



## REPORT OF THE SUPERVISORY BOARD

## **Dear shareholders,**

In the monistic management system of MAX Automation SE the Supervisory Board determines the basic course of the company's activities and supervises their implementation by the Managing Directors.

The Supervisory Board appointed in accordance with Section 7 of the Articles of Association of MAX Automation SE submits the following report to the Annual General Meeting in accordance with Section 47 (3) of the law implementing Regulation (EC) No. 2157/2001 of the Council of the European Union of 8 October 2001 on the Statute for a European company (SE) (SE-Ausführungsgesetz-SEAG) in conjunction with Section 171 (2) of the German Stock Corporation Act (AktG):

## **General**

In the 2019 financial year, the Supervisory Board has been intensively involved in the strategic, economic and personnel development of MAX Automation SE and the Group. On the basis of the timely oral and written reports by the Managing Directors on the business situation of MAX Automation SE and the Group, the Supervisory Board monitored the management of MAX Automation SE in the 2019 financial year in accordance with the provisions of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (SE Regulation), the SEAG and the German Stock Corporation Act. The reports of the Managing Directors related, among other things, to fundamental questions of financial and investment policy as well as the profitability and the risk and financing situation of MAX Automation SE and the Group.

Moreover, a particular focus was on the situation of the IWM companies (IWM Automation Bodensee GmbH, IWM Automation GmbH), ELWEMA Automotive GmbH and MAX Automation (Shanghai) Co., Ltd. These companies are part of the former Mobility Automation unit; in 2018 MAX Automation SE had already decided to discontinue the construction of special machines/assembly lines for automotive customers and has accounted for the related activities as discontinued operations from the third quarter of 2018. Furthermore, the situation of Essert GmbH and the sale of the shares in Essert GmbH, as well as the legal disputes in connection with the sale of NSM Packtec GmbH were the subject of the consultations. The

Supervisory Board also dealt with the request of a shareholder to pursue alleged claims for damages against current and former board members. In this regard, the Supervisory Board concluded after extensive examination that such claims do not exist and therefore cannot be pursued. Furthermore, the Supervisory Board dealt with irregularities in the valuation of inventories in 2017 and 2018 at the subsidiary iNDAT Robotics GmbH. Also, the planned expansion of the Supervisory Board to include an additional member was a subject of the deliberations of the Supervisory Board. The Supervisory Board performed the duties incumbent upon it under the law and the Company's Articles of Association with great care and dealt intensively with the business transactions of the Company and the Group.

The Supervisory Board received regular reports on the course of business with analyses of deviations from planning and from the previous year, including documentation on the liquidity and financial situation. All business transactions requiring approval were intensively discussed with the Managing Directors and, where necessary, approval was granted.

The members of the Supervisory Board also maintained an intensive dialogue with the Managing Directors outside the meetings. They also obtained information on the situation and development of the individual companies and the Group on the basis of oral and written reports, discussed the reports of the Managing Directors and held intensive discussions with the Managing Directors on issues of business policy, business performance and the further development of the company and the Group.

On the basis of the reports and information provided by the Managing Directors, the Supervisory Board satisfied itself of the proper conduct of business. The Supervisory Board also assured itself by interviewing the Managing Directors, the management of the subsidiaries and the auditor that all requirements of the risk management system were met both in the parent company and in the Group.

## Meetings of the Supervisory Board and decisions taken outside of meetings

In the year under review, the following Board meetings were held in the form of face-to-face meetings and telephone meetings. The supervisory and advisory activities of the Supervisory Board at its meetings related primarily to the following matters:

The Supervisory Board met on 30 January 2019, in a telephone meeting in which Dr. Jens Kruse was elected Chairman of the Supervisory Board and Dr. Ralf Guckert was elected as his deputy. Dr. Ralf Guckert was also appointed as a member of the Personnel Committee of the Supervisory Board. Mr. Oliver Jaster was also elected Chairman of the Audit Committee.

At the meeting on 4 March 2019, the Supervisory Board concentrated on the discussion of the annual and consolidated financial statements, the combined management report for the 2018 financial year and the proposal for the appropriation of the balance sheet profit. In addition to its own examination, the Supervisory Board also dealt with the audit by the auditor and the results of the audit and discussed these in detail with the auditor. In this meeting the Supervisory Board approved the annual financial statements of MAX Automation SE and the consolidated financial statements of the Group and adopted the annual financial statements of the SE. This meeting also focused on the analysis of working capital and the situation of the IWM companies, MAX Automation (Shanghai) Co., Ltd. and ELWEMA Automation GmbH. The legal disputes in connection with the sale of NSM Packtec GmbH were also discussed. In addition, the regular declaration of compliance with the German Corporate Governance Code in the version dated 7 February, 2017 ("GCGC") published in the Federal Gazette was adopted in accordance with Art. 9(1)c)(ii) of Council Regulation (EC) No. 2157/2001 of 8 October, 2001 on the Statute for a European company (SE) (SE Regulation), Section 22 (6) SEAG in conjunction with Section 161 (1) AktG, the corporate governance declaration in accordance with Sections 289f, 315d HGB and the sustainability report in accordance with Section 315a HGB.

At its meeting on 7 May 2019, the Supervisory Board dealt with various issues. The course of business in the first quarter of fiscal 2019 and the performance of the Process Technologies, Environmental Technologies

and Evolving Technologies business areas were discussed. The meeting also dealt with the situation of the IWM companies and the related sales process. The status regarding MAX Automation (Shanghai) Co., Ltd. and the status regarding the sales process regarding ELWEMA Automotive GmbH were also discussed as well as the situation of Essert GmbH. The financing situation of MAX Automation SE under the syndicated loan agreement and the future financing strategy was discussed. Dr. Christian Diekmann, who attended the meeting as a guest, was appointed Chairman of the Annual General Meeting on 17 May 2019. A resolution was also passed on the new rules of procedure for the Executive Directors and the allocation of responsibilities.

At its constituent meeting on 17 May 2019, the Supervisory Board elected Dr. Christian Diekmann, who was elected as a member of the Supervisory Board at the Annual General Meeting on 17 May 2019, as its Chairman and Dr. Jens Kruse as his Deputy. In addition, Dr. Ralf Guckert was elected Chairman of the Personnel Committee and Dr. Jens Kruse was elected as his deputy. Dr. Christian Diekmann was appointed as an additional member of the Personnel Committee. Dr. Jens Kruse was elected Chairman of the Audit Committee. In addition, Dr. Christian Diekmann was elected Deputy Chairman of the Audit Committee and Oliver Jaster and Andreas Krause were appointed as additional members of the Audit Committee.

In the telephone meeting on 6 June 2019, the focus was on the situation and status of the sales negotiations regarding IWM Automation Bodensee GmbH and the status of Essert GmbH. The situation at IWM Automation GmbH and the financing situation were also discussed.

The meeting of the Supervisory Board on 25 June 2019 focused on the business performance and development of the Process Technologies, Environmental Technologies and Evolving Technologies business areas. The discussion on the status of MAX Automation (Shanghai) Co., Ltd. was also continued and the status of the IWM companies and ELWEMA Automotive GmbH was discussed. The Supervisory Board decided to initiate the closure of IWM Automation Bodensee GmbH. Furthermore, the status of the sales process regarding the shares in Essert GmbH was discussed. Furthermore, the further procedure regarding the legal disputes from the sale of NSM Packtec GmbH was on the agenda. Another topic was the planned expansion of the Supervisory Board to include a further member.

In the telephone meeting on 2 July 2019, the Supervisory Board and the Managing Directors continued their discussion of the business performance and development of the Process Technologies and Evolving Technologies business areas. In addition, the development of consolidated earnings and possible effects on the syndicated loan agreement were discussed. In addition, a project was addressed in which an analysis on questions of company valuation was to be prepared by an external third party as a basis for the further development of the future corporate strategy.

A further telephone meeting was held on 11 July 2019. The situation regarding the legal disputes arising from the sale of NSM Packtec GmbH and the further procedure in this regard was discussed.

In the course of the telephone meeting on 7 August 2019, the share price development and the status of MAX Automation (Shanghai) Co., Ltd. were addressed. The meeting also dealt with the situation of IWM Automation GmbH and the status of the sales process. Furthermore, in August 2019 the Supervisory Board appointed Dr. Christian Diekman as Chairman of the Personnel Committee in place of Dr. Ralf Guckert, who continues to serve as a member of the Personnel Committee. The background to this reassignment was the fact that the Supervisory Board had commissioned Dr. Ralf Guckert to support the development of the segment strategies.

On 29 August 2019, the Supervisory Board and the Managing Directors discussed the course of business in the Process Technologies, Environmental Technologies and Evolving Technologies divisions and the general situation of the Group, including the financing situation. The status at IWM Automation GmbH and the situation at MAX Automation (Shanghai) Co., Ltd. were also addressed.

In the course of the telephone meeting on 19 September 2019, the Supervisory Board discussed the further course of action regarding MAX Automation (Shanghai) Co, Ltd. and decided to terminate the investment agreement with joint venture partner Roger Li Liujie in China. At this meeting, the Supervisory Board also resolved to wind up IWM Automation GmbH.

In the telephone meeting of 24 September 2019, topics relating to financial planning were discussed, and in this context, it was decided to mandate an external consultant.

In the telephone meeting on 16 October 2019, the Supervisory Board was informed about a shareholder's request to the company to pursue alleged claims for damages against current and former members of governing bodies.

At the Supervisory Board' meeting on 30 October 2019, the course of business and strategies in the Process Technologies, Environmental Technologies and Evolving Technologies divisions were dealt with. The IT strategy was also addressed.

In the course of the telephone meeting of 6 December 2019, the Supervisory Board concerned itself with the legal assessment of a shareholder's request to the Supervisory Board to pursue alleged claims for damages against current and former members of governing bodies. Based on the comprehensive audit carried out previously, the Supervisory Board came to the conclusion that the alleged claims for damages against current and former members of governing bodies do not exist and will therefore not be pursued.

At the Supervisory Board' meeting on 11 December 2019, in addition to the topic of Group financing, the course of business in 2019 and the planning for 2020, including investment planning, were discussed in particular. The rules of procedure for the Audit and Personnel Committees were also adopted.

Where necessary, the Supervisory Board also made decisions by way of a circular resolution. These related in particular to the confirmation of the conditions of Daniel Fink's resignation as Managing Director, measures relating to Essert GmbH including preparatory measures for the sale of the shareholding in Essert GmbH, the adoption of the invitation to the 2019 Annual General Meeting, personnel measures relating to MAX Automation (Shanghai) Co, Changes in the management of MAX Automation SE (appointment of Andreas Krause as Chairman of the Managing Directors, appointment of Werner Berens, Patrick Vandenrhijn and Dr. Guido Hild as Managing Directors and approval of the remuneration structure for the newly appointed Managing Directors), measures relating to the handling of projects of IWM Automation Bodensee GmbH, approval of the appointing PwC for the audit review of the half-year financial report, appointment of authorised signatories and preparations for the intended expansion of the Supervisory Board. Following on from these preparations, it was decided by circular resolution of 10 October 2019 to follow the recommendation of the Personnel Committee and to

propose to the company's shareholders at the next Annual General Meeting in 2020 that Ms. Karoline Kalb be elected to the Supervisory Board, in connection with the expansion of the Supervisory Board from five to six members, and to allow Ms. Kalb to attend the regular meetings of the Supervisory Board as a guest from 1 November 2019 within the framework of a consultancy contract.

The Supervisory Board also regularly reviewed the monthly reports presented at Board meetings. These include information on the sales and earnings performance of the companies and the Group by segment and the presentation and analysis of the liquidity and financial position as well as any deviations from plan. The risk management system is also regularly discussed. Where conflicts of interest arose in connection with individual resolutions, the Supervisory Board took this into account.

## Organisation of the work of the Supervisory Board

In order to optimize processes and coordination within the Supervisory Board, the following committees were appointed in 2019 in accordance with section 34 (4) sentence 1 of the SEAG.

### Personnel Committee

The Personnel Committee held the following consultations in 2019. On 30 January 2019, during a telephone meeting, the Personnel Committee instructed one of its members to negotiate the modalities of Daniel Fink's resignation as Managing Director. On 4 March 2019, a telephone meeting was held to discuss the remuneration structure of the Managing Directors. In the telephone meeting on 19 June 2019, the qualitative objectives for Managing Directors for their performance measurement were defined. In addition, the status of the efforts to expand the Supervisory Board by a further member was discussed. On 30 September 2019, the Personnel Committee again discussed the possibility of adding another member to the Supervisory Board and decided to recommend to the Supervisory Board that at the next Annual General Meeting, Ms. Karoline Kalb be proposed to the shareholders for election to the Supervisory Board, combined with an expansion of the Supervisory Board from five to six members. Furthermore, the Personnel Committee recommended that the Supervisory Board

should allow Ms. Kalb to participate in the regular meetings of the Supervisory Board as early as 1 November 2019 within the framework of a consultancy contract. In the telephone meeting of 21 November 2019, the Personnel Committee dealt fundamentally with the cooperation between the Managing Directors and the communication between the Supervisory Board and the Managing Directors.

Until 17 May 2019, the Personnel Committee comprised Dr Jens Kruse, Oliver Jaster and Dr Ralf Guckert.

#### The personnel committee now comprises:

- Dr. Christian Diekmann (Chairman)
- Dr. Jens Kruse (Deputy Chairman)
- Dr. Ralf Guckert

## Audit Committee

The Audit Committee held the following consultations in 2019.

On 1 February 2019, the Audit Committee dealt with the selection of legal advisors and various M&A issues. In the meeting on 22 February 2019, the focus was on the report of the auditor of MAX Automation SE on the audit of the annual and consolidated financial statements. The meeting on 25 June 2019 dealt with the potential sale of subsidiaries and in particular the possible sale of ELWEMA Automotive GmbH. At its meeting on 29 August 2019, the Audit Committee addressed the situation of MAX Automation (Shanghai) Co. The Audit Committee meeting on 30 October 2019 focused on a report on the meeting with the syndicate banks. At the meeting of the Audit Committee on 11 December 2019, various balance sheet topics in connection with the existing financing and the initiation of a fact-finding process for questions regarding the valuation of inventories at the subsidiary iNDAT Robotics GmbH in 2017 and 2018 were discussed in particular.

Until the resolution of 17 May 2019, the Audit Committee met with the following members: Oliver Jaster (Chairman), Dr Jens Kruse, Andreas Krause.

#### The Audit Committee is now composed of

- Dr. Jens Kruse (Chairman)
- Dr. Christian Diekmann (Deputy Chairman)
- Andreas Ruff
- Oliver Jaster

## Personnel changes

On 25 January 2019, the Düsseldorf Local Court appointed Dr. Ralf Guckert as a member of the Supervisory Board. His appointment was valid until the Annual General Meeting of MAX Automation SE on 17 May 2019. On 30 January 2019, the Supervisory Board elected Dr. Jens Kruse as Chairman of the Supervisory Board and Dr. Ralf Guckert as his deputy. Mr. Daniel Fink retired from the company upon expiration of his contract of employment on 31 March 2019 as Managing Director and member of the Supervisory Board. On 17 May 2019, the Annual General Meeting elected Dr. Christian Diekmann as a member of the Supervisory Board. On the same day, the Supervisory Board elected him as its Chairman and Dr. Jens Kruse as his Deputy.

## Risk Management

All areas of risk discernible from the perspective of the Supervisory Board were discussed. The Supervisory Board has satisfied itself that the Managing Directors have installed a functioning risk management system. The risk early warning system was audited by the auditor. The auditor confirmed that Managing Directors have taken the measures required in accordance with Art. 9 para. 1 lit. c)(ii) SE Regulation, section 22 para. 6 SEAG in conjunction with section 91 para. 2 AktG and have established a monitoring system that is suitable for the early detection of developments that could endanger the continued existence of the company and the group. The auditor did not identify any events to be reported to the Supervisory Board in the course of this audit.

## Annual and consolidated financial statements 2019

As a capital market-oriented corporation MAX Automation SE is subject to the statutory audit requirement according to Art. 9 Paragraph 1 lit. c)(ii), Art. 61 SE-VO in connection with §§ 316 Paragraph 1 Sentence 1, 267 Paragraph 3 Sentence 2, 264 d) HGB. The annual financial statements for MAX Automation SE and the consolidated financial statements as of 31 December 2019, as well as the combined management report, including the accounting, were audited by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and received unqualified audit opinions. The auditor has thus confirmed that in his opinion, based on the

knowledge gained during the audit, the annual financial statements and the consolidated financial statements, taking into account the applicable accounting standards, provide a true and fair view of the net assets, financial position and results of operations of MAX Automation SE and the Group. In addition, the auditor confirmed that the combined management report is consistent with the annual and consolidated financial statements and as a whole provides a suitable view of the position of MAX Automation SE and the Group and suitably presents the opportunities and risks of future development.

The auditor was appointed by the Annual General Meeting on 17 May 2019 on the basis of a proposal by the Supervisory Board and was commissioned in writing by the Audit Committee after the Annual General Meeting to audit the accounts. The Audit Committee also agreed with the auditor that the latter would inform the Supervisory Board and make a note in the audit report if, during the performance of the audit, facts were discovered which indicated an inaccuracy in the declaration issued by the Supervisory Board, including the Managing Directors, regarding the version of the German Corporate Governance Code (GCGC) dated 7 February 2017, as published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017. Before the Supervisory Board proposed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to the Annual General Meeting of Shareholders as auditors and group auditors, the latter had confirmed in writing to the Chairmen of the Audit Committee that there were no circumstances that could impair their independence as auditors or give rise to doubts about their independence. In this context, the auditor also stated that no fees were charged for other services in the previous financial year. It was also agreed with the auditors that the Chairman of the Supervisory Board would be informed immediately of any grounds for disqualification or partiality arising during the audit, unless these were immediately eliminated. It was also agreed that the auditor would report without delay on all findings and occurrences of significance for the tasks of the Supervisory Board that arise during the performance of the audit.

The Supervisory Board was provided with the drafts and copies of the accounting documents for the Company and the Group, as well as the proposal of the Managing Directors for the appropriation of the net profit, sufficiently in advance to allow a thorough examination of all documents.

At the balance sheet meetings of the Supervisory Board on 10 and 13 March 2020 the Managing Directors explained the accounting and consolidated financial statements and their proposal for the appropriation of the balance sheet loss. Moreover, the Managing Directors also answered questions raised by board members. The Supervisory Board examined the financial statements after they had been explained by the Managing Directors, taking into account the audit reports of the auditors. The auditor, who was present at the balance sheet meeting of the Supervisory Board, reported there in detail on the audit and the audit results, explained the audit report and answered the questions of the members of the Supervisory Board. The auditors also informed the Supervisory Board that their audit did not reveal any material weaknesses in the internal control and risk management system with regard to the accounting process within the meaning of Section 171 (1) sentence 2 of the German Stock Corporation Act (AktG). The auditor also informed the Supervisory Board that there were no circumstances that could give rise to concerns about his impartiality and about the services he had provided outside the audit. The Supervisory Board has concluded that the auditor has the necessary independence.

The Supervisory Board was able to satisfy itself that the audit by the auditor had been properly conducted. In particular, it came to the conclusion that the audit reports – as well as the audit itself – meet the legal requirements. The Supervisory Board thereupon approved the results of the audit and, since no objections were raised also after the final result of its own examination, and approved the annual financial statements, the consolidated financial statements and the combined management report on the position of the Company and the Group (including the declaration on corporate governance pursuant to Section 289f of the German Commercial Code). The annual financial statements are thereby adopted. In its assessment of the situation of the Company and the Group, the Supervisory Board agrees with the assessment expressed by the Managing Directors in the combined Company and Group Management Report. This applies in particular to statements on the further development of the company. The Supervisory Board has examined the proposal for the appropriation of the balance sheet profit submitted by the Managing Directors, in particular with regard to the development of the company, the effects on liquidity and the interests of shareholders, and has endorsed it. The Supervisory Board also included the corporate governance statement in its review and expressly approved it.

The Supervisory Board has also examined the separate non-financial report to be prepared in accordance with Sections 289 b) and 315 b) of the German Commercial Code.

Finally, at its balance sheet meeting on 13 March 2020, the Supervisory Board approved the present report to the Annual General Meeting.

## Declaration of compliance

In the 2019 financial year, the Supervisory Board dealt intensively with the rules for good corporate governance.

Pursuant to Art. 9 para. 1 lit. c)(ii) SE Regulation, Section 22 para. 6 SEAG in conjunction with Section 161 para. 1 AktG, the Supervisory Board issued the annual declaration of conformity with the recommendations of the German Corporate Governance Code in the version dated 7 February 2017, which was in force at the time the declaration of conformity was issued, on 7 February 2020 and published it on the Internet. Further details on the principles of corporate governance and their implementation are presented here.

The Supervisory Board conducted an efficiency review in 2018. The members of the Supervisory Board fulfilled their mandate for further training on an individual basis by way of current specialist literature and/or attending events, in particular on issues relating to the proper performance of duties, corporate governance and financial reporting.

## Dependence report

In accordance with the requirements of Section 314 of the German Stock Corporation Act (AktG), the Supervisory Board also examined the report submitted to it on relations with affiliated companies (dependency report) for the 2019 financial year. The dependency report was also audited by the auditor and issued with the following audit certificate:

"Having duly examined and assessed this report in accordance with our professional duties, we confirm that

the factual statements in the report are correct, and the consideration paid by the company for the legal transactions listed in the report was not unreasonably high.

The auditor's report on the dependency report was also made available to all members of the Supervisory Board. The Supervisory Board did not raise any objections following the discussion by the auditors and the Managing Directors. It has noted and approved the result of the audit of the dependency report by the auditor.

## Conflicts of interest and their treatment

As far as there are transactions between MAX Automation SE or companies of the MAX Group and companies for which individual members of the Supervisory Board are active, these are discussed in the Supervisory Board. In order to avoid even the appearance of a conflict of interest, the members of the Supervisory Board concerned do not take part in the discussion or in any decision-making processes.

The Supervisory Board would like to thank the Managing Directors as well as the Managing Boards and Managing Directors of the subsidiaries and all employees of the MAX Group for their committed and successful work in the past fiscal year.

Dusseldorf, 13 March 2020

The Chairman of the Supervisory Board  
**Dr. Christian Diekmann**