



Commitment to transparency and focus on value

LPKF Laser & Electronics SE (LPKF) is firmly committed to good and transparent corporate governance and thereby makes a considerable contribution to building trust on the capital markets. The term “corporate governance” stands for modern corporate management and control that is focused on creating long-term value. In this context, open and transparent communication with shareholders, employees, customers and suppliers is just as important as trust-based collaboration between the company’s corporate bodies.

The company has therefore implemented the guidelines defined by the German Corporate Governance Code and puts them into practice in its day-to-day work. However, in a few cases, LPKF is deviating from the Government Commission’s recommendations.

Declaration of compliance pursuant to Section 161 of the German Stock Corporation Act dated 16 February 2023

The Management Board and the Supervisory Board declare that since the last regular declaration of compliance dated 23 February 2022, LPKF Laser & Electronics SE (hereinafter referred to as “LPKF”) complies with the recommendations of the German Corporate Governance Code (hereinafter referred to as “Code”) in the version dated 16 December 2019 (old) respectively since its validity in the version dated 28 April 2022 (new) and will continue to comply with them in the future in the version dated 28 April 2022 with the following exceptions:

- 1. Recommendation on the chairmanship of the Audit Committee (Code Section D.4, sentence 2 (old), Code Section D.3, sentence 5 (new))**

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, 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 is therefore in the best interests of the company.

2. Recommendations on the remuneration of the Management Board (Code Sections G.1 to G.16)

The remuneration system for the Management Board last approved by the Annual General Meeting on 20 May 2021 and the Management Board contracts concluded on the basis thereof, complied with the recommendations of the Code in Sections G.1 to G.16 with the following exceptions:

- Contrary to Section G.1, the remuneration system did 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 – were thus equally weighted.
- Contrary to Section G.6, the variable remuneration resulting from the achievement of long-term targets did not exceed the proportion resulting from short-term targets, and contrary to Section G.10, sentence 1, the variable remuneration amounts were 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 were each equally weighted at 50% – measured against the target direct remuneration. For reasons of incentive, the Supervisory Board considered equal weighting of the short-term and long-term variable remuneration components to be appropriate.
- 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, was 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 previous remuneration system thus also achieved 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 was directly linked to the value of the company represented by the share price. Any further possibility of reclaiming the remuneration granted in this way was not considered feasible, as the Management Board would have had 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 had decided not to include an additional claw-back option in the narrower sense in order to avoid a double disadvantage.

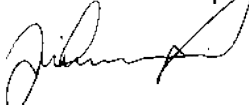
The Supervisory Board is currently developing a new remuneration system for the members of the Management Board, which shall largely take into account the recommendations of the Code in sections G.1 to G.16., and intends to submit this new system for approval at the 2023 Annual General Meeting. Should there be any particular deviations from the compensation-related recommendations of the Code in the future, the Management Board and Supervisory Board will explain and state the reasons for such deviations.

3. 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. 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. The Management Board and Supervisory Board intend to propose to the 2023 Annual General Meeting an adjustment to Supervisory Board compensation that fully complies with the recommendation in section G.17 of the Code.

Garbsen, 16 February 2023

On behalf of the Supervisory Board


Jean-Michel Richard

On behalf of the Management Board


Dr. Klaus Fiedler