

REPORT OF THE SUPERVISORY BOARD

Dear shareholders of Mutares SE & Co. KGaA,

This time last year, the Supervisory Board was confident – but also uncertain. The faith in the business model of our Company and the operational players was strong, but the course of the COVID-19 pandemic and its impact on the economic environment and Mutares was very difficult to assess. Today, we can be very satisfied with what we have achieved in 2020 and look into the future with justified optimism, despite the ongoing pandemic.

Personnel and structure

In the reporting year 2020, there were no changes to the Supervisory Board of Mutares SE & Co. KGaA; the term of office of the four incumbent Supervisory Board members Volker Rofalski (Chairman of the Supervisory Board), Dr. Axel Müller (Deputy Chairman of the Supervisory Board), Prof. Dr. Micha Bloching and Dr. Lothar Koniarski, in accordance with the Articles of Association, ends with the end of the Annual General Meeting in 2024.

The Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA consisted unchanged in 2020 of the two members Dr. Axel Müller (Chairman) and Volker Rofalski.

For Mutares SE & Co. KGaA, the general partner Mutares Management SE, through its Management Board, assumes the management and representation of Mutares SE & Co. KGaA; there were also no changes in its Management Board – consisting of Robin Laik, Mark Friedrich, Dr. Kristian Schleede and Johannes Laumann – in 2020.

The Supervisory Board of Mutares SE & Co. KGaA would like to thank the Management Board of Mutares Management SE for their continued trusting and close cooperation in the financial year 2020.

Activity report for the financial year 2020

The Supervisory Board of Mutares SE & Co. KGaA has fully performed the duties assigned to it by law, the Articles of Association and the Rules of Procedure. It met eleven times in the presence of all members of the Supervisory Board (in some cases by video feed) and at least one member of the Management Board of the managing Mutares Management SE (hereinafter referred to as the “Management Board”); in addition, resolutions of the Supervisory Board of Mutares SE & Co. KGaA were prepared by means of telecommunications, dealt with and adopted in this way or by circulation.

In particular, the Supervisory Board of Mutares SE & Co. KGaA accompanied the Management Board both in the operational development of the Group and in all portfolio decisions on the basis of a timely exchange of information and dealt regularly and in detail with the situation of the Company.

The Supervisory Board of Mutares SE & Co. KGaA was regularly informed by the Management Board about current developments of the Company and its net assets, financial position and results of operations and discussed this information in detail with the Management Board. This also included information on deviations of the actual development from previously reported targets of the Company as well as deviations of the actual business development from the Company’s planning.

In addition, the Management Board provided regular and comprehensive information on all relevant topics of operational management, including significant developments of the individual portfolio companies and their economic results; in addition to an intensive continuous exchange of information on the impact of the COVID-19 pandemic on the Company and the operating businesses of the portfolio companies and the measures taken in this regard, in the reporting period this included, among others, the topics of acquisitions and divestments of portfolio companies, financing topics in connection with the first-time issuance of a bond, IT structure, human resources, compliance, risk management, material litigation and IR activities.

Outside meetings, the Management Board informed the members of the Supervisory Board of Mutares SE & Co. KGaA regularly and promptly about current business, updated key financial figures, and matters of particular importance. The Management Board has received all documents of the Company that the Supervisory Board of Mutares SE & Co. KGaA requested to inspect in the course of fulfilling its statutory duties, and answered all questions raised in this context to the full satisfaction of the Supervisory Board of Mutares SE & Co. KGaA. The Supervisory Board of Mutares SE & Co. KGaA also issued an invitation to tender for the audit of the financial statements for the financial year 2020 under the leadership of the Audit Committee. At the meeting of the Supervisory Board on 7 April 2020, the plenary session of the Supervisory Board resolved, at the proposal of the Audit Committee, to propose to the Annual General Meeting to retain the current auditor Deloitte for the Company, as the tender showed that Deloitte presented an audit concept that was at least equivalent to that of other candidates, both from a professional and a cost perspective, and against the background of the current pandemic situation, a voluntary rotation of the auditor did not appear appropriate.

The Supervisory Board of Mutares SE & Co. KGaA regularly reviews its activities for efficiency. Against this background, it has established an Audit Committee. In view of the small size of the committee, the Supervisory Board does not believe that there is any need for further efficiency measures.

In the reporting period, the Supervisory Board of Mutares SE & Co. KGaA was not notified of any conflicts of interest. It did not become aware of any compliance violations.

The Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA met seven times in the reporting period in addition to several informal votes. In addition to the mentioned lead role in the tender for the annual financial statements 2020 and the preparation of the adoption of the annual financial statements, topics included a review of the preparation process of the annual financial statements and the consolidated financial statements of the Company for the financial year 2019 together with the auditor and the finance department as well as an update on the upcoming audit preparation and determination of audit focal points.

Audit of the annual financial statements and consolidated financial statements for the financial year 2020

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has audited the annual financial statements prepared by the managing Mutares Management SE as general partner of Mutares SE & Co. KGaA (prepared in accordance with the German Commercial Code) and the consolidated financial statements of Mutares SE & Co. KGaA (voluntarily prepared in accordance with IFRS), each as of 31 December 2020. The annual financial statements and the consolidated financial statements were each issued with an unqualified audit opinion.

In its meeting on 1 April 2021, which was also held by means of telecommunications against the background of the current COVID-19 pandemic, the Supervisory Board of Mutares SE & Co. KGaA approved the annual financial statements and the consolidated financial statements of Mutares SE & Co. KGaA for the financial year 2020 in detail; the auditor's reports were available to the Supervisory Board in each case. Both the Management Board of the managing Mutares Management SE and the signing auditors of Deloitte GmbH Wirtschaftsprüfungsgesellschaft were present at the meeting, were thus available for detailed explanations of both sets of financial statements and answered all questions of the Supervisory Board of Mutares SE & Co. KGaA to its complete satisfaction.

As a final result of its own audits, the Supervisory Board of Mutares SE & Co. KGaA – following the proposal of the Audit Committee – found that there were no objections to either set of financial statements. The Supervisory Board of Mutares SE & Co. KGaA agrees with the respective management report of the general partner. The Supervisory Board of Mutares SE & Co. KGaA thereupon approved – following the proposal of the Audit Committee – both the annual financial statements of Mutares SE & Co. KGaA and the consolidated financial statements of Mutares SE & Co. KGaA. At the same time, in agreement with the Management Board of the managing Mutares Management SE, it resolved to propose to the Company's Annual General Meeting to approve the annual financial statements of Mutares SE & Co. KGaA for the financial year 2020 pursuant to Section 286 (1) sentence 1 of the German Stock Corporation Act (AktG) as prepared by the general partner.

Assessment of the financial year 2020

In the view of the Supervisory Board of Mutares SE & Co. KGaA, the business model of the Mutares Group as a listed private equity house focused on restructuring has proven to be not only resilient but also promising in the pandemic-related economic crisis of 2020.

All pandemic-related threats to the continued existence of individual portfolio companies were successfully averted, not least thanks to the intensive support provided by the Group's own consultants; significant restructuring progress was achieved at numerous portfolio companies.

In addition, the market opportunities that open up for restructuring specialists in economic crises were very actively exploited: portfolio revenue as the core of the Mutares business model was increased again to a record number of fourteen completed transactions in 2020, eleven of them on the buy side and three on the sell side.

As a basis for a further intensified use of opportunities, a corporate bond of EUR 50 million was placed for the first time in the Company's history in Q1 2020 and increased by another EUR 20 million in Q3 2020.

Thanks to significant contributions from all three revenue pillars of the Mutares business model – intra-group consulting services, dividend payments from portfolio companies and exit proceeds – Mutares SE & Co. KGaA thus achieved the best business result in its more than ten-year history in 2020, including a change of legal form that preserved the Company's identity, to the great satisfaction of the Supervisory Board.

A resistant and promising business model alone does not guarantee such outstanding economic successes in a year with an unforeseeable economic crisis of singular proportions; rather, these are very much based on the impressive commitment and outstanding drive with which the enormous challenges of 2020 were tackled by the Management Board of the managing Mutares Management SE. The Supervisory Board expresses its great appreciation and special thanks to the Management Board for this.

Great thanks and appreciation also go to all employees of the Mutares Group for their once again excellent performance and great commitment – especially in the current difficult pandemic situation.

Proposal for the appropriation of profits

According to the German Stock Corporation Act (AktG), the dividend distributable to shareholders is based on the net retained profits reported in the annual financial statements of Mutares SE & Co. KGaA's unappropriated retained earnings.

The Supervisory Board of Mutares SE & Co. KGaA follows the proposal for the appropriation of profits of the general partner Mutares Management SE and has in turn also resolved to propose to the Annual General Meeting of Mutares SE & Co. KGaA to distribute from the net retained profits of Mutares SE & Co. KGaA as of 31 December 2020 of EUR 43,233,546.65 to the shareholders in the amount of EUR 23,116,225.50 (excluding treasury shares), which corresponds to a dividend of EUR 1.50 per dividend-bearing share, and to carry forward the remaining amount of EUR 20,117,321.15 to new account. The amount to be distributed shall be reduced, if necessary, by the partial amount that would be attributable to the treasury shares held by the Company at the time of the resolution on the appropriation of profits.

As a private equity company listed on the stock exchange, Mutares thus allows its shareholders to participate very directly in the profits of its successful business model, which is focused on restructuring, subject to a corresponding resolution by the Annual General Meeting.

Outlook

The Supervisory Board of Mutares SE & Co. KGaA has no reason to believe that the Group's success factors – its promising business model, excellent management and highly committed employees – will not continue to have a positive impact in 2021.

With this assessment, the Supervisory Board assumes that Mutares SE & Co. KGaA and the entire Mutares Group will continue their success story in the financial year 2021, despite a persistently difficult economic environment due to the pandemic.

The Supervisory Board of Mutares SE & Co. KGaA,



Volker Rofalski
Chairman of the Supervisory Board
Munich, 1 April 2021