

Minutes
Annual General Meeting of Shareholders RoodMicrotec N.V.
Thursday, May 17, 2018, 15.00 h
Euronext, Beursplein 5, Amsterdam

Aanwezig:

Supervisory Board:

Vic Tee, Chairman
Herman Bartelink
Jeroen Tuik

Executive Board:

Martin Sallenhag, CEO
Reinhard Pusch, COO
Arvid Ladega, CFO

Gido Frühling, Audit partner, Baker Tilly Berk

17 shareholders

Wout Schotsman - notulist

1. Opening and announcements

Mr. Tee opens the AGM 2018 of RoodMicrotec and welcomes the shareholders.

- There are 9 voting items.
- Normally Supervisory Board (SB) members are appointed for a period of four years. The Supervisory Board has decided to go for a one -year period. The SB strongly feels that it should consist of members who are best for the long-term interest of the company. Mr. Tee's term ends in a year and the SB wants to take time to evaluate and investigate what is best for the long-term value creation of the company and who should be on board.
- The SB is proud that the Executive Board (EB) has brought the company to a positive cash generation and in the term of long-term value creation the company is on the right track.
- The management team voluntarily gave up their option rights in the past years. They now have an excellent cost control system in place. The remuneration policy for the Board of Management will be discussed later during the meeting.
- Mr. Ladega announces that the number of shares (voting rights) that is represented this meeting is 12,117,165 of the total 72,583,299, being 16.7% of the total share capital.

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/resources/downloads/investor-relations/shareholders-meeting/shareholders-meeting-2018/1329-presentation-annual-shareholders-meeting-17-may-2018/file>.

2. Annual Report 2017, including risk policy and corporate governance policy

2017 Highlights – Operational

Mr. Sallenhag goes through the Annual Report 2017.

In the field of communication seminars have been organised to promote the services of the company to potential customers. Also technical lectures about failure analysis have been held. The new website has been launched as well as the new company brochure which is handed out to the shareholders during the meeting.

RoodMicrotec has not changed its focus and is still the global supplier to the electronics industry, offering turn key solutions for the Automotive, Industrial, Healthcare and Aerospace Sectors. The company is a recognised expert in development of Test Solutions for Sensor, Analog Mixed Signal, Opto and RF ASICs. Qualification expertise as well as failure analysis is a major part of what the company offers.

The key focus areas are Automotive, Industrial, Healthcare and HiRel/Aerospace. The first two make up about 40% of the revenue. Healthcare is a growing market.

RoodMicrotec has had three new supply chain orders from new customers. A healthcare project is released for production and its lifetime has been extended to 15 years. Two new orders in the field of optoelectronics have been booked. The relationship with global players in the area of assembly houses, European design houses and foundries has been strengthened further. Publicly funded projects will be continued. It is a good thing that European governments and the European Union are helping companies to be competitive with the Chinese companies. The ISO 9001 certification has been renewed as well as the accreditation for the laboratories according to ISO/IEC 1025.

The revenue in 2017 was 12.1 million euros. The number of staff has not changed. Revenue per FTE has gone up from 115,000 euros to 133,000 euros. The main customer types are Fabless and OEM. The business unit Test Operations makes up 35% of the total revenue, followed by Qualification. The business unit SCM is growing.

2017 Highlights – Financial

Mr. Ladega presents the financial highlights.

Mr. Stevense, Rechtsbescherming beleggers, states that he objects to the fact that the meeting is fully conducted in English as RoodMicrotec is a Dutch company. Mr. Ladega replies that the company and the board are foreign and therefore the meeting will be conducted in English. Mr. Tee apologises, he should have explained this at the start of the meeting. It was stated that the meeting would be in English however. He also introduces the members of the boards.

Statement of Profit or Loss

Sales have gone up 16% and gross profit has gone up from 82% to 84%. Due to the cost control mechanisms the costs have decreased by almost 200,000 euros. EBITDA comes out at 949,000 euros, EBIT minus 69,000 euros. The net loss is 44,000 euros, where it was 1,578,000 euros in 2016.

The total operating expenses decreased. The personnel expenses increased but there was a significant decrease in the other operating expenses.

On the asset side there is an increase in Property, plant and equipment due to a revaluation of the building in Nördlingen. The total assets have decreased compared to 2016.

The balance sheet total is 13.4 million euros which is 1.3 million lower than in 2016 due to the fact that plan assets were netted with pension obligations.

The equity has gone up by 800,000 euros to 4.8 million.

The solvency has increased from 28% to 36%.

The non-current liabilities decreased to 5.9 million euros.

The current liabilities increased to 2.7 million euros.

Plentum

In earlier years the Plentum bonds were presented under financial assets as the bonds did not qualify as plan assets under IAS19, a 'fair value' calculation could not be made. Due to new information received from Plentum a fair value calculation can be made and now it is presented under defined benefit obligation. It is netted with pension obligations with an impairment of 300,000 euros.

Consolidated Statement of Comprehensive Income

The total comprehensive income is 107,000 euros (minus 1.911 million in 2016) consisting of net profit for the year, remeasurement of defined benefit obligations and revaluation of land and buildings.

Cash Flow Statement

The net cash from operating activities is 628,000 euros (2016: minus 452,000 euros). The net cash flow is minus 72,000 euros.

Events after balance sheet date

Warrants and options have been exercised and 1.5 million shares were issued. Land has been sold, 300,000 euros will be used to pay back a part of the 2016 secured loan. Provisions were taken for legal proceedings against a debtor.

Market, Projects and Applications

Mr. Pusch explains that RoodMicrotec focuses on the fastest growing sectors such as Automotive, Industrial/Medical and Communication. Not only the number of cars is growing but also the value of electronics installed in the cars. Also in the Industrial market there is and will be a significant growth. As more and more companies are focussing on their main business the market for Outsourcing is also growing and offers opportunities for RoodMicrotec.

Applications – Automotive Electronics

The main drivers in the automotive industry are electric cars and vehicle communication.

Applications – Industrial

Everything in the Industry has to be ‘smart’; to be able to communicate with each other. This is called smart grid. Also in houses there are more and more applications for which for example sensors and ASICs are needed.

Applications – Healthcare: Intelligent Implants

Some examples of intelligent implants are a pace maker combined with an alarm system, a nerve pacemaker and the Cochlear implant which can make deaf people hear. RoodMicrotec is active in this field. These areas are small for the time being but will grow in the near future.

Applications – HiRel

HiRel applications are used in aircraft and satellites. This makes up around 10% of RoodMicrotec’s business.

Technology and Roadmap

The HF applications are mainly used in the Automotive and Industry markets. This is based on customer projects but also supported by publicly funded projects. Photonics came up again the last few years. The markets for photonics are High speed communication and Industrial sensoric. The markets for High Power Electronics are Industrial and E-mobility.

SCM Projects

There are six running SCM projects, three in the Automotive, two in the Industrial and one in the Healthcare market. The Engineering phase has ended for all projects. The projects are in the last stage of Industrialisation/Qualification or are already in the Production phase.

There are four SCM projects under negotiation. Two are in the Automotive market, the other two in the Industrial Market. The projects will have an estimated value of 3.9 to 5.1 million euros per year.

Risk & Corporate Governance Policy

Mr. Sallenhag explains that in 2016 a new Dutch Corporate Governance Code was introduced. RoodMicrotec has updated its policy so that it is now in line with the new code. Documents as the Corporate Governance, Bilateral Contacts, Code of Conduct, Regulations for the Supervisory Board and the Whistle Blower Policy have been updated and are available on the website.

Outlook

The growth in 2017 exceeded most forecasts significantly. RoodMicrotec expects a continuing revenue increase over the next years, and projects the revenue in 2020 to be approximately 18 million euros. The results will continue to improve and the company expects to report yearly net profits.

The first quarter of 2018 was very good and exceeded the expectations with a 17% increase in sales compared to Q1 2017. There is an increase in sales revenue in SCM and Test Operations. This is due to moving long-term projects into production.

On behalf of Mr. Nijenhuis a statement is read aloud by his daughter, Anne Nijenhuis. Mr. Tee thanks Mr. Nijenhuis for his statement. Although this comment of Mr. Nijenhuis is not in context with the agenda of the meeting Mr. Tee remarks that the SB is very pleased with how the company is being run and that the results speak for themselves.

Mr. Stevense asks whether it is possible to extend the term of the warrants. This will be better for the company and the shareholders. Mr. Ladega replies that he sees no reason to do so but that it will be taken into consideration.

Mr. Stevense asks, referring to the recent lawsuit, whether the shareholders can expect more unpleasant surprises. Mr. Tee replies that he expects no surprises.

Mr. Stevense thinks the margins, especially in the Healthcare market, should be higher and he asks Mr. Sallenhag to reflect on that. Mr. Sallenhag replies that the margins are high. Because some services are bought in, the margins will go down slightly. Mr. Tee adds that RoodMicrotec is active in the market segments with the highest margins.

Mr. Stevense had expected to see more investments for future business, the development expenditures are very high. Mr. Sallenhag explains that the depreciation is around 1 million euros a year. The strategy is that the investments will equal the maintenance costs.

Mr. Stevense states that he had expected higher margins on some projects that are subsidised.

Mr. Snoeker requests to consider organising the AGM at a different location next year as the facilities here are very poor. He compliments the management on achieving a profitable turnaround after struggling for many years. He also compliments the boards on the open publication of the order portfolio. The company survived the struggle due to a very special way of financing. In the past there was an equity line which could be used when extra money was needed. Mr. Snoeker would like to know how that system worked; who provided it and under what conditions? Mr. Sallenhag explains that the 750,000 euro equity line was on a share basis. Shares and warrants were issued to a group of investors. At this moment there is no need for additional funds.

Another way of financing was by subordinated loans which were presented as a kind of equity line on the balance sheet. The annual report states that they were placed on deposits. Mr. Snoeker asks whether both loans were placed on deposits. Mr. Ladega answers that on the liability side there are two loans. Both loans are secured. In 2014 a 2.5 million euros bond loan with mortgage cover was issued. In 2016 a group of investors provided a loan of 750,000 euros.

Furthermore perpetual bonds were issued. The funds received are invested, and the investment is placed on deposit with the UBS Bank.

Mr. Snoeker asks who provided the perpetual loans. Mr. Ladega replies that he cannot reveal that information. Mr. Snoeker asks under what conditions repayment is organised and when interest is to be calculated. Mr. Ladega answers that if the company is in a loss making situation, there is no interest payable over the bonds. Also, if the company decides to repay this loan there are no extra costs.

Mr. Snoeker asks whether the company has to pay interest on the loan when there is dividend distribution. Mr. Sallenhag explains that the interest payment on this loan is connected to the financial result of the company. Thus, when the company makes a profit it has to pay interest.

Mr. Snoeker mentions that when the sales figure of 18 million euros is reached the dividend may be 20 cents. With a share price of 31 cents the price-earnings ratio will be 1.5 which is extremely low. The price-equity ratio will be 1. He asks how these low figures can be explained. Mr. Sallenhag explains that he cannot comment on share prices. Mr. Tee adds that this subject is outside of the scope of the agenda.

Mr. Snoeker asks if Mr. Ladega is a member of the Executive Board. Mr. Sallenhag explains that he and Mr. Pusch are managing directors and that together with Mr. Ladega they form the board.

Mr. van Gelder asks for an explanation about the 130,000 euro provision for a lawsuit and the apparent different opinions of the two boards on the going concern and the long-term future of the company. What are the concerns of the auditor? Mr. Tee replies that under the current circumstances he is unable to give more details about the provision. Mr. Sallenhag suggests that the second question probably will be answered by the auditor himself.

Mr. Hulleman asks if the legal matter concerns a customer. Mr. Tee assures that this is purely a financial issue, it has nothing to do with the operations. Mr. Hulleman states that the company wants to raise 20 million authorisation shares. Are these going to be used for new warrants? Mr. Sallenhag answers that this question will be answered later during the meeting.

3. Implementation of the Board of Management remuneration policy in 2017.

Mr. Ladega shows the slide with the remuneration of the Board of Management and the Supervisory Board. The remuneration of the Board of Management is set by the SB. Mr. Sallenhag and Mr. Pusch have waived their options for 2017 due to the financial situation of the company.

4. Financial Statements for 2017 (voting item)

The auditor, Mr. Frühling, gives a short presentation about the Financial Statements.

The board of management and supervisory board relieved Mr. Frühling of his duty of confidentiality for the duration of the general meeting.

Key audit matters 2017

The audit opinion changed. This has to do with the fact that in the past the auditors were unable to audit the plan assets. There was no information available to determine the value of these assets. Now that more information has become available, the fair value has been determined. The assets are connected to the pension obligations. That is the reason why the assets have been netted with the pension obligations which led to a reduction of the total balance sheet.

The key audit matters besides the continuity paragraph are the valuation and impairment of financial fixed assets, deferred taxes and valuation of goodwill and other intangible assets.

The audit opinion draws attention to the paragraph that the management itself includes in the annual report. The management disclosed that there are still uncertainties around the continuity of the company. The management and the SB are strongly confident about the continuity of the company. Although the company is performing better, there still was a loss. The uncertainty lies in the fact that the major revenues will come in 2018 and not in 2017. For the auditor it is important to see that the contracts actually will result in revenues from production. If the company keeps performing like it did last year and revenues will come, the paragraph about continuity will probably no longer be needed next year.

Mr. van Gelder asks if there are any other specific concerns that the auditor does not disclose and that will influence the going concern. Mr. Frühling answers that the concern is not related to the deferred taxes and the valuation of goodwill but to the fact that the company was in a loss-making situation and suffered from a negative operational cashflow for a long period. Therefore, it is not fully certain yet that after a good year the company will not fall back again. This topic will be point of attention for 2018. The results of Q1 give confidence that the company is progressing.

The key audit matters are highly related to the performance of the company and the profitability because if the company would not be able to realise profits, there is no reason for goodwill on the balance sheet. The company has significant deferred taxes. As soon as the company starts to make a profit the tax assets will be realised. Given the situation the company is in now, there is no reason to write off these taxes.

The audit of the financial statements aims to deliver an independent audit opinion with regard to the financial statements. The main operations are in Germany. A German auditor performed the audit in Germany, based on the instructions of, and in close communication with the auditor in the Netherlands.

The materiality applied in the audit amounted to 180,000 euros. All misstatements exceeding 9,000 euros are listed, and discussed with the management.

A large part of the work involves the judgement of the estimates made by management. One of the methods used is back testing. Estimates and assumptions of last year were compared to the actual result. The auditor noticed that the bandwidth is becoming smaller, meaning that management is getting better at making estimates.

Mr. Stevense asks in what respect ICT has been part of the audit. Mr. Frühling answers that ICT is not a part of his audit. Although an ICT auditor visited the offices in Germany and he had some remarks that he shared with management.

Mr. Brinkman asks if the machine park uses its full capacity now and wants to know if extra investment in the machine park is necessary. When using the discounted cash flow method and a delay occurs, how is the risk covered? Mr. Frühling refers to the management for answering the question about the capacity. A scenario analysis has been performed on the cash flow calculation in order to see what happens if more cash is needed in the future. A delay will not have a significant impact on the total cash flow because a delay only means the cash flow will come later. Mr. Sallenhag states there is enough capacity and that RoodMicrotec is investing in capacity increase.

Mr. Tee mentions that there has been a long discussion regarding the concern about the long-term duration of the company. The leading indicators are extremely strong in terms of generating business.

Mr. Snoeker asks whether the auditor has made an assessment of the quality of the information system. In other words, is the management of the company financially in control? Mr. Frühling explains that he has assessed the internal control system as well as the information system. Although there are always points of improvement, there are no big holes in the control system. There is sufficient control in place to deliver reliable information.

The AGM votes for accepting the Financial Statements for 2017.

5. Result appropriation

In accordance with article 27 of the articles of association, the entire result (loss) amounting to 44,000 euros is deducted from the reserves.

6. Release from liability of the members of the Board of Management (voting item)

The AGM votes for releasing from liability of the members of the Board of Management. Mr. Nijenhuis votes against the release.

7. Release from liability of the members of the Supervisory Board (voting item)

The AGM votes for releasing from liability of the members of the Supervisory Board.

8. Proposal to reappoint Mr. H. Bartelink as a member of the Supervisory Board for a 1-year period (voting item)

The AGM votes for reappointing Mr. H. Bartelink as a member of the Supervisory Board for a 1-year period.

9. Proposal to reappoint Mr. J. Tuik as a member of the Supervisory Board for a 1-year period (voting item)

The AGM votes for reappointing Mr. J. Tuik as a member of the Supervisory Board for a 1-year period.

10. Delegation to the Board of Management of the authority to issue shares and to grant rights to acquire shares (voting item)

The AGM votes for delegating to the Board of Management of the authority to issue shares and to grant rights to acquire shares.

11. Delegation to the Board of Management of the authority to restrict or exclude pre-emptive rights upon the issue of shares and granting of rights to acquire shares (voting item)

The AGM votes for delegating to the Board of Management of the authority to restrict or exclude pre-emptive rights upon the issue of shares and granting of rights to acquire shares.

12. Authorization of the Board of Management to repurchase shares in the company (voting item).

The AGM votes for authorization of the Board of Management to repurchase shares in the company.

13. Proposal to amend the articles of association, to increase the authorised share capital of the Company to 11 million euros divided into 100 million shares with a nominal value of 0.11 euros each (voting item)

The AGM votes for the proposal to amend the articles of association, to increase the authorised share capital of the Company to 11 million euros divided into 100 million shares with a nominal value of 0.11 euros each.

14. Other items and any other business

One of the shareholders requests Mr. Bartelink and Mr. Tuik to give a statement.

Mr. Tuik reflects on the long discussion about the continuity paragraph. In the end it was concluded to make this a monitoring item in 2018. Big steps are taken in 2017. Also a mentality change has taken place within the team. Over all he is mostly positive, although he would have liked to achieve even more. Still, what could be done has been done. The SB has confidence in the team and hopes that the team has learned from the SB. He emphasises that it was the suggestion from the SB to reappoint the members for a period of one year as it is the intention of the SB to serve the company as it is and what is needed. Mr. Bartelink adds his voice to what Mr. Tuik said. He expresses his confidence in the Board of Management and hopes that 2018 will be positive.

15. Closing

Mr. Tee closes the meeting at 17:02 hours.

List of decisions

Agenda item	Description	Result
4	Financial Statements for 2017	accepted
6	Release from liability of the members of the Board of Management	accepted
7	Release from liability of the members of the Supervisory Board	accepted
8	Proposal to reappoint Mr. H. Bartelink as a member of the Supervisory Board for a 1-year period.	accepted
9	Proposal to reappoint Mr. J. Tuik as a member of the Supervisory Board for a 1-year period.	accepted
10	Delegation to the Board of Management of the authority to issue shares and to grant rights to acquire shares	accepted
11	Delegation to the Board of Management of the authority to restrict or exclude pre-emptive rights upon the issue of shares and granting of rights to acquire shares	accepted
12	Authorization of the Board of Management to repurchase shares in the company	accepted
13	Proposal to amend the articles of association, to increase the authorised share capital of the Company to 11 million euros divided into 100 million shares with a nominal value of 0.11 euros each	accepted