

Minutes

Extraordinary General Meeting of Shareholders of **RoodMicrotec N.V.**

Tuesday 26th November 2019 at 13:00 CEST
at the Amsterdam Stock Exchange (Euronext)
Beursplein 5, Amsterdam, the Netherlands

Present:

Supervisory Board:

Vic Tee, Chairman
Marc Verstraeten

Executive Board:

Martin Sallenhag, CEO
Arvid Ladega, CFO

John Verhoeven, KPMG

3 shareholders

Remko Schotsman - Notuleerservice Nederland

1. Opening and announcements

Mr. Sallenhag opens the meeting at 13.00h and welcomes the shareholders. He introduces the members of the Supervisory Board and the Executive Board.

This meeting is held to elect the new auditor, but also a quick introduction and a business update will be given.

This year the company celebrates that it was founded in Nördlingen 50 years ago. The company started in 1969 as a part of Signetics and moved in 1974 into the office it is still operating from. In 1983 there was a management buy-out generating SES Electronics. In 1991 the Dutch company Rood Testhouse took over the Nördlingen facility. In 2008 **RoodMicrotec** was formed by merging Rood and Microtec.

Mr. Sallenhag goes through the agenda.

The slides of the presentation can be downloaded from the company's website www.roodmicrotec.com or by following the direct link: <https://www.roodmicrotec.com/en/investor-relations-en/annual-general-meeting>

Mr. Tee, chairman, welcomes the shareholders and appreciates that the shareholders have come to this extraordinary meeting.

The number of shares that is represented today is 8,001,600, being 10.68% of the total share capital.

2. Business update

Mr. Ladega presents the financial highlights of 1H2019:

- Compared to 1H2018 the revenue dropped almost 7%. The main reasons for this drop are a softer market and geopolitical uncertainties.
- The Supply Chain unit showed an increase in revenue of 9%, which confirms the strategic direction of the company. The company concluded three new SCM projects in the first half year.
- In this difficult market situation, the company managed to book a positive net result.
- An accrual was released for a tax audit and one for a lawsuit. Both situations came out positive, therefore RoodMicrotec was able to release these accruals.
- The EBITDA, Net Debt, Balance sheet, Equity and Operating Cash Flow are difficult to compare to 2018 due to the IFRS16 impact. As of 2019 leases have to be brought on balance as a right of use asset and as a lease liability on the liability side. The impact on the total balance sheet is about 1 million euros.
- EBITDA is a bit lower compared to last year. The main reason for this is the lower gross margin.
- The company reduced its debt position by paying the last instalment of a loan.
- The cash flow generated from the operations is positive and increasing. Cash is used to invest in equipment. There has been invested in an optical inspection machine for wafer inspection.
- In the first nine months the revenue is still lower than in 2018, but improving.
- The order book is increasing.
- The SCM projects are developing as planned.
- For 2020 the company sees SCM projects coming into production.

Mr. Sallenhag continues the business update.

- The company sells itself as a partner in the SCM area, offering expertise in Qualification, Test and Failure Analysis.
- Slide no. 10 shows the flow, the steps to go through from the first question of a customer until production. The many steps that have to be taken explain why it takes time to come to the production stage. In the feasibility phase there will be zoomed in on the technical part on how to implement the product. In the fabrication phase the wafers are put in the small black packages. During the evaluation the question: Did we do what we were supposed to do? is asked and answered. Often a redesign is necessary to correct small mistakes or to adjust to a change in the functional department. During qualification, it is checked whether the parts can be used in the application. The whole flow can take up two to five years.
- When in production the wafer testing is being done in-house in Nördlingen. During production certain parameters are continuously checked.
- RoodMicrotec does drop shipment to customers in various locations around the world.
- RoodMicrotec has partners that are design houses, partners that do the implementation of the devices, wafer foundries and assembly houses. The large assembly houses are based in Asia.
- As said during the AGM, the company is pursuing all projects but the first one that was stopped by the customer of a customer. The other eight projects are moving forward according plan. This also goes for the projects under negotiation.
- Italy is an interesting area for RoodMicrotec to be present in. A representative has been found in KERR. They will promote RoodMicrotec's services in the Italian market. KERR has a lot of know-how about promoting and selling digital ASIC. This offers a good possibility of moving business forward in Italy.

- Totech is specialised in longterm storage. When devices are produced, they will not be all needed immediately. Totech can store devices under well controlled temperature and humidity for up to 10 years. RoodMicrotec are partnering on long-term storage and obsolete management. This will lead to business outside the area of SCM.
- The company decided to take part in a publicly funded project called APPLAUSE. The name stands for Advanced Packaging for Photonics, Optics and Electronics for Low Cost Manufacturing in Europe. This project is funded by the EU and local governments. The project is aimed at making sure that there is manufacturing and know-how remaining in Europe. These projects always contain three kinds of parties. There are large enterprises, small/medium enterprises and universities.
- The project has six different Use Cases and RoodMicrotec is involved in all six.
- The company takes a leading role in Testing, Reliability, Failure Analysis & Metrology and will act as the national coordinator for the German companies. RoodMicrotec will receive about 750,000 euros over a period of three years for participating. During this project the company will invest in the project with time, know-how and equipment.
- The project is important to RoodMicrotec because it brings the company's technology to the forefront and it will help build relationships with companies in the consortium.
- The forecast for the semiconductor market from five different research institutes shows a minus of 12.5 to 15% for 2019. 2020 is anticipated to be back on growth. It is difficult in this market to make an estimation for 2021.
- WSTS forecasts that the minus in Europe for 2019 will be much smaller than in America, Japan and Asia.
- RoodMicrotec is expecting the revenue for the full-year 2019 to be in line with the full-year 2018 and to be moving forward with a growth rate of 8-12% and with improving positive net results.
- Mr. Sallenhag goes through the financial calendar for 2019.

3. Proposal to grant the audit engagement to the auditors (voting item)

Mr. Ladega explains that Baker Tilly has informed the company that as of 1 July it would no longer audit Dutch public interest companies. Therefore, RoodMicrotec started looking for replacement. All six companies that are licensed to audit Dutch public entities have been contacted. RoodMicrotec has had a formal engagement with one of these companies, which means that this company was no longer independent. Four other companies showed no interest and only KPMG wanted to look at the selection process. The past months have been difficult and the company is happy to be able to introduce Mr. John Verhoeven of KPMG.

Mr. Verhoeven introduces himself.

He has been working for KPMG for 32 years and is based at the Eindhoven office. He has been auditing a number of companies that operate in the electronics business, like Besi.

Mr. Verhoeven explains that the financial calendar had to be changed because the request to audit RoodMicrotec came in late. He ensures that all the work will be done before 30th April so everything will be in compliance with rules and regulations.

Mr. Verhoeven looks forward to work together with RoodMicrotec.

Mr. Stevense says that he expected that the new auditor would come from Zwolle and not from Eindhoven. Also the Zwolle and Groningen offices are supposedly competing with each other. He asks Mr. Verhoeven to reflect on that.

Mr. Verhoeven answers that he does not know about fierce competition between the two offices mentioned. The request of RoodMicrotec has been talked through with headquarters. In his opinion, finding an auditor who is qualified to audit RoodMicrotec is what counts most.

Mr. Stevense asks about the costs.

Mr. Ladega answers that the fee will rise approximately 75 to 80% compared to earlier years.

All shareholders present vote for granting the audit engagement to KPMG.

Mr. Tee shares an observation from the Supervisory Board. The fact that RoodMicrotec has been able to hold itself flat in this declining market is a pretty good achievement. This industry is going up and down and the company seems to be ready for the next wave. Leading indicators support that comment. Mr. Tee gives a compliment to the Management Board but also to all the employees of RoodMicrotec and he thinks that the company is ready for the future.

Mr. Stevense asks if there is any news about the lawsuit concerning a former manager, Mr. Nijenhuis.

Mr. Ladega answers that there no new developments and that there is no reason the change the set course.

Mr. Stevense says that Intel is having difficulties meeting the demand and asks whether this leads to business opportunities for RoodMicrotec.

Mr. Sallenhag answers that RoodMicrotec is not operating in the customer market of Intel. Intel has to produce in Asia and works in a field with low margins. RoodMicrotec focusses on markets in Europe and cannot compete on the customer market.

Mr. Molenaar gives the board a compliment for taking part in the APPLAUSE project. He thinks that photonics have a big future and working with IMEC and Fraunhofer will be beneficial for the company.

He asks about LED. LED was big in the time of the merge but now he does not hear much about it anymore.

Mr. Sallenhag answers that the company is still working on LED. Especially the qualification and testing of LEDs for face recognition for mobile phones.

Mr. Tee adds that LED has become a mature market with the sector moving to high volumes and low margins. Although, there are some interesting opportunities in the agricultural field where the company participates in.

4. Closing

Mr. Tee thanks the shareholders for coming and looks forward to seeing them next June.

The meeting is closed at 13.45h.

Agreed and signed:

[For security reasons the published copy is not signed –
the signed original you can view at our office in Deventer]

Victor George Tee
Chairman Supervisory Board RoodMicrotec N.V.

Arvid Ladega
Secretary RoodMicrotec N.V.

Deventer, 18th May 2020

Deventer, 18th May 2020