

Report of the Supervisory Board

2017



**EVELYNE
FREITAG**
Chairwoman of the
Supervisory Board

DEAR SHAREHOLDERS,

The Supervisory Board of euromicron AG discharged the tasks incumbent on it under the law, the Articles of Association, its bylaws and the corporate governance principles in the year under review.

Composition of the Supervisory Board and Executive Board

There were no changes to the composition of the Executive Board and the Supervisory Board in the year under review. Ms. Evelyne Freitag is Chairwoman of the Supervisory Board, her deputy is Mr. Rolf Unterberger, and the further member is Dr. Alexander Kirsch. The regular term of office of the newly elected Supervisory Board expires at the end of the Ordinary General Meeting in 2021. Ms. Bettina Meyer is Spokeswoman of the Executive Board and Mr. Jürgen Hansjosten is the further member of the Executive Board.

Cooperation of the Executive Board and Supervisory Board

The Supervisory Board regularly advised the Executive Board and monitored how it managed the company. The Supervisory Board was directly integrated in all decisions of fundamental importance for the company at an early stage. In this regard, the Executive Board met its obligations to provide information and regularly, promptly and comprehensively informed the Supervisory Board in writing and orally about matters of relevance to the company and Group relating to its current situation, in particular its financial position and results of operations, strategy, planning, development of business, the risk situation and risk management, compliance and important business transactions of the company and its subsidiaries. The members of the Supervisory Board have taken an intensive look at the reports by the Executive Board and contributed their own suggestions. On the basis of the Executive Board's reporting, the Supervisory Board reviewed the development of business and discussed important decisions and matters for the company.

All information from the Executive Board was examined for plausibility and critically appraised by the Supervisory Board. Deviations in business development from the plans were presented individually to the Supervisory Board and dealt with intensively by it. The business transactions and measures that are of fundamental importance to the company and for which the Executive Board therefore requires the consent of the Supervisory Board pursuant to the bylaws were discussed by the Supervisory Board with the Executive Board directly and promptly and examined in detail by it. The Supervisory Board consented to each of the submitted business transactions and measures. The half-yearly and quarterly financial reporting was also discussed with the Executive Board. In addition, the Supervisory Board was in regular contact with the Executive Board and obtained information on the current development of business and the main transactions and occurrences. Since the Supervisory Board only consists of three members, there are no committees. All significant matters were dealt with in plenary sessions or using appropriate communication media.

Focus of deliberations in fiscal 2017

The Supervisory Board, which consists of three members and so has not formed any committees, convened five meetings and four telephone conferences in fiscal 2017. In its five regular meetings on February 3, March 28, June 13, August 10 and December 18, 2017, the Supervisory Board discussed the company's planning, economic situation and strategic development, as well as the progress made in implementing the reorganization measures at the Group, in the presence of the Executive Board. The Supervisory Board held deliberations as part of telephone conferences on May 8, August 8, October 9 and November 7, 2017. All members of the Supervisory Board took part in all of these meetings and telephone conferences.

The other focal subjects of the Supervisory Board meetings included the following:

- Review and ongoing adjustment of the Group's strategic orientation.
- M&A activities (potential acquisitions and divestments)
- Adoption of the corporate planning for the fiscal years 2018 to 2022
- Implementation of the reorganization and integration process
- Human resources policy and personnel development
- Data protection and security
- The Group's financing structure
- Risk management and the internal control system of the company
- Compliance activities and organization

The Supervisory Board satisfied itself that the Executive Board managed the company's business carefully in the past fiscal year and took necessary measures in good time. The efficiency of the Supervisory Board's work and decision-making processes was regularly evaluated and optimized.

Corporate governance

The Supervisory Board and Executive Board have analyzed the recommendations and suggestions of the "German Corporate Governance Code" (DCGK), the amendments to it as published on April 24, 2017, and its implementation at euromicron AG, and adopted an updated declaration on conformance in accordance with Section 161 of the German Stock Corporation Law (AktG) on December 8, 2017. The declaration on conformance is available at all times on the company's website.

There were no conflicts of interest on the Supervisory Board in the year under review.

Independent auditor

The independent auditor elected for the company and the Group by the 2017 General Meeting for fiscal year 2017 is PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main. The certified accountants are Ms. Diana Plaum (since fiscal year 2015) and Dr. Ulrich Störk (since fiscal year 2013), who is responsible for auditing the financial statements.

Annual financial statements of euromicron AG and the group

The independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, audited the annual financial statements, which were prepared by the Executive Board in compliance with the rules of the German Commercial Code (HGB), and the management report for fiscal year 2017. The auditor issued an unqualified auditor's report for them. The consolidated financial statements of euromicron AG for the fiscal year 2017 and the group management report were prepared in accordance with Section 315e HGB (German Commercial Code) on the basis of the International Financial Reporting Standards (IFRS), as are applicable in the European Union. The consolidated financial statements and group management report for the past fiscal year were also issued with an unqualified auditor's report.

The financial statement documents and audit reports for euromicron AG and the Group were available to the Supervisory Board in good time before the balance sheet meeting on March 22, 2018. The Supervisory Board examined the financial statements and the management report, the consolidated financial statements and group management report, and the non-financial group report of euromicron AG and the reports of the auditors and concurs with the auditor's findings following detailed discussion with the Executive Board. At the balance sheet meeting of the Supervisory Board on March 22, 2018, the auditors reported extensively on the main results of their audit of the single-entity and consolidated financial statements, as well as the company's internal control and risk management system and compliance structures, and answered supplementary questions by the Supervisory Board. There were no objections to this report.

In its meeting on March 27, 2018, the Supervisory Board therefore gave its consent to the result of the audit by the independent auditor and approved the annual financial statements of euromicron AG prepared by the Executive Board and the consolidated financial statements.

Thanks

The Supervisory Board wishes to express its thanks to the members of the Executive Board, the employees and the employee representative bodies of the euromicron Group for their personal commitment and achievements in fiscal 2017. Thanks to their vigor and dedication, they all helped ensure that the euromicron Group developed stably.

Frankfurt/Main, March 27, 2018

For the Supervisory Board:

A handwritten signature in blue ink, appearing to read 'E. Freitag', is written over a horizontal blue line.

Evelyne Freitag

Chairwoman of the Supervisory Board