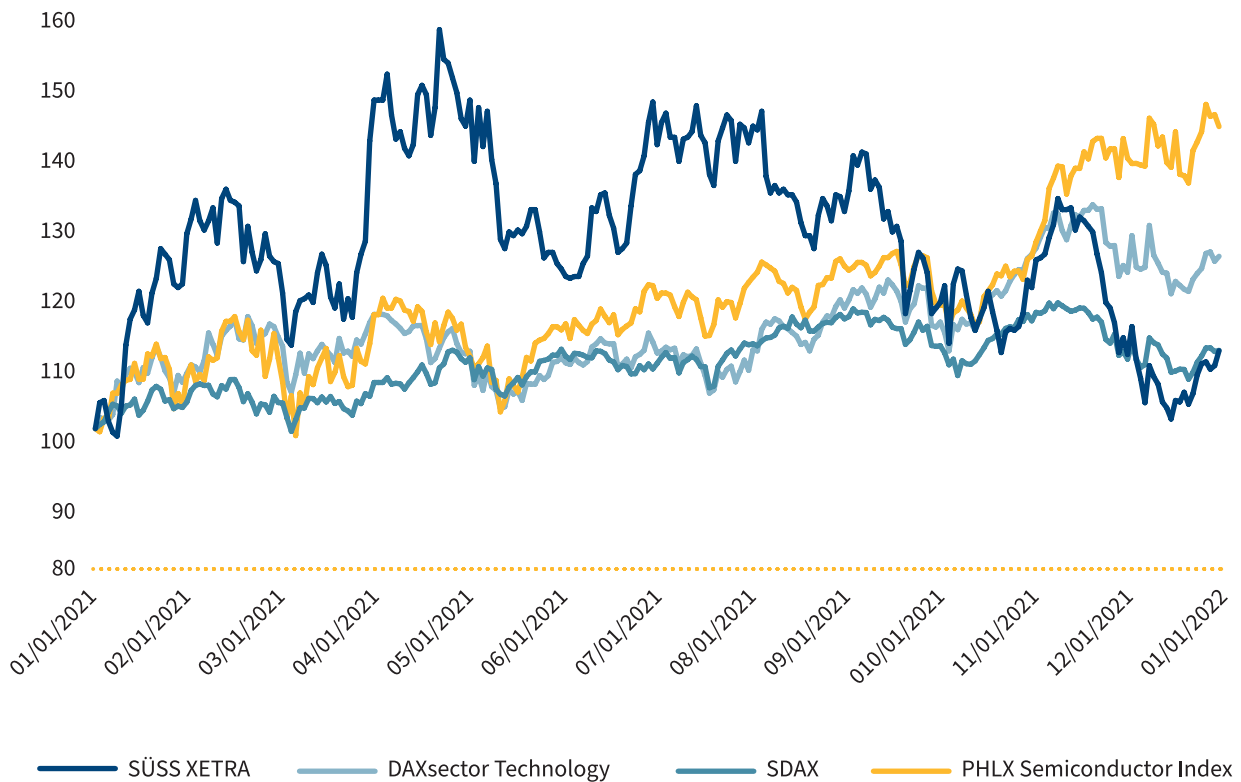
The SUSS MicroTec share developed very rapidly in the first half of 2021 and in some cases recorded price gains of more than 50 percent compared to the beginning of the year. We started the year on January 4, 2021, with a XETRA closing price of € 19.60. After an eventful first half of the year, the stock exchange closed on June 30, 2021, with a XETRA closing price of € 27.10, representing a price increase of approximately 41 percent. In the same period, the benchmark indices SDAX, DAXsector Technology Performance and PHLX Semiconductor Total Return Index rose by approximately 7 percent, 10 percent and 17 percent respectively. In the first half of the year, our share dipped slightly in March and May but then rebounded strongly in both cases. The yearly high of € 29.65 was reached on April 22, 2021.

SUSS MicroTec shares were included in the SDAX, Deutsche Börse's small-cap index, as of March 22, 2021, as part of a recomposition and reorganization of the German stock indices. This index now contains the 70 largest listed German companies after those included in the DAX and MDAX. SUSS MicroTec left the SDAX again on September 20, 2021, due to further changes in the index environment.

The share price trended downwards overall in the second half of 2021. After staying flat in July, the share lost value as the year progressed and failed to repeat its strong performance from the first half of the year despite rallying briefly in November. In December, the share price fell below EUR 20. After yet another rally, the SUSS MicroTec share ended the 2021 stock market year on December 30 at a closing price of € 21.00. This corresponds to an increase of approximately 11 percent from the start of the year. The sector benchmark indices performed better in the same period. The DAXsector Technology rose approximately 25 percent, while the PHLX Semiconductor Index gained approximately 43 percent. The SDAX performed on par with our share, gaining approximately 11 percent in 2021.

The average daily trading volume of SUSS MicroTec shares on the German XETRA stock exchange in the 2021 fiscal year once again amounted to approximately 75 thousand shares (previous year: average daily trading volume of approximately 75 thousand shares).

Share Price Performance in 2021:



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 (December 31, 2021)	19,115,538
Description of securities	Registered shares
Designated sponsor	Stifel Europe Bank AG
Initial public offering	May 18, 1999
Opening / closing price for the year in € *	€ 19.60 / € 21.00
Yearly high in € *	29.65 (April 22, 2021)
Yearly low in € *	18.70 (January 8, 2021)

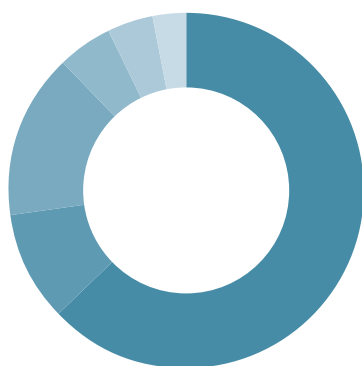
*XETRA closing price

OWNERSHIP INFORMATION

Our ownership structure changed in the 2021 fiscal year. Universal-Investment lowered its reported voting share from 14.69 percent as of the end of 2020 to 10.004 percent as of December 31, 2021. In addition, Lupus Alpha, an investment company, reduced its reported voting share from 4.98 percent to less than three percent in the course of 2021. Janus Henderson reduced its share from 5.01 percent in the previous year to 4.02 percent. In addition, the voting rights announcements that Luxunion

S.A. (parent company of Luxempart Pipe SARL) and Gerlin N.V. (parent company of Teslin Capital Management BV) jointly hold 15.01 percent of the voting rights remain valid. 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. That means that free float as of the end of 2021 still amounts to approximately 85 percent. The largest shareholders are fund companies, investment companies, and asset managers.

Ownership Information as of December 31, 2021:



- Others (below 3%) **62.97%**
- Universal-Investment **10.00%**
- Luxempart/Gerlin **15.01%**
- Kempen Oranje **5.00%**
- Janus Henderson **4.02%**
- Dimensional Holdings **3.00%**

ANALYST RECOMMENDATIONS

At the end of 2021, six banks and research firms still actively covered the Company. In December 2021, four analysts recommended the SUSS MicroTec share as a buy, one rated it as neutral, and one recommended it as a sell:

DZ Bank AG	buy
Hauck und Aufhäuser	buy
Kempen Research	neutral
ODDO BHF	sell
Stifel Europe Bank AG	buy (sponsored research)
Warburg Research	buy (sponsored research)

INVESTOR RELATIONS ACTIVITIES

SUSS MicroTec investor relations aims to ensure an appropriate valuation of the share in the capital market. The Company therefore stays in close contact with shareholders and engages in open, continual communications with the capital market. For example, the Chief Executive Officer and Chief Financial Officer met with many investors and analysts in 2021. All investor conferences were held virtually due to the pandemic. The Company participated in five conferences in total during the year, including several that lasted numerous days. It also held one physical roadshow in Paris and one purely virtual roadshow in the US in the course of the year. There were also numerous one-on-one conversations with investors and analysts. Each publication of annual, quarterly and mid-year figures was followed by conference calls and web conferences with investors and analysts.

SHAREHOLDERS' MEETING

The ordinary Shareholders' Meeting of SUSS MicroTec was held on June 16, 2021. The ordinary Shareholders' Meeting was once again held as a virtual Shareholders' Meeting in 2021 without the physical presence of shareholders and their proxies (with the exception of voting rights representatives appointed by the Company) in accordance with Art. 2, Section 1 (2) of the German Act on Measures in Corporate, Cooperative, Association, Foundation, and Home Ownership Law to Combat the Effects of the COVID-19 Pandemic as of March 27, 2020; last amended by the Act on the Further Shortening of the Residual Debt Exemption Procedure and on the Adjustment of Pandemic-Related Provisions in Corporate, Cooperative, Association, and Foundation Law and in Tenancy and Lease Law as of December 22, 2020, German Federal Law Gazette ("COVID-19 Act"). The shareholders were able to submit their questions and requests prior to the Shareholders' Meeting. Shareholders also had the option of exercising their voting rights in advance either in absentia or by issuing instructions to a voting rights representative. Shareholders could issue authorizations and instructions to the Company-appointed voting rights representatives by postal mail, email or electronically using the password-protected internet service for the Shareholders' Meeting on the Company's website.

Although shareholders were not physically present, they were able to ask the Company questions in advance. Questions submitted in advance were answered by Chief Executive Officer Dr. Götz Bendele during the Shareholders' Meeting. There was no opportunity to ask questions during the Shareholders' Meeting. In his speech and review of 2020, Chief Executive Officer Dr. Götz Bendele gave the meeting participants an overview of the ongoing fiscal year and an account of the fiscal year that had just concluded.

The following decisions 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 taken on the appointment of the auditor and on the appropriation of distributable profit. In addition, a resolution was adopted on the remuneration and on the remuneration system for the Supervisory Board Members and the corresponding amendment to the articles of incorporation. All five items on the agenda were approved by majorities that were well above 90 percent in some cases. Other agenda items included the election of Dr. Bernd Schulte to the Supervisory Board and a resolution on the approval of the remuneration system for the Management Board. Both resolutions were adopted with the majority required by law and the articles of incorporation. Since the approval rate for the Management Board remuneration system fell short of the Supervisory Board's expectations, the Supervisory Board plans to submit a revised Management Board remuneration system to the 2022 Shareholders' Meeting for approval. Detailed voting results can be found on the IR website.



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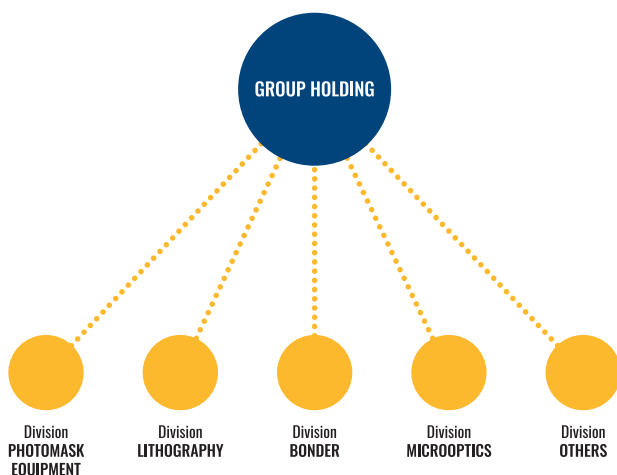
ECONOMIC REPORT

BUSINESS ACTIVITY, CORPORATE CONTROL, AND STRATEGIC ORIENTATION

The SÜSS 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 of advanced back-end lithography, wafer bonding, and photomask cleaning. Our Swiss subsidiary that produces, among other things, 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 SÜSS 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 2021 fiscal year.

Segment 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).

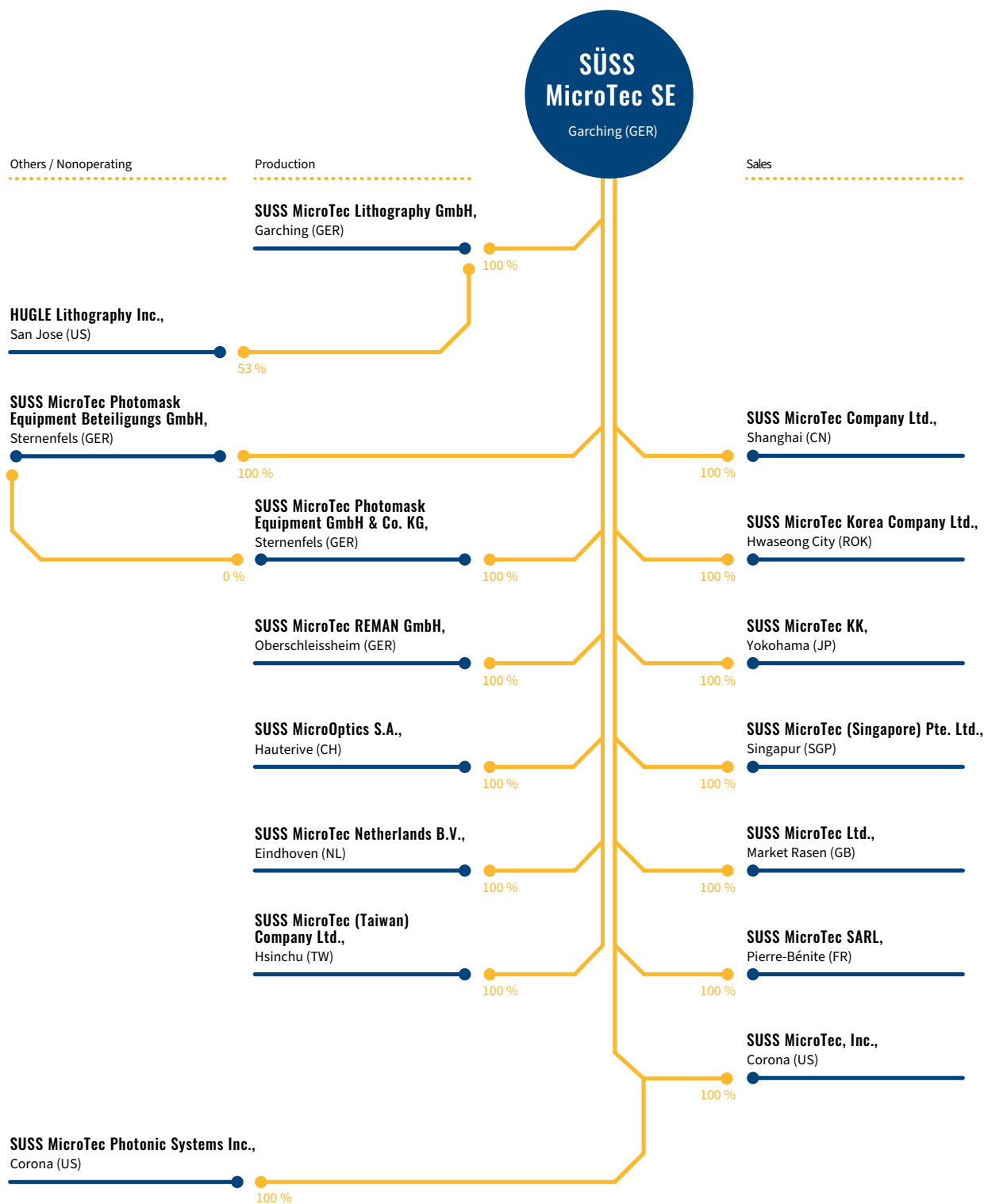
The Management Board receives both a monthly fixed salary and variable remuneration for its activities. The latter is paid when individually determined targets are reached. The fixed pay includes fringe benefits in the form of a company car with the option of private use and allowances for health insurance 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 20 of the articles of incorporation of SUSS MicroTec SE. In accordance with Section 20 of the articles of incorporation, the members of the Supervisory Board receive fixed remuneration of € 45,000.00 per year. The Chairman of the Supervisory Board receives 2.0 times and the Deputy Chairman 1.5 times this remuneration. In addition, each Member of the Audit Committee receives an annual fixed remuneration of € 15,000.00, and each Member of the Personnel Committee receives an annual fixed remuneration of € 10,000.00. The Chairpersons of the committees each receive 2.0 times the aforementioned amounts. If a Supervisory Board Member belongs to more than one committee at the same time, only the committee membership with the highest remuneration will be paid in addition to the fixed annual remuneration. In addition, each Supervisory Board Member receives meeting attendance compensation of € 1,000.00 for participating in meetings of the Supervisory Board and meetings of a committee of which he or she is a member such as face-to-face meetings, telephone or video conferences, or a corresponding connection. Multiple meetings (regardless of whether they are meetings for the Supervisory Board or committees) held on the same day are not remunerated more than once. Against the background of the increased requirements for the Supervisory Board's control and advisory activities, the Supervisory Board remuneration described above was adjusted as described above through an amendment to the articles of incorporation dated June 16, 2021, with effect from July 1, 2021.

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.



Corporate Control, Objectives and Strategy

The SÜSS MicroTec Group occupies 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 SÜSS MicroTec is examined. The focus is on organic growth. Technology acquisitions are, however, also considered if they feature interesting technologies or appropriate complementary products.

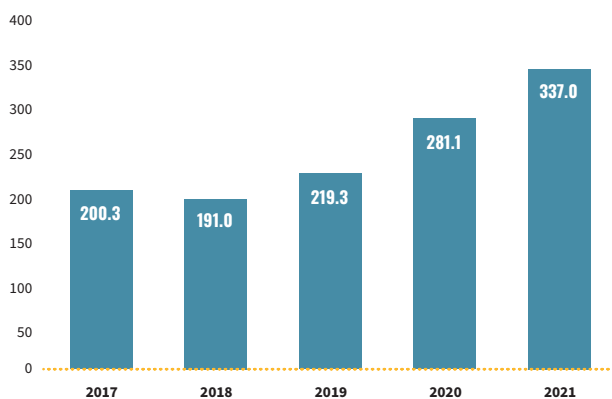
Our target market is the advanced back-end of the semiconductor industry. Here, the finished chips are prepared for contacting at the wafer level with the corresponding end devices, such as cellphones or tablets. This processing step is called (advanced) packaging. The company is additionally active in wafer-to-wafer bonding, along with die-to-wafer bonding since 2021. We are also active in the front end of the semiconductor industry with our machines in the cleaning of photomasks. Our Swiss subsidiary that produces, among other things, micro-optic components for the telecommunications industry – and also for the automotive industry – supplements our activities in specialized tool engineering for the semiconductor industry. 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.

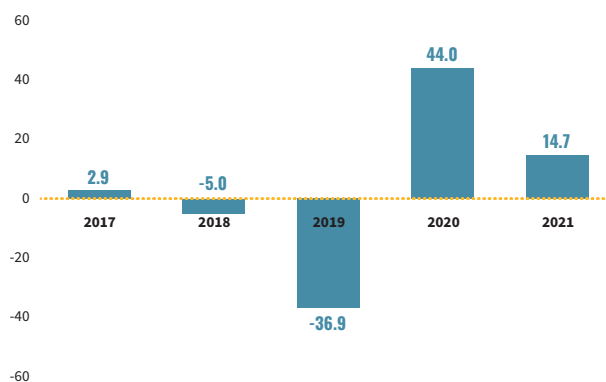
Corporate control is geared particularly toward the order entry, sales, and the EBIT margin of the individual divisions as well as the Company's free cash flow (difference between the cash flow from operating activities and the cash flow from investing activities). To the SÜSS MicroTec Group, these key 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:

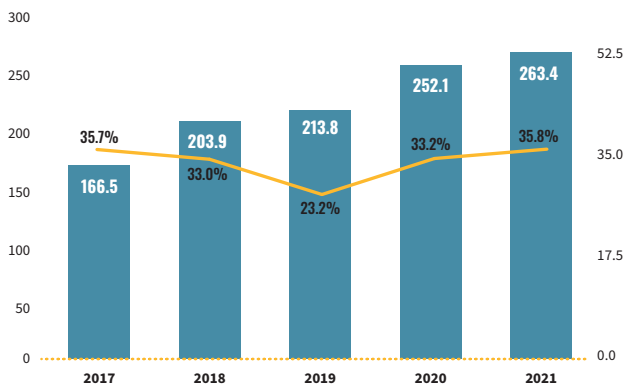
Order Entry in € million



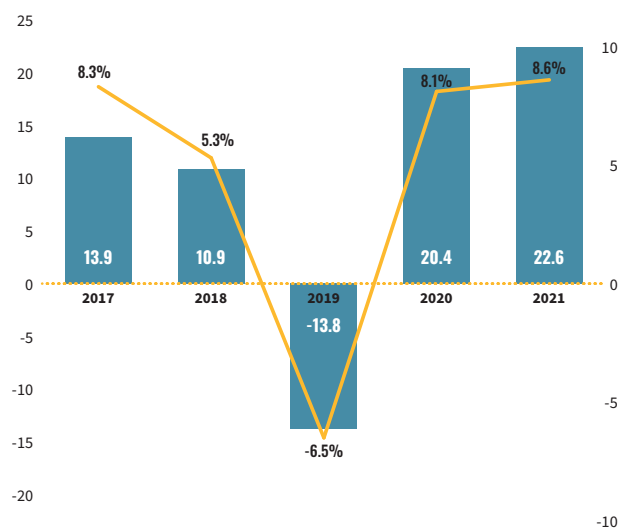
Free Cashflow in € million



Sales in € million and Gross Margin in %



EBIT in € million and EBIT-Margin in %



ECONOMIC ENVIRONMENT

Global Upturn despite ongoing Pandemic Situation

In the 2021 fiscal year, the global economy recovered significantly – despite the ongoing pandemic situation. According to OECD estimates, the economy grew by 5.6 percent in the past fiscal year (source: OECD Economic Outlook, Volume 2022, Issue 2). Another economic estimate by the International Monetary Fund (IMF) even assumes that global economic output will grow by 5.9 percent (source: IMF World Economic Outlook, Update January 2022). For the current fiscal year, the experts at the OECD expect slightly weaker growth of 4.5 percent, while the IMF anticipates similar growth of 4.4 percent. This represents a downward revision of approximately 0.5 percent compared to the IMF's autumn forecast. Depending on the progression of the pandemic in 2022 and the negative economic impact of the war between Russia and Ukraine, growth may also be lower. In addition, the global economy has been held back since the fourth quarter of 2021 by persistent supply chain bottlenecks, which in all likelihood will have a negative impact on industrial production as 2022 proceeds.

In the USA, economic growth in 2021 was approximately 5.6 percent, compared with -3.4 percent in the previous year. In China, another important sales market, economic growth in 2021 was approximately 8.1 percent, compared with 2.3 percent in the previous year (source: IMF World Economic Outlook, Update January 2022). In Taiwan, a very important sales region for many semiconductor suppliers, economic growth was 5.9 percent, up from 3.1 percent in 2020 (source: Statista: 2022).

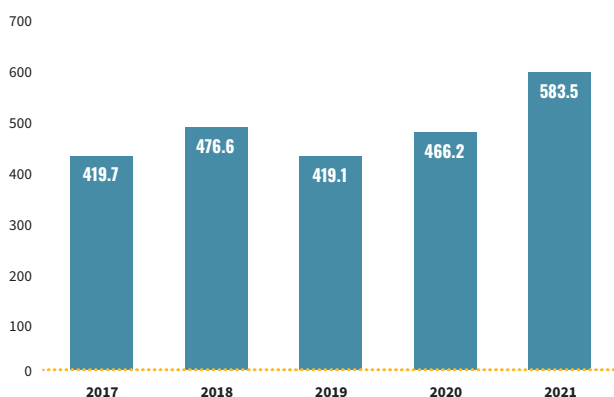
From a regional perspective, the return to growth in Europe is quite uneven. The eurozone as a whole recorded a 6.4 percent drop in economic output in 2020 and managed to grow by 5.2 percent in 2021 as part of the overall recovery (source: IMF World Economic Outlook Update, January 2022).

Last year, the German economy recovered from the pandemic-related economic downturn and, according to the Federal Ministry of Finance, recorded a 2.7 percent increase in real gross domestic product, following a 4.6 percent contraction in 2020 (source: Federal Statistical Office and Federal Ministry of Finance, Monthly Report January 2022). Overall, economic development continues to be significantly influenced by the coronavirus pandemic and the effects of the hostilities that have broken out between Russia and Ukraine.

Semiconductor Market

The semiconductor market again performed well in the 2021 fiscal year despite the impact of the COVID-19 pandemic. Like the previous year, 2021 was characterized by comprehensive IT investments in the infrastructure for working remotely or working from home. In addition, key drivers of demand included investments in 5G-capable cellphones – with the number of phones sold more than doubling compared to the previous year to reach 555 million units – and high demand for computers (PCs). Moreover, according to Gartner the global shortage of microchips in 2021 has led to significant price increases in semiconductors, raw materials, and logistics, which has contributed to a not insignificant portion of the market growth. The global sales with semiconductors increased accordingly and rose to a record level of US\$ 583.5 billion in 2021 after US\$ 466.2 billion in the previous year (source: Gartner: January 25, 2022).

Sales Development Semiconductor Market in US\$ billion

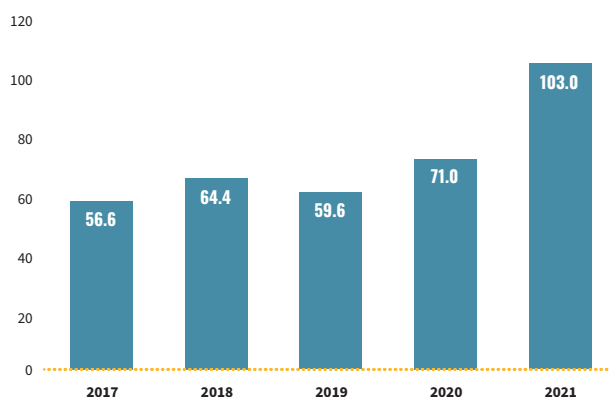


Source: Gartner, January 25, 2022

Semiconductor Equipment

The positive development in the semiconductor market is also reflected accordingly in the investments for semiconductor equipment. In 2021, sales of semiconductor equipment again reached a new record level. According to SEMI, the industry association, the market grew 44.7 percent in comparison to the previous year to reach US\$ 103.0 billion in 2021. In particular, demand for memory elements, both DRAM and NAND, have contributed to the significant growth. In the market for “assembly and packaging,” which is particularly relevant for SUSS MicroTec, growth was 81.7 percent to a market volume of approximately US\$ 7 billion. From a regional perspective, China, South Korea, and South Taiwan were the largest sales markets for semiconductor equipment (source: SEMI, December 14, 2021).

Sales Development Semiconductor Equipment Market in US\$ billion



Source: SEMI, December 14, 2021

SUSS MICROTEC IN FIGURES

Financial Position: Order Entry, Sales, and EBIT

Comparison of Full-Year Figures for 2021 – Forecast 2021

In the forecast report of the 2020 Management Report, the Company held out the prospect of Group sales of € 270 to € 290 million and Group EBIT margin in a range of 9 to 11 percent for the 2021 fiscal year. The sales and earnings forecast was adjusted to an expected sales value of approximately € 261 million and an EBIT margin in the range of 8.0 to 9.5 percent for 2021 as a whole as part of the publication of the preliminary figures on January 12, 2022. The main reason for not reaching our own sales expectations is the supply bottlenecks at our suppliers, which occurred in particular in the second half of 2021 and which, despite forward-looking purchasing measures and stockpiling, increasingly also had a negative impact on the planned deliveries at SUSS MicroTec and thus on the course of business. For example, several machines could not be completed and delivered recently due to a lack of supplier parts. This resulted in lower sales than planned, particularly in the fourth quarter.

In our view, SUSS MicroTec closed the 2021 fiscal year successfully with sales of € 263.4 million, slightly above the preliminary figure of € 261 million adjusted in January 2022. The EBIT margin reached a value of 8.6 percent, which was in line with the expectations of 8.0 to 9.5 percent adjusted in January 2022.

For free cash flow, we forecast a value in a range of € 12 million to € 18 million in March 2021. Free cash flow for 2021 was € 14.7 million as of the reporting date on December 31, 2021, and therefore met our expectations.

Overall, the 2021 fiscal year was successful from our point of view. The Company reported a record order entry. However, due to supply bottlenecks in the second half of the year, this high order entry did not lead to a corresponding increase in sales and earnings as planned.

Corporate Development in 2021

Order entry for SUSS MicroTec in the 2021 fiscal year increased by 19.9 percent to € 337.0 million, after € 281.1 million in the previous year. This was the first time in its history that the Company achieved a value of more than € 300 million in a fiscal year. This resulted in an order backlog of € 193.9 million as of December 31, 2021. The order backlog of the previous year amounted to € 120.1 million. The ratio of newly received orders to realized sales (book-to-bill ratio) was 1.28 after 1.12 in the previous year. Sales rose from € 252.1 million to € 263.4 million in comparison to the previous year.

In the 2021 fiscal year, the earnings position of the SÜSS MicroTec Group showed a slight increase in earnings. EBIT increased by € 2.2 million from € 20.4 million in the previous year to € 22.6 million. In the 2021 fiscal year there were positive extraordinary effects of € 1.5 million resulting from reversals of already written-off UV projection scanners. These systems were already fully written down in 2019 due to the assessment at the time of the success prospects of the Scanners product line.

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 one-time payment of a tax-advantaged special pandemic bonus to employees amounting to € 0.8 million.

The key figures for 2021 and the previous year are as follows:

In € million	2021	2020
Order entry	337.0	281.1
Sales	263.4	252.1
Cost of sales	169.2	168.4
Reversals/special write-downs on assets of the laser and scanner product lines	-1.5	-2.1
Closure costs included in the cost of sales	0.0	2.2
Gross profit	94.2	83.7
Gross profit margin	35.8%	33.2%
Gross profit adjusted for extraordinary effects	92.7	83.8
Gross profit margin adjusted for extraordinary effects	35.2%	33.2%
Closure costs included in sales, administration and development costs	0.0	2.5
EBIT	22.6	20.4
EBIT margin	8.6%	8.1%
EBIT adjusted for extraordinary effects	21.1	23.0
EBIT margin adjusted for extraordinary effects	8.0%	9.1%
Free Cashflow	14.7	44.0

In the top-selling division of SUSS MicroTec, Lithography, an increase in sales of 9.7 percent could be achieved. In 2021, the Lithography division accounted for approximately 58.9 percent of Group sales. The Bonder division also recorded a slight increase in sales from € 30.4 million to € 31.3 million. In the Photomask Equipment division, sales again decreased from € 57.7 million to € 49.7 million. The Micro-Optics division recorded increasing sales in 2021 of € 25.7 million, up from € 21.5 million in 2020.

In the 2021 fiscal year, a gross profit of € 94.2 million was generated, corresponding to a gross profit margin of 35.8 percent. In the previous year, the gross profit was € 83.7 million, with a gross profit margin of 33.2 percent. The gross profit for the 2021 fiscal year includes one-time income for reversals of already written-off UV projection scanners in the amount of € 1.5 million. Without this one-time income, gross profit came to € 92.7 million, which corresponds to a gross profit margin of 35.2 percent.

The gross profit margin was burdened with extraordinary effects for the discontinuation of production at the California site in 2020 in the amount of € 0.1 million. Without these extraordinary effects, gross profit would have come to € 83.8 million, which corresponds to a gross profit margin of 33.2 percent.

The gross profit margin in the Lithography division significantly increased from 30.9 percent in the previous year to 36.2 percent in 2021.

In addition, the margin increases in the Bonder division contributed significantly to improving the Group gross profit margin while the gross profit margin of the division could likewise be significantly increased from 30.6 percent to 39.2 percent. The gross profit margins in the Photomask Equipment and Micro-Optics divisions, however, followed a downward trend.

Selling costs in the fiscal year increased slightly faster relative to sales to € 24.9 million (previous year: € 23.5 million), representing an expense ratio of 9.5 percent (previous year: 9.3 percent) relative to sales generated. The reasons include a significant increase in freight costs due to higher volumes and higher freight rates, especially at the end of the year. In addition, personnel expenses increased in the area of selling costs due to an increase in personnel. These negative effects were only partially offset by lower expenses for external commission fees.

Research and development costs rose significantly again in the past fiscal year, amounting to € 22.1 million (previous year: € 19.8 million). SUSS MicroTec significantly intensified its efforts in the area of research and development in comparison to the previous year. In the "Research and Development" section of the management report, we discuss the development priorities in the individual divisions beginning on page 35.

Administration costs relative to sales increased from € 20.8 million in the previous year to € 22.9 million, corresponding to an expense ratio of 8.7 percent (previous year: 8.2 percent). The increase resulted from a rise in personnel expenses. Among other things, additional personnel were recruited in the administrative area in order to build up new areas there at Group level. These include the areas of internal auditing and quality management. Higher IT licensing costs and depreciation and amortization are also having a negative impact on administrative costs.

Other operating income totaled € 4.2 million in the fiscal year (previous year: € 4.3 million). As in the previous year, it primarily includes foreign currency adjustments amounting to € 3.1 million (previous year: € 3.2 million). As in the previous year, the main foreign currency effects resulted from US\$ positions.

Other operating expenses amounted to € 5.9 million in 2021 (previous year: € 3.4 million) and primarily included expenses from foreign currency translation amounting to € 4.5 million (previous year: € 2.6 million) and other taxes. 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.

Depreciation and amortization of intangible assets and tangible assets came to € 7.1 million (previous year: € 7.8 million). As a result, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 29.5 million (previous year: € 28.2 million).

The financial result for 2021 amounted to € -0.5 million, nearly at the level of the previous year (after € -0.4 million in the previous year). In the 2021 fiscal year, there was no cash drawdown on the syndicated loan facility under the syndicated loan agreement entered into on October 24, 2019. The slight increase in the negative financial result was caused by the higher utilization of the guarantee line due to the increased advance payment ratio and the payment of custodian fees for current account balances. The bank loan from SUSS MicroTec SE, which serves to finance the company's property in Garching, was repaid in full as of June 30, 2021. In 2019, two long-term KfW development loans of € 10 million were also taken out with IKB, which were repaid on schedule in the past fiscal year.

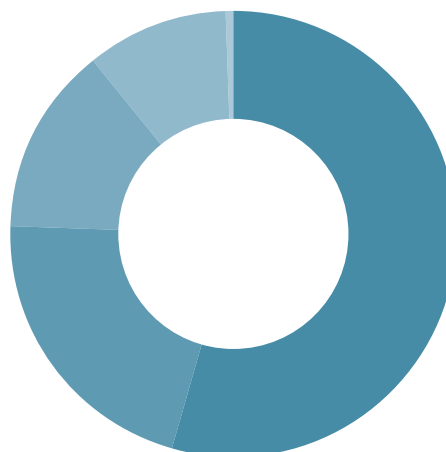
Financial income of € 9 thousand (previous year: € 5 thousand) resulted from interest income.

Group earnings before tax of € 22.1 million were subject to tax expense of € 6.1 million, which corresponds to a tax rate of 27.5%. The tax rate was thus significantly improved by 10.7 percentage points compared to the previous year. The improvement in the tax rate is primarily due to the sale of intangible assets in the form of technology and customer relationships IP (intellectual property) for the scanner business from SUSS MicroTec Photonic Systems Inc., Corona, USA, to SUSS MicroTec Photomask Equipment GmbH & Co. KG, which led to the recognition of a deferred tax asset of € 1.9 million for the resulting tax benefit.

The Group generated a profit for the 2021 fiscal year of € 16.0 million (previous year: profit after taxes of € 12.4 million). Basic earnings per share amount to € 0.84, after € 0.65 in the previous year.

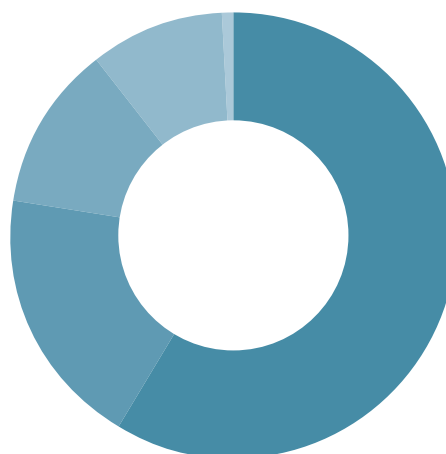
Development in the Individual Divisions

Order Entry by Division in %



- Lithography **54.6**
- Photomask Equipment **21.0**
- Bonder **13.8**
- Micro-Optics **10.1**
- Others **0.5**

Sales by Division in %



- Lithography **58.8**
- Photomask Equipment **18.9**
- Bonder **11.9**
- Micro-Optics **9.8**
- Others **0.6**

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, as well as in Hsinchu in Taiwan. With a contribution to sales of 58.8 percent, the Lithography division is SÜSS MicroTec Group's largest division. The components that are manufactured with these tools are sent primarily to the back-end markets of advanced packaging, microelectromechanical systems, compound semiconductors (LED), and 3D integration.

Development and production of the UV projection scanner product line, which was located at the American subsidiary SÜSS MicroTec Photonic Systems Inc. (Corona, USA), which was discontinued in the 2020 fiscal year, was resumed at the production site in Taiwan in the course of 2021.

In the area of lithography, SÜSS MicroTec is represented with two product lines: coaters/developers and exposure equipment with a resolving power of 10–3µm (mask aligners). Both product lines have their own competitive structure. For example, Tokyo Electron Ltd. ("TEL," Japan), SCREEN (Japan), TAZMO (Japan) and EVG (Austria) are the most important competitors for the coater/developer product line. In the field of exposure equipment, we compete mainly with EVG (Austria) and USHIO (Japan). Suppliers of what are considered leading-edge technologies with a resolving power in the nanometer range (DUV scanners from ASML, steppers from Nikon, Canon) are explicitly excluded from this consideration.

Based on published market reports and business figures as well as our own estimates, TEL and SÜSS MicroTec dominate the 300mm coater/developer market in the advanced packaging sector, well ahead of EVG and TAZMO. While TEL also serves classic front end applications, SÜSS MicroTec has placed its focus purely on the rapidly growing advanced packaging market. In the area of 200mm tools, the competitive situation is somewhat broader, with the consequence that SCREEN should be mentioned as the main competitor in addition to TEL. Flexible configuration options of our ACS200/300 platform (automated cluster system) combined with high process quality have been and are decisive for our success here. New coating technologies such as inkjet processes are also finding their way into the portfolio of our automated coaters.

In the field of classical lithography (10–3µm), SÜSS MicroTec estimates its market share in 2020 at more than 50% followed by EVG and USHIO. We believe that the many years of expertise possessed by SÜSS as a supplier of customer-oriented solutions with manual systems in the laboratory and small batch operation as fully automated machines in use in high-volume production environments has been a significant factor here. Since the market for conventional lithography is expected to stagnate in the next few years and growth will be largely limited to leading-edge technologies, the primary objective is to defend the market position that has been achieved. Bridging technologies (UV scanners with a resolving power of 1–2µm) and an even stronger focus on complete lithography solutions (interplay of coater/developer/exposure) are essential elements of our strategic orientation.

Lithography Key Figures

In € million	2021	2020
Order entry	183.9	173.5
Division sales	155.1	141.4
Total division sales (incl. intercompany sales)*	157.2	142.1
Gross profit	56.9	43.9
Gross profit margin*	36.2%	30.9%
Gross profit margin adjusted for extraordinary effects*	35.2%	31.0%
EBIT (division earnings)*	16.0	9.0
EBIT margin*	10.2%	6.3%
EBIT (division earnings) adjusted for extraordinary effects*	14.5	11.6
EBIT margin adjusted for extraordinary effects*	9.2%	8.2%
Net assets	54.6	53.1
Employees	720	615

* Total sales include internal sales (sales to other segments) for the first time in 2021. The gross profit margin and EBIT margin are calculated on the basis of total sales. For reconciliation purposes, we refer to the segment reporting.

In the 2021 fiscal year, the Lithography division achieved order entry of € 183.9 million (previous year: € 173.5 million) and sales of € 155.1 million (previous year: € 141.4 million). This corresponds to 9.7 percent higher sales and 6.0 percent higher order entry compared to the previous year. In the past fiscal year, the order entry for coaters within the Lithography division was just over 50 percent. In particular, fully automatic coaters (ACS300 Gen2) for 300mm applications were in high demand. With mask aligners, demand was predominantly for semi-automatic devices (MA/BA6 Gen4 and MA/BA4 Gen 4), which are often used in research or laboratory applications. In the case of fully automatic mask aligners, there was particular demand for machines for applications in the 200mm and 150mm range. In terms of sales, increases were recorded in the 150mm and 300mm mask aligner areas in 2021, which more than compensated for a slight decline in the area of 200mm applications. For coaters, sales of 300mm machines, which are generally used for advanced packaging applications, increased significantly. From a regional perspective, orders in the past fiscal year again primarily came from the Asia region. For the UV projection scanner product line, new orders have already been won again in the 2021 fiscal year, following the relocation to the production site in Taiwan.

The gross profit margin in the Lithography division was 36.2 percent in the last fiscal year, up considerably on the previous year (30.9 percent). Adjusted for one-time income, the division's gross profit margin in the 2021 fiscal year was 35.2 percent. The extraordinary effect from the 2021 fiscal year in the amount of € 1.5 million relates to reversals for two UV projection scanners due to the receipt of orders. These systems were already fully written off in 2019 due to the assessment at the time of the success prospects of the Scanners product line. This related to the last two systems that were written down in 2019. One of the two systems was delivered to the customer only in the 2021 fiscal year.

The gross profit margin was burdened with extraordinary effects for the discontinuation of production at the California site of 0.1 million € in 2020. Without these extraordinary effects, the division's gross profit comes to € 44.1 million, which corresponds to a gross profit margin of 31.0 percent.

The more even production utilization as well as the increased share of sales with high-margin mask aligners and coaters for 300mm applications and a higher share of sales from the higher-margin replacement parts, upgrade, and service business contributed overall to the improvement in the gross profit margin.

The Lithography division contributed earnings of € 16.0 million (previous year: € 9.0 million) to consolidated earnings before interest and taxes (EBIT).

In the 2021 fiscal year, the EBIT margin was 10.2 percent, after 6.3 percent the previous year. However, the EBIT of the Lithography division in 2021 includes one-time income. The EBIT margin adjusted for this income was 9.2 percent. The EBIT for the 2021 fiscal year includes one-time income for reversals of already written-off UV projection scanners in the amount of € 1.5 million.

In 2020, there were extraordinary expenses for the discontinuation of production at the manufacturing site in California. 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 comes to € 11.6 million, which corresponds to an EBIT margin of 8.2 percent.

The EBIT of the Lithography division is burdened by the expansion of the cost allocations totaling € 5.1 million. In the process, the scope of reallocating central Group functions was increased. In line with the previous year, directly attributable costs such as IT costs and rents of € 2.6 million (previous year: € 2.2 million) were allocated to the Lithography division. In addition, however, indirect costs in the form of management, marketing and insurance allocations amounting to € 4.4 million were also charged to the Lithography division in 2021. Interdivision cost allocations with other divisions (primarily from personnel allocations) further reduced the division earnings by € 0.7 million. The extended cost allocation to the divisions has further improved the transparency and management of the operating divisions.

The interdivision cost allocations can be found in the division reporting.

Overall, it was possible to significantly exceed 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.

The area of wafer bonding comprises the two divisions Permanent Bonding and Temporary Bonding, which have different technical requirements and a differentiated competitive situation.

The main competitor for both applications is EVG (Austria) which, according to published market reports, dominates the permanent bonding sector with a significant market share. Another major competitor in the field of permanent bonding is TEL (Japan); the company focuses primarily on permanent bonders for fusion and hybrid bonding applications for CMOS sensors. SUSS MicroTec had a market share in the low single digit area in this industry sector in 2020 due to the fact that the product portfolio only included manual machines in 2012–2017. The main sales were generated in the area of MEMS applications. In addition, there are other competitors AML (UK), AYUMI (Japan), BONDTECH (Japan), CANON (Japan), NIDEC (Japan) and SMEE (China). These are primarily focused on regional markets and special applications. According to publications, the total market size for permanent bonding in 2020 was just under US\$ 260 million. With the new XBS200 and XBS300 permanent bonders, SUSS MicroTec has set itself the goal of significantly expanding its market share in this industry sector.

The overall market for temporary bonding includes 3D memory chips as well as other applications such as heterogeneous chip-let integration, CMOS sensors, and applications from the MEMS, power semiconductor and III/V semiconductor industry sectors. According to market analyses from 2020, EVG is once again the largest supplier according to its market share. EVG is followed by SUSS MicroTec, TEL and TAZMO and TOK (Japan). The market for equipment solutions for temporary bonding was just over US\$ 100 million in 2020, according to published figures. In this industry sector, we aim to defend and continuously expand our market share in the coming years.

Bonder Key Figures

In € million	2021	2020
Order entry	46.4	37.4
Division sales	31.3	30.4
Total division sales (incl. intercompany sales)*	31.3	30.4
Gross profit	12.3	9.3
Gross profit margin*	39.2%	30.6%
EBIT (division earnings)*	0.6	0.4
EBIT margin*	1.8%	1.2%
Net assets	27.9	19.8
Employees	109	99

* Total sales include internal sales (sales to other segments) for the first time in 2021. The gross profit margin and EBIT margin are calculated on the basis of total sales. For reconciliation purposes, we refer to the segment reporting.

Order entry in the 2021 fiscal year was € 46.4 million, significantly above the figure in the previous year (previous year: € 37.4 million). Good order entry for temporary bond systems (XBS300) was again recorded last year. Within the division, however, the share of order entry for permanent bonders was slightly higher. Several orders were again received for temporary bonding applications, particularly from the Asia region. Sales in the Bonder division developed slightly up at € 31.3 million (previous year: € 30.4 million). A slight decline in sales of temporary bonders was offset by a slight increase in semi-automatic equipment.

The gross profit margin in the Bonder division amounted to 39.2 percent in the last fiscal year after 30.6 percent in the previous year. The increase in gross profit margin was realized through improved prices for equipment sold.

The Bonder division reported a slightly improved segment result (EBIT) of € 0.6 million, compared with € 0.4 million in the previous year. This corresponds to an EBIT margin of 1.8 percent after 1.2 percent in the previous year. The segment result includes a significant increase compared to the previous year in R&D expenses incurred in joint development projects with external partners.

The EBIT of the Bonder division is burdened by the expansion of the scope of interdivisional cost allocations totaling € 0.8 million. In the process, the scope of reallocating central Group functions was increased. In line with the previous year, directly attributable costs such as IT costs and rents of € 0.5 million (previous year: € 0.4 million) were allocated to the Bonder division. In addition, however, indirect costs in the form of management, marketing and insurance allocations amounting to € 0.8 million were also charged to the Bonder division in 2021.

The interdivision cost allocations can be found in the division reporting.

The target achievement in the Bonder division regarding sales was not achieved. Delivery bottlenecks led to extended lead times in bonder production, with the result that planned acceptance of evaluation tools delivered late could no longer be completed in 2021 and the deliveries of some systems were postponed to 2022. The low level of sales also meant that the EBIT target could not be achieved.

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 front end of the semiconductor industry is where the microchips are manufactured, and the back end is where downstream process steps take place.

Competitors in the photomask cleaning equipment market include Applied Materials, Inc. (USA) ("AMAT"), SEMES Co. Ltd. (Korea) ("SEMES"), Tokyo Electron Ltd. (Japan) ("TEL"), M.Watanabe & Co.Ltd. (Japan) ("Wacom"). According to its own estimates, SUSS MicroTec has a high market share in the two key markets in Taiwan and China. SUSS MicroTec considers itself the only company to offer cleaning equipment for photomasks suitable for the 5nm technology node.

Photomask Equipment Key Figures

In € million	2021	2020
Order entry	70.8	47.2
Division sales	49.7	57.7
Total division sales (incl. intercompany sales)*	49.8	57.8
Gross profit	16.2	23.1
Gross profit margin*	32.6%	40.0%
EBIT (division earnings)*	6.6	15.3
EBIT margin*	13.3%	26.4%
Net assets	16.4	19.7
Employees	167	154

* Total sales include internal sales (sales to other segments) for the first time in 2021. The gross profit margin and EBIT margin are calculated on the basis of total sales. For reconciliation purposes, we refer to the segment reporting.

The Photomask Equipment division recorded a significant increase in order entry in the past fiscal year compared to the previous year. At the end of December 2021, order entry totaled € 70.8 million after € 47.2 million in the previous year. The continued positive orders position is due to the high propensity to invest among our Asian customers, especially in Taiwan. Due to the decline in order entry in 2020, division sales in 2021 decreased as expected from the very high previous-year figure of € 57.7 million to € 49.8 million. In addition, there were delays in the completion and delivery of individual systems at the end of 2021 due to delivery bottlenecks at some of our suppliers. This situation will continue into the first half of 2022.

The gross profit margin decreased in the 2021 fiscal year to 32.6 percent. In the 2020 fiscal year, it was possible to achieve a margin of 40.0 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 depending on customers and configurations.

The Photomask Equipment division was able to contribute earnings of € 6.6 million (previous year: € 15.3 million) to Group EBIT. The EBIT margin was 13.3 percent, up considerably as against the previous year (EBIT margin 2020: 26.4 percent).

The EBIT of the Photomask Equipment division is burdened by the expansion of the scope of interdivisional cost allocations totaling € 0.5 million. In the process, the scope of reallocating central Group functions was increased. In line with the previous year, directly attributable costs such as IT costs and rents of € 0.5 million (previous year: € 0.5 million) were allocated to the Photomask Equipment division. In addition, however, indirect costs in the form of management, marketing and insurance allocations amounting to € 1.0 million were also charged to the Photomask Equipment division in 2021. Interdivision cost allocations with the Lithography division (primarily from personnel allocations) further had a positive effect on division earnings of € 0.5 million.

The interdivision cost allocations can be found in the division reporting.

Sales declined as expected due to the low order entry in 2020. EBIT margin was below target.

Micro-Optics

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

SMO's competitive situation can essentially be broken down into three sub-areas and markets:

1. Molded microlens arrays (MLA imprint) for the area of automotive: the main competitors are ams-Osram and Wafer Level Optonics Co., Ltd. (CN).
2. Etched microlens arrays for telecom and datacom: main competitors are Axetris (CH) and Suna Optoelectronics (CN).
3. Optical systems based on etched microlens arrays for the semiconductor industry. According to its own estimates, SUSS MicroOptics S.A. has a unique selling proposition here.

Micro-Optics Key Figures

In € million	2021	2020
Order entry	34.2	21.9
Division sales	25.7	21.5
Total division sales (incl. intercompany sales)*	27.7	22.6
Gross profit	6.6	5.8
Gross profit margin*	23.8%	25.8%
EBIT (division earnings)*	-1.7	0.0
EBIT margin*	-6.1%	0.0%
Net assets	19.0	20.6
Employees	144	106

* Total sales include internal sales (sales to other segments) for the first time in 2021. The gross profit margin and EBIT margin are calculated on the basis of total sales. Net assets include an intercompany loan of SMT SE from the Others division. For reconciliation purposes, we refer to the segment reporting.

Order entry increased from € 21.9 million in the 2020 fiscal year to € 34.2 million in 2021, an increase of 56.2 percent. The Company was able to significantly increase its order entry in all markets. Division sales amounted to € 27.7 million after € 22.6 million in the corresponding period of the previous year, rising by 22.6 percent. The gross profit margin decreased to 23.8 percent after 25.8 percent in the previous year.

EBIT in the Micro-Optics division came to € -1.7 million (previous year: € 0.0 million), which equates to an EBIT margin of -6.1 percent (previous year: 0.0 percent). The decline in division EBIT was due to higher costs in connection with capacity expansion and delays in the start-up of new production equipment. In the fourth quarter in particular, this resulted in significant additional costs due to quality problems and an insufficient yield at the start of series production (automotive lighting) for important customer orders. Order backlog increased significantly from € 4.6 million in the 2020 fiscal year to € 14.3 million in 2021.

The EBIT of the Micro-Optics division is burdened by the expansion of the scope of interdivisional cost allocations totaling € 1.1 million. In the process, the scope of reallocating central Group functions was increased and indirect costs in the form of management, marketing and insurance allocations amounting to € 1.2 million were also charged to the Micro-Optics division in 2021. In addition, interdivisional cost allocations with other divisions (primarily from personnel allocations) had a positive effect on division earnings by € 0.1 million. The expanded cost allocation serves to manage the operating divisions more precisely and independently.

The interdivision cost allocations can be found in the division reporting.

Neither the sales target nor the EBIT target in the Micro-Optics division were achieved. This was due to the delays of the additional capacity and the low yield at the start of the new production equipment.

Others Division

The Others division primarily comprises costs for central Group functions that cannot be attributed to the main divisions of SUSS MicroTec SE. Moreover, commission income for the sale of third-party equipment is also reported in this division. SUSS MicroTec will provide sales services in China for a former French Group company on the basis of a representative agreement with corresponding commission income. This contract was agreed as part of the spin-off. Commission income can fluctuate more from year to year and is difficult to forecast. The Others division made a positive contribution to EBIT of € 1.1 million (previous year: € -4.2 million). The higher contribution to earnings made by the commission business contributed to the improvement in earnings. However, the improvement in earnings is primarily attributable to the expansion of the scope of reallocating central corporate functions. While the reallocation among divisions in the previous year was limited to directly attributable costs such as IT allocations and rents, indirect costs in the form of management, marketing and insurance allocations amounting to € 7.4 million were also reallocated to the divisions in 2021. The extended cost allocation to the divisions has further improved the transparency and management of the operating divisions.

The reallocation of charges for the central services of SMT SE can be found in the division reporting.

Development in the most important Regions

Order entry

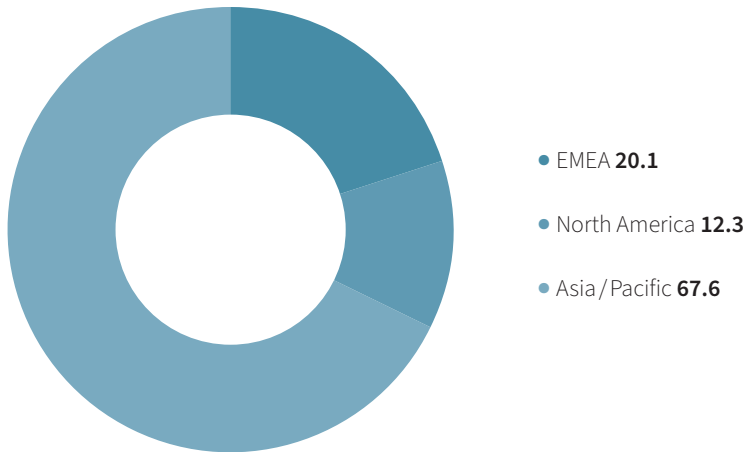
Asia, EMEA (Europe, Middle East, Africa), and North America are important regions of the world for SUSS MicroTec's business. All regions reported much higher order entry in the 2021 fiscal year than in the previous year. Order entry in EMEA increased by 29.6 percent from € 52.3 million in the previous year to € 67.8 million. Order entry in Asia rose by 12.3 percent to € 227.8 million. Accounting for approximately 68 percent of the Group's order entry, Asia remains the most important sales region for SUSS MicroTec. SUSS MicroTec reported order entry of € 41.4 million in the North America region in 2021, which equates to an increase of 59.2 percent over the previous year.

Sales

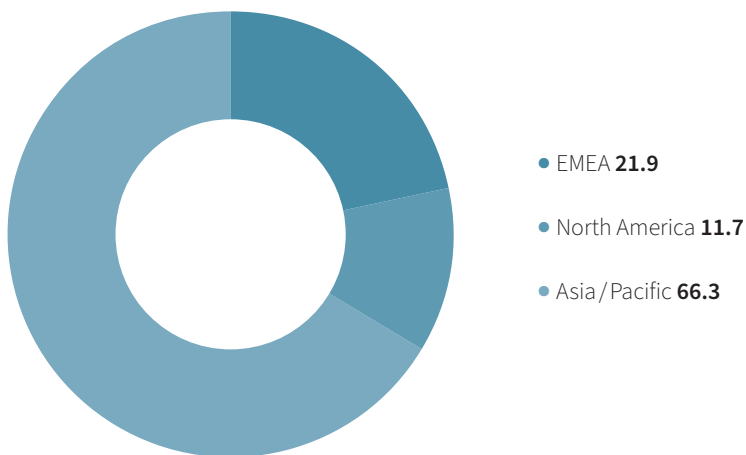
The increase in sales resulted from the EMEA and North America regions, which more than offset the decline in sales in the Asia region. Sales in the EMEA region, for example, climbed by 30.4 percent from € 44.3 million to € 57.7 million. In North

America, sales increased from € 22.7 million to € 30.9 million, an increase of approximately 36.1 percent. Sales in the Asia region fell by 5.7 percent from € 185.2 million to € 174.7 million. In Asia, sales were down in the Photomask Equipment division in particular.

Order Entry by Region in %



Sales by Region in %



Assets and Financial Position

The Group's net liquidity – the balance of cash and cash equivalents and financial liabilities – improved from € 20.3 million in the previous year to € 33.8 million as of December 31, 2021.

The amount of cash and cash equivalents increased from € 40.8 million in the previous year to € 52.1 million at the end of the reporting year. Financial liabilities decreased, totaling € 18.3 million as of December 31, 2021, compared with € 20.5 million at the end of the previous year.

Cash flow from operating activities totaled € 24.3 million (previous year: € 55.2 million). The primary reason for the decrease of € 30.9 million was the significant increase in inventory reserves by € 26.6 million compared with the previous year. Raw materials and supplies increased by € 11.1 million due to the build-up of reserve stocks with the aim of compensating for supply bottlenecks on the procurement market and shortening delivery times to our customers. Nevertheless, some systems could no longer be delivered on time, resulting in a build-up of work in progress of € 14.4 million.

In addition, the increase compared to the previous year in advance payments received from customers by € 8.2 million at a point in time led to an increase in cash flows from operating activities.

Moreover, the increase in other assets by € 5.1 million resulted in a negative cash effect. This was primarily due to VAT receivables of € 2.5 million not yet collected as of the reporting date, the increase in advance payments of € 1.9 million, and higher advance payments for future expenses of € 0.6 million.

The reduction of trade receivables by € 2.1 million compared to the previous year, by contrast, resulted in an improvement in liquidity. This improvement is also attributable to optimization measures in the area of receivables management. In addition, the € 14.6 million increase in trade payables had a positive effect on cash flows from operating activities. This made it possible to finance a significant part of the inventory build-up.

All in all, the changes in working capital of € 3.3 million had the effect of increasing liquidity. In the previous year, the positive effect resulting from changes in working capital came to € 25.5 million.

In addition, the improvement in earnings of € 3.7 million had a positive impact on the liquidity situation.

Cash flow from investing activities amounted to € -9.6 million (previous year: € -11.2 million); of this amount, approximately € 8.5 million (previous year: € 6.8 million) related to investments in tangible assets. Cash outflows of approximately € 3.9 million had been recorded by the end of 2021 for the expansion of cleanrooms and the purchase of various pieces of technical

equipment at SUSS MicroOptics, Hauterive, Switzerland. Further cash outflows of approximately € 2.4 million related to investments in different technical equipment and demo equipment for the Lithography division for the Garching and Sternenfels locations. Moreover, investments totaling € 1.5 million were made in SUSS MicroTec SE, primarily in software, IT equipment and building measures. In addition, due to the expansion of the activities of SMT in the facilities rented since 2019, a total of € 0.6 million were invested in equipment for the cleanroom as well as 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 € 1.2 million (previous year: € 1.1 million) and primarily concern purchase costs for software.

Free cash flow therefore amounted to € 14.7 million. In the previous year, free cash flow of € 44.0 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 free cash and cash equivalents available for distribution and debt servicing.

Cash flow from financing activities totaled € -3.8 million (previous year: € -13.3 million). Due to the good liquidity situation, only the guarantee facility under the syndicated loan agreement concluded in 2019 was partially utilized in 2021. The bank loan from SUSS MicroTec SE, which serves to finance the company's property in Garching, was repaid in full as of June 30, 2021. In the current fiscal year, scheduled repayments totaling € 0.5 million (previous year: € 1.0 million) were made on this loan. In 2021, the first repayments for the two promotional loans taken out in 2019 (loan amount of € 10.0 million) were made to IKB in the amount of € 0.9 million. In addition, repayments of rental and lease liabilities burdened cash flows from financing activities in the amount of € 2.4 million.

Aside from cash and cash equivalents of € 52.1 million (previous year: € 40.8 million), the Group at the end of the reporting year 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: € 0 million) and the utilization in the form of guarantees amounted to € 9.9 million (previous year: € 6.3 million).

By taking out the long-term loans and the syndicated loan agreement, which has a term until October 24, 2026, the Group has sufficient financial leeway overall 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 € 18.5 million (previous year: € 18.3 million). A part of goodwill (US\$ 2.4 million) is denominated in US dollars and therefore is subject to currency fluctuations. 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 € 2.7 million (previous year: € 2.2 million). They were composed of € 1.0 million (previous year: € 1.0 million) for the Lithography, Bonder, Photomask Equipment, and Micro-Optics divisions, and € 1.7 million (previous year: € 1.2 million) for the Others division. In 2019, SUSS MicroTec also spent € 2.9 million to acquire rights 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 to have 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. The COVID-19 pandemic, as well as structural changes in the operator consortium, led to delays in the installation of these systems in the 2020 and 2021 fiscal years. Two of the four systems were then successfully accepted in October and December 2021. Acceptance of the other two systems is planned by the end of the second quarter of 2022 at the latest. The installation and final acceptance of both of these systems, and thus the start of the contractually guaranteed five-year utilization period, is being pursued in close coordination with the collaborating partners. As of December 31, 2021, the carrying amount of the right-of-use assets was € 2.9 million.

The two business properties in Garching and Sternenfels, which – together with the production, warehousing and administration buildings – carried a residual book value of € 14.9 million at the end of the year (previous year: € 15.5 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, with the exception of the SUSS MicroOptics division, as it does not typically rely on cost-intensive production equipment.

The carrying amount of the right-of-use assets according to IFRS 16 came to € 9.3 million (previous year: € 10.1 million). The carrying amount of property, plant and equipment decreased by € 0.8 million compared with the previous year, primarily as a result of scheduled depreciation.

Deferred tax assets amounted to € 1.4 million as of the reporting date, after € 1.3 million in the previous year. On the other side of the balance sheet, deferred tax liabilities of € 9.0 million (previous year: € 9.1 million) are primarily 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 primarily result from the different accounting 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, 2021.

In addition, deferred tax assets were recognized on temporary differences for SUSS MicroOptics, Hauterive, Switzerland, amounting to € 0.7 million (previous year: € 0.6 million). Of this amount, € 0.4 million (previous year: € 0.6 million) relates to pension obligations and € 0.3 million (previous year: € 0.0 million) to loss carryforwards. The German companies and SUSS MicroOptics, Hauterive, Switzerland, were the main companies for deferred tax positions in the 2021 fiscal year.

Taking into account the annual earnings for 2021, there were tax loss carryforwards amounting to approximately € 2.8 million (previous year: € 8.6 million) for the German companies as of December 31, 2021. Deferred tax assets of € 0.8 million (previous year € 2.4 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 and the Netherlands.

Current assets rose by € 42.8 million in the reporting year to € 208.9 million. The increase is primarily attributable to the € 26.5 million rise in inventories and the € 11.3 million increase in cash and cash equivalents to € 52.1 million. In addition, other assets increased by € 5.1 million to € 8.4 million. The decrease in trade receivables by € 2.1 million had a counteracting effect.

Inventories increased from € 73.0 million as of the previous year's reporting date to € 99.5 million as of the end of the year. The gross value of materials and auxiliary supplies increased by approximately € 11.1 million to € 53.4 million. In addition, the gross value of demonstration equipment decreased from € 17.6 million to € 24.3 million. The cumulative value adjustments relating to demonstration equipment, materials and auxiliary increased from € 27.8 million to € 32.4 million.

Furthermore, inventories of unfinished goods increased by € 14.4 million to € 42.7 million, as some machines could not be completed in time for the end of the year. By contrast, inventories of finished goods decreased by € 2.1 million compared with the previous year as a result of reporting date factors.

Trade receivables decreased from € 17.7 million in the previous year to € 15.6 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 € 31.8 million at the end of the year and therefore slightly increased compared to the previous year (previous year: € 30.2 million).

The amount of cash and cash equivalents increased from € 40.8 million to € 52.1 million.

The increase in other assets from € 3.3 million in the previous year to € 8.4 million at the end of the year resulted primarily from the increase of € 2.5 million in sales tax receivables not yet collected at the reporting date, the increase of € 2.0 million in advance payments made, and higher advance payments for future expenses amounting to € 0.6 million.

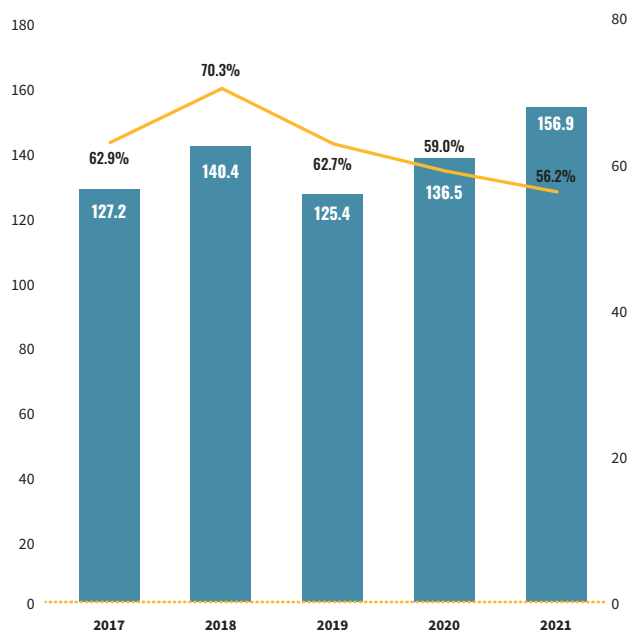
Noncurrent liabilities declined from € 32.6 million to € 29.9 million. Noncurrent liabilities included financial liabilities, which totaled € 14.9 million in the fiscal year (previous year: € 16.7 million). The noncurrent liabilities also include the Group's pension provisions in the amount of € 5.4 million, other provisions of € 0.4 million, and deferred tax liabilities of € 9.0 million. Financial debts toward banks decreased by € 1.2 million, as did noncurrent lease liabilities by € 0.6 million. The loan for the financing of the Garching property was repaid on schedule in the amount of € 0.5 million (previous year: € 1.0 million) and thus in full in 2021. In addition, the two promotional loans taken out in 2019 were repaid for the first time in the amount of € 0.9 million.

Current liabilities increased from € 62.3 million to € 92.4 million; liabilities to banks changed only slightly by € 0.2 million to € 1.2 million. Current financial debt from lease obligations passivated according to IFRS 16 decreased slightly from € 2.4 million to € 2.2 million. The customer down payments included in current liabilities increased significantly, amounting to € 33.8 million as of the end of the fiscal year (previous year: € 25.7 million). Trade payables recorded a reporting date-related strong increase from € 9.8 million in the previous year to € 24.4 million. Other financial liabilities increased from € 10.4 million to € 10.6 million.

Provisions increased from € 4.5 million to € 5.4 million. Tax liabilities increased significantly by € 5.9 million to € 6.7 million. This is due, first, to the increase in the provision for taxes of the German companies. And second, the increase is due to the recognized capital gains tax liability of SUSS MicroTec Lithography GmbH in the amount of € 3.0 million due to the profit distribution to SÜSS MicroTec SE in December 2021. By shareholders' resolution of December 15, 2021, a distribution from the unappropriated profit of SUSS MicroTec Lithography GmbH, Garching, in the amount of € 25.0 million to SÜSS MicroTec SE was resolved. It was decided to distribute a partial amount of € 25.0 million to the shareholders from the unappropriated profit of € 29.2 million from before consolidation and to carry forward a partial amount of € 4.2 million as profit. Of the distribution amount of € 25.0 million, € 13.6 million is attributable to the use of the tax deposit account, which is why an amount of € 11.4 million is subject to capital gains tax and the solidarity surcharge.

The shareholders' equity of the SÜSS MicroTec Group has grown by 14.9 percent to € 156.9 million as of December 31, 2021. The equity ratio fell compared with the previous year from 59.0 percent to 56.2 percent due to an increase of total assets by € 47.8 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 maintain them in state-of-the-art condition.

Due to the structure of the Company, investments in technical equipment and machinery, except for the area of Micro-Optics, are not a significant component of its development. The primary value-added is created by the development, design and construction of production equipment, including software management, as well as the assembly and alignment of components and the installation of the finished production equipment at the customer's site. These activities do not require any capital expenditure-intensive production equipment or tools. Due to the expected growth of the Company, however, no additional investment in capacity expansion will be required in the future. In the Micro-Optics division, investments in production equipment for series production in the upper single-digit million range are planned for the growing volume of business.

It is assumed that the usual investments in existing tangible assets will be within the range of approximately three 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), SUSS MicroTec (Taiwan) Company Ltd. (Hsinchu, Taiwan), and SUSS MicroTec Netherlands B.V. (Eindhoven, Netherlands).

Employees

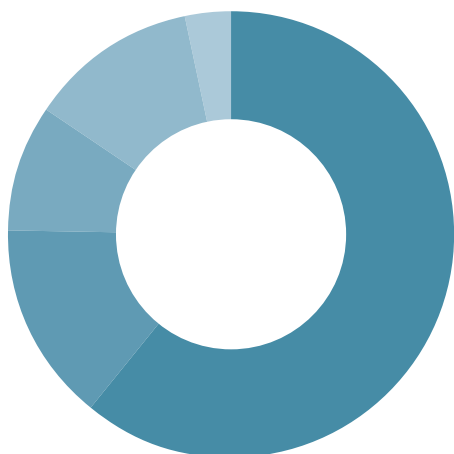
The employees and their knowledge and expertise are a significant part of the Company's value. Our business is characterized by internationality, global positioning, and cultural diversity. We have employees around the globe in development, production, administration, sales, and service, which constitute 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 2021 fiscal year, the Group had 1,178 employees (previous year: 1,009). In the entire Company, 36 apprentices were employed in commercial and technical areas as of December 31, 2021 (2020: 39). The Company collaborates with universities and research institutes 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. In Germany, women accounted for approximately 22 percent of the workforce in the 2021 fiscal year.

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

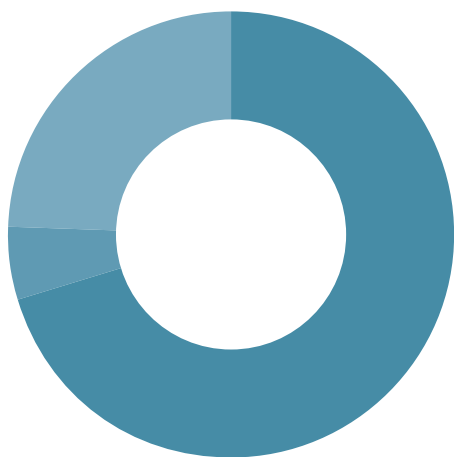
As a result of the law for the equal participation of women and men in management positions in the private and public sectors (Section 76 (4) and Section 111 (5) of the German Stock Corporation Law (AktG), which went into effect in May 2015, certain companies are obligated for the first time to set targets 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 2021 fiscal year in the Corporate Governance Report.

Employees by Division in %



- Lithography **61.1**
- Photomask Equipment **14.2**
- Bonder **9.3**
- Micro-Optics **12.2**
- Others **3.2**

Employees by Region in %



- EMEA **70.5**
- North America **5.2**
- Asia/Pacific **24.3**

Research and Development

Research and development expenditures increased by € 2.3 million to € 22.1 million (previous year: € 19.8 million), which corresponds to an expense ratio of 8.4 percent (previous year: 7.9 percent) in relation to sales in the 2021 fiscal year.

The expenses related to the Lithography division came to € 11.7 million (previous year: € 10.5 million). Furthermore, the expenses related to the Bonder division came to € 4.9 million (previous year: € 3.8 million). € 4.1 million (previous year: € 3.8 million) was attributable to the Photomask Equipment division. The Micro-Optics division reported research and development expenses of approximately € 1.5 million in 2021 (previous year: € 1.3 million).

Lithography: For coater and developer product lines, a strong focus was on continuing last year's work on a new 300mm machine generation. The prototype, equipped with key modules, was completed and is now entering the test phase. Core issues for the new machine generation include increased throughput relative to system footprint and lower costs of ownership. On the technical side, inkjet activities focused on the coupling of the high-volume inkjet printer JETx, as well as the ACS200 Gen3. This includes both the mechanical and software connection of the two basic machines. Processes for standardized photo resist applications were also developed at the same time. As usual, this year also saw many minor improvements and optimizations that were collectively carried out in continuous improvement projects.

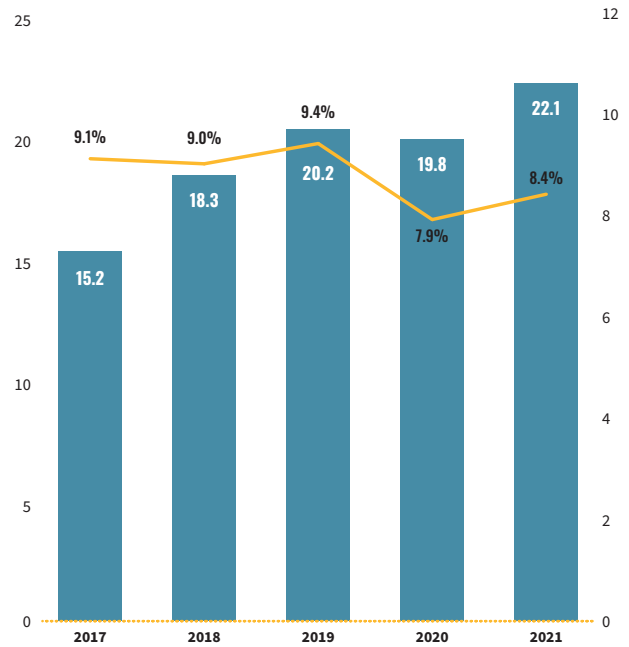
Mask aligner: The development focus of the mask aligner product line concentrated on the product launch of a clustering-capable imprinting system (Gen5C) and the expansion of modular in-line metrology. Here, the first customers have already been successfully supplied following the product launch of the imprinting system (MA/BA8 Gen5C). In addition, the MA200 and MA300 production mask aligners have been enhanced in flexibility and connectivity to address the ever-increasing level of automation in chip (semiconductor, MEMS, RF, LED) manufacturing. Moreover, a cross-product-line modular in-line metrology module was developed for all fully automated SUSS MicroTec systems. This module was launched at the end of 2021 and the range of functions will be continuously expanded in the coming year.

Bonder: The Wafer Bonding division is divided into the two sub-areas of permanent and temporary bonding. In the Permanent Bonder sub-segment, work continued on hybrid bonding product innovations. This includes the qualification of our latest XBS300 hybrid bonder for 300mm wafer-to-wafer bonding processes with <100nm overlay accuracy as well as the further development of collective chip-to-wafer bonding processes under the development collaboration with imec in Belgium. We entered into a development partnership with SET from Saint-Jeoire in France for applications in sequential chip-to-wafer bonding (C2W) in September 2021. In the temporary bonding sub-segment, we focused on adapting our machines to process severely warped reconstituted wafers in which individual chips are embedded in a casting compound. These types of wafers are used in 3D and FO-WLP (fan-out wafer-level packaging) applications and can have several millimeters of warpage.

Photomask Equipment: The Photomask Equipment division continues to be one of the leading equipment and technology provider for the innovative companies manufacturing extreme ultraviolet lithography (EUVL) photomasks and semiconductors in the 5nm technology node. SUSS MicroTec’s research and development efforts in this area not only provide a steady flow of technology innovations for its photomask cleaning and photoresist bake & develop equipment, but are also bringing to market its first AI-based software application, Within-Tool-Analysis (WTA), which will extend both tools in terms of performance and reliability into the 3nm node and beyond. The area is also close to completing “green technology” wafer applications using expertise in photomask cleaning. The first platform, expected to be launched in the first half of 2022, eliminates the dangerous chemical processes currently used to remove organic polymer materials in MEMS manufacturing and replaces them with highly effective solutions that are safe for both operators and the environment.

At the end of 2021, 214 employees – almost a fifth of the employees of SUSS MicroTec – were employed in the area of research and development (previous year: 189 employees).

Research and Development Expenditures (R&D) in € million and R&D Ration in % of sales



THE HOLDING COMPANY – SÜSS MICROTEC SE

The holding company is responsible for the steering and management of the SÜSS 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%, SÜSS MicroTec SE is the sole shareholder of the companies included in the consolidated financial statements. The holding company has provided loans only to 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)

Holding	SMT SE (HGB)			
	2021	2020	Change	in %
Annual net profit / loss	39,591	716	38,875	–
Shareholders' equity	102,731	63,140	39,591	63%
Total assets	179,550	125,467	54,083	43%
Equity ratio	57%	50%		
Noncurrent assets	84,828	82,590	2,238	3%
in percent of total assets	47%	66%		
Current assets	94,723	42,877	51,846	121%
in percent of total assets	53%	34%		

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 € 1.7 million (previous year: € 1.2 million) as of the reporting date.

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

Loans to affiliated companies increased by approximately € 2.1 million to a carrying amount of € 10.5 million. The increase results primarily from a loan granted to SÜSS MicroOptics, Hauterive (Switzerland) required for financing long-term investments, primarily for production equipment.

The loan granted to SÜSS MicroOptics Inc., Hauterive (Switzerland), with a nominal amount of CHF 4.6 million (previous year: CHF 2.6 million) had a carrying amount equivalent to € 4.3 million as of December 31, 2021.

The loan granted to SÜSS MicroTec KK, Yokohama (Japan), in the amount of JPY 775 million (previous year: JPY 775 million) had a carrying amount equivalent to € 1.1 million as of December 31, 2021.

The loan granted to SÜSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan, with a nominal amount of TWD 85 million (previous year: TWD 85 million), had a carrying amount equivalent to € 2.5 million as of December 31, 2021.

The loan granted to SÜSS MicroTec Inc., Corona (USA), with a nominal amount of US\$ 3 million (previous year: US\$ 3 million) had a carrying amount equivalent to € 2.6 million as of December 31, 2020.

Current receivables from affiliated companies increased by € 39.3 million to € 43.6 million. The increase is primarily due to a significant increase in the net income of SÜSS MicroTec Lithography GmbH, which reported a significant loss in the previous year. In addition, the profit transfer from SÜSS MicroTec Reman GmbH also increased significantly compared to the previous year, as did the amount of profit received in the same period from SÜSS MicroTec Photomask Equipment GmbH & Co. KG. The increase is also due to the profit distribution of SÜSS MicroTec Lithography GmbH in the amount of € 25.0 million to SÜSS MicroTec SE in December 2021.

In the fiscal year, the liquidity position of SÜSS MicroTec SE increased significantly by € 10.5 million to € 46.9 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 SÜSS MicroTec SE as part of a cash pool liability.

Liabilities to affiliated companies increased by € 15.4 million to € 64.4 million in the fiscal year. The increase primarily resulted from the increase of the cash pool liability toward SÜSS MicroTec Lithography GmbH.

Bank borrowings fell over the course of 2021 by € 1.4 million to total € 9.1 million.

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. As of December 31, 2021, there was no drawdown on the cash credit facility, as was the case at the previous year's reporting date. SUSS MicroTec SE exercised a contractual option to extend the syndicated loan. In total, the term of the contract can be extended by two years. The final renewal application was submitted in 2021. Accordingly, all four syndicate banks have agreed to the extension, and the term of the contract ends in October 2026.

As in the previous year, planned repayments were made amounting to € 0.5 million (previous year: € 1.0 million) for a bank loan for financing the business property in Garching in the 2021 fiscal year. The loan was repaid in full as of June 30, 2021, and has a residual carrying amount of € 0 as of December 31, 2021 (previous year: € 0.5 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. The first repayments on the loan amounting to € 0.9 million were made in 2021.

As a result of positive annual earnings, the Company's shareholders' equity increased from € 63.1 million to € 102.7 million.

Since the profit or loss transfers of the subsidiaries were higher than planned due to the positive business development in 2021, SUSS MicroTec SE was able to significantly exceed the planned target for earnings for the 2021 fiscal year.

By shareholders' resolution of December 15, 2021, a distribution from the unappropriated profit of SUSS MicroTec Lithography GmbH, Garching, in the amount of € 25.0 million to SUSS MicroTec SE was also resolved. It was decided to distribute a partial amount of € 25.0 million to the shareholders from the unappropriated profit of € 29.2 million from before consolidation and to carry forward a partial amount of € 4.2 million as profit. This profit distribution to SUSS MicroTec SE also served the purpose of further improving the holding company's financial resources and shareholders' equity.

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 € 39.6 million was generated in the 2021 fiscal year (previous year: net profit of € 0.7 million).

The sales of the holding company amounted to € 11.2 million (previous year: € 11.2 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. In the Management Report section "SUSS MICROTEC IN FIGURES," reference was made to the extension of the scope of reallocations from central Group functions to the operating divisions; indirect costs in the form of management, marketing and insurance allocations amounting to € 7.4 million were, however, also reallocated to the divisions. The reallocation of costs of SUSS MicroTec SE to the subsidiaries already occurred in full in previous years. Only the reallocation of costs to the divisions has been extended, which is carried out at Group level following the consolidation of expenses and income.

Other operating income primarily includes foreign currency gains totaling € 1.1 million (previous year: € 3.3 million). As in the previous year, the main foreign currency effects resulted from US\$ positions. The decrease compared with the previous year was due to the lower volatility of the US dollar.

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, income from profit and loss transfer of € 8.8 million (previous year: expense from a loss transfer of € 6.2 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 € 0.8 million (previous year: € 0.2 million) was recognized at the holding company. Income from investments of € 10.3 million (previous year: € 7.7 million) continued to be recognized from the equal-phase revenue recognition of SUSS MicroTec Photomask Equipment GmbH & Co. KG.

Income from loans held as financial assets includes interest income on long-term loans that were granted to the subsidiaries SUSS MicroOptics Inc., Hauterive (Switzerland), SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan,

SUSS MicroTec, Inc., Corona, USA, and SUSS MicroTec KK, Yokohama, Japan.

Interest expenses remained at the level of the previous year, totaling € 0.5 million (previous year: € 0.5 million).

SUSS MicroTec SE had an average of 34 employees in the 2021 fiscal year (previous year: 28).

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 US\$, CHF, and JPY.

The development in the Group's net liquidity will be largely reflected at SUSS MicroTec SE as the financial holding company in 2022 as well, as the subsidiaries tend to maintain only a small amount of cash. After adjusting for the extraordinary effect in 2021 from the distribution of SUSS MicroTec Lithography GmbH, Garching, in the amount of € 25.0 million, which increased the net profit of SUSS MicroTec SE, we plan to further significantly increase net profit in 2022 based on the development of Group earnings. We particularly expect higher profit transfers and dividend distributions by the subsidiaries.

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

1. Composition of Subscribed Capital

As of December 31, 2021, 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

On February 13/14, 2020, and February 19, 2020, we received disclosures from Luxunion S.A. (Leudelange, Luxembourg), Luxempart S.A. (Leudelange, 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. As of the reporting date of December 31, 2021, the combined shareholding remained at 15.01 percent of the equity capital. The current voting rights announcements pursuant to the German Securities Trading Law (WpHG) are published on the website www.suss.com in the Investor Relations section.

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 for the account 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. In the 2021 fiscal year, an extension of this contract took place through October 23, 2026.

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

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.

GROUP DECLARATION REGARDING CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289F AND SECTION 315D OF THE GERMAN COMMERCIAL CODE (HGB)

On March 28, 2022, 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 <https://www.suss.com/en/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)

INTRODUCTION/FOREWORD

With the annual Nonfinancial Group Declaration, SUSS MicroTec SE provides a report of its sustainable actions in the past fiscal year in accordance with Section 315b. The report is oriented along the aspects stipulated in accordance with Section 289c of the German Commercial Code (HGB) of environmental concerns, employee-related concerns, respect for human rights, fighting active and passive corruption, and social concerns. In addition to the legal obligation for sustainability reporting, these factors are of great importance for the communication with our stakeholders and are an important part for achieving our corporate goals. We are conscious of our responsibility and, as a company, want to actively contribute to the evolution and preservation of society and the environment for current and future generations.

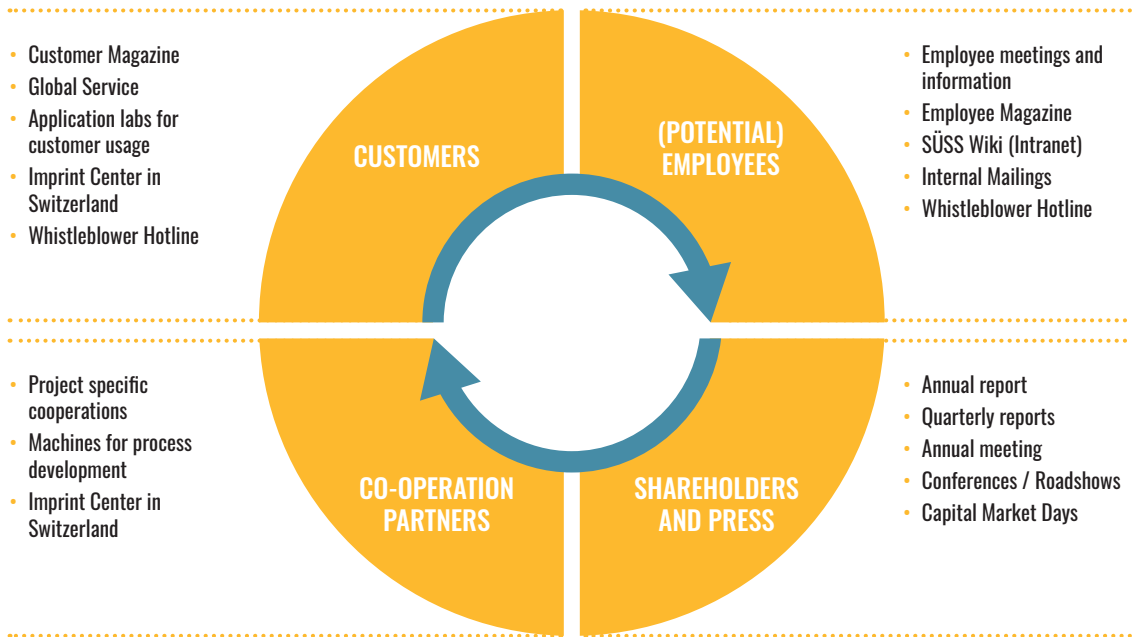
SUSS MicroTec supports internationally recognized human rights and their observance. We respect personal dignity, privacy, and the personal rights of each individual. Our priority is the health and safety of our employees at their workplace. We create a safe and healthy work environment for our entire workforce to protect them from physical and psychological harm. Our relationships with customers and business partners are based on integrity, quality, reliability, and competitive pricing. For this reason, any decision-making and selection processes must be based solely on objective considerations. The SUSS MicroTec name is synonymous with innovativeness, technological leadership, transparency, fairness, and customer focus. That is why the promotion of fair competition is consistent with our business policy. We protect our Company's property and knowledge by always handling business information responsibly with due confidentiality while protecting the personal data of our employees, clientele, and business partners. Our business model and strategic alignment are described in detail in the beginning of this Management Report under the heading business activity, corporate activity, corporate control and strategic orientation.

All activities of the 2021 fiscal year were affected by the COVID-19 pandemic and the national and regional restrictions introduced as a result. The Company nevertheless succeeded in generating sales of € 263.4 million in the fiscal year. A consistently running production and healthy employees – even during a pandemic – contributed to our economic success.

Our Stakeholders

Sustainability is becoming an integral part of our corporate philosophy. In addition to our own objectives, the expectations of external stakeholders also play a role and we incorporate them in our activities. Since we are a listed company, our shareholders represent an important stakeholder group because they need extensive information in order to make their investment decisions. Our customers are also integral to our Company. Close cooperation and regular dialogue are essential to our business success and the future viability of the Company, as we cannot respond to our customers' wishes and needs without them. In order to achieve lasting success in our highly competitive and innovative industry, we need motivated and dedicated employees and so are constantly on the lookout for new talent to recruit to our Company. In the capital-intensive semiconductor industry, fundamental processes and new products are often developed in collaboration with research institutes or collaboration partners; they are also an important stakeholder group. For this reason, SUSS MicroTec maintains close relationships with various research institutions, universities, and other companies in the industry. These stakeholders have different information needs and expectations toward SUSS MicroTec. For this reason, we remain in touch with these important stakeholder groups in different manners.

How we communicate with our Stakeholders:



ABOUT THIS REPORT

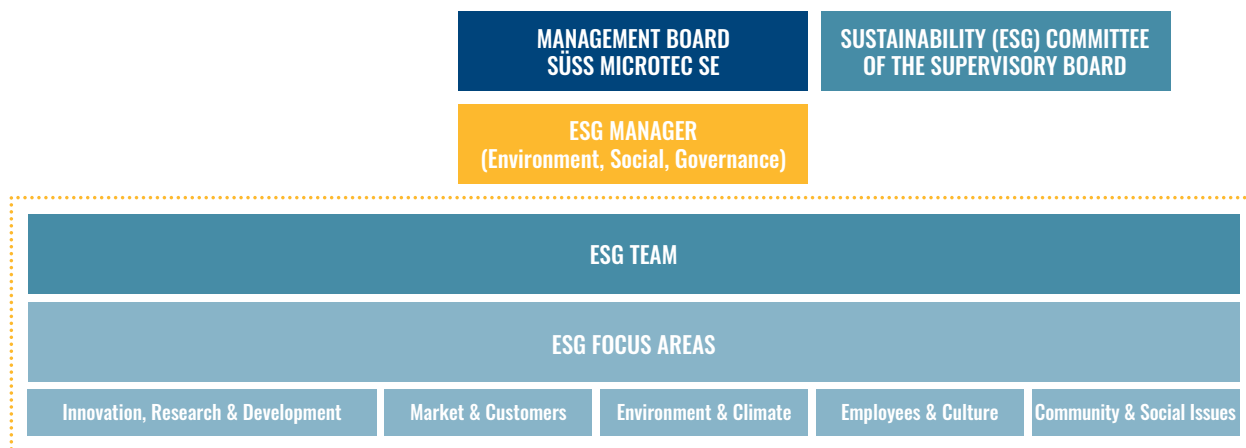
Explanations and descriptions of individual aspects in this report are based on the reporting standards of the Global Reporting Initiative (GRI) and initially refer only to Germany with regard to key figures and targets unless otherwise noted. Our two largest production sites are located in Garching near Munich (headquarters) and Sternenfels. These two sites hold more than half of all employees and generate by far the largest share of Group-wide added value. The contents relate to the reporting period of January 1, 2021, to December 31, 2021. A table at the end of this statement shows how the report’s content is classified according to GRI framework requirements.

The nonfinancial disclosures and key figures of our sustainability activities provided in this report have undergone an independent limited assurance review by BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, Munich office, using assurance standards that are relevant to sustainability reporting (ISAE 3000 Revised). The limited assurance opinion is included at the end of this nonfinancial report.

SUSTAINABLE GOVERNANCE

The responsibilities and organizational structure of sustainability management were redefined in the 2021 fiscal year. In organizational terms, sustainability management falls under the responsibility of the head of the Quality Management department who, being the ESG (Environment, Social, Governance) Manager, reports directly to the Management Board. The ESG Manager defines the sustainability targets together with the Management Board, the operating departments and the functional areas of the Company. They form the core sustainability team, which consists of representatives from human resources, legal, facility management, quality management, purchasing, sales, and investor relations. The ESG Manager, working with this team, monitors the achievement of targets and the adoption of measures and initiates new measures and initiatives defined within the framework of our five focus areas. The full Management Board has overall responsibility for sustainability. The Supervisory Board established a sustainability committee (ESG) as of January 2022.

Organizational Integration in the Company:



MATERIALITY ANALYSIS

Section 289c (3) HGB requires SÜSS MicroTec to identify not only legally required aspects of environmental concerns, worker concerns, social concerns, respect for human rights, and combating active and passive corruption, but also material issues that are necessary for understanding the Company's business performance, earnings, and current situation as well as the impact of the Company's business activities on nonfinancial aspects. An initial materiality analysis was conducted in the 2017 fiscal year in order to identify these major issues for SÜSS MicroTec. Issues of importance to SÜSS MicroTec, its stakeholders, the environment, and employees were compiled in a multi-stage analysis. This analysis identified which topics are material from the Company's perspective since they may have an impact on business performance, the long-term development of SÜSS MicroTec, or involve possible nonfinancial risks. We had carried out a more broadly defined materiality analysis for the 2020 Nonfinancial Group Declaration than in previous years. Individual topics from previous years, such as the reduced consumption of machinery and energy efficiency in production and administration, were combined and are now subsumed under the material topic of "Environmental and climate protection (energy efficiency)." The analysis identified other material topics as well: innovation and technological leadership, customer satisfaction, employee satisfaction and development, and compliance.

Five overarching focus areas were defined in 2021 based on the broader materiality analysis from 2020 and were classified under our individual material topics. The focus areas are:

- 1.) Innovation, Research & Development**
- 2.) Market & Customers**
- 3.) Environment & Climate**
- 4.) Employees & Culture**
- 5.) Community & Social Issues**

In 2021, we launched our sustainability program. The process began with a kick-off workshop with human resources, legal, facility management, quality management, purchasing, sales, operations and investor relations. This was followed by internal workshops on the five focus areas with representatives from the various technical departments. These experts are in constant contact with our key stakeholders and were therefore able to include the perspective of our customers, cooperation partners, investors, and employees in the discussions and analysis at the workshops. Following the workshops, the findings of the individual workshops were collected and presented to the Management Board. The lines of action (material topics) identified back in 2020 were reviewed for materiality and confirmed as being material during these workshops. No additional material topics were defined in the focus areas in 2021.

Focus Areas and Associated Material Topics in 2021:

Innovation, Research & Development	Market & Customers	Environment & Climate	Employees & Culture	Community & Social Issues
<ul style="list-style-type: none"> Innovation and Technological Leadership 	<ul style="list-style-type: none"> Customer Satisfaction 	<ul style="list-style-type: none"> Environmental and Climate Protection (Energy Efficiency) 	<ul style="list-style-type: none"> Employee Satisfaction Employee Development 	<ul style="list-style-type: none"> Compliance

In the materiality analysis and definition of the focus areas, we included the legally required aspects of environmental concerns, employee concerns, respect human rights, combating active and passive corruption, and social concerns. Environmental concerns are addressed in the environment & climate focus area, while employee concerns are covered in the employees & culture focus area. Respect for human rights, combating active and passive corruption, and social concerns are part of the community and social issues focus area and, in some cases, the employees & culture focus area.

MATERIAL NONFINANCIAL RISKS

No “material nonfinancial risks” that are or will be “very likely to have serious negative effects” on nonfinancial matters – within the meaning of Sections 289c (2) and (3), 315c HGB – were identified with regard to the business activities or business relationships of SUSS MicroTec after the materiality analysis.

FOCUS AREA: INNOVATION, RESEARCH, AND DEVELOPMENT

Demand for our tools and machines is fueled by steadily increasing demand for electronic components, particularly semiconductor components. The market long followed Moore’s Law, an empirical observation that the number of components of an integrated circuit doubles every one to two years while costs remain constant. Today, “More than Moore” refers to increasing chip functionality and efficiency by employing heterogeneous integration as the guiding principle instead of simple planar scaling. Our innovative products help reduce material consumption in the production, and energy expenditure in the use, of individual components by reducing their size (Moore’s Law) and increasing their performance. Our solutions enable our customers to operate more sustainably and efficiently and thus produce more sustainable and efficient products for the end customer. One classic example: microchips and sensors in modern cellphones. They are many times smaller and more powerful today than just a few years ago. Our customers and end consumers both benefit from forward-looking solutions that conserve resources, save costs, and consume less energy. This can only be done by offering high-quality products at the forefront of technology.

Innovations and Technological Leadership

SUSS MicroTec develops its innovative solutions in close cooperation with technology leaders within our customer base (usually semiconductor manufacturers) and through research collaborations with universities and research institutions. These close contacts enable us to quickly identify and act on new market trends as well as opportunities for us to improve. Another approach we are pursuing involves innovation teams, which were introduced in 2021 and are independent of day-to-day business. These teams have been established in initially two of our business units and each consist of eight to ten engineers. They provide a platform for disruptive approaches, i.e., solutions that are not linked to current products and are setting the direction of the Company’s strategic orientation. SUSS MicroTec uses effective and efficient patents to protect innovations. We reinforce our technological leadership over the competition through scientific application publications and presentations at conferences and trade fairs. At the same time, we help our customers set themselves apart from the competition through these innovative products and solutions.

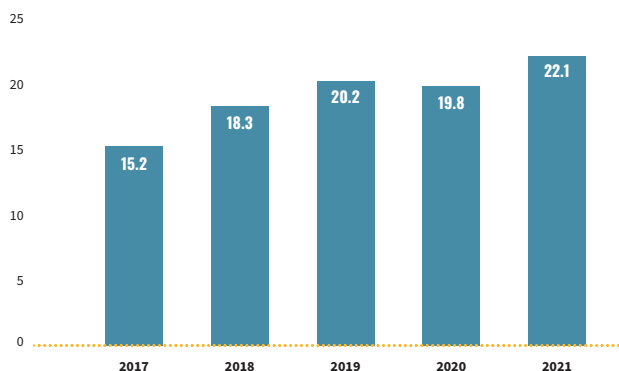
The SUSS MicroTec Approach to Increasing Innovativeness:



The targeted further development of technological solutions such as inkjet coating processes or imprint lithography directly helps our customers to operate more sustainably. For example, the inkjet process, in which a light-sensitive photo resist is applied only to specific areas of a substrate, reduces the average consumption of process chemicals by 40 percent of compared to conventional full-surface coating processes. The resulting decrease in material usage and increase in process yields allows our customers to conserve resources and cut costs at the same time. We intend to integrate specific sustainability targets into the requirements specifications of new products in the future. We are currently evaluating the development of a metric for measuring the sustainability of our products (e.g., energy consumption per wafer, chemical consumption per wafer).

We are proud that SUSS MicroTec products add value for our customers and shrink environmental footprints. At the end of 2021, 214 employees – almost a fifth of the employees of SUSS MicroTec – were employed in the area of research and development (previous year: 190 employees).

Research and Development Expenditure in € Million:



Objectives and Measures

We want to achieve a top market position in our target markets and defend this position in the long term. For this, we have increased our research and development expenditure in recent years. For example, in the cleaning market, we are one of few companies that can clean photomasks for technologically advanced EUV lithography. In our Mask Aligner product line, our decades of experience have given us a leading market position. For years, we have managed to position this technologically mature product successfully with innovations and new applications.

In the following, we report on innovations advanced in 2021 based on two product areas as examples. For coaters and developers, the focus was on continuing work on a new 300mm machine generation. The prototype, equipped with key modules, was completed and is now entering the test phase at a market leader for advanced packaging. Core issues for the new machine generation include increased throughput relative to system footprint while constantly consuming energy and lower costs of ownership. On the technical side, inkjet activities focused on the coupling of the high-volume inkjet printer JETx with the ACS200 Gen3. This includes both the mechanical and software connection of the two basic machines. Processes for standardized photo resist applications were also developed at the same time. As usual, this year also saw many minor improvements and optimizations that were collectively carried out in continuous improvement projects.

In the Permanent Bonder sub-segment, work continued on hybrid bonding product innovations. This includes the qualification of our latest XBS300 hybrid bonder for 300mm wafer-to-wafer bonding processes with <100nm accuracy as well as the further development of collective chip-to-wafer bonding processes under the development collaboration with the Inter-university Microelectronics Centre (imec) in Belgium. We entered into a development partnership with SET from Saint-Jéoire in France for applications in sequential chip-to-wafer bonding (C2W) in September 2021. In the temporary bonding sub-segment, we focused on adapting our machines to process severely warped reconstituted wafers in which individual chips are embedded in a casting compound. These types of wafers are used in 3D and FO-WLP (fan-out wafer-level packaging) applications and can have several millimeters of warpage.

FOCUS AREA: MARKET AND CUSTOMERS

We aim to communicate openly with our customers. We strive to act with the utmost integrity in all business matters. We are convinced that our reliable products can contribute to our customers' success. Furthermore, the development of innovative, high-quality, and cost-efficient machines is a key success factor for customer satisfaction and the successful sale of our machines. We start working closely together with customers and research institutes early on in the development of new technologies and processes, for example, in the area of collaborations with universities or other research institutes. Proximity to customers and quality in our machines and our customer services are key factors for the quick and precise implementation of customer wishes and therefore for their satisfaction.

Customer Satisfaction

Constant expansion of regional sales and service offices in recent years has motivated major production customers in particular to further strengthen their business ties to SUSS MicroTec. To support these customers' special demands and maximize customer focus, we have an internal key account management system that has formed the basis for the successful implementation of our growth strategy in recent years – along with our competitive products and the high availability of spare parts through local consignment warehouses in combination with well-trained local service staff. We will continue to develop and expand this philosophy in the years to come. The extensive skills available at regional sales and service offices were a key factor in the successful development of our business, even amid massive restrictions prompted by the COVID-19 pandemic.

Other key factors driving long-term customer satisfaction and retention are competitive delivery times and high quality standards, which we guarantee, for example, through our regular ISO certifications. We aim to improve this area further with the help

of the LEAN PRODUCTION program launched in 2021. The expansion of our service and upgrade portfolio helps keep our installed machines technologically updated during their service lives, thereby ensuring and supporting high efficiency for our customers with regard to safety, product performance, and environmental impacts. In addition, these measures can extend the service life of the machines.

SUSS MicroTec's leading technology position in the Lithography, Photomask Equipment, Substrate Bonder, and Micro-Optics divisions is rooted in a strong commitment to complying with high quality standards. Our quality management system at the German sites is certified in accordance with ISO 9001 2015; the Swiss subsidiary in Hauterive is certified in accordance with IATF 16949:2016. The environmental management system at our two German sites is certified to ISO 14001. We regularly evaluate and document the quality of our work. Our production follows specific yet standardized processes. To achieve this, we define quality characteristics, such as performance criteria and safety features, and check for compliance with them. We develop processes, manufacture products, and provide solutions that contribute to our customers' business success. We firmly believe that all employees can make an important contribution to quality assurance if there are clearly defined responsibilities, for example for technological innovation, production, and business. We employ quality control and technology experts to constantly improve our processes in order to also be technological leaders in the future.

Objectives and Measures

Our key account management system is a central control tool in sales. This is where we regularly define (potential) key accounts and set measures and targets for intensifying business contacts or improving customer satisfaction, for example. We conduct an annual customer survey to capture customer satisfaction levels. We ask our key accounts how SUSS MicroTec performed in various categories using questionnaires. We surveyed these key accounts again in 2021. The customers had a chance to rate us on a scale of 0 (very poor) to 10 (very good). We achieved an overall score of 7.9 in 2021. The survey addressed not only machine performance but also SUSS service quality and the Company's response times, for example. Our fundamental goal is to continuously improve the customer satisfaction and to achieve and maintain a rating of more than 8. Targeted measures have already been introduced to advance this goal. In the future, more review and performance meetings will be held with the individual key accounts in order to focus even more closely on customers' needs and respond even more quickly to their requests and inquiries. In addition, issues named by customers as needing improvement will be discussed with those customers and addressed by defining and initiating individual measures for improvement. Another goal is to permanently become a preferred supplier for defined key and global accounts and thus be brought into these customers' future expansion plans at an early stage.

FOCUS AREA: ENVIRONMENT AND CLIMATE

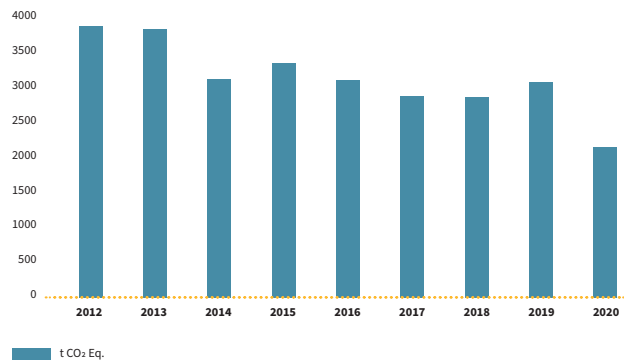
SUSS MicroTec is a technology company that focuses heavily on the semiconductor industry. Resource efficiency is essential in this innovative and future-oriented market segment. Our environmental and climate protection measures are carried out from two perspectives. First, we improve our products' energy efficiency and thus our customers' carbon footprint. Second, we work to make our own production and administration activities more energy-efficient and less resource-intensive. Semiconductor companies can use our machines to manufacture ever more powerful and energy-efficient products, ultimately increasing the efficiency of many electronic end-user devices such as cell-phones. We therefore strive to improve our machines' throughput, energy efficiency, and material consumption through innovations and continuous improvements. In the process, we help our customers reduce their own carbon footprint. Our responsibility therefore ranges from development to component purchasing to machine production and reconditioning of used machines. In addition, minimizing energy and resource use in production and administration at SUSS MicroTec is another element in our efforts to protect the environment and the climate.

The ISO 14001:2015 certification serves as the framework for our environmental management system. At SUSS MicroTec, we are continuously working on the implementation and further development of our environmental management. The certification of the quality management system to ISO 9001:2015 was confirmed by TÜV Süd in February 2021. The certifications cover our two German sites.

Objectives and Measures

Goal for 2012 to 2020: Some consumption figures for 2020 did not become available until after the 2020 Nonfinancial Declaration came out. Today, though, we can retrospectively report that our long-term environmental targets for the period from 2012 to 2020 were achieved. Absolute CO₂ emissions were cut approximately 38 percent at the Sternenfels site and approximately 40 percent at the Garching site between 2012 and 2020 (the target range was a reduction of between 16 percent and 18 percent at the Sternenfels and Garching sites from 2012 to 2020). Both sites achieved a total reduction of approximately 61 percent in relation to sales (CO₂ emissions/sales). The production sites in Switzerland and Taiwan as well as the sales sites are comparatively small in terms of employee numbers and production volumes and are not currently included in the carbon footprint or CO₂ targets.

CO₂ Emissions at the Sternenfels and Garching sites 2012–2020 (Target Range 2012–2020):



Goal for 2020 to 2021: The environmental target for reducing CO₂ emissions at the German sites from 2020 to 2021 was two percent and was not achieved. CO₂ emissions increased approximately 9.4 percent from 2020 to 2021. This is primarily due to a significant increase in heating oil and electricity consumption at our largest production site in Sternenfels at the end of 2021. In particular, the energy-intensive cleanrooms and application laboratories were heavily used in the fall and winter months to achieve the targeted sales growth for 2021. Overall, sales growth in 2021 fell short of our own expectations due to delivery bottlenecks among our suppliers and had a correspondingly negative impact on the achievement of our targets. A new CO₂ target and a new timeline are planned for 2022. An external service provider will support us in climate management in the future with developing a climate strategy. We will focus on calculating our carbon footprint and optimizing the data and process management (Scope 1 to 3) from the beginning of 2022 onward. We will employ the carbon footprint and the external service provider's greenhouse gas report to plan and prioritize future measures to reduce our CO₂ emissions. We also aim to include our production sites in Switzerland, the Netherlands and Taiwan in our carbon footprint calculations in the future.

Greenhouse Gas Emissions at Sternenfels and Garching Sites (GRI 305-1)

Causation and main Sources (in t CO ₂ Eq.)	2019	2020	2021
Scope 1 – direct emissions (Gas, Fuel and Fuel Oil)	1,256	1,257	1,286
Scope 2 – indirect emissions	1,947	1,037	1,223
Total emissions	3,203	2,294	2,509

In our efforts to make our production and administration activities more sustainable, we initiated targeted measures to improve facilities and building equipment at the Garching and Sternenfels sites back in 2020. Light bulbs have been increasingly replaced with energy-efficient LED bulbs at both sites over the past two years. In addition, the outdoor lighting at the Garching site is switched off individually at night, which lowers nighttime energy consumption in this area approximately 50 percent. Various pumps used for heating and ventilation at the Garching site were replaced with more energy-efficient systems.

Measures to improve energy efficiency continued in 2021. They included replacing heating pump systems in Garching with more economical equipment and replacing outdated air-conditioning units in individual buildings with modern and efficient systems. The ventilation system for cleanroom 1 in Sternenfels received a more energy-efficient and lower-maintenance motor. At the same time, the software for the building equipment control systems is currently being updated in Sternenfels in order to control the existing systems more efficiently. The German sites will switch entirely to green electricity in 2022.

Energy Consumption by Energy Source, Germany Only (GRI 302-1)

Use of resources in MWh (Germany only)	2020	2021
Power consumption Garching and Sternenfels	4,286	4,351
Gas consumption Garching	1,924	1,809
Fuel oil consumption Sternenfels	1,755	2,461
Diesel consumption	768	794

To make it more attractive for our employees to switch to electric vehicles, we will install four charging stations, each with two charging points, at the Garching site in 2022 to supplement the two existing e-charging stations in Sternenfels. We are also examining the extent to which the existing oil heating system in Sternenfels can be replaced by another efficient heating system, for example with a combined heat and power unit, and the extent to which our energy supply at both sites can be supplemented by renewable components such as photovoltaics to our energy mix at both sites.

New investments in building equipment will be assessed in coming years for their economic efficiency and environmental impact based on service life, age, consumption, and payback period. In the medium term, we plan to conduct a new energy audit in 2023 to make a comparison with our situation from the last audit in 2019 and identify which measures have actually led to a sustainable improvement in energy efficiency.

Further Measures and Examples Relating to Resource Consumption

Photomask Equipment: The Photomask Equipment division is an equipment and technology provider for the innovative companies manufacturing extreme ultraviolet lithography (EUVL) photomasks and semiconductors in the 5nm technology node.

The development segment of this division expects to release “green technology” wafer processing (cleaning) applications that leverage our photomask cleaning expertise. The first platform, expected to be launched in the first half of 2022, eliminates the chemical processes currently used to remove organic polymer materials in MEMS manufacturing and replaces them with highly effective solutions that are compatible for both users and the environment. This solution represents our response to a demand expressed by customers who constantly want to see an improvement in the environmental properties of our products.

Various actions were initiated or continued in 2021 to improve the energy and resource efficiency of our machines and, ultimately, drive energy and resource efficiency for our customers. For example, in refining our coating systems, we are constantly working to optimize processes to reduce the amount of paint consumed by our customers in production.

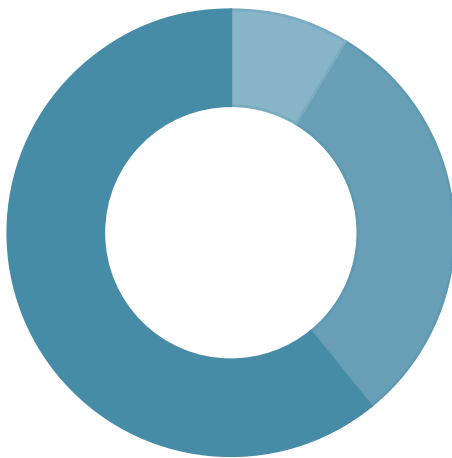
Another component in our sustainability efforts is the repurchase and appropriate reconditioning of used machines. Through our subsidiary SUSS MicroTec ReMan, we give our customers the opportunity to buy machines that we have carefully overhauled, guaranteeing that they are of extremely high quality, which also improves resource efficiency. This way, we ease pressure on the procurement budgets of our customers, extend the life expectancies of used machines, and conserve valuable resources. Last year, SUSS MicroTec was able to buy back, overhaul, and then resell ReMan machines or plans to sell them after refurbishing them. In the 2021 fiscal year, the Company slightly increased related sales to companies outside SUSS MicroTec's scope of consolidation to € 3.3 million after achieving € 2.9 million in the previous year. The sales volume is difficult to plan and largely depends on how many used machines we can buy back that are worth overhauling each year.

FOCUS AREA: EMPLOYEES AND CULTURE

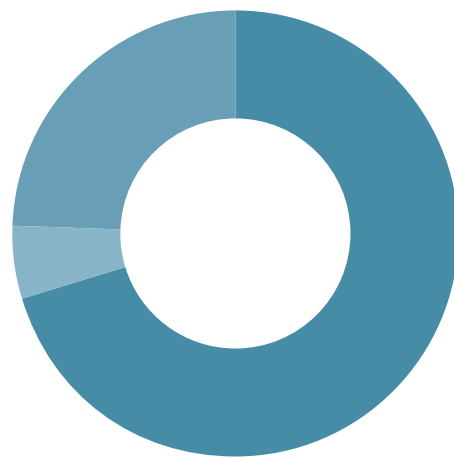
Our employees are key to our business success and make a significant contribution to the value of our Company. We owe our technological capabilities in large part to the skill and commitment of our employees. To us as a Company, it is therefore very important that our employees are always highly trained, committed, and motivated. Correspondingly, we want to perform our HR work and HR development at all hierarchical levels and strive to improve continuously.

Due to our international presence, we have many employees of different nationalities and cultural backgrounds, who work very well together. The aim of the diversity concept is to consciously draw on diversity for the commercial success of SUSS MicroTec since diversity in terms of different perspectives, qualifications, and experiences is essential for remaining competitive and achieving sustainable corporate success. Diversity also promotes the understanding at the Company for the many different expectations of international customers. The Company's diversity concept is set out and published in the Corporate Governance Declaration.

Employees by Areas and Regions (% of the Total Workforce)



- Production and Technology **60.8**
- Marketing and Sales **30.4**
- Administration **8.8**



- EMEA **70.5**
- Asia/Pacific **24.3**
- North America **5.2**

To meet the increased demand for our products, we have recently increased our worldwide staff numbers by approximately 66 percent from 711 in 2016 to 1,178 in 2021; our staff numbers in Germany rose from 487 to 751 over the same period. The average age in Germany was 42 in 2021 (previous year: 43). We thus have a healthy mix of experienced employees and talented young people who have started their careers at SUSS MicroTec highly motivated and full of new ideas. After all, we need both ambitious young talent and motivated, seasoned staff if we want to maintain our innovative edge in the fast-moving semiconductor industry. A healthy mix of different age groups, different regional origins, and diverse social backgrounds broadens perspectives, opens new paths, and thus creates room for continuous renewal and improvement. As of December 31, 2021, 1,178 employees worked for SUSS MicroTec worldwide. Within Germany, 37 nations are represented and the proportion of women was approximately 22 percent last year (previous year: 21 percent). We are proud that the proportion of women in management positions is higher than the proportion of women in the Company as a whole. Employees in Germany stay with the Company for eight years on average.

Employees (GRI 405-1)

Share of Employees as of 12/31 (Germany only)	2020	2021
Share of women in Management Board	0 %	0 %
Share of women in Supervisory Board	20 %	20 %
Share of women in 1st management level	28%	28%
Share of women in 2nd management level	17%	23%
Share Women	21%	22%
Share Men	79%	78%
Total number of employees (globally)	1,009	1,178

Employee Satisfaction

The onboarding process for new employees was thoroughly revised in 2020 and is constantly being refined. New colleagues find their way around the Company more quickly and feel warmly accepted. Onboarding is supported by the appointment of a mentor for new employees. HR processes and procedures continued to be streamlined across the various locations in 2021.

We use the flattest hierarchies possible when making decisions. All of our employees, regardless of their age, education, gender, or origin, always have an opportunity to get involved and to develop according to their abilities and inclinations.

Most employees at SUSS MicroTec are employed at the two German sites in Garching and Sternenfels and are thus subject to

German laws and regulations for work hours, remuneration, and social benefits. More than half of our employees work in production and engineering. We attach particular importance to a safe and attractive work environment in these areas. Working in clean-rooms and handling electricity and chemicals in workplaces such as application laboratories poses particularly high risks to employee health if not done properly. Training courses and safety instruction sessions are held regularly to ensure electricity and chemicals are handled safely and thus protect employee health and prevent injuries and accidents.

Objectives and Measures

We defined employee satisfaction as a top HR priority in 2021 in order to assess the mood at the Company and give employees ample opportunity to provide feedback to the Company. We are planning to draw up a design for an employee survey and regularly measure employee satisfaction in the Company in the future. This will allow us to derive measures that serve to improve employee satisfaction. In 2022, we also plan to start developing a program for absence substitution and succession for existing employees. Additional employee-related objectives are to develop a program for systematically identifying talent in the Company and create a junior leadership program.

Considering demographic trends in Germany and high industry-spanning demand for qualified employees, the task of finding, training, and winning the long-term loyalty of capable employees is becoming increasingly important. One of our HR objectives is to keep the employee fluctuation rate as low as possible. Employee fluctuation was 7.1 percent in 2021, compared to 6.1 percent in 2020.

SUSS MicroTec also strives for high standards regarding occupational safety and endeavors to bring the number and severity of workplace accidents (currently excluding commuting accidents) to zero percent. At all production sites, routine training and safety instruction sessions are therefore held for “at risk” employees. There were six reportable workplace accidents and four commuting accidents in Germany in 2021. Overall, the sickness rate at the German sites declined slightly to 4.7 percent in 2021, down from 4.9 percent in the 2020 fiscal year (excluding long-term sickness). The accident rate was also slightly reduced compared with the previous year.

Key Figures for Occupational Health and Safety / Sickness Rate (GRI 403-1)

Key Figures (Germany only)	2020	2021
Number of work related accidents	6	6
Accident rate	0.9	0.8
Sickness rate	4.9%	4.7%

Employee Development

Well thought-out, sustainable personnel development and healthy, employee-friendly workstations are essential for retaining our employees in the long term and attracting new talent. We have grown rapidly in recent years and continue to pursue an ambitious growth strategy. Being a global supplier to leading semiconductor companies opens up major opportunities for us in many areas such as digitalization, mobility, energy efficiency, and networking. We can only take advantage of these opportunities if we as a Company can attract the right employees who are highly motivated and qualified. Of course, we also want to develop and promote our current employees. That is why we place so much importance on continuing education. In the future, we intend to noticeably increase the quality and quantity of continuing education opportunities that are offered to and taken advantage of by our employees as well as our customers. We will continue to invest our employee's training. Every year, we train thirteen trainees in technical and commercial professions at our two production sites in Garching and Sternenfels.

Objectives and Measures

We have significantly expanded our university marketing campaign in recent years in order to find new talent. We specifically target universities when recruiting university graduates. SÜSS MicroTec works together with the Karlsruhe Institute of Technology (KIT) and the universities of applied sciences in Pforzheim and Heilbronn. We also cooperate with the Technical University of Munich and the Munich University of Applied Sciences. In addition to trade shows, we also take part in employer workshops, which were primarily held virtually in 2021 as well. The focus of our cooperation with universities are technical professions. We offer interested applicants a StudiumPLUS program (training and degree course) for mechatronics engineers at the Pforzheim University of Applied Sciences.

In addition, we have constantly increased our continuing education budget in recent years. On the assumption that pandemic lockdowns would ease over the year, we slightly increased the budget for continuing education in 2021, which was not fully utilized due to the ongoing COVID-19 situation. To carry out the planned measures, we increasingly switched to online training in 2021. In 2021, for instance, 52 training courses were purely virtual; this means that approximately one-third of all training courses were held online. Switching to remote training actually made it possible to teach more classes again. As a result, approximately € 269 thousand were spent on training measures in 2021. We intend to continue expanding the share of online classes in the future, as this can partly save business trips.

FOCUS AREA: COMMUNITY AND SOCIAL ISSUES

SÜSS MicroTec is aware of its social responsibility. Our strategic decisions and operational activities affect the environment and individuals, particularly employees, as well as suppliers, customers, and other business partners, in a number of ways. We urge all of our employees, officers, and directors to avoid situations in which their personal or other economic or financial interests could come into conflict with those of the SÜSS MicroTec Group. Even the appearance of a conflict of interest can damage the reputation or interests of SÜSS MicroTec and should thus be avoided from the outset. Business ethics and integrity ensure our credibility. All Group companies and employees are required to obey the laws and regulations of the countries in which they operate. They must demonstrate integrity and fairness in all aspects of their business activities. We expect the same from our partners. There were no reported violations with regard to compliance, human rights, corruption, or bribery in 2021.

Compliance and Human Rights

We are convinced that ethical and economic values are mutually dependent and that participants in the business world must strive to treat each other fairly and act within the framework of established standards. Our principles are set out in our Code of Conduct, which is provided to all new employees and can be viewed on our website. In addition, our General Terms of Purchase can be found on our website. Employees are categorically not permitted to offer, promise, or grant unfair advantages in connection with their activities for SÜSS MicroTec directly or indirectly. Neither monetary payments nor other benefits may be provided if they are designed to influence decisions or to obtain an unfair advantage.

Respect for global human rights is of great importance for SÜSS MicroTec and we consider this to be an important requirement for successful business activities. For this reason, we strictly reject any form of forced or compulsory labor, child labor, modern slavery, and human trafficking.

At SUSS MicroTec, we promote an open corporate culture. We encourage all employees to report concerns or questionable behavior to their senior executive or the Compliance Officer (i.e. a speak-up culture). Another option is to use our confidential whistleblowing hotline (by phone or email) or our confidential whistleblowing email address. This is where our Compliance Officer can be reached. We take these reports seriously and investigate any misconduct in detail. If an internal investigation becomes necessary, we rely on the support and open cooperation of the workforce. Any retaliation against whistleblowers following a good-faith report will not be tolerated and will be investigated and punished as a separate violation. Every new employee around the world receives a welcome email on their first day of work, which includes our Code of Conduct, among other things. This provides information on our principles of cooperation, our personal mission as part of society, and rules on our business operations.

We also value long-term relationships and mutual respect along our supply chain. This is the only way for us to be successful together and secure our supply chain through targeted supplier management. We strive to work in partnership with suppliers. The supplier's performance as well as their approach to ethics and the environment are key for working together with us. We also usually carry out audits of our suppliers. However, these audits were limited in the past fiscal year due to COVID-19 protective measures. Initial audits are carried out for potentially critical new suppliers before a possible order is issued and their creditworthiness and compliance are verified.

Objectives and Measures

A workshop on compliance issues in procurement and supplier management was held in the 2021 fiscal year. The goal for 2022 is to draw up a code of conduct for suppliers and establish a system of audits and other measures for monitoring compliance with the standards set out in the code. In addition, various measures were initiated during 2021 to maintain the supply chain during the ongoing pandemic. The qualification of additional suppliers as a second sources and regular meetings with key suppliers will also serve to meet the continuing high demand for our semiconductor equipment and thus optimize our delivery times.

Compliance and Combating Corruption and Bribery

The Management Board has the overall responsibility for compliance and the compliance management system. The Supervisory Board in turn monitors the efficiency and effectiveness of the system set up by the Management Board. Handling business risks responsibly is one of our principles of good corporate governance. A risk management system has long been a component of corporate management at SUSS MicroTec to recognize and control risks and to fulfill statutory requirements. One sub-area of risk management, the Company's early recognition system for going-concern risks, is reviewed regularly by the auditor during the audit of the annual financial statements.

SÜSS MicroTec Group's reputation in the business world is one of our most valuable assets. It is shaped to a large extent by how we conduct ourselves in business life. Therefore, it is self-evident that we as an international entity must be cognizant of the current legal and cultural conditions in all the countries in which we operate. Our publicly available Code of Conduct describes how we want to treat our business partners and each other. The Code of Conduct, as revised in 2021, also describes the values we share within the Company. Values like transparency, honesty, and integrity as well as the personal responsibility of every single one of us are particularly important to us. Accordingly, this Code of Conduct contains minimum standards that apply to the entire workforce of SUSS MicroTec SE and its subsidiaries worldwide. The Company expects the entire workforce, particularly managers, to be good role models and communicate and model the Company principles. One of the purposes of the rules set out in the Code of Conduct is to protect our own employees and at the same time help them act in accordance with the law and our ethical principles in unfamiliar or critical situations.

In addition to our publicly available Code of Conduct, there are internal regulations to support the correct behavior of employees in day-to-day business, such as the financial limits within which gifts or invitations from suppliers or customers may be accepted or made.

Objectives and Measures

Our objectives are to fight corruption and bribery, uphold human rights and avoid violations of rules and laws. It is thus important that our Code of Conduct be accepted by all SÜSS MicroTec Group employees worldwide, which is why all new employees are given a version of the current Code of Conduct. In addition, the Company has installed a compliance and corporate governance system that was updated and refined in the 2021 fiscal year. In addition, the compliance management structure has been set out in a compliance management policy, and as part of this, a whistleblower policy has been drawn up that, if necessary, will be adapted to the requirements then applicable once the German Whistleblower Protection Act (HinSchG) comes into force. Future violations can be reported anonymously using this whistleblower system. In addition, mandatory compliance training will also be introduced throughout the Group.

In the 2021 fiscal year, an ad hoc team was established, an internal ad hoc guideline drawn up, and an internal insider policy developed (replacing the previous compliance manual). The guideline and the insider policy describe how to handle potential insider information and how the disclosure process works. They also set out responsibilities. Furthermore, employees who might gain access to insider information in the course of their jobs are instructed on how to handle the information in a separate insider information training session. Regular training for these employees is planned for the future.

In the 2021 fiscal year, an external law firm conducted a training session for the Supervisory Board. Topics covered included legal changes such as the German Act on Strengthening Financial Market Integrity (FISG), the Second Act on Equal Participation of Men and Women in Management Positions (FüPo II), a renewed instruction on the obligation to report directors' dealings, as well as current topics relating to the German Corporate Governance Code and the remuneration system/report under ARUG II. The discussion also covered ESG reporting.

Social Concerns and Political Influence

As a mid-size company, SÜSS MicroTec also considers itself to be connected with the communities at its locations. However, no attempts are made to influence politics at the local or higher level. We do not make any donations or offer sponsorships for political parties or party-like organizations or governments domestically or internationally. No noteworthy goals, opportunities, or risks arise from the social aspect.

We take our responsibility and obligation as a global company seriously. We strive to be perceived as a trustworthy company and to live up to our responsibility to society. We encourage our employees to volunteer their time and make an important contribution to society. It does not matter to us whether these activities have political, social or community aims.

EU TAXONOMY

An EU-wide classification system went into effect on January 1, 2022, the EU Taxonomy Regulation. It is the first system of its kind that aims to standardize how economic activities are classified for sustainability purposes. The regulation includes a total of six environmental goals, but for the 2021 fiscal year, information is initially only required on the climate change mitigation and adaptation goals.

The six environmental goals as defined by the Taxonomy Regulation are:

- (1) Climate protection
- (2) Adaptation to climate change
- (3) Sustainable use of water resources
- (4) Change to a circular economy
- (5) Prevention of pollution
- (6) Protection of ecosystems and biodiversity

We are reporting the taxonomy-aligned share of sales, CAPEX, and OPEX for 2021 for the first time in the 2021 fiscal year. Due to the interpretation ambiguities that still exist in the context of the Taxonomy Regulation, the following tables and explanations reflect our interpretation.

DATA COLLECTION

As part of the first-time application of the EU Taxonomy Regulation, Controlling comprehensively collected data. For this purpose, in addition to the relevant financial indicators of sales, operating expenses (OPEX), and capital expenditure (CAPEX), data was collected and analyzed from the areas of environmental management and facility management, among others. Group data, as well as individual Group accounts, were queried from the SAP system in order to identify the proportion of sales, capital expenditure, and operating expenses attributable to taxonomy-compliant economic activities.

After reviewing all relevant business areas, we came to the conclusion that our sales-related economic activities are not covered under the EU Taxonomy Regulation and consequently are not taxonomy-aligned. Consequently, the share of taxonomy-aligned economic activities in our total sales of € 263.4 million in the past fiscal year was 0 percent. This figure corresponds to the total sales as reported in the consolidated state of income for 2021. For this reason, we do not report sales-related capital and operating expenditures below. The proportions presented relate to expenditures arising from the acquisition of products from taxonomy-aligned economic activities.

The analysis did not identify any expenditures or investments related to the climate change adaptation goal, so all values refer to the climate change mitigation goal.

General OPEX at SUSS MicroTec includes, for example, expenditures for research and development, for the vehicle fleet, for building renovation and maintenance, and for general expenses in facility management and IT. These expenditures were reviewed to see if any were taxonomy-aligned. Here, expenditures for building maintenance/renovation and the vehicle fleet are the largest taxonomy-aligned items. Taxonomy-aligned operating expenses in 2021 are 2.2 percent of total operating expenses.

in € thousand	OPEX total	OPEX taxonomy-aligned
	25,243	543

Share of taxonomy-aligned OPEX in % of total OPEX 2.2 %

These operating expenses correspond to activities 6.5. (Transportation by motorcycles, passenger cars, and light trucks) and 7.2 (Renovation of existing buildings), 7.3 (Installation, maintenance, and repair of energy-efficient equipment), 7.5 (Installation, maintenance, and repair of equipment for measuring, regulating, and controlling the energy performance of buildings), and 9.3 (Professional services related to the energy performance of buildings) from the climate delegated act.

Additions to property, plant and equipment and leasing expenses (buildings, vehicle fleet, etc.), intangible assets and capitalized research and development costs were used to identify the taxonomy-aligned portion of total CAPEX. Additions and investments in buildings, in particular in the production of clean-rooms, will have a significant impact in the 2021 fiscal year. Taxonomy-eligible investments accounted for 14.3 percent of total investments in the Company in the 2021 fiscal year.

in € thousand	CAPEX total	CAPEX taxonomy-aligned
	10,724	1,532

Share of taxonomy-aligned CAPEX in % of total CAPEX 14.3 %

These investments correspond to activities 7.2 (Renovation of existing buildings), 7.3 (Installation, maintenance and repair of energy efficient equipment) and 7.7 (Acquisition and ownership of buildings) from the climate delegated act.

There were no changes in the 2021 fiscal year and accordingly no additions due to changes in the scope of consolidation. In addition, the individual circumstances could be clearly assigned, so that there was no double counting.

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GRI 305-4	GHG emissions intensity	84	Relative to sales and employees
GRI 305-5	Reduction of GHG emissions	83 / 84	Relative to sales and employees
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GRI 401-1	New employee hires and employee turnover	86	
GRI 403-1	Type and rate of injuries, occupational diseases, lost work days, absenteeism, and number of work-related fatalities	87	Accident rate calculated as follows: (number of reportable occupational accidents * 200,000 hours / actual hours worked) Sickness rate calculated as follows: (sick days x 100) / (number of employees * actual days worked); excluding employees on long-term sick leave
GRI 405-1	Diversity of governance bodies and employees	86	Calculation for the first and second management level relative to the German organizational structure
GRI 412-1	Human rights	87 / 88	

* The page numbers in this table refer to the entire Annual Report.

REMUNERATION REPORT

REMUNERATION OF THE MANAGEMENT BOARD

The following Remuneration Report pursuant to Section 162 of the German Stock Corporation Act (AktG) presents and explains the granted and owed compensation of the current and former members of the Management Board and Supervisory Board of SUSS MicroTec SE (also referred to as “SUSS MicroTec” or “the Company” in the following) in the 2021 fiscal year. The Remuneration Report provides a detailed and individualized explanation of the structure and amount of the individual components of the remuneration of the Management Board and Supervisory Board. The Remuneration Report was prepared jointly by the Management Board and the Supervisory Board and is based on the requirements of the German Stock Corporation Act.

REMUNERATION OF MANAGEMENT BOARD MEMBERS

Review of Remuneration in 2021

On February 4, 2021, the Supervisory Board of the Company resolved the remuneration system for the members of the Management Board of the Company as presented below. The system will apply retroactively from January 1, 2021. This remuneration system takes into account both the amended (stock corporation) statutory provisions on Management Board remuneration under the German Act on Implementing the Second Shareholders' Rights Directive (ARUG II) and the recommendations of the German Corporate Governance Code as amended on December 16, 2019, and published in the Federal Gazette on March 20, 2020 (GCGC 2020). The remuneration system approved by the Shareholders' Meeting on June 16, 2021, with a majority of 59.99% of the votes cast was decisive for the remuneration granted and owed to the incumbent members of the Management Board in the 2021 fiscal year.

In the reporting year, there were no deviations from the Management Board remuneration system described below.

Procedures for Determining, Implementing, and Reviewing the Remuneration System in the 2021 Fiscal Year

The remuneration system for the Members of the Management Board is determined by the Supervisory Board of the Company in accordance with the statutory requirements and taking into account the recommendations and suggestions of the most current version of the German Corporate Governance Code. The Supervisory Board is supported in this by its Personnel Committee.

Based on the system approved by the Shareholders' Meeting, the Supervisory Board determines the specific target total remuneration for each Management Board Member in accordance with Section 87 (1) of the German Stock Corporation Law (AktG). In addition, the Supervisory Board defines the specific performance criteria for the sustainability target on an annual basis and sets the target values for the short and long-term performance criteria.

To ensure appropriate, competitive remuneration in line with the market, the Supervisory Board reviews the remuneration system and the remuneration amounts for the Management Board on a regular basis, and at least every two years.

As part of the review, an analysis and assessment of the conformity of the Management Board remuneration with the horizontal (comparison with the Management Board remuneration in other companies) and vertical (remuneration and employment conditions within SUSS) market situation is performed. Companies comparable to SUSS are used to assess horizontal conformity. The aim here is to achieve geographical and industry comparability as well as comparability in terms of company size. For example, the Supervisory Board compared a peer group for the remuneration of the Management Board, which is composed, on the one hand, of appropriately comparable listed equipment manufacturers for the semiconductor industry and selected competitors in markets related to the semiconductor industry and, on the other, of listed companies of comparable size listed on the TecDAX. The remuneration levels of the Management Board, upper management, and employees within SUSS are used to assess vertical conformity. Both current ratios and how the ratios have developed over time are considered here. The upper management of SUSS is defined as the first level below the Management Board.

The regular review of the Management Board remuneration system by the Supervisory Board is prepared by the Personnel Committee. If necessary, changes to the remuneration system may be resolved by the Supervisory Board. The remuneration system will be resubmitted to the Shareholders' Meeting for approval whenever significant changes are resolved, or at least every four years.

In the process of determining, implementing, and reviewing the remuneration system, the Supervisory Board takes into account the applicable regulations for avoiding and dealing with (potential) conflicts of interest. The remuneration system applies to all new service contracts to be concluded with Management Board members and to contract extensions. The Management Board service contracts concluded with Dr. Götz Bendele and Dr. Thomas Rohe are based on the new remuneration system. Mr. Oliver Albrecht's Management Board service contract was transferred to the new remuneration system with effect from January 1, 2021.

Main Features of the New Remuneration System for Management Board members

The remuneration system for the members of the Management Board is based on the following principles:

Strategy Orientation

The Management Board remuneration system in its entirety makes a significant contribution to promoting and implementing the business strategy of SUSS. This is ensured by defining performance criteria related to the long-term and sustainable success of the Company and linking them with ambitious annual and multi-year targets. The short-term variable remuneration is primarily based on the financial performance criteria of sales and net income for the fiscal year. The long-term variable remuneration is based on the financial performance criteria of sales growth and return on capital employed, among others. This promotes the focus on organic growth, profitability, and return on investment in the Management Board's activities.

Performance Orientation

The remuneration system is designed to provide adequate and ambitious performance incentives for Management Board Members. The variable, performance-related remuneration components represent a significant proportion of the total remuneration if 100 percent of the targets are achieved. The individual remuneration of each Management Board Member is therefore proportionate to his or her duties and performance as well as to the situation of the Company.

Sustainability

A key aspect of the business strategy of SUSS is the long-term and sustainable development of the Company. In order to link remuneration to the long-term development of SUSS, long-term variable remuneration makes up a significant portion of the total remuneration and exceeds short-term variable remuneration. By integrating sustainability targets into short-term variable remuneration, social and ecological aspects are also taken into account, thereby promoting sustainable action within the Company. This is in line with the clear focus on emerging technologies and the strategy of achieving a leading position in the relevant markets through organic growth.

Capital Market Orientation

The interests of shareholders are taken into account in a special way through the share-based structure of long-term variable remuneration in the form of a performance share plan and the integration of the total shareholder return (TSR) performance criterion based on the development of the share price of SUSS compared to the TSR of two indices. In addition, the interests of the Management Board, employees, customers, and other important stakeholders were always kept in mind when developing the new remuneration system for SUSS MicroTec.

Clarity and Comprehensibility

Finally, clarity and comprehensibility were important criteria when revising the structure of the remuneration system. The new remuneration system of SUSS MicroTec follows the requirements of the German Stock Corporation Act as amended by ARUG II. In addition, the recommendations of the GCGC 2020 are taken into account.

Components of the Remuneration System

The remuneration system for Members of the Management Board of the Company consists of remuneration components both independent of performance as well as based on performance. The remuneration independent of performance consists of basic remuneration and fringe benefits. The remuneration based on performance consists of a short-term and a long-term variable remuneration component. Of these, the short-term variable component (short-term incentive – STI) has a one-year term, while the long-term variable component (long-term incentive – LTI) takes the form of virtual performance shares with a term of four years – consisting of a three-year performance period followed by a one-year lock-up period.

Remuneration component	Description	
Remuneration independent of performance		
Basic remuneration	• Fixed annual salary (paid in twelve monthly installments)	
Fringe benefits	• Primarily company cars and contributions to insurance	
Remuneration based on performance		
Short-term variable remuneration (STI)	Plan type	• Target bonus
	Performance criteria	• 40% Sales • 40% net income for the fiscal year • 20% sustainability target
	Payout limit (cap)	• 200% of the target amount
	Duration	• 1 year
Long-term variable remuneration (LTI)	Plan type	• Virtual performance share plan
	Performance criteria	• 1/3 return on capital employed (ROCE) • 1/3 sales increase • 1/3 relative total shareholder return (TSR)
	Payout limit (cap)	• 300% of the target amount
	Duration	• 3 years and a 1-year lock-up period
Others		
Malus und clawback	• Withholding and/or reclaiming of variable remuneration components in the event of a breach of statutory or contractual obligations or obligations arising from the articles of incorporation of the Company or the Company bylaws for the Management Board, or if payment is made based on incorrect data.	
Special bonus	• Possibility to pay special bonuses, which may not exceed 1.5 times the basic remuneration	
Maximum remuneration	• Limit on the total remuneration granted to the Management Board as a whole for one fiscal year of € 5.8 million for up to three Management Board Members and € 7.5 million for four Management Board Members • Limit of 2.7 times the target total remuneration at the level of individual Management Board Members	

The target total remuneration comprises the sum of the remuneration components independent of performance and based on performance. To determine the target total remuneration, the STI and LTI are included with a target achievement of 100%. In accordance with the recommendation of the GCGC 2020, the target remuneration of the long-term variable component exceeds the target remuneration of the short-term variable component. The following table shows the shares of remuneration components in the target total remuneration:

Remuneration component	Share of the target total remuneration*
Basic remuneration	~ 40 – 50%
Fringe benefits	~ 1 – 5%
Short-term variable remuneration (STI)	~ 20 – 30%
Long-term variable remuneration (LTI)	~ 25 – 35%

* In view of the service contract with a member of the Management Board already concluded prior to the adoption of the remuneration system by the Supervisory Board on February 4, 2021, different ranges for the remuneration structure apply to the Management Board member in question. These are ~ 40 – 60% for basic remuneration, ~ 1 – 5% for fringe benefits, ~ 15 – 20% for STI, and ~ 20 – 35% for LTI.

Remuneration Independent of Performance

The remuneration independent of performance consists of the basic remuneration and fringe benefits.

Basic Remuneration

The basic remuneration is a fixed cash payment for the fiscal year based on the duties and responsibilities of the respective Management Board Member in particular. It is paid in twelve monthly installments at the end of each month.

Fringe Benefits

Every Management Board Member receives fringe benefits in the form of non-cash and other remuneration. These primarily include the provision of a company car that can also be used privately, as well as contributions and subsidies to insurance policies or the assumption of insurance premiums (including the Company's directors and officers liability insurance (D&O insurance) with a deductible in accordance with Section 93 (2) (3) of the German Stock Corporation Law (AktG), contributions to health and long-term care insurance and accident insurance, which may also provide for a benefit to the heirs of the Management Board Member in the event of death). The Supervisory Board may grant other or additional fringe benefits customary in the market, such as the assumption of relocation costs for new

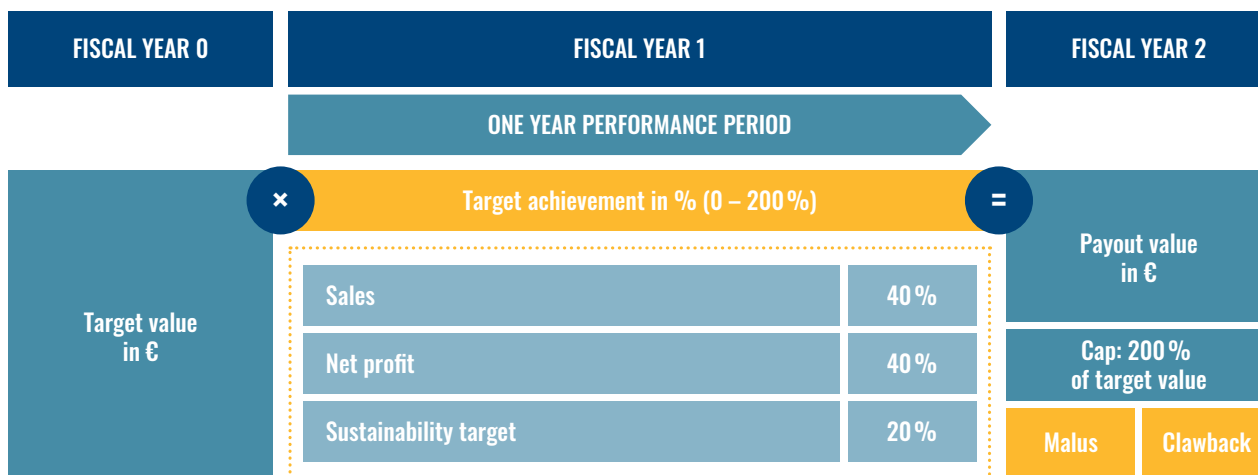
hires. The type, amount, and duration of the non-cash benefits may vary according to the personal situation of the Management Board Members. Based on the maximum remuneration, a maximum amount for fringe benefits is set for each Management Board Member per fiscal year.

Remuneration based on Performance

The remuneration based on performance consists of a short-term and a long-term variable remuneration component. The short-term variable component has a one-year term, while the long-term variable component is structured as virtual performance shares with a term of four years – a three-year performance period followed by a one-year lock-up period. The formulation of these remuneration components, which are described in detail below, provides incentives for the implementation of the strategy of SUSS and for the long-term and sustainable development of the Company.

Short-term Variable Remuneration (STI)

The goal of short-term variable remuneration is to reward the operational implementation of the business strategy. Two financial targets, sales (40%) and net income for the fiscal year (40%), and a nonfinancial sustainability target (20%) have been defined as key performance criteria in this context.



Financial Performance Criteria – Sales & Net Income for the Fiscal Year

This part of the STI is measured by the achievement of the two equally weighted financial performance criteria of sales and net income for the fiscal year, which are essential components of the corporate management of SUSS.

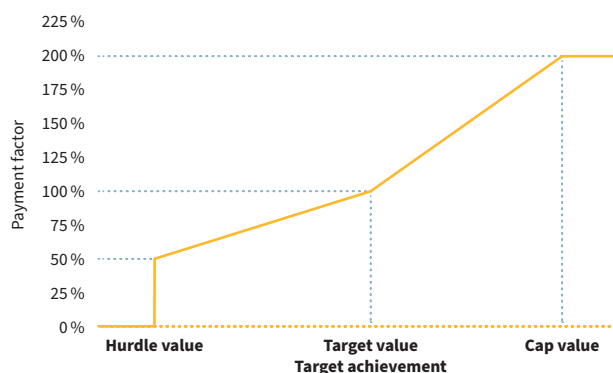
- Sales: Sales are those reported in the audited and approved consolidated financial statements. Sales are a significant indicator in the Company and represent the value of goods and services that the Company has achieved in a fiscal year. In order to remain competitive in the highly technical and specialized semiconductor industry, it is necessary to focus on sales and corresponding profitable growth since this is the only way to sustainably generate the necessary funds for investments and innovations. The strategy of SUSS aims for a long-term increase in sales until 2025 and beyond and can be operationalized by integrating sales as a performance criterion in the STI.
- Net income for the fiscal year: Net income for the fiscal year is the net income reported in the audited and approved consolidated financial statements. The net income for the fiscal year is a direct derivative of sales and costs incurred by the Company in a fiscal year. Positive net income reflects the Company's earning power and therefore ultimately its attractiveness for (potential) equity investors. SUSS is aiming for healthy long-term growth so that net income for the fiscal year should also increase steadily in line with sales. The use of net income for the fiscal year in the STI takes this objective into account.

Before the start of a fiscal year, the Supervisory Board sets ambitious targets (including threshold and cap values) for each performance criterion. The target values of the two financial performance criteria are derived from the budget planning approved by the Supervisory Board for the respective fiscal year.

Target achievement for the two financial performance criteria is determined by comparing the actual value achieved in the fiscal year with the target value. Target achievement is converted into a payout factor for each performance criterion using a bonus curve. If the target achievement is lower than the threshold, the payout factor for the performance criterion is 0%, meaning total failure to meet the financial targets is possible. If the target is achieved at the threshold level, the payout factor is 50%. If the actual value corresponds to the target value, the payout factor is 100%. If the target achievement is equal to or greater than the cap value, the payout factor of the financial performance criterion is 200%.

For the sales and net income targets, additional secondary conditions are integrated into the remuneration system that are based on break-even sales and break-even net income for the fiscal year. If these "minimum levels" are not reached, the achievement of the corresponding target is 0%, regardless of the target achievement determined using a bonus curve.

For the financial targets, the bonus curves are diagrammed as follows:



Nonfinancial Performance Criterion – Sustainability Target

This part of the STI is measured by the achievement of the non-financial sustainability target. This is composed of up to two sustainability targets derived from the sustainability strategy of SUSS. The inclusion of sustainability in the STI reflects the commitment of SUSS to accept social and environmental responsibility as a company. Each year, the Supervisory Board defines up to two equally weighted sustainability targets underlying the assessment at its own discretion, which it selects from the following categories:

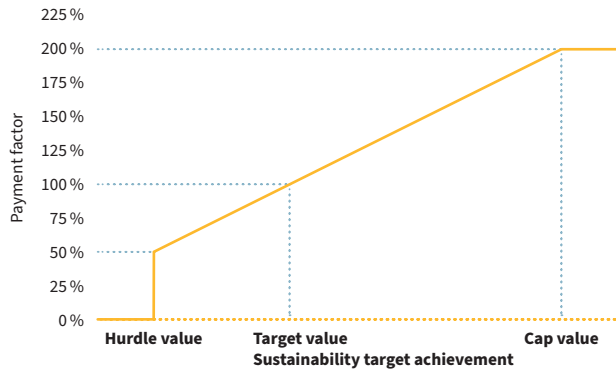
Categories for the Sustainability Target
Innovation/Research & Development
Market/Customers
Employees/Culture
Environment/Climate
Community/Social Issues

Before the start of a fiscal year, the Supervisory Board sets ambitious targets for each nonfinancial sustainability objective. The targets are based, among other things, on the operationalization of the SUSS sustainability strategy. With regard to the targets determined by the Supervisory Board, a distinction must be made between quantitative and qualitative targets.

For each quantitative sustainability target, the Supervisory Board defines a threshold and a cap value in addition to the target value. Target achievement for quantitative sustainability targets is determined by comparing the actual value achieved for the respective sustainability target in the fiscal year with the target value. Target achievement is converted into a payout factor for each performance criterion using a bonus curve. If the target achievement is lower than the threshold, the payout factor for the respective performance criterion is 0%, meaning total failure to meet the sustainability targets is possible. If the target

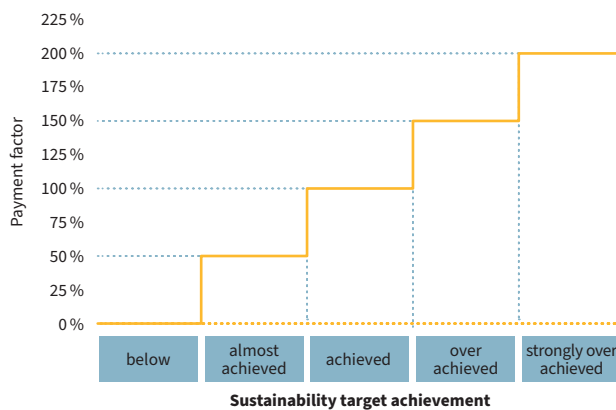
is achieved at the threshold level, the payout factor is 50%. If the actual value corresponds to the target value, the payout factor is 100%. If the target achievement is equal to or greater than the cap value, the payout factor is 200%.

For quantitative sustainability targets, the bonus curve is diagrammed as follows:



For each qualitative sustainability target, the Supervisory Board assesses target achievement after the end of the fiscal year. In doing so, the Supervisory Board can set target achievement at five levels. The corresponding payout factor can range from 0%, in the case of a missed target, to 200%, in the case of significantly exceeding the targets. Total failure to meet the sustainability targets is therefore possible.

The bonus curve for qualitative sustainability targets is diagrammed as follows:



The overall target achievement level (“overall target achievement”) is calculated by multiplying the payout factors of the performance criteria by their respective weightings and then adding them together. To determine the payout amount, the overall target achievement is multiplied by the STI target amount, with the payout amount capped at 200% of the target amount.

A subsequent adjustment of the defined performance criteria or the target values for the performance criteria within the meaning of recommendation G.8 GCGC 2020 is excluded. It is possible for the Supervisory Board to take account of extraordinary developments to an appropriate extent (G.11 GCGC 2020). If the Supervisory Board makes use of this option, the reasons for an adjustment and its scope will be communicated in the remuneration report for the fiscal year.

The STI is paid out in cash and is due for payment with the next ordinary salary cycle after approval of the consolidated financial statements of SUSS.

If the Management Board service contract begins or ends in the current fiscal year, the target amount is reduced pro rata temporis to the date of the beginning or end.

Target Values and Target achievement (STI)

	Weighting	Break-even value	Threshold for 0% target achievement	Target value for 100% target achievement	Threshold for 200% target achievement	Earnings 2021	Target achievement in %
Sales	40%	€ 221.8 million	€ 237.9 million	€ 279.9 million	€ 321.9 million	€ 263.4 million	94%
Profit for the year	40%	€ 4.4 million	€ 12.0 million	€ 17.1 million	€ 22.3 million	€ 16.0 million	94%
Sustainability target	20%	–	Fallen short	Fully achieved	Significantly exceeded	Fully achieved	100%

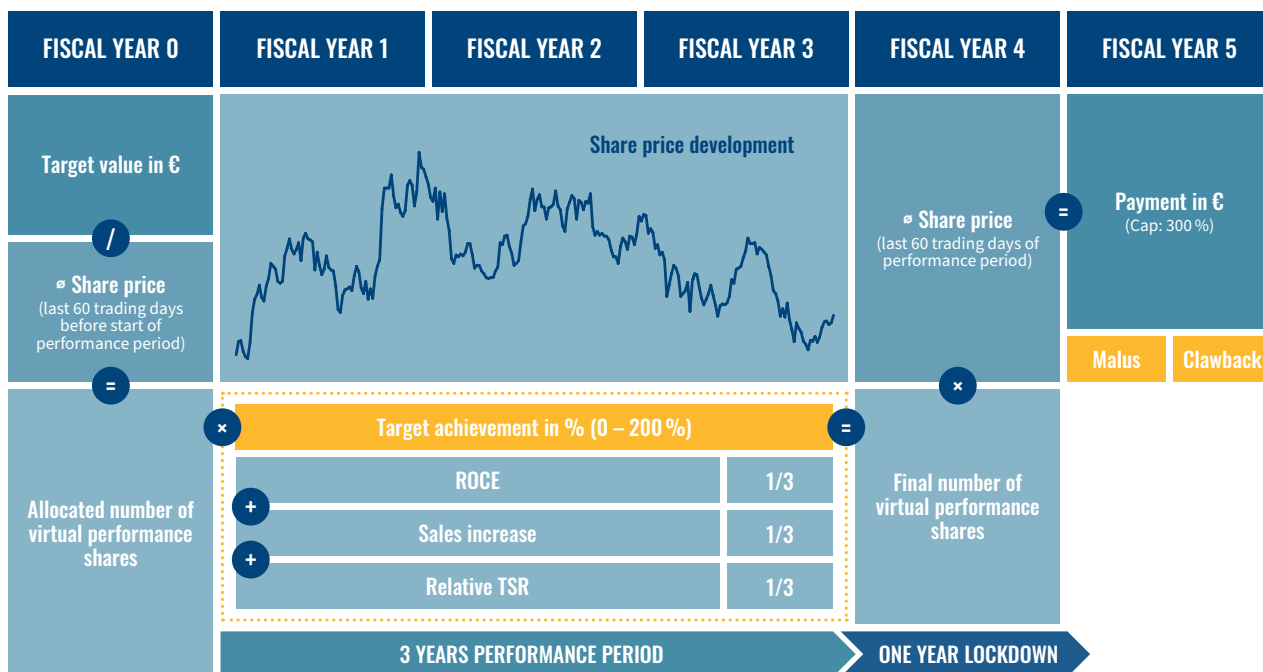
The above target value settings and achievements for the 2021 fiscal year apply to each individual current Management Board member. The sustainability goal for the 2021 fiscal year is to create a sustainability program as the basis for improved target-oriented sustainability work in the future. This sustainability program will define goals, milestones and responsibilities for program implementation and begin implementation.

For the year 2022, on the recommendation of the Sustainability Committee, the Supervisory Board has set sustainability targets for the Management Board within the framework of the current Management Board remuneration system. These goals include both a significant reduction in indirect (Scope 2) CO₂ emissions at the main production sites, the roll-out and training of the new compliance manual and the Code of Conduct as well as the creation and application of a compliance system for suppliers above a certain sales volume.

Long-term variable remuneration (LTI)

The LTI is intended to help promote the sustainable and long-term business development of SUSS. In the remuneration system of SUSS, this is done with a share-based approach using virtual performance shares (VPS). This capital market-oriented structure for the LTI links the interests of shareholders and Management Board Members even more closely. Overall, the incentive is created to increase the value of the Company on a long-term and sustainable basis.

The LTI is granted annually as a tranche in the form of VPS. The term of an LTI tranche is four years, comprising a three-year performance period followed by a one-year lock-up period.



The number of conditionally granted VPS is determined by dividing the target amount of the LTI by the average share price of SUSS (mean of the closing prices in XETRA trading (or a comparable successor system) of Deutsche Börse AG over the last 60 trading days before the start of the performance period). The number of VPS can increase or decrease depending on the achievement of the two financial performance criteria (return on capital employed (ROCE) and sales growth) as well as a performance criterion based on the development of the share price (relative total shareholder return (TSR) compared to two peer groups). The three LTI performance criteria are equally weighted, with one third each going into the overall target achievement.

Financial Performance Criteria – ROCE & Sales Growth

This part of the LTI is measured by the achievement of the two financial performance criteria ROCE and sales growth. Both performance targets promote the implementation of the business strategy of SUSS and take into account the LTI's focus on the long-term development of the Company.

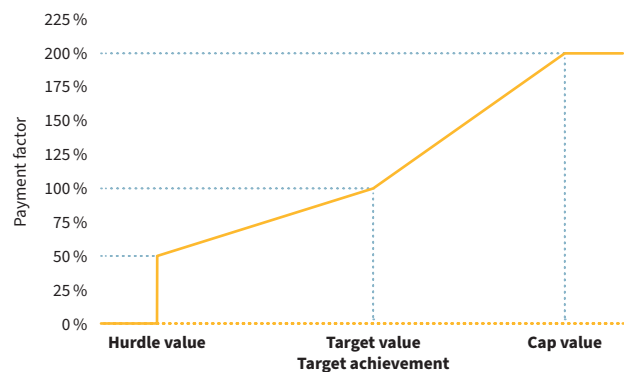
- **ROCE:** ROCE for the performance period is calculated as the equally weighted average of the actual ROCE values for the individual fiscal years in the performance period. The actual ROCE value for each fiscal year is calculated as the quotient of earnings before interest and taxes (EBIT) as reported in the audited and approved consolidated financial statements of the Company, the average capital employed based on the Quarterly Reports, and the audited and approved consolidated financial statements in the respective fiscal year. ROCE is an important profitability indicator that describes the return on capital employed. The individual components of ROCE are each strategically important key figures for the Company. The optimization of the individual components leads accordingly to an improvement in the ROCE and therefore to a better use of the capital employed in the Company. The average ROCE within the performance period is decisive for achieving the target.
- **Sales growth:** Sales growth refers to the increase in Group sales within the performance period and is measured as the compound annual growth rate (CAGR). In principle, the Company should grow at least as fast as the market volume of the reference markets over the cycle, since otherwise there is a risk of losing market share in the medium and long term. Only through sustainable sales growth can the Company succeed in maintaining its leading market position in the relevant target markets in the long term and generate sustainable positive cash flows and thus funds for investments such as innovations or research and development.

Before the start of a fiscal year, the Supervisory Board sets ambitious targets (including threshold and cap values) for each performance criterion for the respective new tranche. These values remain applicable throughout the three-year performance period of a tranche. The target value to be set by the Supervisory

Board is based on the expected return on capital employed according to the business strategy (for the ROCE performance criterion) or on the strategically planned sales growth (for the sales growth performance criterion) so that a high strategic relevance of the performance criteria can be ensured.

The Supervisory Board determines whether the financial performance criteria have been met after approving the consolidated financial statements for the final year of the performance period. Target achievement for the financial performance criteria is determined by comparing the respective actual value achieved during the performance period with the defined target value. Target achievement is converted into a payout factor for each performance criterion using a bonus curve. If the respective target achievement is lower than the threshold, the payout factor for the respective performance criterion is 0%, meaning total failure to meet the financial respective targets is possible. If the target is achieved at the threshold level, the payout factor is 50%. If the actual value corresponds to the target value, the payout factor is 100%. If the target achievement is equal to or greater than the cap value, the payout factor is 200%.

For the financial targets, the bonus curves are diagrammed as follows:

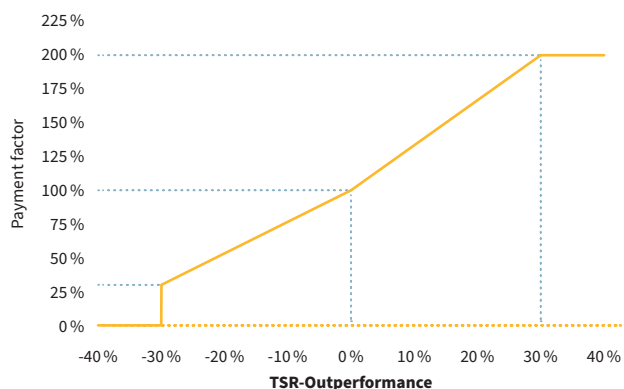


Share Price-Based Performance Criterion – Relative TSR

The third performance criterion, relative total shareholder return (TSR), compares the TSR performance of SUSS with the TSR performance of two peer groups, the Philadelphia Semiconductor Index as an international sector index, and the DAXsector Technology Index as a German index with a technology focus. The share-based provision of the LTI and the integration of a further share price-based performance criterion strengthen the alignment of interests between the Management Board Members and shareholders.

The calculation of target achievement is based on the TSR outperformance for SUSS compared to the two benchmark indices. The outperformance corresponds to the difference between the TSR of the SUSS share and the TSR of the respective peer group in percentage points. An identical TSR performance from SUSS and the respective benchmark index leads to a TRS outperformance of 0%

and corresponds to a target achievement of 100%. The threshold of -30% means that the TSR performance of SUSS is 30% below the index performance and corresponds to a payout of 30%. In the case of an outperformance of +30% for SUSS compared to the benchmark index, the payout is capped at 200%. The bonus curve is diagrammed as follows:



The payout factors determined based on the TSR outperformance versus the respective benchmark index are taken into account on an equally weighted basis when determining the final payout factor for the relative TSR.

To determine the overall target achievement in the LTI, the calculated payout factors of ROCE, sales growth, and relative TSR are each multiplied by 1/3 and added together, i.e., they are included in the overall target achievement with equal weight.

The final number of VPS will be determined after the end of the three-year performance period. For this purpose, the number of VPS conditionally granted at the beginning for the performance period is multiplied by the overall target achievement. The resulting final number of VPS is multiplied in the next step with the average share price of SUSS (mean of the closing prices in XETRA trading or a comparable successor system of Deutsche Börse AG over the last 60 trading days before the end of the performance period) to determine the payout amount. The amount thereby designated for payment is not paid out until after a one-year lock-up period so that the total inflow does not occur until four years after allocation at the earliest. The payout amount is capped at 300% of the target amount.

The VPS are paid out in cash. The Supervisory Board is entitled to pay out the LTI in full or in part as no-par value shares in SUSS instead of a cash payment. A subsequent adjustment of the defined performance criteria or the target values or comparison parameters for the performance criteria within the meaning of recommendation G.8 GCGC 2020 is excluded. It is possible for the Supervisory Board to take account of extraordinary developments to an appropriate extent (G.11 GCGC 2020). If the Supervisory Board makes use of this option, the reasons for an adjustment and its scope will be communicated in the remuneration report for the fiscal year.

Target Values (LTI) – the Performance Period of the 2021 Tranche ends on December 31, 2023

1. Tranche 2021 – 2023	Weighting	Threshold for 0% target achievement	Target value for 100% target achievement	Threshold for 300% target achievement	Values for the 2021 fiscal year
ROCE	1/3	14%	19%	24%	14.0%
Increase in sales	1/3	6.72%	9.60%	12.48%	4.5%
Relative TSR*	1/3	-30%	0%	+30%	-29.9%

* The percentage figures relate to TSR outperformance.
(calculated using the average closing prices of the last 30 trading days in XETRA trading)

The above target value definitions and achievements relating to the LTI tranche issued in the 2021 fiscal year apply to each individual current Management Board member.

Malus und Clawback

The Supervisory Board has the option to withhold (malus) or reclaim (clawback) variable remuneration components in part or in full in the cases listed below.

In the event of at least one serious and culpable breach by the Executive Board Member of statutory or contractual obligations or obligations arising from the articles of incorporation of the Company or the Company bylaws for the Management Board, the Supervisory Board may, at its due discretion, reduce and retain variable remuneration components not yet paid out or reclaim variable remuneration components already paid out. An assertion of the clawback right is excluded if the breach of obligation dates back more than 10 years.

If variable remuneration components were wrongly paid out to the Management Board Member based on incorrect data, the Supervisory Board may, at its due discretion, demand the full or partial return of the difference resulting from the recalculation of the amount of variable remuneration compared to the amount paid out.

The clawback and malus rights shall also exist if the position or employment relationship of the Management Board Member has already ended at the time the clawback and/or malus rights are asserted. The Management Board Member may not appeal the fact that the reclaimed variable remuneration is no longer available in their assets. Claims by the Company for damages, in particular under Section 93 (2) (1) of the German Stock Corporation Law (AktG), the right of the Company to revoke the appointment pursuant to Section 84 (3) AktG, and the right of the Company to terminate the employment contract without notice (Section 626 (1) of the German Civil Code (BGB)) shall remain unaffected.

In the year under review, no circumstances were identified that would have justified a corresponding withholding or clawback. Accordingly, no use was made of the option to withhold or clawback variable remuneration components.

Special Bonus

The Supervisory Board has the right to grant a special payment to the Management Board Members in the event of special circumstances or developments. For example, in order to recruit qualified candidates for the Management Board, the Supervisory Board may grant Management Board Members appointed for the first time an appropriate sign-on bonus in line with market conditions, e.g., to offset forfeited compensation benefits from previous employment or service agreements. Similarly, a special bonus may be awarded, for example, as a result of significant changes in the corporate structure, e.g., through the acquisition or disposal of significant parts of the Company. The payout amount of special bonuses is limited to 1.5 times the basic remuneration.

As an appropriate sign-on bonus in line with market conditions, and in order to attract new members to the Management Board, one-time sign-on and retention bonuses were offered to Dr. Götz M. Bendele and Dr. Thomas Rohe: Dr. Götz M. Bendele was granted 10,500 performance shares of SUSS MicroTec SE in three annual tranches of 3,500 shares after his entry into service, subject to the continuation of his employment contract, and valued at the respective average share price (average closing price of the Company's no-par value shares in XETRA trading over the last 60 trading days) of the previous period. The payment is made together with the salary payment for the short-term variable remuneration (STI). A sign-on and retention bonus totaling € 110,000.00 was agreed with Dr. Thomas Rohe. A payout of € 50,000.00 is made with the first salary statement as a sign-on bonus. This amount is to be invested in shares of the Company, which are subject to a one-year lock-up period after the date of investment. The retention bonus of € 60,000.00 is paid in three equal annual installments of € 20,000.00 each at the beginning of each year of employment.

Maximum Remuneration

In addition to the caps at the level of the individual performance criteria and the variable remuneration components, the remuneration system includes a cap on the remuneration amount at the level of the Management Board as a whole and at the level of the individual Management Board Members. The total remuneration paid to the Management Board of SUSS as a whole within one year may not exceed a value of up to € 5,800,000 for up to three Management Board Members. If a fourth Management Board Member is appointed, the maximum remuneration of the Management Board as a whole is € 7,500,000. The total remuneration of the Management Board as a whole consists of the sum of the fixed remuneration, fringe benefits, STI, LTI, and special bonuses paid to all Management Board Members. At the level of individual Management Board Members, this means that the total annual remuneration is capped at 2.7 times the target total remuneration for the respective year. Prior to payment of the variable Management Board remuneration, compliance with the maximum remuneration is monitored by the Personnel Committee.

Remuneration of the Management Board Members in the 2021 Fiscal Year

The tables below show the respective target remuneration of the Management Board members for the 2021 fiscal year. This comprises the target remuneration promised for the fiscal year, which is granted if 100% of the target is achieved, supplemented by details of the minimum and maximum remuneration achievable on an individual basis. There are no differences in the basic remuneration and fringe benefits.

Target remuneration of the Management Board members:

Target remuneration in €	Dr. Götz M. Bendele Chief Executive Officer (CEO) Entry date: 05/01/2021			
	2021 (100%)	2020 (100%)	2021 (min)	2021 (max)
Basic remuneration	243,000.00	–	243,000.00	243,000.00
Fringe benefits (fixed) ¹	19,191.36	–	–	–
Other (sign-on and retention bonus) ²	76,650.00	–	–	–
of which investment in SUSS MicroTec shares	–	–	–	–
Expenses for retirement benefits	–	–	–	–
Total	338,841.36	–	243,000.00	243,000.00
Short-term variable remuneration (STI)	135,000.00	–	–	270,000.00
Long-term variable remuneration (LTI): 2021 tranche (performance period 01/01/2021 to 12/31/2023 and lock-up period 01/01/2024 to 12/31/2024)	162,000.00	–	–	486,000.00
Total remuneration	635,841.36	–	243,000.00	999,000.00

¹ Includes: Allowance for optional retirement insurance
Monetary value of private vehicle or car allowance
Company share of legal or private health insurance

² Dr. Götz M. Bendele receives a sign-on and retention bonus in the form of an allocation of 10,500 performance shares, which are paid out in 3 tranches of 3,500 performance shares each with the variable remuneration, as long as the employment relationship exists for a maximum of 3 years.

Target remuneration		Oliver Albrecht		
		Chief Financial Officer (CFO) Entry date: 11/18/2019		
in €	2021 (100%)	2020 (100%)	2021 (min)	2021 (max)
Basic remuneration	300,000.00	356,452.27	300,000.00	300,000.00
Fringe benefits (fixed) ¹	23,435.88	16,920.77	23,435.88	23,435.88
Expenses for retirement benefits	–	–	–	–
Total	323,435.88	373,373.04	323,435.88	323,435.88
Short-term variable remuneration (STI)	97,500.00	74,016.39	–	195,000.00
of which investment in SUSS MicroTec shares ²	–	37,008.20	–	–
Multi-year variable remuneration 2020–2022 (LTI)	–	31,721.31	–	–
Long-term variable remuneration (LTI): 2021 tranche (performance period 01/01/2021 to 12/31/2023 and lock-up period 01/01/2024 to 12/31/2024)	102,500.00	–	–	307,500.00
Total remuneration	523,435.88	479,110.74	323,435.88	825,935.88

¹ Includes: Allowance for optional retirement insurance
Monetary value of private vehicle or car allowance
Company share of legal or private health insurance

² A lock-up period of three years applies to shares acquired in accordance with the variable remuneration system in force until 12/31/2020 as part of the variable remuneration (after deduction of personal taxes). The new remuneration system applicable from 01/01/2021 does not provide for mandatory investment of the STI bonus in SUSS shares.

Target remuneration		Dr. Thomas Rohe		
		Chief Operations Officer (COO) Entry date: 05/01/2021		
in €	2021 (100%)	2020 (100%)	2021 (min)	2021 (max)
Basic remuneration	135,000.00	–	135,000.00	135,000.00
Fringe benefits (fixed) ¹	20,178.40	–	–	–
Other (sign-on bonus) ²	70,000.00	–	–	–
of which investment in SUSS MicroTec shares ²	50,000.00	–	–	–
Expenses for retirement benefits	–	–	–	–
Total	225,178.40	–	135,000.00	135,000.00
Short-term variable remuneration (STI)	75,000.00	–	–	150,000.00
Long-term variable remuneration (LTI): 2021 tranche (performance period 01/01/2021 to 12/31/2023 and lock-up period 01/01/2024 to 12/31/2024)	90,000.00	–	–	270,000.00
Total remuneration	390,178.40	–	135,000.00	555,000.00

¹ Includes: Allowance for optional retirement insurance
Monetary value of private vehicle or car allowance
Company share of legal or private health insurance
Allowance for moving and additional living expenses (limited to six months)
Allowance for rental costs

² Dr. Thomas Rohe receives a sign-on bonus of € 50,000. Of which the net amount after tax is to be invested in SUSS MicroTec shares and held for at least one year.
In addition, Thomas Rohe receives a retention bonus of € 20,000 per year for the term of his service contract.

Target remuneration in €	Dr. Franz Richter Chief Executive Officer (CEO) Exit date: 04/30/2021			
	2021 (100%)	2020 (100%)	2021 (min)	2021 (max)
Basic remuneration	133,332.00	400,000.00	133,333.00	133,333.00
Fringe benefits (fixed) ¹	11,613.32	34,307.52	11,613.32	11,613.32
Expenses for retirement benefits	–	–	–	–
Total	144,945.32	434,307.52	144,946.32	144,946.32
Single-year variable remuneration STI) ²	46,666.67	140,000.00	–	93,333.33
of which investment in SUSS MicroTec shares ³		70,000.00	–	46,666.67
Multi-year variable remuneration 2020–2022 (LTI)	20,000.00	60,000.00	–	40,000.00
Total remuneration	211,611.99	634,307.52	144,946.32	278,279.65

¹ Includes: Allowance for optional retirement insurance
Monetary value of private vehicle or car allowance
Company share of legal or private health insurance

² Because the contract was terminated, the short-term variable remuneration (STI) was determined and paid pro rata temporis.

³ A lock-up period of three years applies to shares acquired in accordance with the variable remuneration system in force until 12/31/2020 as part of the variable remuneration (after deduction of personal taxes).

Remuneration granted and owed to the Management Board in the 2021 fiscal year:

In the 2021 fiscal year, the current and former members of the Management Board were remunerated as shown in the following tables. The pair of terms “granted” and “owed” remuneration was newly introduced with the German Act on Implementing the Shareholders’ Rights Directive (ARUG II):

- According to the legislative materials, remuneration is owed if the company has a legally existing obligation to the officer which is due but not yet fulfilled (see explanatory notes RegE ARUG II, BT-Drs. 19/9739, p. 111, explanatory notes resolution recommendation BT-Rechtsausschuss ARUG II, BT-Drs. 19/15153, p. 53).
- According to the legislative materials, remuneration is granted and thus disclosed pursuant to Sec. 162 (1) Sentence 2 No. 1 German Stock Corporation Law (AktG) when it actually (i.e., in fact) accrues to the officer and thus passes to their assets, irrespective of whether the accrual is for the fulfillment of an obligation or without legal reason; see explanatory notes to RegE ARUG II, BT-Drs.19/9739, p. 111, explanatory notes resolution recommendation BT-Rechtsausschuss ARUG II, BT-Drs. 19/15153, p. 53). At the same time, however, according to the legislative materials, the exact point in time of the inflow is not to be regulated (by law), but it can continue to be left to clarification by practice as to when this point

in time is assumed (see explanatory notes to RegE ARUG II, BT-Drs. 19/9739, p. 111). For this reason, it is also possible to disclose remuneration pursuant to Sec. 162 (1) Sentence 2 No. 1 German Stock Corporation Law (AktG) (already) in the remuneration report for the fiscal year in which the (one-year or multi-year) activity on which the remuneration is based was performed in full, i.e., in particular a corresponding variable remuneration component was earned in full. Such an understanding of the term permits – as is also customary in international practice – an accrual-based, transparent disclosure of the variable remuneration components and is therefore the basis for this Remuneration Report.

- At the Company, the fixed remuneration and fringe benefits paid in each case are reported under the remuneration granted and owed to the Management Board, as are the target values achieved for the one-year variable remuneration (STI). The values for the multi-year variable remuneration (LTI) are only recognized at the end of the respective performance period.
- If a member of the Management Board leaves the Company during a performance period, the LTI value is stated in the fiscal year in which the payment is made.

Remuneration granted and owed in €	Dr. Götz M. Bendele Chief Executive Officer (CEO) Entry date: 05/01/2021			Oliver Albrecht Chief Financial Officer (CFO) Entry date: 11/18/2019			
	2021	in %	2020	2021	in %	2020	in %
Basic remuneration	243,000.00	53.1%		300,000.00	73.3%	356,452.27	62.3%
Fringe benefits (fixed)	19,191.36	4.2%		23,435.88	5.7%	16,920.77	3.0%
Expenses for retirement benefits	–		–	–		–	
Other (sign-on bonus)	76,650.00	16.8%					
of which investment in SUSS MicroTec shares							
Total	338,841.36	74.1%	–	323,435.88	79.1%	373,373.04	65.2%
Single-year variable remuneration	118,570.50	25.9%		323,435.88	20.9%	199,044.09	34.8%
of which investment in SUSS MicroTec shares				–	0.0%	67,800.73	11.8%
Multi-year variable remuneration 2020–2022 (LTI) ¹			–	–		–	0.0%
Long-term variable remuneration (LTI): 2021 tranche (performance period 01/01/2021 to 12/31/2023 and lock-up period 01/01/2024 to 12/31/2024) ¹							
Total remuneration²	457,411.86	100.0%	–	409,070.13	100.0%	572,417.13	100.0%

¹ Recognition of the first tranche (2021–2023) for the LTI under the new remuneration system will not take place until the end of the period. The amount of the provision can be found in Note (24) to the consolidated financial statements.

² For Dr. Götz M. Bendele, the maximum total annual remuneration (= 2.7 times the target total remuneration in each case) of € 1,716,771.67 was complied with in the 2021 fiscal year. For Oliver Albrecht, the maximum total annual remuneration of € 1,413,276.88 was complied with in the 2021 fiscal year. In addition, with total remuneration for the entire Management Board of € 1,488,167.63 in the 2021 fiscal year, the maximum total remuneration for the entire Management Board of € 5,800,000 (for up to three Members of the Management Board) was complied with.

Remuneration granted and owed in €	Dr. Thomas Rohe Chief Operations Officer (COO) Entry date: 05/01/2021			Dr. Franz Richter Former Chief Executive Officer (CEO) Exit date: 04/30/2021			
	2021	in %	2020	2021	in %	2020	in %
Basic remuneration	135,000.00	46.4%		133,332.00	40.4%	400,000.00	57.9%
Fringe benefits (fixed)	20,178.40	6.9%		11,613.32	3.5%	34,307.52	5.0%
Expenses for retirement benefits	–		–	–		–	
Other (sign-on bonus)	70,000.00	24.1%					
of which investment in SUSS MicroTec shares	50,000.00	17.2%					
Total	225,178.40	77.4%	–	144,945.32	43.9%	434,307.52	62.9%
Single-year variable remuneration	65,872.50	22.6%		46,666.67	14.1%	256,486.50	37.1%
of which investment in SUSS MicroTec shares		0.0%		–	0.0%	128,243.25	18.6%
Multi-year variable remuneration 2020–2022 (LTI) ¹		0.0%	–	138,500.00	42.0%	–	0.0%
Long-term variable remuneration (LTI): 2021 tranche (performance period 01/01/2021 to 12/31/2023 and lock-up period 01/01/2024 to 12/31/2024) ²							
Total remuneration ³	291,050.90	100.0%	–	330,111.99	100.0%	690,794.02	100.0%

The service contract with Dr. Franz Richter was terminated by mutual agreement as of April 30, 2021. No severance payment was made.

¹ Because the contract was terminated, the long-term variable remuneration (LTI) for the period 2020–2022 was determined and paid pro rata temporis under the old remuneration system.

² Recognition of the first tranche (2021–2023) for the LTI under the new remuneration system will not take place until the end of the period. The amount of the provision can be found in Note (24) to the consolidated financial statements.

³ For Dr. Thomas Rohe, the maximum total annual remuneration (= 2.7 times the target total remuneration in each case) of € 1,053,481.68 was complied with in the 2021 fiscal year. In addition, with total remuneration for the entire Management Board of € 1,488,167.63 in the 2021 fiscal year, the maximum total remuneration for the entire Management Board of € 5,800,000 (for up to three Members of the Management Board) was complied with. In accordance with Section 26j (1) EGAktG, Dr. Franz Richter's service contract, which existed prior to the 2021 remuneration system, was still subject to the previous Management Board remuneration system (grandfathering), which in particular, in accordance with the legal situation at the time, did not provide for maximum remuneration within the meaning of Section 87a (1) sentence 2 no. 1 German Stock Corporation Law (AktG).

Pensions

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

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

The remuneration of the Supervisory Board members is set out in greater detail in Section 20 of the articles of incorporation of the Company. Until June 30, 2021, the following regulation was valid: 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 tasks. 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.

Against the background of the increased requirements for the Supervisory Board's control and advisory activities, Supervisory Board remuneration was adjusted as follows by amendment to the articles of incorporation on June 16, 2021, with effect from

July 1, 2021. The Supervisory Board Members receive fixed annual remuneration of € 45,000.00. The Chairman of the Supervisory Board receives 2.0 times and the Deputy Chairman 1.5 times the remuneration granted in accordance with sentence 1. In addition, each Member of the Audit Committee receives an annual fixed remuneration of € 15,000.00, and each Member of the Personnel Committee receives an annual fixed remuneration of € 10,000.00. The Chairpersons of the committees each receive 2.0 times the aforementioned amounts. If a Supervisory Board Member belongs to more than one committee at the same time, only the committee membership with the highest remuneration is paid in addition to the fixed annual remuneration pursuant to sentence 1. In addition, each Supervisory Board Member receives meeting attendance compensation of € 1,000.00 for participating in meetings of the Supervisory Board and meetings of a committee of which he or she is a member.

In the 2021 fiscal year, the current and former members of the Supervisory Board were remunerated as follows:

2021 in €	Fixed remuneration	in %	Meeting attendance remuneration for the Supervisory Board	in %	Committee remuneration	in %	Meeting attendance remuneration for committees	in %	Total remuneration
Supervisory Board									
Dr. David Dean (Chair of the Supervisory Board)	75,000.00	67.6%	20,000.00	18.0%	10,000.00	9.0%	6,000.00	5.4%	111,000.00
Dr. Myriam Jahn (Deputy Chair of the Supervisory Board)	58,750.00	67.7%	20,000.00	23.1%	5,000.00	5.8%	3,000.00	3.5%	86,750.00
Dr. Dietmar Meister	45,000.00	53.6%	20,000.00	23.8%	15,000.00	17.9%	4,000.00	4.8%	84,000.00
Jan Smits	45,000.00	58.8%	20,000.00	26.1%	7,500.00	9.8%	4,000.00	5.2%	76,500.00
Dr. Bernd Schulte	45,000.00	61.6%	20,000.00	27.4%	5,000.00	6.8%	3,000.00	4.1%	73,000.00

2020									
in €	Fixed remuneration	in %	Meeting attendance remuneration for the Supervisory Board	in %	Committee remuneration	in %	Meeting attendance remuneration for committees	in %	Total remuneration
Supervisory Board									
Dr. David Dean (Chair of the Supervisory Board, since 05/20/2020)	37,049.18	67.3%	18,000.00	32.7%	0.00	0.0%	0.00	0.0%	55,049.18
Dr. Stefan Reineck (Chair of the Supervisory Board, until 05/20/2020)	23,114.75	65.8%	12,000.00	34.2%	0.00	0.0%	0.00	0.0%	35,114.75
Dr. Myriam Jahn (Deputy Chair of the Supervisory Board)	48,087.43	63.2%	28,000.00	36.8%	0.00	0.0%	0.00	0.0%	76,087.43
Jan Teichert (Deputy Chair of the Supervisory Board, until 04/30/2020)	16,256.83	67.0%	8,000.00	33.0%	0.00	0.0%	0.00	0.0%	24,256.83
Dr. Dietmar Meister	45,000.00	61.6%	28,000.00	38.4%	0.00	0.0%	0.00	0.0%	73,000.00
Jan Smits (since 05/20/2020)	27,786.89	60.7%	18,000.00	39.3%	0.00	0.0%	0.00	0.0%	45,786.89
Dr. Bernd Schulte (since 11/06/2020)	6,885.25	46.3%	8,000.00	53.7%	0.00	0.0%	0.00	0.0%	14,885.25
Gerhard Pegam (until 03/25/2020)	10,450.82	63.5%	6,000.00	36.5%	0.00	0.0%	0.00	0.0%	16,450.82

No remuneration was granted or owed to former members of the Supervisory Board in the 2021 fiscal year.

In the 2021 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.

COMPARATIVE PRESENTATION OF REMUNERATION AND EARNINGS DEVELOPMENT

The following comparative presentation shows the annual change in remuneration granted and owed to current and former members of the Management Board and Supervisory Board, the Company's earnings development and employee compensation on a full-time equivalent basis. The development of the Company's earnings is not only presented on the basis of the respective net profit or loss for the year (HGB), but also (voluntarily) on the basis of the consolidated net profit for the year (IFRS), as this indicator is used as a performance criterion for the variable remuneration of the Management Board members. With regard to the average remuneration of employees, the wages and salaries as well as the number of employees of all German Group companies in the respective fiscal year are used as a basis.

in € thousand	2021	Change vs. PY	2020	Change vs. PY	2019	Change vs. PY	2018	Change vs. PY	2017
Remuneration of the Management Board									
Dr. Götz M. Bendele (Entry date: 5/1/2021)	457								
Oliver Albrecht (Entry date: 11/18/2019)	409	-28.5%	572	979.2%	53				
Dr. Thomas Rohe (Entry date: 5/1/2021)	291								
Dr. Franz Richter (Exit date: 4/30/2021)	330	-52.2%	691	24.5%	555	-9.6%	614	-8.0%	667
Robert Leurs (Entry date: 11/17/2019, exit date: 12/1/2017)					820	60.6%	510	1011.9%	46
Walter Braun (Exit date: 9/11/18)							989	133.1%	424
Michael Knopp (Exit date: 4/30/2017)									148
Remuneration of the Supervisory Board									
Dr. David Dean (since 5/20/2020)	111	101.8%	55						
Dr. Myriam Jahn (since 5/31/2017)	87	14.5%	76	24.6%	61	3.4%	59	73.5%	34
Dr. Dietmar Meister (from 6/6/2019)	84	15.1%	73	102.8%	36				
Jan Smits (since 5/20/2020)	77	67.4%	46						
Dr. Bernd Schulte (since 11/6/2020)	73	386.7%	15						
Dr. Stefan Reineck (until 5/20/2020)			35	-53.9%	76	2.7%	74	0.0%	74
Jan Teichert (until 4/30/2020)			24	-63.6%	66	3.1%	64	0.0%	64
Gerhard Pegam (until 3/25/2020)			16	-73.8%	61	3.4%	59	0.0%	59
Earnings development									
Net profit for the year for SÜSS MicroTec SE	39,591	5429.6%	716	-103.9%	-18,536	-18840%	99	-96.4%	2,712
Net profit for the year for the Group	16,015	29.5%	12,363	-176.0%	-16,261	-439.9%	4,784	-28.7%	6,706
Average employee remuneration									
German SÜSS companies	71.9	0.1%	71.8	6.4%	67.5	-0.4%	67.8	-2.2%	69.3

OTHERS

SUSS MicroTec has taken out directors' and officers' liability insurance (D&O insurance) for the members of the Management Board and Supervisory Board. The premiums for this are paid by the Company. In accordance with the requirements of stock corporation law, a deductible of 10 percent of the loss up to the amount of one and a half times the annual fixed remuneration of the respective Management Board member is provided for the members of the Management Board. Due to the current version of the German Corporate Governance Code, there is no longer a deductible for members of the Supervisory Board. Moreover, the members of the Management Board are included in a group accident insurance policy. The premiums for this are also paid by the Company.

OPPORTUNITIES AND RISKS FOR THE FUTURE DEVELOPMENT OF THE SÜSS MICROTEC GROUP

The goal of our opportunity and risk management is to maintain and increase the enterprise value of the SÜSS 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 a balanced ratio 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 to increase the value of the Company and the value it has for its shareholders.

OPPORTUNITIES FOR THE GROUP

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

Macroeconomic Opportunities

SÜSS 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

SÜSS MicroTec develops and produces equipment and process solutions for micropattern applications for the semiconductor industry – this is an area in which SÜSS 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 micro-optic components. Whether for the production of memory chips, the manufacturing of cameras for mobile phones, or the production of tire pressure sensors – SÜSS 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 SÜSS MicroTec Group maintains numerous development partnerships with research institutes and industry partners. In particular, cooperation with research institutes offers tremendous potential for SÜSS 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 SÜSS 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, SÜSS MicroTec fundamentally also sees the opportunity to expand the Company with new businesses and technologies through acquisitions, and it examines acquisition opportunities as they arise.

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. SÜSS MicroTec develops and builds these specialized tools.

The semiconductor equipment industry markets served by SÜSS 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. SÜSS 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, SÜSS 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. SÜSS MicroTec is therefore represented at trade fairs for the semiconductor industry and sponsors international technology forums.

SÜSS 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. Event activities such as trade fairs and conferences were also impacted by the COVID-19 pandemic in 2021. Most continued to be held on virtual platforms or as hybrid events, at which SÜSS MicroTec was also present as a sponsor. These include, for example, the “Electronic Components and Technology Conference” (ECTC), the IMAPS Device Packaging, or the virtual merger of the “3D Systems Summit” and the “MEMS and Sensors Systems Summit” conferences to form the “Heterogeneous Systems Summit.” SÜSS MicroTec used the latter to virtually present new technologies, such as hybrid bonding, and to announce new collaborative agreements (SET). SÜSS MicroTec also used new technology conferences, such as the “Technology Unites Global Systems Summit” organized by SEMI, to present technological solutions virtually. The recovery from the pandemic during the

year and declining infection figures then briefly made it possible to participate again in some of the live SEMICON trade fairs, such as Semicon China (Shanghai) and Europe (Munich) – trade fairs at which SÜSS MicroTec is normally regularly represented. Normally held in September, SEMICON Taiwan (Taipei) was postponed to December, and was also held as a live event. Participation in these fairs took place with fewer booth staff and under the strictest safety precautions. A few conferences were postponed indefinitely or cancelled completely.

Through collaboration with the SEMI industry association and numerous international research institutes, SÜSS MicroTec is able to address a large audience. The international presence of SÜSS 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 SÜSS MicroTec Group’s largest division and accounted for more than 58 percent of total annual Group sales in 2021. With the mask aligner and coater/developer product lines, SÜSS 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 SÜSS 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 SÜSS 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 beginning in 2019 in Hsinchu (Taiwan). This is where we started the production of coater/developers in the 2020 fiscal year. These activities were further expanded in the 2021 fiscal year. As a result, the Sternenfels site can now concentrate more on the production of bonders and mask cleaners. SÜSS MicroTec expects the expansion of production capacity at 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 SÜSS 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. Following the start of production activities for the UV projection scanners in the 2021 fiscal year, two orders were received for equipment that had already been written off. The associated reversal of impairment losses had a positive impact of approximately € 1.5 million on EBIT. One of these systems could still be delivered in 2021. We assess the future demand for UV projection scanners as positive.

SUSS MicroTec took over the inkjet printer business from Meyer Burger (Pixdro) B.V. with approximately 30 employees at the Eindhoven site (Netherlands) effective March 31, 2020. 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. The sales and earnings targets in 2021 could not be achieved as order entry in 2021 fell short of expectations and some customer projects were postponed. However, SUSS MicroTec continues to expect that the advantages of this new technology will enable it to win additional customers for coaters/developers and achieve significant sales growth in the coming 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 2019 and declining sales in the temporary bonding area, order entry and sales increased significantly in 2020 compared to the previous year. Order entry and sales increased again in 2021. We are delighted that the gross profit margin also increased significantly from 30.6% to 39.2%. However,

for the future we continue to 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 – especially with our hybrid bonding solutions – 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 have a leading market position in this industry sector and expect to be able to maintain our very good market position and win high-margin orders in the future. As expected, sales volumes declined in 2021 compared with the very strong previous year due to a lower order entry in the previous year. By contrast, order entry in 2021 increased significantly again.

Order entry in the Micro-Optics division increased from € 21.9 million in the 2020 fiscal year to € 34.2 million in 2021, an increase of 56.2 percent. The Company was able to significantly increase its order entry in all markets. EBIT in the Micro-Optics division came to € -1.7 million (previous year: € 0.0 million), which equates to an EBIT margin of -6.1 percent (previous year: 0.0 percent). The negative result was due to higher costs in connection with capacity expansion and delays in the start-up of new production equipment.

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 active employees in Germany is approximately eight 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 lack of specialist staff is increasingly 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 personal services or projects that add value to the respective department. By integrating budget goals into the remuneration system, we establish a financial incentive for our executives to contribute actively to the achievement of the established Company objectives. 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 past fiscal year, we further expanded our development activities and increased the number of employees.

We see the greatest opportunities in the Bonder division, especially in hybrid bonding, and in the Micro-Optics and Photomask Equipment divisions.

In the Bonder division, we see great potential for our developments in chip-to-wafer and wafer-to-wafer hybrid bonding. For chip-to-wafer bonding, we entered into a development partnership with SET from France in September 2021. Hybrid bonding is one of the main growth drivers for advanced back end equipment in semiconductor manufacturing and one of the most important growth drivers for SUSS MicroTec. Through our partnership with SET, we will be in the position to offer our customers a comprehensive package of die-to-wafer and wafer-to-wafer hybrid bonding solutions across the broadest spectrum of heterogeneous integration applications in the advanced back end area. With our die-to-wafer bonding solution – a combination of the highly precise chip placement technology of SET with the established expertise of SUSS MicroTec in the areas of surface

activation, automation and metrology – we will create added value for our customers through a differentiation in terms of throughput and yield paired with its simultaneous integration into their production facilities.

The Photomask Equipment division is working intensively on “green technology” wafer applications using photomask cleaning expertise. The first platform, expected to be launched in the first half of 2022, eliminates the dangerous chemical processes currently used to remove organic polymer materials in MEMS manufacturing and replaces them with highly effective solutions that are safe for both operators and the environment. This “green technology” holds considerable potential for our customers, who in turn are increasingly concerned about the energy efficiency and environmental compatibility of their products and production processes.

In the Micro-Optics division, our development activities have continued to focus on applications in the automotive industry. We see great potential here in the area of headlights for automobiles, which represent an essential safety feature. Good illumination of the road and the edge of the road, especially when driving at night with low-beam headlights, can help prevent accidents or at least reduce the damage. In addition, and especially with the increasing spread of electric cars, this headlight solution with microlenses offers a significant cost and weight advantage as well as more flexibility in design compared to conventional headlamp modules, which is attracting great interest from the automotive industry.

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 SÜSS MicroTec Group also deals with long-term (strategic) developments that can have a negative impact on the business development.

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.

In the past fiscal year, SÜSS MicroTec's risk management system was updated and adapted to the new requirements of IDW 340 n.F. A new version of the risk management software was acquired, which, among other things, allows risks to be simulated using the Monte Carlo method. Furthermore, SÜSS MicroTec's risk-bearing capacity was defined and several training sessions were held for the risk officers of all corporate units subject to reporting requirements in order to inform them about the amendment to IDW 340 n.F. Another innovation in the consideration of risks is the linking of mutually influencing risks with the help of the definition of interdependencies in the software.

Risk Identification

For all Group units subject to reporting, regular workshops will be organized 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 or to the Group's central risk management.

The risk management officer processes the information and reports to the Management Board. Material risks, trends in risk development, measures and their impact, and current issues are discussed at the meetings of the Risk Management Committee. The results of the overall process are presented to the Audit Committee and 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.

Risk Assessment

Risks are assessed by indicating the maximum estimated amount of damage if no countermeasures are taken. On this basis, the risk value is determined by including a probability of occurrence, with the risks being assessed using a simple distribution or a triangular distribution. For each risk, a countermeasure is defined, which is taken into account in the risk assessment in the software, so that all risks are presented with a net value (taking into account the measure effect). 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. Risk categories (level of impact) are reviewed and, if necessary, adjusted to the current economic situation. After the last adjustment in 2021, risks starting at a damage amount of € 20 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 medium and high risks are classified as significant.

		Likelihood				
		Very low	Low	Medium	High	Very high
		0% to ≤ 5%	<5% to ≤ 10%	<10% to ≤ 25%	<25% to ≤ 50%	<50% to ≤ 100%
Going-concern risk	>€ 20 million to ≤€ 100 million	High	High	High	High	High
Critical	>€ 5 million to ≤€ 20 million	Middle	Middle	High	High	High
Serious	>€ 2.5 million to ≤€ 5 million	Low	Middle	Middle	Middle	High
Marginal	>€ 500 thousand to ≤€ 2.5 million	Low	Low	Middle	Middle	Middle
Negligible	€ 0 to ≤€ 500 thousand	Low	Low	Low	Middle	Middle

■ Low ■ Middle ■ High

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 SÜSS 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 SÜSS 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, 2021, 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.

SÜSS 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 and Geopolitical 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. Likewise, geopolitical tensions between the Western states with the USA and Europe on one side and Russia and China on the other have been increasing significantly for some time. The risk of armed conflicts, in which NATO states could also become involved, has increased significantly with the war between Russia and Ukraine which began in February 2022 and the rising tensions between

China and Taiwan. This also increases the risk of mutual economic sanctions and significant market and stock market collapses worldwide, which would affect SUSS MicroTec, which generates a significant share of its sales in China and Taiwan. Expectations about the immediate economic impact of the war between Russia and Ukraine on SUSS MicroTec are presented in the forecast report.

The contribution to sales with Chinese customers increased further in 2021. Due to the strong demand from Chinese customers, this contribution to sales in China will presumably also continue to grow in 2022. At the same time, there are signs that European companies are continuing to be increasingly 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.

SUSS MicroTec is represented worldwide, has a broad customer network despite its connection to the rather strongly concentrated semiconductor industry, 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. In addition, 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.

Risks that may result from the Further Spread of the COVID-19 Coronavirus

The development of the global economy and society continued to be dominated by the effects of the COVID-19 pandemic in the 2021 reporting year. A revival of the global economy was seen in the first quarters of 2021. This recovery of the global economy lost momentum in the third quarter of 2021. Since March, global industrial production and world trade have stagnated. New waves of coronavirus infections prompted renewed restrictions on consumer-related services and travel in some countries. In China, authorities responded to new outbreaks of infection with drastic containment measures, some of which negatively impacted international shipments of goods. In the domestic economy, production was impacted by bottlenecks in energy supply and supply shortages for intermediate products. However, economic recovery in the euro area continued in the third quarter of 2021. As a result, economic output had already at least returned to pre-crisis levels in 13 member countries. The automotive industry, mechanical engineering and electrical engineering were particularly hard hit by the global supply bottlenecks. The cause of the supply bottlenecks was a combination of increased demand, reduced production capacities and transport problems (source: RWI Economic Report as of year-end 2021).

In 2022, we expect the world economy to slowly recover from the severe recession of 2020 and its consequences in 2021. For the euro area, the economy is expected to continue to be burdened by the course of the pandemic in the first quarter of 2022, especially with the omicron variant. As vaccination progresses and the population continues to be immunized, infection rates are expected to decline. In addition, gradual relaxation of the containment measures has already been announced as of spring or has already been implemented in individual European countries. This is expected to be the basis for the economic expansion process to continue. In developing and emerging countries, too, the economic course continues to be shaped by the development of the pandemic. The pace of growth in China in 2022 is expected to be on a par with the pre-pandemic years (source: BMWI, Annual Economic Report 2022).

The impact of the COVID-19 pandemic on SUSS MicroTec's business development in the 2021 fiscal year was mixed. On the one hand, SUSS MicroTec was able to achieve record order entry of € 337 million and sales growth of 4.4%. However, sales targets were still not achieved because increasing supply bottlenecks for purchased parts in the second half of the year led to delays in deliveries. Our suppliers are primarily based in Germany. As part of the production ramp-up in Taiwan, we work continuously on further expanding the supplier base worldwide to further reduce the risk of possible supply bottlenecks. Currently, however, there are no signs of an easing of the bottlenecks in the supply chain. SUSS MicroTec expects that the supply bottleneck situation will only be resolved successively in the course of 2022.

The main reason for falling short of our own sales expectations is the supply bottlenecks experienced by our suppliers, particularly in the second half of 2021, which have increasingly had a negative impact on the course of business at SUSS MicroTec as well, despite forward-looking purchasing measures and stockpiling. For example, several machines could not be completed and delivered recently due to a lack of supplier parts. In addition, individual customers have requested a short-term postponement of deliveries to the first quarter of 2022 due to the recent enormous increase in freight costs.

In the 2021 fiscal year, as in the previous 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. As a consequence of these bottlenecks, freight rates have risen, in some cases significantly. However, it cannot be ruled out that such individual cases may repeat until economic life returns back to normal.

The spread of COVID-19 additionally impaired Company processes in various other ways.

Event activities such as trade fairs and conferences were also impacted by the COVID-19 pandemic in 2021.

This meant that it was once again not possible to comprehensively and personally 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.

Due to the COVID-19 pandemic, most of our investor relations activities took place virtually in the 2021 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 May 31, 2022.

Most trade fairs continued to be held on virtual platforms or as hybrid events. The recovery from the pandemic during the year and declining infection figures then briefly made it possible to participate again in some of the live SEMICON trade fairs, such as Semicon China (Shanghai) and Europe (Munich) – trade fairs at which SUSS MicroTec is normally regularly represented. Normally held in September, SEMICON Taiwan (Taipei) was postponed to December and was also held as a live event. Participation in these fairs took place with fewer booth staff and under the strictest safety precautions. A few conferences were postponed indefinitely or cancelled completely.

Currently, travel worldwide is still in part highly restricted. 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. In general, SUSS MicroTec however is 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 to do so.

In the 2021 fiscal year, occupational health and safety continued to be impacted by the developments of the COVID-19 pandemic. Since our employees' health and safety has the highest priority to us, we had activated corresponding pandemic and emergency plans early on, at the beginning of the pandemic, which were continued in 2021. 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 because of these organizational measures, production processes were kept stable and we were able to keep the number of infections at our employees at a low level.

The liquidity situation of SUSS MicroTec further improved in 2021. This gives SUSS MicroTec a sufficient liquidity buffer to be able to compensate for a temporary decline in sales due to the pandemic or deliveries. Based on today's market assessment, SUSS MicroTec is able to fulfill the financial obligations of the upcoming twelve 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.

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

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. In general, we expect the good market development in the semiconductor industry to continue in 2022.

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 also trying to cover our future capacity requirements via outsourcing.

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 rising 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 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.

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, 2021, SUSS MicroTec has reported goodwill of approximately € 18.5 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 produce 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 2021, SUSS MicroTec achieved a consistently high sales volume compared to the previous year with a slightly improved gross profit margin. The ordering behavior of our customers in 2021 again showed that we continue to hold a leading position technologically and can hold our own well 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 and achieve an adequate margin. For this reason, and to achieve a greater customer focus, SUSS MicroTec expanded its production capacities with a production facility in Taiwan. Correspondingly, the number of employees in Taiwan was expanded from 142 employees in 2020 to 181 employees as of the end of 2021. 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 of both product lines in the past 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 produce the product lines in Taiwan in the future, in order to save costs and to be closer to customers. 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 assume an attractive business case.

In the previous years, SUSS MicroTec took over the inkjet printer business of the former Meyer Burger (Pixdro) B.V. Through the acquisition of this business, including related patents, SUSS MicroTec has 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. This will also enable the additive, digital inkjet technology to provide a large number of new opportunities in the field of semiconductor technology. As in the previous year, the acquired business was not able to achieve the sales expectations due to project postponements in 2021 on the part of the customers and achieved a contribution to Group EBIT of € -2.1 million. The Company expects increasing sales for a positive EBIT contribution for 2022. An order planned for 2021 will not be realized in terms of sales until 2022. In addition, at the end of 2021 we were able to deliver the first JetX tool (combination of an ACS200 with an inkjet module). Increased sales activities are expected to result in further follow-up orders for these production lines in particular.

In the past fiscal year, the Bonder division achieved a slight improvement in EBIT of € 0.6 million (previous year: € 0.4 million). Fortunately, the gross profit margin increased significantly from 30.6% to 39.2%. The small increase in EBIT is due to higher Group allocations in 2021. 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. The technical cooperation that has been initiated should support this positive development.

In 2021, the majority of sales was achieved in the automotive industry sector in our Micro-Optics division. In its role as a supplier to the automotive industry, SUSS MicroOptics S.A. 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 S.A. has to comply with the automotive industry's specifications and has successfully completed IATF 16949:2016 certification for this purpose. In the 2020 and 2021 fiscal years, sales activities in the automotive industry sector included optical lenses that are used as part of a design lighting system and increasingly also for headlights. 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, for example, major investments were made in cleanrooms and production equipment. In 2021, further investments totaling € 3.9 million were made, primarily for production and manufacturing equipment. Further investments in the upper single-digit million euro range are planned for 2022, primarily for additional production and manufacturing equipment. In the event that the high order and sales volumes expected fail to materialize – in particular, due to fluctuations in demand from automotive customers – then SUSS MicroTec would have inappropriately allocated these investment resources. In 2021, SUSS MicroOptics S.A. generated a loss. This loss was due to higher costs in connection with capacity expansion and delays in the start-up of new production equipment. In the fourth quarter, significant additional costs were incurred due to quality problems and an insufficient yield at the start of series production (automotive lighting) for important customer orders. The future earnings situation depends heavily on the extent to which the Company succeeds in improving yields. A return to profitability is expected for 2022.

Significant pricing pressure still exists in the current market environment due to competition. 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 currently confronted in some cases with significant price increases at our suppliers. Due to the competitive situation, there is a risk that SUSS MicroTec will not be able to fully pass on price increases on the purchasing side to customers.

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, after a risk assessment, 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 by well-known insurance brokers 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.

In 2021, delivery delays due to COVID-19 of both the individual component (in particular robot controls from Isel) and material procurement in general led to sales postponements and sales shortfalls in various areas of SUSS MicroTec. The risk of a reduction in sales will continue to exist. We do not expect these supply bottlenecks to improve until the second half of 2022.

The production machines used by SMO are partially not state of the art and need to be successively replaced or modernized in order to be able to serve the high order entry under sufficient profitability aspects. The risk will be reduced in the new fiscal year by the planned investment in replacement and expansion.

Contracts with customers in the automotive industry involve specific risks and costs associated with contractual penalties, quality agreements, certifications and liability in the event of recalls. To reduce these legal risks, the Swiss subsidiary must be advised by external legal experts in the field of the automotive industry.

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

The migration of two SAP systems planned for 2022 will entail a change in IT-supported process windows that may lead to a changeover effort and temporary productivity losses. Possible effects and the associated reduction in productivity were thoroughly analyzed in the affected areas. Various measures have already been defined and initiated by the responsible departments to ensure that the migration runs smoothly. We do not expect the planned SAP migration to have any significant impact on production.

Similar to the previous year, other information technology risks not included in the material risks for reporting purposes are general IT infrastructure 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, ransomware 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, Group-wide guidelines for mobile device usage have been established. In addition, we regularly train and make our employees aware of potential threats and cyber risks.

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 € 15.6 million (previous year: € 18.6 million), € 10.3 million overall was neither overdue nor impaired as of the reporting date (previous year: € 12.6 million). As of December 31, 2021, 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

	2021	2020
1–30 days	2,928	2,243
31–60 days	560	1,323
61–90 days	1,216	806
91–180 days	485	428
Past due receivables without value adjustment	5,189	4,800

As of the reporting date, a total of € 94,000 (previous year: € 1.3 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

	2021	2020
181–360 days	64	965
361–720 days	14	70
> 720 days	16	228
Past due receivables with value adjustment	94	1,263

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 compared to the previous year due to high liquidity inflows in the 2021 fiscal year. As of the end of the year, SÜSS MicroTec Group held net cash of € 33.8 million (previous year: € 20.3 million). Free cash flow in the last fiscal year totaled € 14.7 million (previous year: € 44.0 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 disbursed on December 16, 2013. The loan was repaid in full in 2021 in the amount of € 0.5 million at the end of the contractual term (June 30, 2021). In addition, normal bank interest was 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. Both loans are secured by land charges on the Company property in Garching. The first repayments on the loan amounting to € 0.9 million were made in 2021. As of December 31, 2021, € 1.3 million of the loan amount is reported under current financial liabilities and € 7.8 million under noncurrent financial liabilities.

Aside from cash and cash equivalents of € 52.1 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 an original term of five years, with two extension options already drawn for one year each, SUSS MicroTec SE has been granted a € 40 million credit line for cash drawdowns as well as a guarantee line of € 16 million. The guarantee line can also be used by the other German companies. As of December 31, 2021, no cash drawdowns were made under this agreement, as was also the case as of the previous year's reporting date.

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, 2021, € 9.9 million of these guarantee lines were being utilized (previous year: € 6.3 million). 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 SÜSS MicroTec Group for the foreseeable future. SÜSS MicroTec SE has exercised a contractual option to extend the syndicated loan twice. Accordingly, all four syndicate banks have agreed to the extension, and the term of the contract ends in October 2026.

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 and Currency Risks

In general, significant changes in the currency market can affect the sales and earnings of SÜSS 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 SÜSS MicroTec since SÜSS 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 SÜSS MicroOptics S.A., which is located in Haute-ri-ve, 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.

SÜSS 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 SÜSS 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.

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.

SÜSS 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. This applies above all to customers or suppliers in countries using the US dollar that obtain products from SÜSS MicroTec companies in the eurozone or sell to them. 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.

As of December 31, 2021, there were open foreign currency forwards with a volume totaling US\$ 20 million. In the previous year, there were no open foreign currency forwards as of the reporting date. As of December 31, 2021, the nominal volume of these foreign currency forwards was € 17,689 thousand with a positive fair value and a maximum term of 9 months.

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. SÜSS MicroTec is thus subject to a limited interest rate risk. Taking into account the interest rate policy of the European Central Bank and the currently increased inflation rate, SÜSS MicroTec expects a moderate increase in interest rates in the course of 2022.

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

The Company was not endangered from a material assets and liquidity point of view.

The material risks for the SÜSS MicroTec Group (individual risks with a net loss value of € 200,000 or more) are presented in the following table in overview. 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				
	Very low	Low	Medium	High	Very high
	0% to ≤ 5%	> 5% to ≤ 10%	> 10% to ≤ 25%	> 25% to ≤ 50%	> 50% to ≤ 100%
Development-Specific Risks					
Failure of a development project to meet customer expectations for the market launch of the next generation of mask cleaners				x	
Shortage of skilled workers in the optical design sector in Taiwan			x		
Operating Risks					
Sales losses due to delays in material procurement, changes in legal requirements and export regulations				x	
Sales losses due to failure to achieve full capacity in production as a result of using outdated machinery					x
Dependence on suppliers for key components			x		
Possible financial disadvantages due to unfavorable contract clauses (for automotive industry)			x		
Sales losses due to supply deferrals through disruptions in operations caused by fire	x				
IT Risks					
SAP migration				x	
Personnel-related risks that might arise through the spread of COVID-19 virus and its mutations	x				

Impact

Negligible	Moderate	Serious	Critical	Going-concern risk
€ 0 to ≤ € 500 thousand	>€ 500 thousand to ≤ € 2.5 million	>€ 2.5 million to ≤ € 5 million	>€ 5 million to ≤ € 20million	>€ 20 million to ≤ € 100 million
x				
		x		
			x	
	x			
		x		
	x			
			x	
x				
			x	

FORECAST REPORT

The COVID-19 pandemic continues to have an influence on this year's forecast report. All statements are made subject to the uncertain evolution of the pandemic, in particular the possibility of a new wave of infection due to the rapid spread of the delta and omicron variants. The risks and uncertainties associated with this forecast report continue to be tremendous. Further factors of uncertainty for the forecast are the outbreak of war between Russia and Ukraine in February 2022, the economic impact of which cannot be estimated at present. In a joint press release from the International Monetary Fund and the World Bank on March 16, 2022, they said: "This war can fundamentally change the global economic and geopolitical order as energy trade shifts, supply chains transform, payment networks disintegrate and countries rethink their think about currency reserves."

Against the backdrop of the ongoing pandemic, the International Monetary Fund expects global economic growth of 4.4 percent in 2022 and another 3.8 percent growth in 2023 (Source: IMF World Economic Outlook Update, January 2022).

As expected, the USA will be able to increase by 4.0 percent. The strongest growth of approximately 4.8 percent is expected once again in emerging countries, particularly in Asia. The IMF expects growth of 3.9 percent for the eurozone as a whole for 2022.

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.

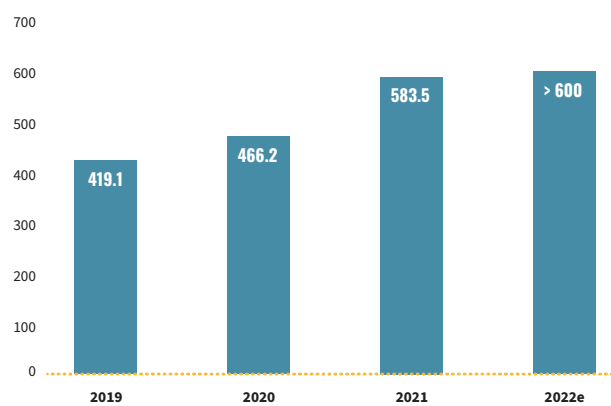
INDUSTRY-SPECIFIC CONDITIONS

Semiconductors and Semiconductor Equipment

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 addition, market growth in the semiconductor market in 2021 was driven in part by price increases for microchips rather than volume growth (source: Gartner January 25, 2022), and this trend may continue in the current fiscal year.

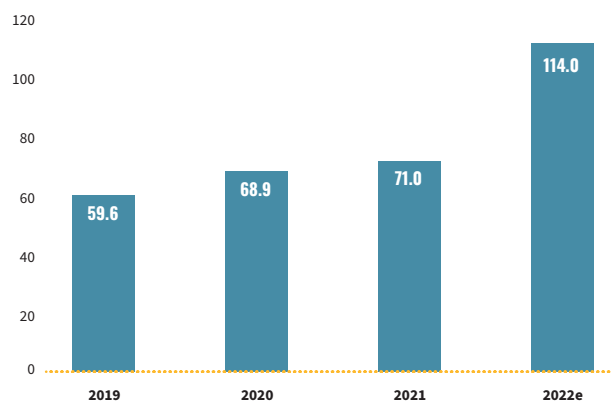
In its December 2021 estimates, the Semiconductor Industry Association (SIA) expects the semiconductor market to grow again in the 2022 fiscal year to a total volume of more than US\$ 600 billion, up from a record US\$ 583.3 billion in 2021. The reasons for the further growth are the continuing high demand for semiconductor components, such as memory elements, and the overall high and in some cases further rising price level for microchips. DRAM chips and especially NAND memory will remain an important driver of demand in 2022. In addition, the share of cell-phones capable of 5G will continue to increase.

Semiconductor Market in US\$ billion



Source: Gartner, January 25, 2022/SIA for 2022e

Semiconductor Equipment Market in US\$ billion



Source: SEMI, December 14, 2021

Following a significant increase in sales of semiconductor equipment in 2021, experts from the industry association SEMI expect further growth to a market volume of approximately US\$ 114 billion (previous year US\$ 103 billion) (source: SEMI, December 14, 2021). As in the previous year, the expected growth will be carried both by the semiconductor front end as well as the mid and back end of the semiconductor industry. In particular, investments

in wafer fab equipment will drive growth with industry sector growth of approximately 43.8 percent. For 2023, this industry sector is expected to stagnate at a high level or even decline slightly by 0.5 percent. For 2022, investments by the foundries will again contribute a large part of the growth. The equipment sector of assembly and packaging relevant for SUSS MicroTec is expected to grow by 4.4 percent in 2022. Regionally, the largest investments will take place in Taiwan, closely followed by China.

EXPECTED DEVELOPMENTS IN THE MAJOR MARKETS

Microelectromechanical Systems (Mems) and Sensors

SUSS MicroTec's lithography and bonding solutions are used in the production of MEMS sensors. The outlook for this market remains very positive. According to the expectations of the industry experts at Yole Développement (Yole), the market volume is expected to increase by an average of 7.2 percent annually from 2020 to 2026 to a total volume of approximately US\$ 18.3 billion. The consumer electronics sector will account for the largest share of this, with a current market volume of approximately US\$ 8.3 billion. This sector is expected to increase in market volume to US\$ 11.3 billion by 2026. Today, according to the market research institute Yole, consumer electronics accounts for more than 50 percent of the overall sector. In addition, the automotive, medical applications, and telecommunications sectors will contribute to market growth.

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.

Industry experts at Yole expect the market for advanced packaging applications to grow from approximately US\$ 67.7 billion in 2020 to a volume of approximately US\$ 96.1 billion in 2026 (source: Status of the Advanced Packaging Industry 2021, July 2021). Advanced packaging technologies currently account for approximately 38 percent of the total packaging market.

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 2020 to 2026, Yole expects average annual growth of about 15 percent in this market niche to a volume of US\$ 3.5 billion. SUSS MicroTec is represented in this niche with its lithography machines (coaters, developers, and UV projection scanners).

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. Here, industry expert Yole Développement expects average growth of approximately 24 percent from 2020 to 2026 to reach a market volume of approximately US\$ 7.4 billion.

Hybrid Bonding

At a time in which traditional transistor scaling is reaching its limit, 3D packaging and heterogeneous integration are common in the industry in order to further increase the performance and functionality of today's semiconductor devices. However, the current 2.5D and 3D packaging techniques are limited by the clearances between the individual touchdowns (interconnects) required by the traditional microbump technology. This problem is solved by hybrid bonding. This technique bonds the contact surfaces between two metal pads (usually copper) and the surrounding dielectric materials in a single step. This bump-free bonding approach enables significantly smaller distances (pitches) between individual metal contacts and thus a higher density of interconnects, which is the basic prerequisite for future generations of multi-chip solutions.

The scaling of interconnects is driven by a number of fast-growing applications such as power computing, artificial intelligence (e. g., autonomous driving), the 5G cellular standard as well as a variety of other more-than-Moore devices, and the next generation of CMOS image sensors. For high-performance systems with a high density of interconnects, customers need not only solutions for high-precision chip placement, but also reliable surface activation and a process that ensures particle-free surfaces.

ENDOGENOUS INDICATORS

In addition to the development of the target markets, innovative potential is key for business success. In the 2021 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 2022

SUSS MicroTec achieved record order entry of € 337 million in the fiscal year. The order backlog at December 31, 2021 was € 193.9 million. Based on this very high order entry and the existing order backlog, we are well placed to continue our profitable growth course. The general market expectations of the semiconductor industry and the individual investment plans of our primary customers likewise 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 2022, we therefore expect that our products and services will be in high demand with our customers in the markets that are relevant for us.

However, as a result of the COVID-19 pandemic and with the supply bottlenecks becoming increasingly severe since the middle of last year, the starting point for reliably forecasting business development has deteriorated significantly. Further factors of uncertainty are the significant inflation-related price increases on the cost side and the outbreak of war between Russia and Ukraine in February 2022. The latter have already led to significantly increased energy prices, which will also lead to cost increases at SUSS MicroTec in some cases. As we had already concluded long-term supply contracts for gas and electricity for the German sites in 2021 before the outbreak of war, the cost increases are currently affecting us primarily in transport costs and heating oil. The further effects of the acts of war on the geopolitical and global economic situation and their impact on SUSS MicroTec's business situation cannot be assessed conclusively at present. At the time of the outbreak of war between Russia and Ukraine on February 24, 2022, the order backlog with Russian customers was approximately € 4.5 million and with Ukrainian customers € 0. The annual sales volume with these two countries has been of very minor importance for SUSS MicroTec in recent years. The future business potential with this region would also be of minor relevance for SUSS MicroTec under normal circumstances. Likewise, we do not maintain any business contacts with direct suppliers from this region. As we can no longer meet our contractual obligations under these circumstances, we have adjusted the order backlog, sales and EBIT expectations accordingly.

Assuming that the acts of war and sanctions do not have any further negative impact on demand and the willingness of our global customers to invest, we expect order intake in the 2022 fiscal year to remain high, at approximately the previous year's level. We assume that the negative impact of the COVID-19 pandemic on overall economic development will continue to decline and become less significant.

Our revenue recognition and planned revenue growth for 2022 is very much dependent on the resolution of the supplier bottlenecks. It is already becoming apparent that planned delivery dates for plants and the corresponding sales will be postponed from the first half of the year to the second half, and that not all postponed orders can be completed and/or recognized as sales in the second half. Assuming that the current supply bottlenecks are largely resolved by the end of the second half of the year and we are able to make up for the delivery delays in the second half of the year – which we currently assume – we expect sales for the full year 2022 to increase compared to the previous year in a range of € 270 million to € 300 million. The development of earnings before interest and taxes (EBIT) will depend not only on sales performance but also on the extent to which costs rise due to inflation and the enforceability of the price increases we are seeking. At this time, we anticipate the EBIT margin to be in a range from 8.5 percent to 10.5 percent depending on the sales level. Both the sales and earnings forecasts do not take into account negative influences from the war between Russia and Ukraine. Should the war result in additional lasting negative effects such as long-term cost increases for materials, energy and transport at a significantly higher rate than the inflation rate at the beginning of 2022 and a worsening of existing supply chain bottlenecks, this would have a noticeably negative impact on our ability to achieve our sales and earnings targets.

We expect free cash flow to range from a positive mid-single-digit million amount to a negative mid-single-digit million amount. Against the background of the further development of the supply bottleneck situation, the free cash flow forecast is very much influenced by the development of working capital. The current supply bottlenecks require a forward-looking purchasing policy. To safeguard our sales targets, we will temporarily increase reserve stocks of critical vendor parts, particularly those with long delivery times, which will lead to a temporary increase in working capital. Depending on the extent to which the planned deliveries of systems and the associated sales recognition are postponed towards the end of the year or even into 2023 because of supply bottlenecks, this will result in an increase in inventories of work in progress and contractual assets as well as trade receivables, leading to a corresponding increase in working capital. Under these circumstances, we expect a negative free cash flow of up to a mid-single-digit million amount. With a more positive business development and widespread dissolution of the supply bottleneck situation at the end of the first half of the year and a moderate increase in working capital, we expect to generate positive free cash flow of up to a mid-single-digit million euro amount. With our existing net liquidity of € 33.8 million and the long-term syndicated credit facility of € 40 million concluded in 2019, we have sufficient financial reserves to finance the targeted growth and the increase in working capital expected in 2022. In the 2022 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 2022 and the forecast for order entry for 2022, we anticipate slightly higher sales than in the previous year. With sales higher

than a year earlier, we also expect a slight improvement in EBIT margin compared to the previous year. For the Bonder division, we expect to achieve a significant increase in sales compared with the previous year, which should be accompanied by a moderate improvement of the EBIT margin. Despite a very high order backlog and optimistic order entry expectations, we anticipate a slight decline in sales in the Photomask Equipment division in 2022 due to the current supply bottlenecks, which particularly affect the Photomask Equipment division. At the same time, the EBIT margin will decrease moderately compared to the previous year following lower sales. In the Microoptics division, we expect a clear increase in sales in 2022 and a slightly positive EBIT contribution.

FORWARD-LOOKING STATEMENTS

This report contains information and forecasts that refer to the future developments of the SÜSS 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 28, 2022

signed

Dr. Götz M. Bendele

Chief Executive
Officer

signed

Oliver Albrecht

Chief Financial
Officer

signed

Dr. Thomas Rohe

Chief Operating
Officer

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)



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CONSOLIDATED STATEMENT OF INCOME (IFRS)

in € thousand	Note	01/01/2021 – 12/31/2021	01/01/2020 – 12/31/2020
Sales	(3)	263,438	252,114
Cost of sales excl. impairment losses on assets Laser / Scanner		-170,784	-170,539
Reversal of impairment losses / special write-downs on assets of the Laser and Scanner product lines		1,536	2,115
Cost of sales	(4)	-169,248	-168,424
Gross profit		94,190	83,690
Selling costs		-24,901	-23,508
Research and development costs	(10)	-22,054	-19,847
Administration costs		-22,935	-20,770
Other operating income	(5)	4,171	4,257
Other operating expenses	(6)	-5,918	-3,385
Analysis of net income from operations (EBIT):			
EBITDA (Earnings before Interest and Taxes, Depreciation and Amortization)		29,604	28,201
Depreciation and amortization of tangible assets, intangible assets and investments in subsidiaries	(10)	-7,051	-7,764
Net income from operations (EBIT)		22,553	20,437
Financial income		9	5
Financial expenses		-466	-423
Financial result	(7)	-457	-418
Profit / loss before taxes		22,096	20,019
Income taxes	(8)	-6,081	-7,656
Profit / loss		16,015	12,363
Thereof equity holders of SUSS MicroTec		16,015	12,363
Thereof non-controlling interests		0	0
Earnings per share (undiluted)	(9)		
Basic earnings per share from continuing operations in €		0.84	0.65
Earnings per share (diluted)	(9)		
Basic earnings per share from continuing operations in €		0.84	0.65

STATEMENT OF COMPREHENSIVE INCOME (IFRS)

in € thousand	01/01/2021 – 12/31/2021	01/01/2020 – 12/31/2020
Net profit / loss	16,015	12,363
Items that are not reclassified as an expense or income		
Revaluation of defined benefit pension plans	1,376	-235
Deferred taxes	-342	63
Other comprehensive income after tax for items that are not reclassified as an expense or income	1,034	-172
Items that are reclassified as an expense or income in later periods		
Foreign currency adjustment	3,323	-1,075
Cash flow hedges	0	0
Deferred taxes	0	0
Other income after tax for items that are reclassified as an expense or income in later periods	3,323	-1,075
Total income and expenses recognized in equity	4,357	-1,247
Total income and expenses reported in the reporting period	20,372	11,116
Thereof equity holders of SUSS MicroTec	20,372	11,116
Thereof non-controlling interests	0	0

CONSOLIDATED BALANCE SHEET (IFRS)

in € thousand	Note	12/31/2021	12/31/2020
Assets			
Non-Current Assets		70,316	65,398
Intangible assets	(11)	5,557	5,089
Goodwill	(12)	18,449	18,286
Tangible assets	(13)	44,506	40,352
Other assets	(14)	364	350
Deferred tax assets	(8)	1,440	1,321
Current Assets		208,850	166,007
Inventories	(15)	99,549	72,983
Trade receivables	(16)	15,605	17,717
Contract assets	(17)	31,820	30,247
Other financial assets	(18)	1,356	559
Current tax assets	(19)	38	395
Cash and cash equivalents	(20)	52,075	40,827
Other assets	(21)	8,407	3,279
Total Assets		279,166	231,405

in € thousand	Note	12/31/2021	12/31/2020
Liabilities & shareholders' equity			
Equity		156,876	136,504
Total equity attributable to shareholders of SUSS MicroTec SE		156,876	136,504
Subscribed capital	(22)	19,116	19,116
Reserves	(22)	134,984	118,969
Accumulated other comprehensive income	(22)	2,776	-1,581
Non-Current Liabilities		29,853	32,563
Pension plans and similar commitments	(23)	5,349	6,396
Provisions	(24)	378	0
Financial debt due to banks	(25)	7,813	9,062
Financial debt from lease obligations	(25)	7,068	7,656
Other liabilities		289	312
Deferred tax liabilities	(8)	8,956	9,137
Current Liabilities		92,437	62,338
Provisions	(26)	5,426	4,501
Tax liabilities	(30)	6,669	814
Financial debt due to banks	(25)	1,212	1,386
Financial debt from lease obligations	(25)	2,224	2,387
Other financial liabilities	(27)	10,628	10,436
Trade payables		24,444	9,834
Contract liabilities	(28)	33,838	25,679
Other liabilities	(29)	7,996	7,301
Total Liabilities and shareholders' equity		279,166	231,405

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

in € thousand	01/01/2021 – 12/31/2021	01/01/2020 – 12/31/2020
Net profit / loss (after taxes)	16,015	12,363
Amortization of intangible assets	691	667
Depreciation of tangible assets	6,360	7,098
Profit / loss on disposal of intangible and tangible assets	88	-97
Change of reserves on inventories	4,371	-6,468
Change of reserves for bad debts	-828	251
Other non-cash effective income and expenses	2,418	-418
Change in inventories	-29,516	9,751
Change in contract assets	-1,537	940
Change in trade receivables	3,390	1,175
Change in other assets	-5,939	1,012
Change in pension provisions	-1,215	363
Change in trade payables	14,491	-432
Change in contract liabilities	7,809	14,147
Change in other liabilities and other provisions	1,823	4,916
Change of tax assets and tax liabilities	5,912	9,891
Cash flow from operating activities	24,333	55,159
Disbursements for other tangible assets	-8,458	-6,838
Disbursements for intangible assets	-1,162	-1,115
Payments from the disposal of intangible and tangible assets	0	97
Payments for the acquisition of SUSS MicroTec Netherlands B.V.	0	-3,307
Cash flow from investing activities	-9,620	-11,163
Repayment of bank loans	-1,439	-10,451
Proceeds of bank loans	0	0
Change in current bank liabilities	0	0
Repayment of rental and lease liabilities	-2,395	-2,830
Cash flow from financing activities	-3,834	-13,281
Adjustments to funds caused by exchange-rate fluctuations	369	-168
Change in cash and cash equivalents	11,248	30,547
Funds at the beginning of the year	40,827	10,280
Funds at the end of the period	52,075	40,827

in € thousand	01/01/2021 – 12/31/2021	01/01/2020 – 12/31/2020
Cash flow from operating activities includes:		
Interest paid during the period	266	359
Interest received during the period	40	3
Tax paid during the period	2,716	2,936
Tax refunds during the period	0	5,656

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (IFRS)

in € thousand	Subscribed capital	Additional paid-in capital	Earnings reserve	Retained earnings
As of January 1, 2021	19,116	55,822	202	50,582
Withdrawal from the capital reserves of SÜSS 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
As of January 1, 2021	19,116	55,822	202	62,945
Withdrawal from the capital reserves of SÜSS MicroTec SE				
Net income / loss				16,015
Total income and expenses recognized in equity				
Total comprehensive income / loss				16,015
As of December 31, 2021	19,116	55,822	202	78,960

Accumulated other comprehensive income

Items that are not reclassified as an expense or income		Items that are reclassified as an expense or income in later periods			Total equity attributable to shareholders of SÜSS MicroTec SE	Equity
Revaluation of defined benefit pension plans	Deferred taxes	Foreign currency adjustments	Cash flow hedges	Deferred taxes		
-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
-3,845	1,004	1,260	0	0	136,504	136,504
					16,015	16,015
1,376	-342	3,323	0	0	4,357	4,357
1,376	-342	3,323	0	0	20,372	20,372
-2,469	662	4,583	0	0	156,876	156,876

FIXED ASSETS MOVEMENT SCHEDULE

FIXED ASSETS MOVEMENT SCHEDULE 2021

in € thousand	Acquisition and Manufacturing Costs						12/31/2021
	01/01/2021	Currency difference	Additions	Additions due to business combinations	Reclassifications	Disposals	
I. Intangible assets							
1. Concessions, industrial and similar rights and assets, and licenses in such rights and assets	23,369	151	1,162			6,563	18,119
2. Development costs	29,396	65					29,461
3. Other intangible assets	3,442	173					3,615
	56,207	389	1,162	0	0	6,563	51,195
II. Goodwill	32,699	163					32,862
III. Tangible assets							
1. Properties, buildings, fixtures	20,788	15	682			21	21,464
2. Technical equipment and machinery	28,379	1,192	4,384			404	33,551
3. Other equipment, office, and plant furnishings	14,055	225	2,227			1,299	15,208
4. Vehicles	382	8				2	388
5. Equipment under construction	0	0	1,166			17	1,149
Technical equipment and machinery	284	24					308
Vehicle fleet	31	-1					30
6. Right-of-use assets	13,761	735	1,104			240	15,360
	77,680	2,198	9,563	0	0	1,983	87,458
IV. Financial assets							
Other financial assets	2,120						2,120
	2,120	0	0	0	0	0	2,120
	168,706	2,750	10,725	0	0	8,546	173,635

Accumulated Depreciation					Net Book Value	
01/01/2021	Currency difference	Additions	Disposals	12/31/2021	01/01/2021	12/31/2021
18,690	154	665	6,563	12,946	4,679	5,173
29,396	65			29,461	0	0
3,032	173	26		3,231	410	384
51,118	392	691	6,563	45,638	5,089	5,557
14,413				14,413	18,286	18,449
5,205	15	795	21	5,994	15,583	15,470
16,990	817	1,338	404	18,741	11,389	14,810
10,799	109	1,780	1,228	11,460	3,256	3,748
363	7	5	2	373	19	15
						1,149
284	24			308	0	0
31	1			32	0	-2
3,656	186	2,442	240	6,044	10,105	9,316
37,328	1,159	6,360	1,895	42,952	40,352	44,506
2,120				2,120	0	0
2,120	0	0	0	2,120	0	0
104,979	1,551	7,051	8,458	105,123	63,727	68,512

FIXED ASSETS MOVEMENT SCHEDULE

FIXED ASSETS MOVEMENT SCHEDULE 2020

in € thousand	Acquisition and Manufacturing Costs						12/31/2020
	01/01/2020	Currency difference	Additions	Additions due to business combinations	Reclassifications	Disposals	
I. Intangible assets							
1. Concessions, industrial and similar rights and assets, and licenses in such rights and assets	22,412	-140	1,115	51		69	23,369
2. Development costs	29,467	-71					29,396
3. Other intangible assets	3,197	-192		437			3,442
	55,076	-403	1,115	488	0	69	56,207
II. Goodwill	30,120	-180		2,759			32,699
III. Tangible assets							
1. Properties, buildings, fixtures	20,692	-16	112				20,788
2. Technical equipment and machinery	22,365	-243	6,190	67			28,379
3. Other equipment, office, and plant furnishings	12,528	-78	1,674	10		79	14,055
4. Vehicles	383	-1					382
5. Equipment under construction							
Technical equipment and machinery	311	-27					284
Vehicle fleet	32	-1					31
6. Right-of-use assets	9,487	-206	5,819			1,339	13,761
	65,798	-572	13,795	77	0	1,418	77,680
IV. Financial assets							
Other financial assets	2,120						2,120
	2,120	0	0	0	0	0	2,120
	153,114	-1,155	14,910	3,324	0	1,487	168,706

	Accumulated Depreciation				Net Book Value		
	01/01/2020	Currency difference	Additions	Disposals	12/31/2020	12/31/2019	12/31/2020
	18,259	-140	640	69	18,690	4,153	4,679
	29,467	-71			29,396	0	0
	3,197	-191	26		3,032	0	410
	50,923	-402	666	69	51,118	4,153	5,089
	14,413				14,413	15,707	18,286
	4,474	-16	747		5,205	16,218	15,583
	14,503	-264	2,751		16,990	7,862	11,389
	10,086	-73	859	73	10,799	2,442	3,256
	359	-1	5		363	24	19
	311	-27			284	0	0
	32	-1			31	0	0
	2,128	-58	2,736	1,150	3,656	7,359	10,105
	31,893	-440	7,098	1,223	37,328	33,905	40,352
	2,120				2,120	0	0
	2,120	0	0	0	2,120	0	0
	99,349	-842	7,764	1,292	104,979	53,765	63,727

SEGMENT REPORTING (IFRS)

Segment reporting is part of the Notes to the consolidated financial statements.

SEGMENT INFORMATION BY BUSINESS SEGMENT

in € thousand	Lithography		Bonder		Photomask Equipment	
	12M / 2021	12M / 2020	12M / 2021	12M / 2020	12M / 2021	12M / 2020
External Sales	155,052	141,374	31,307	30,407	49,662	57,651
Internal Sales	2,161	722	27	9	154	164
Total Sales	157,213	142,096	31,334	30,416	49,816	57,815
Gross profit	56,914	43,937	12,298	9,309	16,245	23,119
Gross profit margin	36.2%	30.9%	39.2%	30.6%	32.6%	40.0%
Other segment expenses / income (net)	-40,907	-34,967	-11,747	-8,921	-9,624	-7,835
thereof intersegment cost allocation (netted)	-6,292	-2,249	-1,304	-373	-2,032	-517
thereof central services of SMT SE	-7,017	-2,249	-1,277	-373	-1,566	-517
Result per segment (EBIT)	16,007	8,970	551	388	6,621	15,284
EBIT margin	10.2%	6.3%	1.8%	1.3%	13.3%	26.4%
Income before taxes	15,964	8,971	537	389	6,600	15,286
Significant non-cash items	-1,677	12,388	-990	-193	-339	-260
Segment assets	99,286	89,467	37,452	24,561	31,593	26,532
thereof Goodwill	18,448	18,286	0	0	0	0
Unallocated assets						
Total assets						
Segment liabilities	-44,685	-36,342	-9,546	-4,769	-15,204	-6,809
Unallocated liabilities						
Total liabilities						
Depreciation and amortization	3,400	2,757	329	526	783	621
-- thereof scheduled --	3,400	2,757	329	526	783	621
-- thereof impairment loss --	0	0	0	0	0	0
Capital expenditure	2,717	4,662	473	412	1,017	364
Workforce at December 31	720	615	109	99	167	154

Microoptics		Others		Consolidation Effects		Total	
12M/2021	12M/2020	12M/2021	12M/2020	12M/2021	12M/2020	12M/2021	12M/2020
25,749	21,537	1,668	1,145	-	-	263,438	252,114
1,974	1,110			-4,316	-2,005	0	0
27,723	22,647	1,668	1,145	-4,316	-2,005	263,438	252,114
6,593	5,847	2,140	1,478			94,190	83,690
23.8%	25.8%	-	-			35.8%	33.2%
-8,288	-5,842	-1,071	-5,688			-71,637	-63,253
-1,364	12	10,992	3,127	0	0	0	0
-1,272	12	11,132	3,127	0	0	0	0
-1,695	5	1,069	-4,210	-	-	22,553	20,437
-6.1%	0.0%					8.6%	8.1%
-1,734	-8	729	-4,619	-	-	22,096	20,019
-520	-653	-4	-25	-	-	-3,530	11,257
29,076	26,159	22,530	20,360	-4,451	-2,405	215,486	184,674
0	0	0	0	-	-	18,448	18,286
						63,680	46,731
						279,166	231,405
-10,027	-5,546	-3,121	-2,592	4,451	2,405	-78,132	-53,653
						-44,158	-41,248
						-122,290	-94,901
1,130	2,606	1,409	1,254	-	-	7,051	7,764
1,130	2,606	1,409	1,254	-	-	7,051	7,764
0	0	0	0	-	-	0	0
3,911	4,517	1,502	1,305	-	-	9,620	11,260
144	106	38	35	-	-	1,178	1,009

SEGMENT REPORTING (IFRS)

Segment reporting is part of the Notes to the consolidated financial statements.

SEGMENT INFORMATION BY REGION

in € thousand	Sales		Capital expenditure		Assets (without Goodwill)	
	12M/2021	12M/2020	12M/2021	12M/2020	12M/2021	12M/2020
EMEA	57,743	44,291	8,247	9,989	180,163	156,262
North-America	30,859	22,671	182	18	4,638	3,281
Asia/Pacific	174,836	185,152	1,191	1,253	12,237	6,825
Consolidation effects	0	0	0	0	0	20
Total	263,438	252,114	9,620	11,260	197,038	166,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

of SUSS MicroTec SE for the 2021 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 over the Garching and Sternenfels sites in Germany, Hauterive (Canton Neuchâtel) in Switzerland and SUSS MicroTec Netherlands B.V. (formerly Meyer Burger (Pixdro) B.V. based in Eindhoven in the Netherlands, the USA, and in Hsinchu in Taiwan.

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 recognized 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 obligated 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, 2021, will be submitted to and published in the Federal Gazette.

B) Standards and Interpretations that have been applied for the first time

In the 2021 fiscal year, SUSS MicroTec SE also applied the following new standards and amendments to existing standards, to the extent applicable, for the first time:

- Amendment to IFRS 16: COVID-19-Related Rent Concessions (EU-endorsed, mandatory for reporting periods beginning after June 1, 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (EU endorsed, mandatory from January 1, 2021)
- Amendments to IFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying IFRS 9 (EU-endorsed, mandatory from January 1, 2021)

C) Standards and Interpretations that have not been applied prior to the mandatory applicable date

In addition to the standards presented above, the IASB has issued further standards, interpretations and amendments to standards or interpretations, whereby the application of which is also currently not yet mandatory and the applicability of which still requires adoption into EU law (“Endorsement”):

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 (EU-endorsed, mandatory application 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 (EU-endorsed, mandatory from January 1, 2022)
- Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond June 30, 2021 (EU-endorsed for reporting periods beginning after April 1, 2021)
- Amendment to IAS 1 Presentation of Financial Statements:

Classification of Liabilities as Noncurrent or Current Plus Amendments to IAS 1 – Deferral of the Effective Date (not yet adopted into EU law, mandatory from January 1, 2023)

- Amendments to IAS 1 Presentation of Financial Statements: and IFRS Practice Statement 2: Disclosure of Accounting Policies (pending adoption into EU law, mandatory application from January 1, 2023)
- Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (pending adoption into EU law, mandatory application from January 1, 2023)
- Amendment to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (pending adoption into EU law, mandatory application from January 1, 2023)
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (pending adoption into EU law, mandatory application from January 1, 2023)

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 SÜSS MicroTec Group.

Impairment is recognized 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 the fair value less costs to sell. 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 SÜSS MicroTec Group.

Property, Plant and Equipment

Property, plant and equipment is recognized at cost and impaired on the basis of probable useful life by straight-line depreciation. The depreciation periods for the principal categories of property, plant and equipment are given below:

Buildings, fixtures	10–40 years
Technical equipment and machinery	4–10 years
Other equipment, office, and plant furnishings	3–7 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 recognized as other operating expense or income.

For granted rights of use, the Group recognizes an asset that is disclosed under property, plant and equipment 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 property, plant and equipment.

Impairment of Intangible Assets and Property, Plant and Equipment

Intangible assets, including goodwill, and property, plant and equipment 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. The allocation of goodwill takes place 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 recognized. 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 a value adjustment of the inventories cease to be applicable, a reversal 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 amortized 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 recognized in separate value 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 twelve 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.

Rights of use are presented separately under property, plant and equipment:

in € thousand	Total right-of-use assets	of which properties, buildings, fixtures	of which other equipment, office, and plant furnishings
As of 01/01/2021	10,105	9,134	971
Additions to right-of-use assets	1,104	931	173
Disposals on right-of-use assets	-240		-240
Write-downs in the fiscal year	-2,442	-2,029	-413
Disposal depreciation for wear and tear	240	0	240
Currency difference	549	549	0
As of 12/31/2021	9,316	8,585	731

Lease liabilities have developed as follows:

in € thousand	2021
As of 01/01/2021	10,043
Additions 2021	1,104
Repayment	-2,395
Currency difference	540
Financial debt from lease obligations as of 12/31/2021	9,292
thereof noncurrent	7,068
thereof current	2,224

Lease liabilities are divided into a noncurrent portion of € 7,068 thousand and a current portion of € 2,224 thousand.

For concluded lease agreements and rights of use granted in this connection, the Group recognizes an asset that is disclosed under property, plant and equipment 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 as of 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 recognizes the lease payments associated with these leases over the term of the leases as an expense using the straight-line method. In the 2021 fiscal year, the related leasing expenses amounted to € 397 thousand (previous year: € 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

Revenue is recognized 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 revenue is 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 of 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 sales are 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 which are allocated to revenue. In addition to the directly allocable materials and manufacturing costs, it also includes overhead costs such as depreciation and amortization of production facilities and in property, plant and equipment as well as value adjustments on inventories.

Research and Development Costs

Expenses for research and expenses for development work that cannot be capitalized are recognized 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 as well as revenue from the fair value measurement of derivatives.

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 the amortization of the derivative goodwill is 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 recognized in the income statement 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 recognized in profit and loss, generally in the periods in which the expenses that are to be met by the subsidies are incurred.

Grants relating to investments that can be capitalized are recognized on the liabilities side as other financial liabilities and released proportionately over the useful life of the funded investments.

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 recognized in profit or loss.

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.

Trade Receivables

Value 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, 2021, the total value adjustment to trade receivables was € 72 thousand (previous year: € 913 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 here for the immediate future is the cash flow derived from the Group budget (Level 3 of the fair value hierarchy according to IFRS 13). For cash flow forecasts beyond the period of detailed planning, suitable forecasts from the semiconductor sub-supplier industry are used to check the plausibility of our own estimates. 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 6.4% (previous year: 7.8%) is calculated for the Lithography cash generating unit, to which recognized goodwill is allocated. Here, the growth rates used are checked against external market forecasts. 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 10.55% (previous year: 7.66%). 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 property, plant and equipment 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 property, plant and equipment 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

Upon the 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.

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

	2021		2020	
	Balance sheet	P&L	Balance sheet	P&L
1 EUR vs 1 USD	1.132	1.185	1.227	1.145
1 EUR vs 1 JPY	130.299	130.005	126.497	121.829
1 EUR vs 1 GBP	0.840	0.862	0.899	0.886
1 EUR vs 1 CHF	1.033	1.080	1.081	1.072
1 EUR vs 1 TWD	31.436	33.026	34.449	33.701
1 EUR vs 1 SGD	1.528	1.589	1.622	1.573
1 EUR vs 1 CNY	7.189	7.640	7.984	7.896
1 EUR vs 1 KRW	1,349.444	1,352.439	1,333.213	1,346.230

Disclosures on the Scope of Consolidation

Compared with the consolidated financial statements as of December 31, 2020, there were no additional changes to the scope of consolidation. Therefore, the following subsidiaries and associates of SUSS MicroTec SE (ultimate proprietary company) were

included in the consolidated financial statements as of December 31, 2021 (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 local currency	Subscribed capital stated currency ⁽⁴⁾	Subsidiary
SUSS MicroTec SE, Garching, Germany ⁽¹⁾	EUR	19,115,538.00	19,115,538.00	Holding
SUSS MicroTec Lithography GmbH, Garching, Germany ⁽²⁾	EUR	2,000,100.00	2,000,100.00	100%
SUSS MicroTec Photomask Equipment GmbH & Co. KG, Sternenfels, Germany ⁽²⁾	EUR	3,000,000.00	3,000,000.00	100%
SUSS MicroTec Photomask Equipment Beteiligungs-GmbH, Sternenfels, Germany	EUR	25,000.00	25,000.00	100%
SUSS MicroTec Ltd., Market Rasen, United Kingdom	GBP	10,000.00	11,906.18	100%
SUSS MicroTec KK, Yokohama, Japan	JPY	30,000,000.00	230,240.39	100%
SUSS MicroTec S.a.r.l., Pierre Bénite, France	EUR	114,750.00	114,750.00	100%
SUSS MicroOptics S.A., Hauterive, Switzerland	CHF	2,500,000.00	2,419,198.76	100%
SUSS MicroTec, Inc., Corona, USA	USD	4,197,000.00	3,708,088.53	100%
SUSS MicroTec (Taiwan) Company Ltd., Hsinchu, Taiwan	TWD	5,000,000.00	159,053.67	100%
SUSS MicroTec Company Ltd., Shanghai, China	CNY	1,655,320.00	230,254.13	100%
HUGLE Lithography Inc., San Jose, USA ⁽³⁾	USD	1,190,442.00	1,051,766.58	53%
SUSS MicroTec REMAN GmbH, Oberschleißheim, Germany ⁽²⁾	EUR	25,564.59	25,564.59	100%
SUSS MicroTec (Singapore) Pte Ltd., Singapore	SGD	25,000.00	16,363.40	100%
SUSS MicroTec Korea Co. Ltd., Hwaseong City, South Korea	KRW	50,000,000.00	37,052.29	100%
SUSS MicroTec Photonic Systems Inc., Corona, USA	USD	10,400.00	9,188.50	100%
SUSS MicroTec Netherlands B.V., Netherlands	EUR	10.00	10.00	100%

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

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

³ Entity considered at cost due to immateriality

⁴ Companies in foreign currencies were translated at the closing rate as of December 31, 2021, for better comparability

Conversion Rates used (as of 12/31/2021)	2021
1 EUR vs 1 JPY	130,299
1 EUR vs 1 GBP	0,840
1 EUR vs 1 CHF	1,033
1 EUR vs 1 TWD	31,436
1 EUR vs 1 SGD	1,528
1 EUR vs 1 CNY	7,189
1 EUR vs 1 KRW	1,349,444

	Share capital local currency	Share capital stated currency ⁽⁴⁾	Net profit local currency	Net profit stated currency ⁽⁴⁾	Consolidation
	83,036,227.39	83,036,227.39	19,896,570.39	19,896,570.39	Full
	24,570,346.47	24,570,346.47	8,843,870.22	8,843,870.22	Full
	3,000,000.00	3,000,000.00	10,293,779.78	10,293,779.78	Full
	15,344.35	15,344.35	643.90	643.90	Full
	584,707.87	696,163.67	143,844.29	171,263.59	Full
	-717,646,158.00	-5,507,704.29	1,566,351.00	12,021.24	Full
	3,697,756.32	3,697,756.32	343,332.37	343,332.37	Full
	15,899,312.39	15,385,438.74	-2,174,522.94	-2,104,241.28	Full
	61,005,140.83	53,898,609.21	292,316.09	258,263.98	Full
	308,302,717.00	9,807,335.65	14,383,156.00	457,538.75	Full
	71,233,120.51	9,908,489.31	9,894,409.34	1,376,307.10	Full
	-39,579.00	-34,968.41	-800.00	-706.81	-
	984,648.22	984,648.22	778,776.16	778,776.16	Full
	4,433,296.94	2,901,752.15	-46,874.92	-30,681.32	Full
	4,731,973,772.00	3,506,609.75	980,265,250.00	726,421.54	Full
	-34,702,567.73	-30,660,041.29	7,704,393.15	6,806,902.99	Full
	-2,343,000.95	-2,343,000.95	-1,023,092.84	-1,023,092.84	Full

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 2021 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) REVENUE

Revenue is composed as follows:

in € thousand	2021	2020
Machinery and equipment	192,030	192,177
Spare parts and upgrades	32,240	25,122
Services	12,183	12,087
Micro-optics	25,749	21,537
Other sales	1,236	1,191
Sales	263,438	252,114

Revenue during the 2021 fiscal year is allocated to the divisions as follows:

in € thousand	Lithography	Bonder	Photomask Equipment	Micro-optics	Others	2021 total
Machinery and equipment	128,580	26,029	37,421	0	0	192,030
Spare parts and upgrades	20,421	4,209	7,231	0	379	32,240
Services	6,049	1,069	5,010	0	55	12,183
Micro-optics	0	0	0	25,749	0	25,749
Other sales	2	0	0	0	1,234	1,236
Total sales	155,052	31,307	49,662	25,749	1,668	263,438

The regional distribution of revenue in the 2021 fiscal year was as follows:

in € thousand	Lithography	Bonder	Photomask Equipment	Micro-optics	Others	2021 total
EMEA	31,303	6,488	5,309	14,643	0	57,743
North America	18,327	7,071	4,630	831	0	30,859
Asia-Pacific	105,422	17,748	39,723	10,275	1,668	174,835
Total sales	155,052	31,307	49,662	25,749	1,668	263,438

Revenue during the previous year is allocated to the divisions as follows:

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

The regional distribution of revenue in 2020 was as follows:

in € thousand	Lithography	Bonder	Photomask Equipment	Micro-optics	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
Total sales	141,374	30,407	57,651	21,537	1,145	252,114

Contract Balances

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

in € thousand	31.12.2021	31.12.2020
Contract balances		
Trade receivables	15,605	17,717
Contract assets	31,820	30,247
Contract liabilities	-33,838	-25,679

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:

in € thousand	2021	2020
Opening balance of contract assets as of 01/01	30,247	31,182
Additions	103,023	92,227
Disposals (reclassification to trade receivables)	-101,450	-93,162
Closing balance of contractual assets as of 12/31	31,820	30,247

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:

in € thousand	2021	2020
Opening balance of contract liabilities as of 01/01	-25,679	-9,346
Additions	-185,070	-187,430
Disposals	176,911	171,097
Closing balance of contractual liabilities as of 12/31	-33,838	-25,679

The amount of € 25,679 thousand that was disclosed under contract liabilities as of the previous year's reporting date was largely recognized as sales in the 2021 fiscal year.

The order backlog as of December 31, 2021, amounts to € 193,912 thousand (previous year: € 119,897 thousand). SUSS MicroTec assumes that this order backlog will be fully realized in sales in 2022.

(4) COST OF SALES

In the 2021 fiscal year, a reversal of an impairment loss was carried out on assets of the Scanner product line in the amount of € 1,536 thousand (previous year: € 3,354 thousand), which reduced the cost of sales in 2021. The appreciation is due to orders for two more scanners that have already been fully written down in the 2019 fiscal year.

in € thousand	2021	2020
Reversals of impairment losses on inventory reserves	-1,536	-3,354
Write-downs on other assets of current assets	0	1,239
Extraordinary effects Scanner/Laser	-1,536	-2,115

The cost of sales includes impairments on demonstration equipment of € 1,721 thousand (previous year: € 3,429 thousand) and on other inventories of € 2,467 thousand (previous year: € 3,885 thousand). The demonstration equipment is used as 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, € 1,976 thousand (previous year: € 4,616 thousand) accrues to inventories in the Lithography division and € 1,934 thousand (previous year: € 2,011 thousand) accrues to inventories of the Bonder division. The inventories of the Photomask Equipment division were written down by € 114 thousand (previous year: € 384 thousand) and the inventories of the division Micro-Optics by € 162 thousand (previous year: € 0).

(5) OTHER OPERATING INCOME

Other operating income was comprised as follows:

in € thousand	2021	2020
Foreign currency gains	3,084	3,226
Company cars	307	290
Income from the reversal of value adjustments for trade receivables	209	20
Income from the reversal of other provisions	19	13
Other subsidies	110	75
Insurance claims	127	157
Others	315	476
Other operating income	4,171	4,257

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.

(6) OTHER OPERATING EXPENSES

Other operating expenses were comprised as follows:

in € thousand	2021	2020
Foreign currency losses	4,482	2,564
Other taxes	692	820
Allowances for value adjustments for doubtful debts and contract assets	41	0
Losses on disposal of assets	235	0
Remaining other operating expenses	26	0
Others	442	1
Other operating expenses	5,918	3,385

The foreign currency losses arose – as in the previous year – primarily from changes in measurement of customer receivables in US dollars on account of changes in the exchange rates during the year.

(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 € 9 thousand (previous year: € 5 thousand) resulted primarily from interest income for money market investments and securities.

The financial expenses are comprised as follows:

in € thousand	2021	2020
Interest for bank loans	306	355
Interest for lease liabilities	97	10
Commissions on bank guarantees	62	57
Other interest and financial expenses	1	1
Financial expenses	466	423

Interest for bank liabilities includes € 9 thousand (previous year: € 41 thousand) attributable to financing the property in Garching (loan was repaid in full on June 30, 2021). Additional € 95 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, 2021: € 9,062 thousand). Bank interest of approximately € 171 thousand (previous year: € 186 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:

in € thousand	2021	2020
Current tax expense	6,490	2,132
Deferred tax income (-)/expense	-409	5,524
thereof on temporary differences	-1,594	5,845
Total expense	6,081	7,656

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

Expected tax rate	2021	2020
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%

in € thousand	2021	2020
Earnings before tax	22,096	20,019
Expected income taxes	6,242	5,655
Different foreign tax rates	-190	-276
Minimum taxation	0	86
Trade income additions and deductions	12	15
Other non-deductible expenses	77	65
Foreign taxes	-154	0
Deferred taxes on consolidation measures	1,935	0
Income taxes from previous years	-396	50
Non-activation/value adjustment on deferred taxes	0	1,841
Use of value-adjusted loss carry-forwards	-1,328	-280
Non-taxable income	-20	123
Others	-97	377
Effective income taxes	6,081	7,656

The comparison of the expected and effective income taxes from continuing operations shows a deviation of € 161 thousand. (previous year: € -1,870 thousand). Instead of the expected tax expense of € 6,242 thousand, a tax expense of € 6,081 thousand resulted at the Group level in the reporting year.

No tax deferral was recognized 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 computed as follows:

in € thousand	Assets		Liabilities	
	2021	2020	2021	2020
Other current liabilities	249	327	125	0
Pension plans and similar commitments	892	1,113	0	0
Trade receivables	0	0	8,291	8,617
Customer deposits	0	0	21,067	18,518
Noncurrent provisions	177	189	204	58
Intangible assets	1,937	3	652	907
Other current assets	0	0	0	3
Goodwill	0	0	2,064	2,064
Adjustment item SMT Photomask Equipment	0	0	96	127
Inventories	20,428	18,365	10	10
Tangible assets	89	0	204	255
Others	65	64	29	1
Loss carryforwards	1,389	2,681	0	0
Offsetting	-23,786	-21,422	-23,786	-21,424
Total	1,440	1,320	8,956	9,136

The Group has tax loss carryforwards of € 44,821 thousand (previous year: € 50,796 thousand). Of this amount, a total of € 15,442 thousand will have lapsed by December 31, 2030. In the period from 2031 to 2040, a total of € 11,360 thousand will lapse. Loss carryforwards of € 18,019 thousand can be used indefinitely.

Due to the positive business performance of the four German companies SUSS MicroTec SE, SUSS MicroTec Lithography GmbH, SUSS MicroTec Reman GmbH and SUSS MicroTec Photomask Equipment GmbH & Co. KG, a large part of the loss carryforwards was used in 2021. As a result, the deferred tax assets on the loss carryforward of the German companies of € 2,417 thousand in the previous year decreased to € 801 thousand as of December 31, 2021.

In the 2021 fiscal year, intangible assets in the form of technology and customer relationships IP (intellectual property) for the scanner business from SUSS MicroTec Photonic Systems Inc., Corona, USA, were sold to SUSS MicroTec Photomask Equipment GmbH & Co. KG, which led to the recognition of a deferred tax asset of € 1.9 million for the resulting tax benefit. In the USA, the income from the sale was largely offset against the existing loss carryforwards.

As a result, the loss carryforward of SUSS MicroTec Photonic Systems Inc. (Corona, USA) was reduced from € 19,970 thousand to € 13,257 thousand. Since no material business activities are planned for this company and the remaining loss carryforwards will, therefore, likely no longer be used, no deferred tax assets were recognized. Therefore, a possible loss of these loss carryforwards does not have any effect on the consolidated financial statements.

No deferred tax assets were recognized for loss carryforwards of € 39,600 thousand (previous year: € 42,240 thousand) and temporary differences of € 29,306 thousand (previous year: € 30,234 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, 2021, deferred tax assets and liabilities of € 23,786 thousand (previous year: € 21,422 thousand) were offset.

(9) EARNINGS PER SHARE

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

in € thousand	2021	2020
Net profit or loss accruing to shareholders of SÜSS MicroTec SE	16,015	12,363
Weighted average number of outstanding shares	19,115,538	19,115,538
Earnings per share in EUR – basic –	0.84	0.65
Earnings per share in EUR – diluted –	0.84	0.65

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

Expenditures for Research and Development

Research and development expenditures in the 2021 fiscal year came to € 22,054 thousand (previous year: € 19,847 thousand). As in the previous year, no depreciation or amortization of capitalized development costs is included in research and development costs, as these were already fully written-down in 2019. There have not been any new capitalizations since then.

Research and development costs include public subsidies received in the amount of € 269 thousand (previous year: € 250 thousand).

in € thousand	2021			2020		
	Depreciation and amortization	Special depreciation and amortization	Total depreciation and amortization	Depreciation and amortization	Special depreciation and amortization	Total depreciation and amortization
Intangible assets	691	0	691	667	0	667
Tangible assets	6,360	0	6,360	7,097	0	7,097
Depreciation and amortization	7,051	0	7,051	7,764	0	7,764

Personnel Expenses

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

in € thousand	2021	2020
Wages and salaries	73.939	68.999
Social security expenses and expenses for benefits	9.273	8.481
Pension expenses	4.464	4.269
Personnel expenses	87.676	81.749

The social security charges and expenses for benefits primarily 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 2021 fiscal year came to € 111,528 thousand (previous year: € 95,685 thousand).

Depreciation and Amortization

Depreciation and amortization are composed as follows:

During the fiscal year, concessions and industrial property rights and similar rights as well as licenses to such rights and values and other intangible assets were amortized in the amount of € 691 thousand (previous year: € 667 thousand).

Apart from the depreciation of property, plant and equipment of € 6,360 thousand (previous year: € 7,097), no extraordinary write-downs were taken in the 2021 fiscal year.

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 € 5,182 thousand (previous year: € 4,679 thousand) are disclosed under intangible assets. The Group-wide SAP system is included in this amount. In the 2019 fiscal year, right-of-use assets were capitalized in the amount of € 2,920 thousand, which relates to a joint applications center with partner BRIDG in Kissimmee, USA. The right-of-use assets in the amount of € 875 thousand were 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. These right-of-use assets were measured at € 2,920 thousand and are being amortized over five years from the start of use. Two of the four systems were then successfully accepted in October and December 2021. The acceptance of the other two systems is planned by the end of the second quarter of 2022 at the latest. The installation and final acceptance of both systems, and thus the start of the contractually guaranteed five-year utilization period, is being pursued in close coordination with the collaborating partners. As of December 31, 2021, the carrying amount of the right-of-use assets was € 2,897 thousand. Contractual obligations in the form of installation services amounting to € 82 thousand (previous year: € 122 thousand) are still outstanding.

(12) GOODWILL

The goodwill presented as of the reporting date in the amount of € 18,449 thousand (previous year: € 18,286 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.

(13) PROPERTY, PLANT AND EQUIPMENT

The breakdown of property, plant and equipment that is 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, right-of-use asset for leased and rented assets have been disclosed under property, plant and equipment; the carrying amount totals € 9,316 thousand as of December 31, 2021 (previous year: € 10,105 thousand).

As of December 31, 2021, real estate with a carrying amount of € 8,718 thousand (previous year: € 8,400 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.

in € thousand	2021	2020
Deposits	364	350
Other noncurrent assets	364	350

(15) INVENTORIES

The inventories can be broken down as follows:

in € thousand	2021	2020
Materials and supplies	53,370	42,308
Work in process	42,738	28,338
Finished goods	11,587	12,467
Demonstration equipment	24,324	17,634
Value adjustments	-32,470	-27,764
Inventory reserves	99,549	72,983

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 2019, 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 December 31, 2020, and one was still included in inventories as of December 31, 2021, with a carrying amount after reversal of impairment losses of € 991 thousand. This item was sold in the fiscal year of 2021. As an opposite effect of the previous year, there were other extraordinary expenses in the amount of € 1,239 thousand.

In the 2021 fiscal year, there were further reversals of impairment losses for two additional UV projection scanners due to the receipt of orders. This related to the last two scanners that were written down in 2019. Of these items, one had already been sold by the December 31, 2021, and one was still included in inventories as of December 31, 2021 with a carrying amount after reversal of impairment losses of € 1,534 thousand.

Of the total inventories of € 99,549 thousand as of December 31, 2021 (previous year: € 72,983 thousand), € 39,100 thousand (previous year: € 31,561 thousand) are accounted for at net realizable value.

The amount of inventories which were recognized as an expense in the fiscal year totaled approximately € 148,052 thousand (previous year: € 153,040 thousand).

(16) TRADE RECEIVABLES

Trade receivables break down as follows:

in € thousand	2021	2020
Receivables from third parties	15,677	18,630
Value adjustments	-72	-913
Trade receivables	15,605	17,717

Value adjustments on receivables from contracts with customers were formed on the basis of expected losses as follows in 2021:

in € thousand	Not due	Past due 1 – 180 days	Past due 181 – 360 days	Past due 361 – 720 days	Past due > 720 days	Total
Receivables from third parties	10,392	5,191	64	14	16	15,677
Value adjustments	-8	-26	-15	-7	-16	-72
Trade receivables	10,384	5,165	49	7	0	15,605

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

in € thousand	Not due	Past due 1 – 180 days	Past due 181 – 360 days	Past due 361 – 720 days	Past due > 720 days	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

Of the receivables not due, a percentage of 0.10% was value-adjusted.

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

in € thousand	2021	2020
Value adjustments at the beginning of the fiscal year	913	663
Payment receipts and reversals for receivables that had been written off	-882	-383
Addition	41	633
Value adjustments at the end of the fiscal year	72	913

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) CONTRACT ASSETS

in € thousand	2021	2020
Contract assets	31,835	30,262
Value adjustments	-15	-15
Contract assets	31,820	30,247

The contract assets of € 31,820 thousand (previous year: € 30,247 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

Other financial assets of € 1,356 thousand (previous year: € 559 thousand) essentially include supplier bonuses and other tax receivables.

(19) TAX REFUND CLAIMS

Current tax assets of € 38 thousand (previous year: € 395 thousand) involve tax prepayments, as in the previous year. Of this amount, approximately € 31 thousand (previous year: € 198 thousand) accrues to companies in Germany.

(20) CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounting to € 52,075 thousand (previous year: € 40,827 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:

in € thousand	2021	2020
Deferred items	1,902	1,320
Prepayments	2,776	842
Value-added tax	3,183	708
Bidding securities	168	203
Others	378	206
Other current assets	8,407	3,279

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).

in € thousand	2021	2020
Equity capital	19,116	19,116
Authorized capital	2,500	2,500

Reserves

The Group's reserves are composed as follows:

in € thousand	2021	2020
Additional paid-in capital	55,822	55,822
Earnings reserve	202	202
Retained earnings	78,960	62,945
Reserves	134,984	118,969

Accumulated other Comprehensive Income

The development of accumulated other comprehensive income is as follows:

in € thousand	2021	2020
Revaluation of defined benefit plans	-3,845	-3,610
Foreign currency adjustment	1,260	2,335
Cash flow hedges	0	0
Tax effects		
Revaluation of defined benefit plans	1,004	941
Cash flow hedges	0	0
Status at the beginning of the period	-1,581	-334
Changes before taxes		
Revaluation of defined benefit plans	1,376	-235
Foreign currency adjustment	3,323	-1,075
Cash flow hedges	0	0
Tax effects		
Revaluation of defined benefit plans	-342	63
Cash flow hedges	0	0
Status at the end of the period	2,776	-1,581

Management of Equity

The shareholders' equity of the SÜSS MicroTec Group – comprised of subscribed capital, reserves, and accumulated other comprehensive income – totaled € 156,876 thousand as of December 31, 2021 (previous year: € 136,504 thousand); this corresponds to an equity ratio of 55.8% (previous year: 59.0%). Along with an appropriate return on equity, the SÜSS 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 benefit arrangements primarily covering 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:

in € thousand	2021	2020
Present value of provisions for pensions	19,962	16,582
Fair value of plan assets	-14,613	-10,186
Calculated pension liability	5,349	6,396

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 management are eligible for these benefits. The main actuarial estimates for pension commitments in Germany are shown below:

Germany	2021	2020
Discount rate	0.79%	0.39%
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 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 S.A. has concluded pension plan policies for a total of 152 active insured persons (previous year: 114 active insured persons). Two individuals are paid a disability pension. One individual receives a retirement pension (unchanged from the previous year).

The principal actuarial estimates for the benefit plan of SUSS MicroOptics S.A. are shown below:

Switzerland	2021	2020
Discount rate	0.40%	0.20%
Expected return on plan assets	0.50%	0.50%
Salary increase	1.00%	1.00%
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:

Japan	2021	2020
Discount rate	0.20%	0.10%
Salary increase	0.00%	1.58%
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:

in € thousand	2021	2020
Present values as of 01/01	16,582	13,951
Service cost	1,712	1,361
Interest cost	40	12
Pension payments	1,427	1,364
Actuarial (-) gain / (+) loss due to changes in financial assumptions	-780	-1,041
Actuarial (-) gain / (+) loss due to changes in demographic assumptions	-897	-260
Actuarial (-) gain / (+) loss due to experience adjustments	1,237	1,167
Foreign exchange fluctuations	641	28
Present values as of 12/31	19,962	16,582

in € thousand	2021	2020
Plan assets as of 01/01	10,186	7,914
Expected return on plan assets	24,448	0
Fund allocations paid	3,136	2,607
Actuarial (+) gain / (-) loss	794	-367
Foreign exchange fluctuations	-23,952	32
Plan assets as of 12/31	14,612	10,186

Of the fund allocations made in the amount of € 3,136 thousand (previous year: € 2,607 thousand), € 658 thousand (previous year: € 515 thousand) were paid by the employees.

The components of plan assets are reinsurance policies for pension obligations in Switzerland. According to the key figures report of the AXA Fondation LLP Suisse romande, the investment portfolio as of December 31, 2021, was comprised as follows:

Debt instruments (e.g., bonds)	37.21%
Equity instruments	26.30%
Real estate	23.87%
Alternative investments	9.50%
Liquidity	3.12%

Of the plan asset classes shown, there are market price quotes in an active 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 2021 fiscal year, payments amounting to € 630 thousand were made to the employer's pension plan as well as payments from beneficiary employees in the amount of € 614 thousand.

Of the present value of the pension obligations, € 18,267 thousand (previous year: € 14,710 thousand) applies to pension claims financed by funds.

The pension expenses break down as follows:

in € thousand	2021	2020
Service cost	1,712	1,361
Personnel expenses component	1,712	1,361
Interest cost	40	12
Actuarial (+) gains/(-) losses	0	0
Interest cost component	40	12

For 2022, the Group expects to make payments totaling € 982 thousand (previous year: € 788 thousand) to meet pension obligations.

The weighted average term of the obligations (duration) as of December 31, 2021 is 16.6 years (previous year: 18.6 years).

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

"Change in the present value of all defined benefit obligations if"	2021	2020
interest rate were 50 basis points lower	1,875	1,549
interest rate were 50 basis points higher	-1,298	-1,319
salary increase were 50 basis points lower	-108	-309
salary increase were 50 basis points higher	449	320
rate of pension increase were 0.50% lower	-669	-769
rate of pension increase were 0.50% higher	1,098	862

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 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.

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 American financial authorities, which amounted to US\$ 19,500 in 2021. 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 2021 fiscal year, the expenses to the Group for the 401(k) plan came to US\$ 245 thousand (previous year: US\$ 230 thousand). Of this, US\$ 8 thousand were contributions paid for a member of management.

Furthermore, employer contributions were paid into the statutory pension plan in the amount of € 4,247 thousand (previous year: € 4,039 thousand) in the past fiscal year.

(24) (NONCURRENT) PROVISIONS

Noncurrent provisions include share-based payment transactions for the Management Board in the form of virtual shares with cash settlement in the following amounts:

in € thousand	31.12.2021	31.12.2020
Provision for virtual shares (settled in cash)	378	0

As part of the new remuneration system introduced in the 2021 fiscal year, the Company granted the Management Board members Dr. Bendele, Dr. Rohe and Mr. Albrecht each variable remuneration (LTI 2021) based on the long-term development of the Company, whereby the calculation of which is linked directly to the Company's share price.

The Management Board members concerned receive (pro rata temporis) conditional virtual performance shares (VPS) of the Company. Starting on January 1, 2021, there will be a three-year performance period. At the end of this period, the virtual performance shares will be converted into final performance shares (virtual shares) taking into account overall target achievement. The virtual shares are converted into cash immediately afterwards. The previously determined cash payments are paid out after a subsequent one-year blocking period. The term of LTI 2021 tranche is therefore four years in total.

The number of VPS assigned is determined by dividing the target amount of LTI 2021 specified in the respective service contract by the arithmetic mean of the share prices of SUSS MicroTec before the start of the performance period (DAK(A)). The vesting period corresponds to the first performance year (grant year). If an appointment to the Management Board takes place during the grant year, the VPS are awarded on a pro rata basis. Dr. Bendele and Dr. Rohe were appointed to the Management Board effective May 1, 2021, and will receive a pro rata allocation of virtual performance shares (eight twelfths). Mr. Albrecht was not appointed to the Management Board during the year.

The arithmetic mean of the share prices of SUSS MicroTec before the beginning of the performance period is determined as the average of the closing prices in XETRA trading of Deutsche Börse AG over the last 60 trading days and amounts to € 17.28.

in € thousand	2021	
	Target amount	VPS (shares)
Dr. Götz Bendele	243	9,375
Oliver Albrecht	103	5,932
Dr. Thomas Rohe	135	5,208
Total	481	20,515

(Pro Rata) Allocation of Virtual Performance Shares

The number of the final virtual performance shares can increase or decrease depending on the achievement of the two financial/non-market performance criteria — return on capital employed (ROCE) and revenue growth — relative to a target, as well as a performance criterion based on the development of the share price — relative total shareholder return (TSR) compared to two peer groups.

ROCE for the performance period is calculated as the equally weighted average of the actual ROCE values for the individual fiscal years in the performance period. The actual ROCE value for each fiscal year is calculated as the quotient of earnings before interest and taxes (EBIT) as reported in the audited and approved consolidated financial statements of the Company, the average capital employed based on the quarterly reports, and the audited and approved consolidated financial statements in the respective fiscal year.

Sales growth refers to the increase in Group revenue within the performance period and is measured as the compound annual growth rate (CAGR).

The relative total shareholder return (TSR) is determined as the TSR performance of SUSS MicroTec compared to two peer groups: the Philadelphia Semiconductor Index as an international sector index, and the DAXsector Technology Index as a German index with a technology focus (TSR Outperformance).

The Supervisory Board has set target values (including threshold and cap values) for the two financial performance criteria of ROCE and sales growth. The target value set by the Supervisory Board is oriented along the expected rate of return of capital employed based on the business strategy and on the strategically planned sales growth and amounts to 19.00% for the performance criterion of ROCE and 9.60% for the performance criterion of sales growth.

The Supervisory Board determines whether both financial performance criteria have been met after approving the consolidated financial statements for the final year of the performance period. Target achievement for both financial performance criteria is determined by comparing the respective actual value achieved during the performance period with the defined target value.

For the two non-market performance targets ROCE and revenue growth, an expected (actual) target achievement was derived as part of the evaluation based on the Group's own strategic planning over the performance period and the provisional actual values. For the performance criteria ROCE and revenue growth, the expected (actual) target achievement is 18.33% and 9.92%, respectively.

Target achievement is converted into a payout factor of between 0% and 200% for each of the two performance criteria using a bonus curve, taking into consideration the target, threshold and cap values. The payout factor for the ROCE and for the revenue

growth currently expected for the performance period is 93% and 103%, respectively.

	Threshold value	Target value	Cap value
ROCE			
Target achievement	14.00%	19.00%	24.00%
Payout factor	50.00%	100.00%	200.00%
Increase in sales			
Target achievement	6.72%	9.60%	12.48%
Payout factor	50.00%	100.00%	200.00%

Transfer of the Financial Performance Criteria Target Achievement

The calculation of target achievement for the relative TSR is based on SUSS MicroTec's TSR outperformance compared to the two benchmark indices. The TSR outperformance corresponds to the difference between the TSR performance of SUSS MicroTec shares and the TSR performance of the respective index in percentage points.

Target attainment is calculated using a bonus curve that transforms TSR outperformance into a payout factor:

- An identical TSR performance from SUSS MicroTec and the respective benchmark index then results in a TSR outperformance of 0% and corresponds to a target achievement (payout factor) of 100%.
- With a TSR outperformance (or TSR underperformance) of -30% points, the payout factor is 30%. The -30% TSR outperformance (or TSR underperformance) of -30% also represents a threshold; below that, the payout factor is 0%.
- With a TSR outperformance of +30% points, the payout factor is 200%. The +30% TSR outperformance represents a cap/ceiling value; above that, the payout factor is also 200%.
- If the TSR outperformance is between -30% and 0% or between 0% and +30%, the payout factor is interpolated between the benchmarks.

The TSR outperformance was determined using Monte Carlo simulations (number: 100,000). The simulation takes changes in the SUSS MicroTec share price and changes in the indexes into account. The changes are based on logarithmic growth processes with normal distribution, taking into account a correlation between the share and the respective index. Here, the trend (drift) is also taken into account in the amount of the risk-free interest rate. The total duration of the simulation is two years. It begins on the reporting date (December 31, 2021) and ends at the expiry of the performance period (December 31, 2023).

Due to the non-linear relationship between TSR outperformance and payout factor, a payout factor must be determined for each simulation step. The average of all simulations then provides an expected value for the payoff factor.

The following input parameters were included in the individual simulation steps in order to derive the respective payout factors:

	SUSS MicroTec shares	DAXsector Technology Index	Philadelphia Semi-conductor Index
Closing price as of Dec. 31, 2021 (reporting date) in €	21.00	2,192.70	4,828.42
Closing price on Jan 1, 2021 in €	18.68	1,627.07	3,253.01
Volatility (basis: daily rate of return of the last three years [TSR])	52.18%	36.83%	35.30%
Correlation (basis: daily rate of return of the last three years [TSR])		39.68%	51.66%
Risk-free spot rate (Bundesbank, Svensson; two years, discrete)	-0.74%	-0.74%	-0.74%

Summary of the Input Parameters

The payout factors determined based on the TSR outperformance versus the respective benchmark index are taken into account on an equally weighted basis when determining the final payout factor for the relative TSR. The expected final payout factor at the end of the performance period is 64%. To determine the expected overall target achievement in LTI 2021 at the end of the performance period, the expected payout factors of ROCE, revenue growth and the relative TSR calculated are each multiplied by 1/3 and added together.

	ROCE	Sales increase	Relative TSR	Overall target achievement
Payout factor	93%	103%	64%	
Weighting	33%	33%	33%	
Weighted payout factor	31%	34%	21%	87%

Expected Overall Target Achievement of LTI 2021

The number of final performance shares will be determined after the end of the three-year performance period. For this purpose, the number of VPS conditionally granted at the beginning for the performance period is multiplied by the overall target achievement. Next, the resulting number of final performance shares is multiplied by SUSS MicroTec's average share price at the end of the performance period (ASP(E)) to determine the payout amount.

The ASP(E) corresponds to the arithmetic mean of the closing prices in XETRA trading of Deutsche Börse AG over the last 60 trading days before the end of the performance period. As part of the valuation, the ASP(E) was calculated on the basis of the closing price on December 31, 2021 in the amount of € 21.00, which was used as a basis in the simulation model to determine the TSR outperformance. With regard to the dividends, it was assumed that they will be paid out twice (in 2022 and 2023, each for the previous fiscal year) and that the (present value) of the dividends would correspond to twice 1% of the share price on the measurement date. As a result, the expected ASP(E) amounts to € 21.58.

The amount thereby designated for payment is not paid out until after a one-year lock-up period so the total inflow does not occur until four years after allocation at the earliest. The payout amount is capped at 300% of the respective target amount.

Based on the above simulation model, the share price (on average) “drifts” with the base interest rate from the measurement date onward. In this respect, the amount of the provision can be determined in a simplified manner, ignoring the corresponding compounding factors (drift of the share price, determination of ASP(E)) and discounting factors (discounting the amount paid out).

The following table contains a summary of the material results of LTI 2021 as of the reporting date on December 31, 2021:

in € thousand	VPS (shares)	Overall target achievement	Final performance shares Sales growth	ASP(E) in €	Payout = provision
Dr. Götz Bendele	9,375	90%	8,394	20.58	173
Oliver Albrecht	5,932	90%	5,311	20.58	109
Dr. Thomas Rohe	5,208	90%	4,663	20.58	96
Total	20,515		18,368		378

(25) FINANCIAL DEBT

Financial Debt to Banks

The maturity structure of bank borrowings as of December 31, 2021, and the previous year’s reporting date is as follows:

31 December 2021 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	1,208	5,000	2,813	9,021
Current bank liabilities	4	0	0	4
Total	1,212	5,000	2,813	9,025

31 December 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	1,380	5,000	4,062	10,442
Current bank liabilities	6	0	0	6
Total	1,386	5,000	4,062	10,448

Bank borrowings were comprised as follows:

in € thousand	2021	2020
Bank loan for the financing of the business property in Garching	0	500
Promotional loan	9,063	10,000
Utilization in the form of syndicated loans	0	0
Accrued borrowing costs	-42	-58
Loans payable to banks	9,021	10,442

The Loan Agreement concluded between SUSS MicroTec SE and IKB with a fixed interest rate of 3.65%, which served to finance the company property in Garching, was repaid in full on June 30, 2021. Scheduled repayments totaling € 500 thousand were made for this loan in the current fiscal year. The loan was secured with land charges on the company property in Garching and will continue to be used as an owner's land charge even after the loan has been repaid.

In 2019, two KfW Development Bank promotional loans were taken out for an amount of € 5,000 thousand each at IKB. These two loans were paid out in April 2019 and August 2019. They feature a term of 10 years and a fixed interest rate of 1.00% and had a payment-free grace period until June 30, 2021. 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 maturity date of both tranches will be extended by an additional year if the lenders agree. The maturity date for Tranche A and Tranche B would then be October 24, 2025. 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 SÜSS 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, 2021, the credit line under the syndicated loan agreement has not been used (previous year: € 0.00 thousand). In exchange, € 43 thousand in borrowing costs was recognized. The guarantee line was utilized in the amount of € 9,911 thousand (previous year: € 6,286 thousand).

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

in € thousand	2021	2020
Credit and guarantee line	56,000	56,000
Utilization in the form of guarantees	9,911	6,286
Utilization in the form of syndicated loans	0	0
Available credit and guarantee lines	46,089	49,714

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, 2021 is as follows:

31 December 2021 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
Liabilities from rent and lease agreements	2,224	4,816	2,252	9,292
Total	2,224	4,816	2,252	9,292

The development of lease liabilities is as follows:

in € thousand	2021
As of 01/01/2021	10,043
Additions 2021	1,104
Repayment	-2,395
Currency difference	540
Financial debt from lease obligations as of 12/31/2021	9,292
thereof noncurrent	7,068
thereof current	2,224

(26) (CURRENT) PROVISIONS

Current provisions are comprised as follows:

in € thousand	2021	2020
Warranty provisions	3,554	3,320
Provisions for severance payments	210	180
Provisions for follow-up costs	834	545
Other provisions	828	456
Current provisions	5,426	4,501

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.

In connection with the departure of employees, a corresponding provision was formed based on a contractual obligation to pay a severance payment.

The provisions for follow-up costs were set up for potential subsequent deliveries or for retrofitting missing components that the customer still requires to install the machine.

The other provisions essentially include personnel costs.

Current provisions developed as follows:

in € thousand	As of 01.01.2021	Utilization	Reversal	Addition	As of 31.12.2021
Warranty provisions	3,320	-3,320	0	3,554	3,554
Severance payments	180	-180	0	210	210
Provisions for follow-up costs	545	-545	0	834	834
Other provisions	456	-456	0	828	828
Current provisions	4,501	-4,501	0	5,426	5,426

(27) OTHER (CURRENT) FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

in € thousand	2021	2020
Premiums and commissions	4,964	5,786
External services	2,985	2,159
Subsidies	927	1,140
Outstanding wage and church tax	800	723
Suppliers with debit balances	432	193
Supervisory Board remuneration	229	103
Others	291	332
Other (current) financial liabilities	10,628	10,436

All liabilities will lead to outflows within one year. The subsidy of € 927 thousand (previous year: € 1,140 thousand) relates to a European Union development program for research and development activities. The final check of the appropriate use is carried out by the funding body after the end of the project.

(28) CONTRACT LIABILITIES

The contract liabilities of € 33,838 thousand (previous year: € 25,679 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.

(29) OTHER (CURRENT) LIABILITIES

Other current liabilities break down as follows:

in € thousand	2021	2020
Accrued personnel expenses	4,457	4,457
Liabilities for payments in kind	2,885	2,030
Value-added tax	27	426
Others	627	388
Other current liabilities	7,996	7,301

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

(30) TAX LIABILITIES

The tax liabilities are made up of domestic income taxes of € 5,645 thousand (previous year: € 776 thousand) and foreign income taxes of € 1,024 thousand (previous year: € 38 thousand).

OTHER DISCLOSURES

(31) 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 SÜSS MicroTec Group.”

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

in € thousand	2021	2020
Financial assets		
Cash and cash equivalents	52,075	40,827
Credits and liabilities	48,781	48,523
	100,856	89,350
Financial liabilities		
Financial liabilities	53,389	40,761
	53,389	40,761

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

in € thousand	2021		Measurement category according to IFRS 9	Hierarchy level fair value measurement
	Carrying amount	Fair value		
Financial assets				
Cash and cash equivalents	52,075	52,075	at amortized cost	
Trade receivables	15,605	15,605	at amortized cost	
Contract assets	31,820	31,820	at amortized cost	
Other financial assets	1,356	1,356	at amortized cost/fair value	Fair value level 2
Financial liabilities				
Trade payables	24,444	24,444	at amortized cost	
Financial debt	18,317	19,903		
Liabilities to banks	9,025	10,611	at amortized cost	
Lease liabilities	9,292	9,292	at amortized cost	
Other financial liabilities	10,628	10,628	at amortized cost	

in € thousand	2020		Measurement category according to IFRS 9	Hierarchy level fair value measurement
	Carrying amount	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		
Liabilities to banks	10,448	11,166	at amortized cost	
Lease liabilities	10,043	10,043	at amortized cost	
Other financial liabilities	10,436	10,436	at amortized cost	

Other financial assets of € 1,356 thousand (previous year: € 559 thousand) include forward currency transactions in the amount of € 96 thousand (previous year: € 0 thousand), which are measured at fair value through profit or loss (fair value level 2).

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:

in Tsd. €	2021	2020
Financial assets measured at amortized cost	551	45
Financial liabilities measured at amortized cost	-21	-50

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.

As of December 31, 2021, there were open foreign currency forwards with a volume totaling US\$ 20 million. In the previous year, there were no open foreign currency forwards as of the reporting date. As of December 31, 2021, the nominal volume of these foreign currency forwards was € 17,689 thousand with a positive fair value and a maximum term of nine months.

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. As of the reporting date, this simulated devaluation would have resulted in a reduction in the equivalent euro value of € 570 thousand (previous year: € 930 thousand) and a corresponding reduction in the annual result.

The following tables show the composition of the foreign currency exposure and the effects on annual earnings of a 10% appreciation or depreciation of the euro as of the reporting date and that of the previous year:

in € thousand	2021			Total
	USD	JPY	CHF	
Cash and cash equivalents	13,242	608	25	13,875
Trade receivables	2,018	0	19	2,037
Trade payables	-1,516	-6,491	-1,636	-9,643
Net exposure	13,744	-5,883	-1,592	6,269
Effect on net income in the event of a 10% appreciation of the euro	-1,249	535	145	-569
Effect on net income in the event of a 10% depreciation of the euro	1,527	-654	-177	696

in € thousand	2020			Total
	USD	JPY	CHF	
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 on net income in the event of a 10% appreciation of the euro	-943	-111	124	-930
Effect on net income in the event of a 10% depreciation of the euro	1,153	135	-152	1,136

(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:

in € thousand	2021	2020
Commitments	40,980	16,086
Total	40,980	16,086

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 SÜSS 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.

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 € 353 thousand result exclusively from negative currency effects in the current fiscal year.

Other non-cash income and expenses in an amount of € 2,418 thousand primarily contain currency effects. The reporting year also includes effects from the addition of a provision for severance payments of € 210 thousand.

Cash flow from financing activities amounted to € -3,834 thousand. On the one hand, € -500 thousand reflects the scheduled repayment of the bank loan which was used to finance the Garching property (loan was repaid in full on June 30, 2021), and the repayment of € -939 thousand of two loans taken out as part of a KfW funding program. Repayments of rent and lease obligations in accordance with IFRS 16 amounted to € -2,395 thousand.

Fair value changes or exchange rate effects were not recognized in cash flow from financing activities either in 2021 or in the previous year.

(35) SEGMENT REPORTING

Information about the Segments

The activities of the SÜSS 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 SÜSS MicroTec Group are divided into the Lithography, Bonder, Photomask Equipment, and Micro-Optics 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 SÜSS 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 Sternefeld 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.

After the start of production activities in the 2021 fiscal year, there were further reversals of impairment losses for two additional UV projection scanners due to the receipt of orders. This related to the last two scanners that were written down in 2019. Of these items, one had already been sold by the December 31, 2021, and one was still included in inventories as of December 31, 2021 with a carrying amount after reversal of impairment losses of € 1,534 thousand. The purchase of material and production for further UV projection scanners started in 2021. The future demand for UV projection scanners is considered to be positive.

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 Sternefeld near Stuttgart. Distribution for the Bonder division occurs from Sternefeld 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 Sternefeld site.

The Micro-Optics 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. The reallocation among divisions was limited to directly attributable costs such as IT allocations and rents up to and including 2020. In the 2021 fiscal year, indirect costs in the form of management, marketing and insurance allocations amounting to € 7.4 million were also charged to the operating segments for the first time. This extended cost allocation to the divisions has optimized the transparency and management of the operating divisions.

In the 2021 fiscal year, the key figures for controlling the divisions – gross profit, gross profit margin and EBIT margin – were integrated into the segment reporting.

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 € 32.0 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.

Inter-segment revenue was shown separately in segment reporting for the first time in the current fiscal year. The changeover for the 2021 fiscal year was based on the management approach, as internal reporting was changed accordingly. The previous year's amounts were also given for better comparability. The switch was made primarily to be able to better measure and control the performance of the individual segments. Due to the increase in the sales base due to inter-segment revenue, there are impacts on the financial performance indicators gross profit margin and EBIT margin of the individual segments. In total, inter-segment revenue in the current fiscal year amounted to € 4.3 million (previous year: € 2.0 million). The main relationships exist between the Lithography and MicroOptics segments. Systems from the Lithography division are sold to the Microoptics division, which are used there as production systems. In addition, the Microoptics division supplies microlenses to the Lithography division, which are installed in systems there. The other allocations are of a smaller size overall and primarily relate to the sale of spare parts and the allocation of assembly hours, in particular between the Lithography and Photomask Equipment divisions.

Inter-segment cost allocations were shown separately for the first time in the current fiscal year. The largest part is accounted for by the allocations for the central services of SMT SE, which are shown separately as an "of which" item. The remaining allocations primarily relate to the allocation of personnel costs, above

all between the Lithography and Photomask Equipment divisions and between the Lithography and Microoptics divisions. In the previous year, these cost allocations were still reported as internal sales in the segment reporting. This year, the figures were shown below gross profit in line with internal reporting. In the previous year, a total of € 10.8 million was offset in this regard in the segment reporting. However, the costs actually charged to the divisions was only for directly attributable costs such as IT allocations and rents in the amount of € 3.1 million, while indirect costs in the form of management, marketing and insurance allocations in the amount of € 7,7 million were not passed on to the operating segments. These costs were allocated to the operating segments for the first time in 2021 in the amount of € 7.4 million. The previous year's figure was therefore adjusted accordingly in the segment reporting.

Furthermore, intercompany loans granted from the Others division — which finance investments in the Microoptics division — were allocated to the division receivables of the Others division as well as to the division liabilities of the Microoptics division for the first time in the 2021 fiscal year after debt consolidation in the amount of € 4.5 million. The previous year's amount of € 2.4 million was adjusted accordingly for better comparability.

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.

Division 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 division 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 division reporting, sales are segmented according to the location of the customers. In the past fiscal year, SUSS MicroTec generated sales of € 22,153 thousand (previous year: € 24,802 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 property, plant and equipment. Of noncurrent assets, € 44,794 thousand (previous year: € 39,698 thousand) are attributable to companies in Germany; € 22,662 thousand (previous year: € 24,029 thousand) relates to foreign companies. In the past fiscal year, the SÜSS MicroTec Group undertook investments of € 4,713 thousand (previous year: € 3,742 thousand) in Germany.

(36) SUBSEQUENT EVENTS

Dr. Meister stepped down from the Supervisory Board on March 1, 2022. Prof. Mirja Steinkamp was appointed by the court as a new member of the Supervisory Board on March 4, 2022, until the ordinary Shareholders' Meeting on May 31, 2022. As a financial expert, Prof. Steinkamp will also chair the Audit Committee in the near term.

According to current estimates, the armed conflict between Russia and Ukraine that broke out on February 24, 2022, will have no material financial impact on the business activities of the SÜSS MicroTec Group.

(37) MANAGEMENT BOARD AND SUPERVISORY BOARD

Management Board of SÜSS MicroTec SE

The Members of the Management Board of SÜSS MicroTec SE in the 2021 fiscal year were:

Dr. Franz Richter

Dr. Ing., resident of Eichenau
Chief Executive Officer (until April 30, 2021)

Responsible for the areas:

Marketing and sales, Group strategy, service, research and development, patents, division/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)

Dr. Götz M. Bendele

Dr. Ing., resident of Hamburg
Chief Executive Officer (since May 1, 2021)

Responsible for the areas:

Group strategy, divisions/product lines, sales and marketing, service, research and development, patents, quality management, human resources

Further appointments:

none

Oliver Albrecht

Diplom-Kaufmann (Business Administration), resident of Ravensburg
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

Dr. Thomas Rohe

Dr. Ing., resident of Poing
Chief Operating Officer since May 1, 2021

Responsible for the areas:

Production, materials management and logistics, environmental protection, occupational health and safety

Further appointments:

none

Supervisory Board of SÜSS MicroTec SE

The Members of the Supervisory Board in the 2021 fiscal year were:

Dr. David Dean

resident of Feldafing, Germany, Chair of the Supervisory Board

Further appointments:

Supervisory Board or Advisory Board in the following companies:

- Axiata Group Berhad, Kuala Lumpur, Malaysia
- PT XL Axiata Tbk, Jakarta, Indonesia
- Ncell Pvt Ltd., Kathmandu, Nepal

Dr. Myriam Jahn

Düsseldorf, Cologne, Germany; Deputy Chair of the Supervisory Board, Managing Director of Possehl Digital GmbH, Lübeck, Germany

Further appointments:

Member of the Advisory Board of AUMA Riester GmbH & Co KG, Müllheim, Germany, since 2022

Dr. Dietmar Meister (until March 1, 2022)

Hilden, Germany, management consultant

Further appointments:

none

Jan Smits

Heeze, the Netherlands, management consultant

Further appointments:

none

Dr. Bernd Schulte

Dr. rer. nat., resident of Aachen; Physicist

Further appointments:

none

The following people were newly appointed in the 2022 fiscal year prior to the preparation of the consolidated financial statements:

Prof. Dr. Mirja Steinkamp, (since March 4, 2022)

Hamburg, independent tax consultant and auditor

Further appointments:

Supervisory Board in the following companies:

- Basler AG, Ahrensburg, Germany, Chair of the Audit Committee
- Alper & Schetter AG, Neuss, Germany, Deputy Chair
- BarthHass GmbH & Co. KG, Nuremberg, Germany, Deputy Chair

Remuneration of the Management Board and Supervisory Board

The members of the Management Board received cash remuneration of € 1,488 thousand (previous year: € 1,382 thousand).

The remuneration of the members of the Supervisory Board, including meeting attendance fees and expense allowances, amounted to € 431 thousand (previous year: € 341 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.

Shares and option holdings (without virtual performance shares) held by officers as of year-end:

	2021		2020	
	Shares	Options	Shares	Options
Dr. Franz Richter (until 04/30/2021)	–	–	119,760	0
Oliver Albrecht	1,350	0	0	0
Dr. David Dean	750	0	0	0
Dr. Myriam Jahn	0	0	0	0
Dr. Dietmar Meister	0	0	0	0
Jan Smits	0	0	0	0
Dr. Bernd Schulte	8,000	0	0	0
Dr. Götz M. Bendele	0	0	–	–
Dr. Thomas Rohe	1,150	0	–	–

(38) EMPLOYEES

In the fiscal year, the SÜSS MicroTec Group had an average of 1,108 employees (previous year: 958 employees).

Status at the end of the year:

	2021	2020
Administrative	103	88
Marketing and Sales	358	336
Production and Technology	717	585
Total	1,178	1,009

(39) AUDITOR'S FEES

In the current fiscal year, SÜSS MicroTec recorded a fee totaling € 326 thousand (previous year: € 358 thousand) for the auditor of the consolidated financial statements, BDO AG Wirtschaftsprüfungsgesellschaft, pursuant to Section 314 (1) (9) HGB. Of this, € 293 thousand were for expenses for the audit of the financial statements, € 18 thousand were for other certification services and € 15 thousand were for other services. Of the auditor's fee for the financial statements, € 26 thousand were for the 2020 fiscal year. The auditor's fees for the financial statements include voluntary German Commercial Code audits of SÜSS MicroTec's annual financial statements. Lithography GmbH and SÜSS MicroTec Photomask Equipment GmbH & Co. KG. Fees for other certification services were incurred for the audit of the Nonfinancial Group Declaration. Fees for other certification services are mainly attributable to consultancy support with regard to the tender for the audit of the annual financial statements for the 2022 fiscal year.

In the 2021 fiscal year, other fees of € 82 thousand (previous year: € 78 thousand) went to network partners of the auditor (other members of BDO Global).

(40) CORPORATE GOVERNANCE

Since the issuance of the last declaration of compliance in December 2020 and an update to it published in June 2021, the Management Board and Supervisory Board of SÜSS MicroTec SE declared in December 2021 in accordance with Section 161 (1) German Stock Corporation Act (Aktiengesetz, AktG) that SÜSS MicroTec SE has complied with all the recommendations of the German Corporate Governance Code in the version of December 16, 2019 (published in the official section of the Federal Gazette on March 20, 2020), with the exception of the recommendations in Section F.2 (Transparency and external reporting) and in Section G.I. (Remuneration of the Management Board).

In accordance with Section 161 (1) AktG, the Management Board and the Supervisory Board declare further that SÜSS MicroTec SE will comply with all recommendations of the German Corporate Governance Code in the version of December 16, 2019 (published in the official section of the Federal Gazette on March 20, 2020), with the exception of the recommendation in Section G.I. (Remuneration of the Management Board).

The declarations of compliance have been made permanently available online at <https://www.suss.com/en/investor-relations/declaration-of-compliance>.

(41) APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of SÜSS MicroTec SE approved the IFRS consolidated financial statements for forwarding to the Supervisory Board on March 28, 2022.

Garching, Germany, March 28, 2022

The Management Board

signed

Dr. Götz M. Bendele

Chief Executive
Officer

signed

Oliver Albrecht

Chief Financial
Officer

signed

Dr. Thomas Rohe

Chief Operating
Officer

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position the net assets, financial position and results of operations of the Group and that the Group management report, which is combined with the management report of SUSS MicroTec SE, includes a fair review of the development and performance of the business and the position of the Group. The business results and the situation of the Group are presented in such a way that a true and fair view of the the Group's position and suitably presents the opportunities and risks opportunities and risks of the expected development of the development of the Group are described.

Garching, March 28, 2022

SUSS MicroTec SE
The Management Board

signed

Dr. Götz M. Bendele

Chief Executive

Officer

signed

Oliver Albrecht

Chief Financial

Officer

signed

Dr. Thomas Rohe

Chief Operating

Officer

AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR

To SUSS MicroTec SE

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, and its subsidiaries (the Group) — comprising the statement of financial position as of December 31, 2021, 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, 2021, to December 31, 2021, as well as the Notes, including a summary of significant accounting methods.

We have also audited the condensed Management Report (condensed Management Report of the Company and the Group) of SUSS MicroTec SE for the fiscal year from January 1, 2021, to December 31, 2021. 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, 2021, and its results of operations for the fiscal year from January 1, 2021, to December 31, 2021.
- 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, 2021, to December 31, 2021. 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
2. Recognition of multi-component transactions (IFRS 15)

1. Impairment of goodwill

Issue

In the consolidated financial statements of SUSS MicroTec SE as of December 31, 2021, goodwill totaling € 18.4 million is disclosed that represents 6.6% of consolidated total assets or 11.8% of consolidated shareholders' equity. This goodwill was allocated to the Lithography cash-generating unit, which corresponds to the Lithography division.

Cash-generating units with goodwill 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 amount of goodwill for the consolidated financial statements of SUSS MicroTec SE and the uncertainties associated with measurement, it constitutes a particularly important audit issue.

Disclosures by SUSS MicroTec SE on goodwill are included in the sections of the Notes (2D) Significant Accounting Policies, (2E) Use of Estimates, and (12) Goodwill.

Audit Response and Insights

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 2022 and plans for the subsequent years of 2023 to 2026. 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-components (IFRS 15)

Issue

In the consolidated financial statements of SUSS MicroTec SE, sales of € 263,438 thousand are disclosed in the statement of income for the 2021 fiscal year. Of this amount, € 192,030 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 as well as 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 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 2021 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 nonfinancial Group declaration contained 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 Section 315d 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 issuing neither an audit opinion nor 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 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 Condensed Group Management Report created for Disclosure Purposes in Accordance with Section 317 (3a) HGB

Audit Opinion

In accordance with Section 317 (3a) 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 [SMT_KAP2021_ESEF.zip (SHA256-Hashwert: ca6720f6ed90eed010f9cb0351321b2c8f-c5dddb179abe4196be26268ceca58)] (also referred to as "ESEF documents" in the following), 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 fiscal year from January 1, 2021, to December 31, 2021, which are contained in our "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMPREHENSIVE FINANCIAL STATEMENTS" 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 (3a) HGB (IDW PS 410(10.2021)) 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 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; that is, 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) in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, as in force on the reporting date, enables an appropriate and complete 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 June 16, 2021. We were commissioned by the Supervisory Board on November 9, 2021. We have continuously served as auditor 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).

OTHER ISSUES — USE OF THE AUDIT CERTIFICATE

Our audit certificate should always be read in conjunction with the audited consolidated financial statements and the audited condensed Management Report as well as the audited ESEF documents. The consolidated financial statements and the condensed Management Report converted to the ESEF format — including the versions to be published in the Federal Gazette — are merely electronic reproductions of the audited consolidated financial statements and the audited condensed Management Report and do not replace these documents. In particular, the ESEF certificate and our audit opinion contained therein can only be used in conjunction with the audited ESEF documentation provided in electronic form.

RESPONSIBLE AUDITOR

Dimitrios Skiadas is responsible for the audit.

Munich, March 28, 2022

BDO AG Wirtschaftsprüfungsgesellschaft

signed
Dirks
Auditor

signed
Skiadas
Auditor

OPINION ISSUED BY THE INDEPENDENT GERMAN PUBLIC AUDITOR REGARDING THE LIMITED ASSURANCE REVIEW OF THE NONFINANCIAL GROUP DECLARATION

To SUSS MicroTec SE, Garching

We have reviewed the Nonfinancial Group Declaration (hereinafter: the Declaration) of SUSS MicroTec SE, Garching (hereinafter: SUSS MicroTec or the Company) in accordance with Section 315b HGB in conjunction with Sections 289b to 289e HGB for the period from January 1 to December 31, 2021, as part of a limited assurance engagement.

Responsibility of Legal Representatives

The legal representatives of the Company are responsible for the preparation of the Declaration in accordance with Section 315b HGB in conjunction with Sections 289b to 289e HGB, Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the delegated acts adopted in this regard, as well as with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted in this regard, as presented in the Nonfinancial Group Declaration.

This responsibility incumbent on the Company’s management includes the selection and application of appropriate methods to prepare the Declaration as well as the making of assumptions and estimates about individual disclosures that are reasonable in the circumstances. Furthermore, the legal representatives are responsible for internal controls that they have determined to be necessary in order to prepare a sustainability report that is free of material information that is deliberately or unintentionally false.

The EU Taxonomy Regulation and the delegated acts issued in this regard contain wording and terms that still have considerable scope for interpretation and for which clarifications have not yet been published in every case. Therefore, the legal representatives have set out their interpretation of the EU Taxonomy Regulation and the delegated acts issued in this regard in the Nonfinancial Group Declaration. They are responsible for the reasonableness of this interpretation. The legal conformity of the interpretation is uncertain due to the inherent risk that undefined legal terms may be interpreted differently.

Statement of the German Public Auditor with Regard to Independence and Quality Assurance

We are independent of SUSS MicroTec SE in accordance with German commercial law and professional regulations and have fulfilled our other professional obligations in accordance with these requirements.

Our audit firm applies the national laws and professional pronouncements on quality assurance, including, without limitation, the professional statutes for German public auditors and certified public accountants as well as the IDW Quality Assurance Standard: Requirements for Quality Assurance applicable to German Auditing Practices (IDW QS 1), which are aligned with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

Responsibility of the German Public Auditor

Our responsibility is to issue a limited assurance opinion regarding the Declaration based on the audit that we have performed.

We performed our audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the audit in a way that allows us to obtain limited assurance about whether any matters have come to our attention that would cause us to believe that the Company’s Declaration for the period from January 1 to December 31, 2021, is not prepared, in all material respects, in accordance with Section 315b in conjunction with Sections 289b to 289e HGB, the EU Taxonomy Regulation and the delegated acts issued in this respect, and the interpretation by the legal representatives as set out in the Nonfinancial Group Declaration. This does not imply that a separate opinion is issued on each disclosure.

The audit procedures performed during a limited assurance engagement are less extensive than in an audit to obtain reasonable assurance, and accordingly, significantly less assurance is obtained. The procedures selected depend on the professional judgment of the German public auditor.

Within the scope of our audit, we performed assurance procedures and other activities such as:

- Interviews of employees responsible for the Group-level materiality analysis to obtain an understanding of SUSS MicroTec's procedures for identifying material topics and reporting boundaries
- A risk assessment, including a media analysis, of relevant information about SUSS MicroTec's sustainability performance during the reporting period
- Assessment of the suitability of internally developed definitions
- Assessment of the design and implementation of systems and processes for identifying, processing, and monitoring information on environmental, employee, and social concerns, respect for human rights, and combating active and passive corruption, including the consolidation of data
- Interviews of Group-level employees responsible for identifying disclosures relating to concepts, due diligence processes, results and risks, performing control procedures, and consolidating disclosures
- Inspection of selected internal and external documents
- Analytical assessment of data and trends of quantitative disclosures reported by all sites for consolidation at Group level
- Assessment of the local data collection, validation, and reporting processes as well as the reliability of the reported data at the Garching and Sternenfels sites
- Assessment of the process for identifying taxonomy-aligned economic activities and the corresponding disclosures in the Nonfinancial Declaration
- Assessment of the overall presentation of the disclosures

The legal representatives have to interpret undefined legal terms when determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation. The legal conformity of the interpretation and thus our assurance are uncertain due to the inherent risk that undefined legal terms may be interpreted in different ways.

Audit Opinion

Based on the audit procedures we performed and the assurance evidence we obtained, no matters have come to our attention that would cause us to believe that SUSS MicroTec's Declaration for the period from January 1 to December 31, 2021, is not prepared, in all material respects, in accordance with Section 315b in conjunction with Sections 289b to 289e HGB, the EU Taxonomy Regulation and the delegated acts issued in this respect, and the interpretation by the legal representatives as set out in the Nonfinancial Group Declaration.

Intended Use of the Opinion

We issue this limited assurance opinion on the basis of the engagement concluded with SUSS MicroTec SE, Garching. The audit was performed for the Company's purposes and the sole purpose of the opinion is to inform the Company about the results of the audit.

Liability

The opinion is not intended to be relied upon by third parties in making (financial) decisions. Our sole responsibility is towards SUSS MicroTec SE, Garching, and is also limited in accordance with the "BDO AG Wirtschaftsprüfungsgesellschaft – Special Terms and Conditions" of October 22, 2021, as well as the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" published by IDW on January 1, 2017, which have been agreed upon with the Company. Please note the liability provisions contained therein. However, we assume no responsibility whatsoever towards third parties.

Munich, March 28, 2022

BDO AG Wirtschaftsprüfungsgesellschaft

ppa. Anja Graff

Carmen Auer

CONTACT

SÜSS MicroTec SE

Schleißheimer Straße 90
85748 Garching, Deutschland
Telefon: +49 89 32007-0
E-Mail: info@suss.com

Investor Relations
Telefon: +49 89 32007-161
E-Mail: ir@suss.com
www.suss.com

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SÜSS MicroTec SE

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sam waikiki GbR, Hamburg

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SÜSS 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

€ million	2021	2020	2019	2018	2017
Business development					
Order entry	337.0	281.1	219.3	191.0	200.3
Order backlog as of December 31	193.9	120.1	93.2	84.7	133.4
Total sales	263.4	252.1	213.8	203.9	166.5
Gross profit	94.2	83.7	49.7	67.3	59.5
Gross margin	35.8%	33.2%	23.2%	33.0%	35.7%
Cost of sales	169.2	168.4	164.1	136.7	107.0
Research and development costs	22.1	19.8	20.2	18.3	15.2
EBITDA	29.6	28.2	-5.2	15.7	18.0
EBITDA margin	11.2%	11.2%	-2.4%	7.7%	10.8%
EBIT	22.6	20.4	-13.8	10.9	13.9
EBIT margin	8.6%	8.1%	-6.5%	5.3%	8.3%
Earnings after tax	16.0	12.4	-16.3	4.8	6.7
Earnings per share (in €)	0.86	0.65	-0.85	0.25	0.35
Balance sheet and cash flow					
Equity	156.9	136.5	125.4	140.4	127.0
Equity ratio	56.2%	59.0%	62.7%	70.3%	62.9%
Return on equity	10.2%	9.1%	-13.0%	3.4%	5.3%
Balance sheet total	279.9	231.4	199.9	199.6	202.0
Net cash	33.8	20.3	-18.0	28.2	33.0
Free cash flow	14.7	44.0	-36.9	-5.0	2.9
Further key figures					
Investments	9.6	11.3	6.1	6.9	6.5
Investment ratio	3.6%	4.5%	2.9%	3.4%	3.9%
Depreciation	7.1	7.8	8.6	4.8	4.1
Employees as of December 31	1,178	1,009	937	881	779

FINANCIAL CALENDAR 2022

May 12 Publication of
Quarterly Results 2022 (Q1)

May 31 Annual General Meeting

Aug 4 Publication of Half Year Results 2022

Nov 10 Publication of
Quarterly Results 2022 (Q3)

SÜSS MicroTec SE

Schleißheimer Straße 90
85748 Garching, Deutschland
Telefon: +49 89 32007-100
E-Mail: info@suss.com

www.suss.com

