

## CORPORATE GOVERNANCE

### LONG-TERM VALUE CREATION AND EFFICIENT COOPERATION

The principles of responsible and good corporate governance guide the actions of the LPKF Group's management and supervisory bodies. The following statements apply to LPKF AG and its Group companies unless otherwise stated below. This chapter contains the declaration on corporate management pursuant to Sections §§289f, 315d HGB. The declaration on corporate management for the company and the Group is part of the combined management and Group management report. The Management Board and the Supervisory Board also report on corporate governance at LPKF in this chapter.

### DECLARATION ON CORPORATE MANAGEMENT

DECLARATION OF CONFORMITY OF LPKF LASER & ELECTRONICS AG IN THE 2021 FINANCIAL YEAR WITH THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board declare that since the last regular declaration of compliance dated 9 February 2021, LPKF Laser & Electronics AG (hereinafter referred to as "LPKF") complies and will continue to comply in the future with the recommendations of the German Corporate Governance Code, the version dated 16 December 2019 (hereinafter referred to as "Code") with the following exceptions:

RECOMMENDATION ON THE CHAIRMANSHIP OF THE AUDIT COMMITTEE (CODE SECTION D.4, SENTENCE 2)

Since 27 October 2021, the Supervisory Board has established an Audit and Risk Committee, which complies with all but one of the Code's recommendations on the Audit Committee. The only deviation is from the recommendation in Section D.4, sentence 2 of the Code, according to which the chair of the Supervisory Board should not chair the Audit Committee.

In the opinion of the Supervisory Board, the current chair of the Supervisory Board, Mr. Jean-Michel Richard, fully meets the requirements with regard to the specific professional expertise necessary for the role of Audit Committee Chairman due to his professional background and practical experience and does so the most effectively of the current acting Supervisory Board members. The Supervisory Board is convinced that the chair of the Supervisory Board is capable of handling the workload associated with the chairmanship of the Audit and Risk Committee. This deviation from Section D.4, sentence 2 of the Code is therefore in the best interests of the company.

RECOMMENDATIONS ON THE REMUNERATION OF THE MANAGEMENT BOARD  
(CODE SECTIONS G.1 TO G.16)

The remuneration system for the Management Board approved by the Annual General Meeting on 20 May 2021 and the Management Board contracts concluded after the Code came into effect comply with the recommendations of the Code contained in Sections G.1 to G.16 with the following exceptions:

- Contrary to Section G.1, the remuneration system does not specify the relative proportions of fixed remuneration or short-term variable and long-term variable remuneration components in the target total remuneration. For long-term variable remuneration, only a basic amount of 50% of the fixed annual salary (excluding incidental benefits) has been defined in the remuneration system. A relative proportion for short-term variable remuneration was not specified in the remuneration system, but was specified in the employment contracts of the current Management Board members. Accordingly, the target amount for short-term variable remuneration is also 50% of the fixed annual salary (excluding incidental benefits). According to the employment contracts, short-term variable remuneration and long-term variable remuneration – measured against the target direct remuneration – are thus equally weighted.
- Section G.4 recommends that, in order to assess the customary level of the total remuneration of the Management Board members within the company, the relationship between the remuneration of the Management Board and that of senior management and the workforce as a whole should be taken into account, including in terms of its development over time. When concluding Management Board employment contracts, the Supervisory Board also takes into account the wage and salary structure within the LPKF Group. Data on the remuneration of the first management level below the Management Board was most recently obtained in April 2021. However, in partial deviation from Section G.4, the Supervisory Board did not differentiate between the comparison groups of the Code recommendation when reviewing vertical appropriateness and did not conduct any inquiries regarding the development of the wage and salary structure over time in 2021 because the focus was on filling the vacant position of chair of the Management Board. However, the Supervisory Board intends to comply with the recommendation in Section G.4 of the Code in the future.
- Contrary to Section G.6, the variable remuneration resulting from the achievement of long-term targets does not exceed the proportion resulting from short-term targets, and contrary to Section G.10, sentence 1, the variable remuneration amounts are not primarily invested in shares or granted on a correspondingly share-based basis. Under the terms of the Management Board employment contracts, the short-term variable remuneration and the share-based long-term variable remuneration to be invested in shares are each equally weighted at 50% – measured against the target direct remuneration. For reasons of incentive, the Supervisory Board considers equal weighting of the short-term and long-term variable remuneration components to be appropriate at the present time.
- The recommendation contained in Section G.11 to take appropriate account of extraordinary developments and, in justified cases, to be able to withhold or reclaim variable remuneration, is taken into account by the possibility of reduction in accordance with Section 87 (2) of the German Stock Corporation Act (AktG) and, in financial terms, in the case of long-term remuneration, by the obligation to invest tranches of the long-term bonus received in full in company shares after deduction of tax and to hold them for at least three years. The remuneration system thus achieves a

stronger link between variable long-term remuneration and the performance of the company. The financial value of the variable long-term remuneration for the Management Board is directly linked to the value of the company represented by the share price. Any further possibility of reclaiming the remuneration granted in this way is not feasible, as the Management Board would have to sell the acquired shares again to be able to fulfill a corresponding claim for repayment. Because of this special characteristic of the long-term bonus program, the Supervisory Board has decided not to include an additional claw-back option in the narrower sense in order to avoid a double disadvantage.

- For the member of the Management Board appointed on an interim basis in the period from 1 May 2021 to 31 December 2021, the Supervisory Board has agreed principles for remuneration that deviate from the remuneration system and other recommendations in Sections G.1 to G.16 of the Code due to the short appointment period until a new CEO is selected, in order to take account of the interim nature of the appointment, which did not require long-term remuneration.

#### RECOMMENDATION ON SEPARATE REMUNERATION FOR MEMBERS OF SUPERVISORY BOARD COMMITTEES (CODE SECTION G.17)

The current provision of the Articles of Association on the remuneration of Supervisory Board members does take into account the greater time commitment of the chair and vice-chair of the Supervisory Board and the chairs of the committees formed since 27 October 2021. However, contrary to Section G.17 of the Code, simply being a member of the committees has not yet been taken into account separately in the remuneration, as it has not yet been possible to adequately assess the time expenditure involved.

Garbsen, 23 February 2022

On behalf of the Supervisory Board



Jean-Michel Richard

On behalf of the Management Board



Dr. Klaus Fiedler

## REMUNERATION REPORT AND REMUNERATION SYSTEMS

The remuneration report for the financial year 2021, the auditor's report on the audit of the remuneration report, the applicable remuneration systems for the members of the Management Board and Supervisory Board, and the most recent resolutions of the Annual General Meeting on the remuneration systems of the Management Board and Supervisory Board and the remuneration of the Supervisory Board are available on LPKF Laser & Electronics AG's website at: [www.lpkf.com/en/investor-relations/corporate-governance](http://www.lpkf.com/en/investor-relations/corporate-governance)

## INFORMATION ON RELEVANT CORPORATE GOVERNANCE PRACTICES

### RISK MANAGEMENT

The Management Board of LPKF AG has set up a Group wide reporting and control system to record, assess, monitor and manage risks. The system is continuously evolving and adapted to changing conditions and periodically reviewed by the auditors. The Management Board regularly informs the Supervisory Board and more specifically its new formed Audit and Risk Committee about existing risks and their development. Details on risk management in the LPKF Group are presented in the risk report as part of the Group management report. This contains the report on the accounting-related internal control and risk management system.

### COMPLIANCE – FUNDAMENTALS OF ENTREPRENEURIAL ACTION AND MANAGEMENT

Sustainable economic, environmental and social action that complies with applicable law is an essential element of LPKF's corporate culture. This includes trust, respect and integrity in our dealings with each other. This is expressed in exemplary conduct towards employees, business partners, shareholders and the public. LPKF defines compliance as adherence to the law, the Articles of Association and internal regulations as well as voluntary commitments. LPKF AG attaches particular importance to raising awareness of compliance among all employees in the Group. Compliance is anchored in internal processes and a Group-wide compliance structure has been established. Employee training is provided on the Group-wide Compliance Code and on general compliance topics, see [www.lpkf.com/en/company/compliance-management](http://www.lpkf.com/en/company/compliance-management). In this way, potential bridges in compliance can be prevented for the benefit of the entire Group. The Compliance Office holds regular meetings in which current topics are discussed, if necessary also with the specialist officers. Reliable reporting channels for internal and external stakeholders help to ensure that possible irregularities can be reported confidentially. The internal audit department is also used for this purpose. In order to uncover any bridges in compliance, LPKF provides internal and external whistleblower communication channels for contacting the company, which are listed on the homepage ([www.lpkf.com/en/company/compliance-management](http://www.lpkf.com/en/company/compliance-management)). Both the Compliance Officer and an independent lawyer can be reached through these channels in total confidence and confidentiality if this is required. Other contact points for employees can be found in the Compliance Code, on the intranet and on notice boards in the company. Group auditing, which is carried out by a reputable and internationally recognised auditing company as an external service provider, also plays an important role in ensuring compliance. The corresponding audits are also used with regard to the further development of the internal control system.

## WORKING METHODS AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR COMMITTEES

LPKF AG is a publicly listed corporation under German law and has a dual management system with a Management Board and a Supervisory Board. The Management Board and the Supervisory Board of LPKF AG work closely together in managing and monitoring the company. The Management Board of LPKF AG consists of two members with one acting as Chief Executive Officer (CEO). As the management body, it is their responsibility to manage the company's business with the aim of creating long-term sustainable value and in the company's best interests. The Management Board performs its management duties as a collegial body. Notwithstanding the overall responsibility, the individual Management Board members manage the departments assigned to them on their own responsibility within the framework of the Management Board resolutions. The allocation of responsibilities between the Management Board members is set out in the business distribution plan. Information on areas of responsibility as well as curricula vitae of the Management Board members are available on the company's website at [www.lpkf.com/en/company/management](http://www.lpkf.com/en/company/management). The Management Board meets regularly for joint meetings.

The Supervisory Board advises and monitors the Management Board in the management of the company. It is involved in strategy and planning as well as in all issues of fundamental importance to the company. The rules of procedure require the Management Board to obtain the approval of the Supervisory Board for major business transactions. The chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents the interests of the board externally.

The Management Board informs the Supervisory Board promptly and comprehensively in writing as well as in the regular meetings about the planning, the business development and the situation of the Group, including matters related to risk management and compliance. In the event of significant events and if required, an extraordinary meeting of the Supervisory Board is convened. The Supervisory Board has established rules of procedure for its own work, available on the company's website ([www.lpkf.com/en/investor-relations/corporate-governance](http://www.lpkf.com/en/investor-relations/corporate-governance)).

As a matter of principle, on an annual basis, the Supervisory Board reviews how effectively the Supervisory Board and its committees perform their duties. A survey is prepared with detailed questions and sent to all members of the Supervisory Board. The survey contains questions on the organisational, personnel and content-related performance of the body as well as on the structure and processes of cooperation in the body and on the provision of information, in particular by the Management Board. The last self-assessment of the Supervisory Board's work took place by means of a survey in May 2021. The results of the review were presented and discussed in the Supervisory Board and confirmed professional, constructive cooperation within the Supervisory Board and with the Management Board. The results also confirmed the efficient organisation and conduct of meetings and appropriate provision of information. No fundamental need for change emerged. The work of the committees, that were only formed in October 2021, will be evaluated in the current financial year.

## COMPOSITION OF THE SUPERVISORY BOARD

Jean-Michel Richard Chairman of the Supervisory Board	Member of the Supervisory Board since 25 November 2020 elected until the end of the Annual General Meeting 2024 Chairman of the Supervisory Board since 1 December 2020 Chairman of the Audit and Risk Committee since 27 October 2021
Dr. Dirk Rothweiler Deputy Chairman of the Supervisory Board	Member of the Supervisory Board since 14 June 2017 elected until the end of the Annual General Meeting 2022 Deputy Chairman of the Supervisory Board since 6 June 2019 Chairman of the Nomination Committee since 27 October 2021
Prof. Dr.-Ing. Ludger Overmeyer	Member of the Supervisory Board since 6 June 2019, elected until the end of the Annual General Meeting 2024 Member of the Supervisory Board since 14 June 2021, elected until the end of the Annual General Meeting 2025 Chairwoman of the Remuneration & ESG Committee since 27 October 2021
Julia Kranenberg	

LPKF AG has taken out directors' and officers' liability insurance (D&O insurance) for all members of the Management Board and Supervisory Board.

The Supervisory Board of LPKF AG in the 2021 financial year comprised the members listed above, who were elected by the Annual General Meeting by way of individual election. CVs of the Supervisory Board members are available on the company's website at [www.lpkf.com/en/company/management](http://www.lpkf.com/en/company/management).

When proposing candidates for election to the Supervisory Board, attention shall be paid to the knowledge, skills and professional experience required to perform the duties, as well as to diversity in composition. For its proposals for the election of new Supervisory Board members to the Annual General Meeting, the Supervisory Board shall ascertain from the respective candidate that he/she is able to devote the expected amount of time.

The specific composition of the Management Board and the Supervisory Board in the 2021 financial year as well as the disclosures pursuant to §285 No. 10 HGB can be found in the combined management and group management report in this Annual Report.

In 2021 the Supervisory Board nominated Julia Kranenberg as its fourth member. Julia Kranenberg was elected by the General Annual Meeting on 20 May 2021 and her term of office commenced on 14 June 2021.

In October 2021, the Supervisory Board formed an Audit and Risk Committee, a Remuneration & ESG Committee and a Nomination Committee. The Audit and Risk Committee consists of three Supervisory Board members, currently Jean-Michel Richard (Chairman), Dr. Dirk Rothweiler and Prof. Dr.-Ing. Ludger Overmeyer. Jean-Michel Richard

has specific knowledge and experience in applying accounting principles and internal control procedures and is very familiar with audits. Dr. Dirk Rothweiler has expertise in the area of accounting. Meetings of the Audit and Risk Committee take place at least once every calendar quarter.

The Audit and Risk Committee deals with the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the audit of the financial statements and compliance, and prepares the resolutions of the Supervisory Board required in this context. The accounting includes in particular the consolidated financial statements and the Group management report (including any CSR reporting), any interim financial information and the separate financial statements in accordance with the German Commercial Code (HGB).

The Audit and Risk Committee prepares the Supervisory Board's proposal to the Annual General Meeting on the election of the auditor and the Supervisory Board's decision on the determination of key audit areas, the award of the audit contract to the auditor and the fee agreement. To this end, it also deals with the prescribed independence of the auditor. The Audit and Risk Committee decides on whether to approve the provision of permissible non-audit services by the auditor and regularly assesses the quality of the audit. It also prepares the selection and commissioning of any external audit of any non-financial (Group) statement or separate non-financial (Group) report by the Supervisory Board.

The Audit and Risk Committee issues recommendations to the Supervisory Board to facilitate and prepare the decision of the Supervisory Board on the approval of the annual financial statements and the approval of the consolidated financial statements.

The Remuneration & ESG Committee consists of three Supervisory Board members, currently Julia Kranenberg (chairwoman), Jean-Michel Richard and Dr. Dirk Rothweiler. Meetings of the Remuneration and ESG Committee are held at least twice per calendar year.

The Remuneration & ESG Committee deals with environmental, social, governance, sustainability, health and safety, and social responsibility topics (together the "ESG Topics"). It advises the Supervisory Board and the Management Board on ESG Topics, monitors and mentors the measures taken by the Management Board to implement them. It supports the Audit and Risk Committee at its request in the preparation for the Supervisory Board's review of reporting and disclosure on ESG Topics, in particular as part of the non-financial (Group) statement or the separate non-financial (Group) report.

The Remuneration & ESG Committee prepares the Supervisory Board's resolution on the remuneration system for the Management Board and reviews it regularly. It also reviews and assesses the appropriateness of the total remuneration of the individual members of the Management Board as well as the determination and review of the targets for variable remuneration by the Supervisory Board and prepares the respective resolutions of the Supervisory Board as well as the Supervisory Board's resolution on the remuneration report to be prepared annually.

The Nomination Committee consists of three Supervisory Board members, all of whom are shareholder representatives, currently Dr. Dirk Rothweiler (chairman), Jean-Michel Richard, and Julia Kranenberg. Meetings of the Nomination Committee are held as required.

The Nomination Committee nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. The Nomination Committee facilitates and prepares the Supervisory Board's decisions on Management Board members, in particular by making proposals for the appointment, reappointment and dismissal of Management Board members. In addition, the Nomination Committee prepares long-term succession planning for the Management Board on behalf of the Supervisory Board, deals with personnel policy and the principles and structures of personnel development and planning in the area of executives and consults with the Management Board and the Supervisory Board on these issues.

#### SETTING TARGETS FOR THE PROPORTION OF FEMALE MEMBERS ON THE SUPERVISORY BOARD, THE MANAGEMENT BOARD AND THE TWO MANAGEMENT LEVELS BELOW THE MANAGEMENT BOARD

As a listed company not subject to the German Co-Determination Act, LPKF AG is legally obliged to set targets for the proportion of women on the Supervisory Board, the Management Board and the two management levels below the Management Board.

On 27 February 2019 the Supervisory Board set a target of 1/3 (or 33.33%) for the proportion of women on the Supervisory Board and a target of 0% for the proportion of women on the Management Board. The deadline for achieving both targets is 26 February 2024.

Given the composition of the Management Board with only two members and the composition of the Supervisory Board with three members at the time of setting the targets, the Supervisory Board did not consider it appropriate to set higher targets for now. However, the Supervisory Board will continue to assess the situation as it fully supports and promotes gender equality.

The Management Board has set targets for the proportion of women in the two management levels below the Management Board. They amount to 17% in the first management level below the Management Board and 23% in the second management level below the Management Board. The deadline for achieving all of these targets is 30 June 2022.

#### LONG-TERM SUCCESSION PLANNING FOR THE MANAGEMENT BOARD, DIVERSITY CONCEPT

One of the duties of the Supervisory Board is to work on the long-term succession planning for the Management Board together with the Management Board. In addition to the requirements of the German Stock Corporation Act and the Code, the succession planning takes into account the diversity concept as adopted by the Supervisory Board for the composition of the Management Board. Taking into account the specific qualification requirements and the aforementioned criteria, the Supervisory Board develops an ideal candidate profile and draws up a shortlist of available professionals. Structured interviews are conducted with these candidates. If necessary, the Supervisory Board is supported by

external consultants in the development of the candidate briefs and the selection of candidates.

With regard to the composition of the Management Board, the Supervisory Board pursues a diversity concept and fully embraces diversity, taking into account the following aspects:

- The members of the Management Board shall, as a whole, possess the knowledge, skills and professional experience necessary for the proper performance of their duties.
- The members of the Management Board must be familiar with the relevant industrial environment. At least individual members of the Management Board should also have knowledge in the Laser Technology Business Field and in the area of capital markets and financing. At least the member of the Management Board responsible for finance must have expertise in the fields of accounting or auditing of the Management Board should have experience in managing a medium-sized company.
- Diversity shall also be considered in the search for qualified personnel for the board. The extent to which different, mutually complementary professional profiles, professional and life experiences as well as an appropriate representation of both genders benefit the work of the board should also be appreciated.
- As a rule, only those who have not yet reached the age of 65 shall be members of the Management Board. The age of the Management Board members shall therefore also be taken into account in the appointment.
- For the proportion of women on the Management Board, the Supervisory Board has set the target described above and the above deadline for achieving it.

Diversity is intended to benefit the work of the board as a whole. The Supervisory Board decides with which individual a specific Management Board position should be filled in the best interest of the company and under consideration of all circumstances of the individual case.

In the reporting period the Management Board of LPKF AG had two members with professional and personal qualifications in different areas. In the opinion of the Supervisory Board, the diversity concept for the Management Board was complied with during the reporting period and also currently.

The former Chairman of the Management Board, Dr. Götz Bendele, left the company at the end of April 2021. The Supervisory Board appointed Britta Schulz as an interim Management Board member from 1 May 2021 until the end of December 2021. The Supervisory Board appointed Dr. Klaus Fiedler as new Chairman of the Management Board as of 1 January 2022.

#### OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD, COMPETENCE PROFILE, DIVERSITY CONCEPT

The Supervisory Board has set targets regarding its composition, the competence profile that is taken into account when proposing new candidates for the Supervisory Board, and diversity principles.

The Supervisory Board as a whole shall have the knowledge, skills and professional experience necessary to perform its duties. The members of the Supervisory Board as a whole shall be familiar with the sector in which the company operates.

It shall be ensured that at least the following knowledge or experience is present in members of the Supervisory Board: (i) familiarity with the sector in which the company operates, (ii) knowledge in other defined areas, (iii) expertise in the fields of accounting (at least one member) and auditing (at least one other member), and (iv) international experience. Individual qualifications of the individual members may complement each other to achieve this goal.

**a) Consideration of the international activity of the company**

LPKF AG's international (global) activities are taken into account in election proposals to the Annual General Meeting. In addition to knowledge of the English language, professional experience gained in other internationally active German or foreign companies, whether in management or in supervisory bodies, as well as an understanding of global economic contexts is required. The criterion of internationality does not exclude German nationals as they can contribute the desired level of experience.

**b) Independence and avoidance of potential conflicts of interest**

The Supervisory Board shall include an appropriate number of independent members on the shareholder side within the meaning of Recommendation C.6 of the German Corporate Governance Code of 16 December 2019 (GCGC 19). A member of the Supervisory Board shall be considered independent within the meaning of this recommendation if he or she is independent of the company and its Management Board and independent of a (possible) controlling shareholder.

More than half of the shareholder representatives shall be independent of the company and the Management Board. According to the definition of recommendation C.7 GCGC 2019, a Supervisory Board member is independent of the company and its Management Board if he or she has no personal or business relationship with the company or its Management Board that could constitute a material and not merely temporary conflict of interest. In assessing independence, the Supervisory Board takes into account the indicators listed in recommendation C.7 GCGC 2019.

At least one shareholder representative shall be independent of a (possible) controlling shareholder. According to recommendation C.9 GCGC 2019, a Supervisory Board member is independent of the controlling shareholder if he or she or a close family member is neither a controlling shareholder nor a member of the controlling shareholder's executive body nor has a personal or business relationship with the controlling shareholder that may give rise to a material and not merely temporary conflict of interest.

No member shall be a member of the Supervisory Board who exercises an executive or advisory function at a significant third-party competitor of the company or the Group or who has a personal relationship with a significant third-party competitor.

The Supervisory Board shall not include more than one former member of the Management Board.

**c) Setting an age limit**

The age limit for the members of the Supervisory Board was set in the Rules of Procedure of the Supervisory Board at not older than 72 years at the time of election.

#### **d) Determination of a standard limit for the length of membership in the Supervisory Board**

In order to ensure a balanced mix of experience and renewal on the Supervisory Board, the Supervisory Board has set a standard limit for the average length of service on the Supervisory Board of 10 years in relation to the date of election.

#### **e) Consideration of diversity**

In the search for qualified individuals for the Supervisory Board, attention shall also be paid to diversity. The extent to which different, mutually complementary professional profiles, professional and life experience as well as an appropriate representation of both genders on the Supervisory Board benefit the work of the Supervisory Board shall also be acknowledged. For the proportion of women on the Supervisory Board, the Supervisory Board has set the target described above and the above deadline for achieving it.

The above objectives and the diversity concept are intended to benefit the work of the Supervisory Board as a whole.

With the exception of the target for the proportion of women on the Supervisory Board by 26 February 2024 (proportion currently at 25%), the Supervisory Board is of the opinion that the current composition of the Supervisory Board meets the set targets and fulfills the diversity concept and the competence profile.

The members of the Supervisory Board as a whole are familiar with the sector relevant to the company's activities, with Jean-Michel Richard having expertise in the application of accounting principles and internal control procedures as well as auditing and ESG, Dr. Dirk Rothweiler having expertise in the field of accounting and both bringing international experience. The Chairwoman of the Remuneration & ESG Committee, Julia Kranenberg, also has expertise in Human Resources/ remuneration and ESG and is responsible for ESG on the Supervisory Board. The Supervisory Board also includes the number of members independent of the company and the Management Board, as determined by the Supervisory Board to be at least a majority.

The Supervisory Board considers all of its current members - Jean-Michel Richard, Dr. Dirk Michael Rothweiler, Julia Kranenberg and Prof. Dr.-Ing. Ludger Overmeyer - to be independent of the company and the Management Board. There is currently no controlling shareholder on which the Supervisory Board members could be dependent.

#### **SHAREHOLDERS AND ANNUAL GENERAL MEETING**

The shareholders of LPKF AG exercise their co-determination and control rights at the Annual General Meeting, which is held at least once a year. This resolves on all matters determined by law. Each share entitles the holder to one vote.

Every shareholder who registers in good time is entitled to attend the Annual General Meeting. Shareholders who are unable to attend in person have the option of having their voting rights exercised by a bank, a shareholders' association, the proxies appointed by LPKF

AG who are bound by instructions, or another proxy of their choice. Shareholders can follow the Annual General Meeting or parts thereof via the internet. The Management Board may provide for shareholders to cast their votes in writing or by way of electronic communication (postal vote) and for shareholders to participate in the Annual General Meeting without being present on site and to exercise all or some of their rights in whole or in part by way of electronic communication. The invitation to the Annual General Meeting and the reports, documents and information required by law for the Annual General Meeting are published in accordance with the provisions of the German Stock Corporation Act and made available on LPKF AG's website in German and English.

Due to the special circumstances of the COVID-19 pandemic, the 20 May 2021 AGM was held as a virtual meeting without the physical presence of shareholders or their proxies.

#### TRANSPARENCY

LPKF regularly informs capital market participants and the interested public about the Group's economic situation and important developments. The annual report, the half-yearly financial report and the quarterly financial reports are published within the prescribed deadlines. Press releases and, if necessary, ad hoc announcements provide information on current events and new developments. All information is published via suitable electronic media such as e-mail and the internet. The website [www.lpkf.com](http://www.lpkf.com) also provides extensive information on the LPKF Group and LPKF shares.

The planned dates of the main recurring events and publications – such as the Annual General Meeting, annual report, quarterly financial reports and analysts' conferences – are compiled in a financial calendar. The calendar is published sufficiently in advance and made available on LPKF AG's website.

#### SHARE TRANSACTIONS OF THE MEMBERS OF THE GOVERNING BODIES

Information on directors' dealings is published by LPKF AG on the internet and reported to the relevant supervisory authorities. There were no reportable directors' dealings in the 2021 financial year.

#### ACCOUNTING AND AUDITING

LPKF AG prepares its consolidated financial statements and the interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. The annual financial statements of LPKF AG are prepared in accordance with the German Commercial Code (HGB). The annual and consolidated financial statements are prepared by the Management Board, reviewed by the Audit and Risk Committee and the Supervisory Board and audited by externally appointed auditors. The interim reports and the half-year financial report are discussed by the Supervisory Board, its Audit and Risk Committee and with the Management Board prior to publication. The consolidated financial statements and the annual financial statements of LPKF AG were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2021 Annual General Meeting. KPMG is auditor since the 2020 financial statements. The audit reports were signed by Björn Kniese, KPMG partner assigned to LPKF since the 2020 annual financial statements and Thomas Meyer, assigned to LPKF since 2021. The audits were

conducted in accordance with German auditing regulations and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). They also covered risk management and compliance with corporate governance reporting requirements pursuant to section 161 of the German Stock Corporation Act (AktG).

It was also contractually agreed with the auditors that they would inform the Supervisory Board immediately of any possible grounds for disqualification or partiality as well as of any significant findings and occurrences during the audit. There was no reason to do so during the audits for the 2021 financial year.

Garbsen, 16 March 2022



JEAN-MICHEL RICHARD  
the Supervisory Board



KLAUS FIEDLER  
the Management Board

