Invitation to the Annual General Meeting

on May 17, 2023

LPKF Laser & Electronics SE, Garbsen

ISIN DE0006450000

Dear Shareholders,

We hereby invite you to this year's Annual General Meeting, which will be held on

Wednesday, May 17, 2023, at 10:00 a.m. (CEST)
(= 8:00 a.m. UTC (coordinated universal time))

at HCC Hannover Congress Centrum, Theodor-Heuss-Platz 1-3, 30175 Hanover, Germany.

I. Agenda

1. Presentation of the adopted annual financial statements as of December 31, 2022, the approved consolidated financial statements as of December 31, 2022, the combined Management report and Group Management report, and the Supervisory Board's report for the 2022 financial year, as well as the explanatory report of the Management Board on the disclosures under Sections 289a and 315a (Commercial Code (HGB)).

The documents provided for Item 1 of the agenda can be viewed on the Company's website at

https://www.lpkf.com/en/investor-relations/annual-general-meeting

from the time the Annual General Meeting is convened onwards. These documents will also be accessible at the Annual General Meeting and will be explained verbally.

The Supervisory Board has approved the annual financial statements prepared by the Management Board and the consolidated financial statements under Sections 171 and 172 of the German Stock Corporation Act (Aktiengesetz – "AktG"). The annual financial statements are thus adopted. In accordance with the statutory provisions, a resolution of the Annual General Meeting on Item 1 of the Agenda is therefore not scheduled.

2. Resolution regarding the use of the net profit for the 2022 financial year

The Management Board and the Supervisory Board propose that the entire net profit of EUR 23,581,279.24 reported in the annual financial statements of LPKF Laser & Electronics SE for the 2022 financial year be carried forward to new account.

3. Resolution regarding the ratification of the acts of the Management Board for the 2022 financial year

The Management Board and the Supervisory Board propose that the acts of the members of the Management Board be ratified for the 2022 financial year.

4. Resolution regarding the ratification of the acts of the Supervisory Board for the 2022 financial year

The Management Board and the Supervisory Board propose that the acts of the members of the Supervisory Board be ratified for the 2022 financial year.

5. Resolution on the approval of the remuneration system for members of the Management Board

In accordance with Section 120a, para. 1 AktG, the Annual General Meeting of an exchange-listed company must adopt a resolution approving the remuneration system proposed by the Supervisory Board for the members of the Management Board in the event of any significant changes and at least once every four years. The Company's Annual General Meeting most recently approved the remuneration system for members of the Management Board resolved by the Supervisory Board (2021 Remuneration System) in accordance with Section 120a, para. 1 AktG on May 20, 2021, with 79.26% of votes in favor.

In light of the future growth ambitions of LPKF Laser & Electronics SE, the approval rate for the 2021 Remuneration System, and feedback on the remuneration report for the 2021 financial year, the Supervisory Board carried out an extensive review of the Management Board remuneration system in 2022 in consultation with its Remuneration and ESG Committee and with the assistance of an independent external remuneration consultant. The Supervisory Board also considered feedback from investors and appropriate recommendations from voting rights consultants in its review. In March 2023, the Supervisory Board adopted a revised remuneration system for the members of the Management Board (2023 Remuneration System).

The 2023 Remuneration System for members of the Management Board is presented in Section II. under II.1., and can be accessed on the company's website at

https://www.lpkf.com/en/investor-relations/annual-general-meeting

from the time the Annual General Meeting is convened onwards, including during the Annual General Meeting.

The Supervisory Board proposes the adoption of the following resolution:

The 2023 Remuneration System for members of the Management Board adopted by the Supervisory Board is approved.

6. Resolution regarding the approval of the Remuneration Report for the 2022 financial year

Pursuant to Section 162 AktG, the Management Board and Supervisory Board of LPKF Laser & Electronics SE must prepare a Remuneration Report on the remuneration granted and owed to each member of the Management Board and Supervisory Board in the 2022 financial year. The Remuneration Report was reviewed formally by the auditor of the annual financial statements in accordance with Section 162 para. 3 AktG. The auditor of the annual financial statements also reviewed the content in excess of the legal requirements. The note regarding the audit of the Remuneration Report is attached to the Remuneration Report as part of the independent auditor's report.

The full Remuneration Report prepared and reviewed in accordance with Section 162 AktG for the 2022 financial year has been printed in Section II under II.2. and can be accessed via the company's website at

https://www.lpkf.com/en/investor-relations/annual-general-meeting

ffrom the time the Annual General Meeting is convened onwards, including during the Annual General Meeting.

The Management Board and Supervisory Board propose the adoption of the following resolution:

The Remuneration Report prepared and audited under Section 162 AktG for the 2022 financial year is approved.

7. Resolution regarding the remuneration of the members of the first Supervisory Board of LPKF Laser & Electronics SE

Since the conversion of LPKF Laser & Electronics Aktiengesellschaft into LPKF Laser & Electronics SE entered into force on December 12, 2022, the members of the Supervisory Board have constituted the first Supervisory Board of LPKF Laser & Electronics SE.

In accordance with Section 113, para. 2 AktG, the Annual General Meeting that adopts a resolution ratifying the acts of the members of the first Supervisory Board can approve remuneration for the activities of the members of the first Supervisory Board. The members of the first Supervisory Board should receive remuneration and reimbursement of expenses for the period from December 12, 2022, to May 17, 2023, corresponding to the remuneration for members of the Supervisory Board and reimbursement of expenses most recently specified under Article 20 of the Articles of Incorporation of LPKF Laser & Electronics Aktiengesellschaft and Article 18 of the Articles of Incorporation of LPKF Laser & Electronics SE.

From May 18, 2023, onwards, the members of the Supervisory Board of LPKF Laser & Electronics SE should receive the remuneration proposed under agenda item 8.

As such, the Management Board and Supervisory Board propose the adoption of the following resolution:

The members of the first Supervisory Board of LPKF Laser & Electronics SE shall receive prorated fixed basic remuneration for the 2022 financial year from December 12, 2022, to December 31, 2022, and for the 2023 financial year from January 1, 2023, to May 17, 2023, calculated on the basis of fixed basic remuneration of EUR 32,000.00 for a full financial year. The chair of the first Supervisory Board shall receive double the amount of this fixed basic remuneration, and the deputy chair shall receive one-and-a-half times the amount of the fixed basic remuneration.

The chair of the Audit Committee, the chair of the Nomination Committee, and the chair of the Remuneration & ESG Committee shall receive additional prorated fixed remuneration both for the 2022 financial year from December 12, 2022, to December 31, 2022, and for the 2023 financial year from January 1, 2023, to May 17, 2023, calculated on the basis of additional fixed remuneration of EUR 5,000.00 for a full financial year for the chair of the Audit Committee and additional fixed remuneration of EUR 3,500.00 for a full financial year for the chairs of both the Nomination Committee and the Remuneration & ESG Committee.

In addition, the members of the first Supervisory Board of LPKF Laser & Electronics SE shall have all expenses and any VAT payable on their remuneration and expenses reimbursed.

Remuneration for members of the first Supervisory Board of LPKF Laser & Electronics SE will be paid after the Annual General Meeting on May 17, 2023.

8. Resolution regarding the remuneration of Supervisory Board members and corresponding amendment of the Articles of Incorporation

Pursuant to Section 113, para. 3 AktG as reworded by the Act Implementing the Second Shareholders' Rights Directive (ARUG II), a resolution on the remuneration of Supervisory Board members must be adopted at least once every four years at exchange-listed companies. The remuneration of the Supervisory Board members of LPKF Laser & Electronics SE (then LPKF Laser & Electronics Aktiengesellschaft) was most recently amended by the Annual General Meeting of May 20, 2021, and is governed by Article 18 of the Company's Articles of Incorporation. Pursuant to this article, together with reimbursement of expenses, the members of the Supervisory Board also receive fixed remuneration (fixed basic remuneration plus additional remuneration for chairing a committee). The fixed basic remuneration for individual Supervisory Board members was most recently reduced from EUR 40,000 p.a. to EUR 32,000 p.a. by the Annual General Meeting of June 2, 2016, and has remained unchanged since then. The chair of the Supervisory Board receives double the amount of the fixed annual basic remuneration and the deputy chair receives one-and-a-half times the amount of the fixed annual basic remuneration. In addition, the chair of a Supervisory Board committee receives additional remuneration of EUR 5,000 p.a. (Audit Committee) or EUR 3,500 p.a. (Nomination Committee and Remuneration & ESG Committee).

The current remuneration system for the members of the Supervisory Board as well as the amount of Supervisory Board compensation has been reviewed in regard to market conformity and competitiveness with the assistance of an independent external expert. In consideration of the results of this review, the Management Board and Supervisory Board have concluded that an adjustment is necessary in order to ensure the appropriateness and competitiveness of Supervisory Board remuneration. Competitive Supervisory Board remuneration is essential in order to attract the most qualified candidates for membership on the Company's Supervisory Board, and thus contributes to the long-term and sustainable development of the company. For this reason, the following changes to the Supervisory Board's current remuneration system are proposed:

- The fixed basic remuneration, which has remained unchanged since 2016, should be raised from EUR 32,000 p.a. to EUR 35,000 p.a.

- The expected time commitment for committee membership should be taken into account appropriately for committee chairs as well as for the members of a committee, who currently receive no additional remuneration for their committee membership. In the future, members of the Audit Committee should receive additional remuneration of EUR 7,500 p.a., and members of other committees, i.e. currently the Nomination Committee and the Remuneration & ESG Committee, should receive additional remuneration of EUR 5,000 p.a. The chairs of the respective committees should each receive double the amount of the additional remuneration.

- In addition, the members of the Supervisory Board should receive a meeting fee of EUR 1,000 for each time they participate in a Supervisory Board meeting – whether in person, via telephone, or virtually – and a meeting fee of EUR 500 for each committee meeting. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

Remuneration element		Current remuneration system	Proposed remuneration system
Fixed remuneration		• €32,000 p.a.	• **€35,000** p.a.
Differentiation	Chairman	• 2 times fixed remuneration: €64,000 p.a.	• 2 times fixed remuneration: **€70,000** p.a.
	Deputy Chairman	• 1.5 times fixed remuneration: €48,000 p.a.	• 1.5 times fixed remuneration: **€52,500** p.a.
Committee remuneration	Audit and Risk Committee	• Chair: €5,000 p.a. • Members: -	• Chair: **€15,000** p.a. • Members: **€7,500** p.a.
	Other committees	• Chair: €3,500 p.a. • Members: -	• Chair: **€10,000** p.a. • Members: **€5,000** p.a.
Meeting fees		• -	• **€1,000** per Supervisory Board meeting • **€500** per committee meeting (Meeting fee for committee meetings shall only be paid if the respective meeting is not held on the same day as a Supervisory Board meeting)

The proposed remuneration system for the Supervisory Board corresponds to the recommendations and suggestions of the German Corporate Governance Code (GCGC) as amended as of April 28, 2022.

The Management Board and Supervisory Board propose the adoption of the following resolution:

a) Article 18 of the Articles of Incorporation shall be amended and reworded as follows:

"Article 18 Remuneration of the Supervisory Board

(1) Each member of the Supervisory Board receives fixed basic remuneration of EUR 35,000.00 p.a. for each full financial year of membership of the Supervisory Board. The chair of the Supervisory Board receives double the amount of this fixed basic remuneration, and the deputy chair receives one-and-a-half times the amount of the fixed basic remuneration. Members of the Audit Committee receive additional remuneration of EUR 7,500.00 p.a. and members of other committees each receive additional remuneration of EUR 5,000 p.a. The chairs of the respective committees each receive double the amount of the additional remuneration.

(2) Members of the Supervisory Board who have belonged to the Supervisory Board, served as the chair or deputy chair of the Supervisory Board, or served as a chair or member of a committee for less than a full financial year will receive one twelfth of the remuneration specified under para. 1 for each commenced month of their activities.

(3) In addition, the members of the Supervisory Board receive a meeting fee of EUR 1,000.00 for each time they participate in a Supervisory Board meeting – whether in person, via telephone, or virtually – and a meeting fee of EUR 500.00 for each committee meeting. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

(4) The remuneration in accordance with paras. 1 and 2 is payable in two equal installments, one six months after the start of the financial year and one six months after the end of the financial year. The remuneration specified under para. 3 is payable after the end of the financial year.

(5) In addition, members of the Supervisory Board shall have all expenses and any VAT payable on their remuneration and expenses reimbursed. Liability insurance can be taken out to protect Supervisory Board members from risks arising in connection with the performance of their duties as members of the Supervisory Board (directors' and officers' liability insurance – D&O insurance) with a total premium of up to EUR 30,000.00."

b) This provision on the remuneration of Supervisory Board members will first apply from the entry of the amendment of the Articles of Incorporation into force on May 18, 2023, onwards.

c) The underlying remuneration system for Supervisory Board members defined under a) and presented in the following is adopted.

Remuneration system for members of the Supervisory Board of LPKF Laser & Electronics SE

Remuneration for members of the Supervisory Board of LPKF Laser & Electronics SE is defined under Article 18 of the Articles of Incorporation. Remuneration and the remuneration system for the Supervisory Board are reviewed on a regular basis. The decisive factors in this context particularly include the time commitment and responsibilities of the members of the Supervisory Board and the Supervisory Board compensation granted by other comparable companies. The provision of appropriate and competitive Supervisory Board remuneration is intended to ensure that the Company can attract the most qualified candidates for membership on its Supervisory Board.

The remuneration system takes the responsibilities and scope of activities of the members of the Supervisory Board into account. In line with its duties, the Supervisory Board helps to promote the company's business strategy and long-term development by advising the Management Board and monitoring its management of the Company.

As well as having all expenses and any VAT payable on remuneration and expenses reimbursed, members of the Supervisory Board each receive fixed annual remuneration. There is no provision for variable remuneration or financial or non-financial performance criteria. This takes account of the Supervisory Board's independent control and advisory function, which is geared not towards short-term business success but towards the long-term development of the company.

The respective level of fixed basic remuneration takes the specific roles and responsibilities of members of the Supervisory Board into account. The greater time commitment for the chair and deputy chair of the Supervisory Board are taken into account appropriately by means of greater basic remuneration.

In addition, the greater time commitment for members of Supervisory Board committees is also taken into account appropriately by means of additional remuneration. The chair of a committee receives greater additional remuneration due to the greater time commitment and additional responsibilities involved.

The members of the Supervisory Board receive a meeting fee for each time they participate in a Supervisory Board meeting or a meeting for one of its committees – whether in person, via telephone, or virtually. The meeting fee is paid only once in cases of multiple meetings that take place on the same day.

Remuneration element		Remuneration of the Supervisory Board
Fixed remuneration		• **€35,000** p.a.
Differentiation	Chairman	• 2 times fixed remuneration: **€70,000** p.a.
	Deputy Chairman	• 1.5 times fixed remuneration: **€52,500** p.a.
Committee remuneration	Audit and Risk Committee	• Chair: **€15,000** p.a. • Members: **€7,500** p.a.
	Other committees	• Chair: **€10,000** p.a. • Members: **€5,000** p.a.
Meeting fees		• **€1,000** per Supervisory Board meeting • **€500** per committee meeting (Meeting fee for committee meetings shall only be paid if the respective meeting is not held on the same day as a Supervisory Board meeting)

The fixed basic remuneration and committee remuneration are both payable in two equal installments, one six months after the start of the financial year and one six months after the end of the financial year. Meeting fees are paid after the end of the financial year. Members of the Supervisory Board who have belonged to the Supervisory Board, served as the chair or deputy chair of the Supervisory Board, or served as a chair or member of a committee for less than a full financial year will receive remuneration on a prorated basis, namely in an amount of one twelfth of the full-year amount for each commenced month of their activities.

In the event that the Management Board and Supervisory Board perceive a need to adjust remuneration or the remuneration system, they will propose a corresponding resolution to the Annual General Meeting; regardless of the circumstances, a resolution regarding the remuneration and the underlying remuneration system will be proposed to the Annual General Meeting at least once every four years. The remuneration for members of the Supervisory Board described here has been discussed thoroughly by the Management Board and Supervisory Board.

The applicable provisions for preventing and handling conflicts of interest are also observed in the procedure for the definition and implementation of the remuneration system.

The remuneration system for Supervisory Board members is also available on the Company's website at:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

9. Resolution regarding an amendment of Article 10 of the Articles of Incorporation to increase the number of Supervisory Board members

In accordance with Article 40, paras. 2 and 3, and Article 9, para. 1(c) of Council Regulation (EC) No. 2157/2001 (SE Regulation) in conjunction with Section 17 of the SE Implementation Act (SEAG) and Article 10, para. 1 of the Articles of Incorporation, the Supervisory Board of the Company consists of four members elected by the Annual General Meeting.

The number of Supervisory Board members should be increased to five. The creation of an additional position on the Supervisory Board would improve the Supervisory Board's ability to reflect the broadest possible spectrum of expertise and experiences from different areas relevant to the Company in its composition and its proposals to the Annual General Meeting for the election of Supervisory Board members and to take the target defined by the Supervisory Board for the percentage of women on the Supervisory Board into account.

The Management Board and Supervisory Board propose the adoption of the following resolution:

Article 10, para. 1 of the Articles of Incorporation shall be amended and reworded as follows:

"(1) The Supervisory Board consists of five members."

Article 10 of the Articles of Incorporation will remain unchanged in all other regards.

10. Supervisory Board elections

In accordance with Article 40, paras. 2 and 3, and Article 9, para. 1(c) of Council Regulation (EC) No. 2157/2001 (SE Regulation) in conjunction with Section 17 of the SE Implementation Act (SEAG) and Article 10, para. 1 of the Articles of Incorporation, the Supervisory Board of the Company currently consists of four members elected by the Annual General Meeting.

The Supervisory Board members currently in office were appointed as members of the first Supervisory Board of LPKF Laser & Electronics SE until the end of the Annual General Meeting that adopts a resolution ratifying the acts of the

Supervisory Board for the first financial year of LPKF Laser & Electronics SE. The term of office of all Supervisory Board members will end upon conclusion of the Annual General Meeting on May 17, 2023. For this reason, new elections must be held.

The election of the candidates proposed below should be carried out for terms of office of roughly one to four years. The proposed terms of office are intended to make use of the option provided under the Company's Articles of Incorporation to appoint Supervisory Board members for a shorter term of office than the standard term of office of five years (Article 10, para. 3 of the Articles of Incorporation). This is intended to strengthen the voting rights of shareholders and take the requirements of modern corporate governance into account.

At the recommendation of its Nomination Committee, the Supervisory Board proposes the reelection of the members of the first Supervisory Board of LPKF Laser & Electronics SE specified under 10.1 through 10.3 and the election of the new candidate specified under 10.4 to the Supervisory Board as shareholder representatives:

10.1 Mr. Jean-Michel Richard, residing in Leigh, Wiltshire, UK, founder and independent senior advisor at Fisadis Consulting Ltd, London, UK, for a term of office starting from the end of the Annual General Meeting on May 17, 2023, and ending upon conclusion of the Annual General Meeting which adopts a resolution ratifying the acts of the Supervisory Board for the 2024 financial year;

10.2 Dr. Dirk Rothweiler, residing in Weimar, Germany, independent management consultant, for a term of office starting from the end of the Annual General Meeting on May 17, 2023, and ending upon conclusion of the Annual General Meeting which adopts a resolution ratifying the acts of the Supervisory Board for the 2025 financial year;

10.3 Prof. Dr.-Ing. Ludger Overmeyer, residing in Wunstorf, Germany, university professor and Head of the Institute of Transport and Automation Technology at Leibniz University of Hanover, for a term of office starting from the end of the Annual General Meeting on May 17, 2023, and ending upon conclusion of the Annual General Meeting which adopts a resolution ratifying the acts of the Supervisory Board for the 2023 financial year; and

10.4 Ms. Anka Wittenberg, residing in Hanover, Germany, Senior Vice President of SAP SE, Walldorf, Germany, for a term of office starting from the end of the Annual General Meeting on May 17, 2023, and ending upon conclusion of the Annual General Meeting which adopts a resolution ratifying the acts of the Supervisory Board for the 2026 financial year.

Upon the entry into force of the amendment of Article 10, para. 1 of the Articles of Incorporation proposed for adoption as a resolution by the Annual General Meeting under agenda item 9, the Supervisory Board of the Company will consist of five members elected by the Annual General Meeting in accordance with

Article 40, paras. 2 and 3 and Article 9, para. 1(c) of the SE Regulation in conjunction with Section 17 of the SE Implementation Act (SEAG) and Article 10, para. 1 of the Articles of Incorporation.

In regard to the newly created position on the Supervisory Board, at the recommendation of its Nomination Committee, the Supervisory Board proposes the election of the candidate specified under 10.5 to the Supervisory Board as a shareholder representative.

10.5 Ms. Alexa Hergenröther, residing in Witzenhausen, Germany, CEO of Sýn Consulting und Beteiligungsgesellschaft UG, Witzenhausen, Germany, for a term of office starting from the entry into force of the amendment of Article 10, para. 1 of the Articles of Incorporation proposed for adoption as a resolution by the Annual General Meeting under agenda item 9 and ending upon conclusion of the Annual General Meeting which adopts a resolution ratifying the acts of the Supervisory Board for the 2026 financial year.

The nominations submitted take the targets defined by the Supervisory Board for its composition into account and aim to further broaden the skills profile of the Supervisory Board as a whole. The skills profile and the target composition of the Supervisory Board are reported in the declaration on corporate governance ("corporate governance report") in accordance with Section 289f and Section 315d of the German Commercial Code (HGB) for the 2022 financial year, which is available on the Company's website at:

https://www.lpkf.com/en/investor-relations/corporate-governance

The Supervisory Board has ascertained that the proposed candidates are able to fulfill the expected time commitment.

As financial experts, Ms. Alexa Hergenröther and Mr. Jean-Michel Richard specifically possess a particular degree of expertise in the areas of statutory audit and accounting as referred to in Section 100, para. 5 AktG and Recommendation D.3 GCGC.

The Supervisory Board elections are intended to be decided by the Annual General Meeting by means of separate votes.

Proposed Supervisory Board candidate Mr. Jean-Michel Richard has indicated that he is willing to be a candidate for Supervisory Board chair in the event that he is elected to the Supervisory Board.

The CVs of the candidates and other additional information related to agenda item 10 can be found under II.3 in Section II.

11. Election of the auditors of the annual financial statements and the consolidated financial statements for the 2023 financial year

The Supervisory Board proposes that Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Dortmund, Germany, be elected auditor of the annual financial statements and consolidated financial statements of the Company for the 2023 financial year.

This proposal is based on the recommendation and preference of the Audit Committee. On the basis of a selection process carried out in accordance with Art. 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014, on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("Statutory Audit Regulation"), the Audit Committee has recommended that the Supervisory Board nominate either Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft or Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft for election as the auditor of the annual financial statements and consolidated financial statements for the 2023 financial year. In this context, the Audit Committee specified and justified its preference for Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

The Audit Committee has declared that its recommendation is free of undue influence by third parties and that it has not been subjected to any clause of the type specified under Art. 16, para. 6 of the Statutory Audit Regulation.

12. Resolution regarding amendments of the Articles of Incorporation to enable virtual Annual General Meetings and on modalities of participation by Supervisory Board members

12.1 Amendment of Article 20 of the Articles of Incorporation (on convening the Annual General Meeting)

On July 27, 2022, the Act on the Introduction of Virtual Annual General Meetings of Stock Companies and the Amendment of Provisions under the Law on Cooperatives, Insolvency Law, and Restructuring Law entered into force. The newly introduced Section 118a AktG created under this law makes it possible for the Articles of Incorporation to specify that the Annual General Meeting is to be held as a virtual Annual General Meeting or to authorize the Management Board to do so. Rather than directly ordering that the Annual General Meeting be held as a virtual Annual General Meeting by means of a provision under the Articles of Incorporation, the Management Board and Supervisory Board consider it reasonable to amend the Articles of Incorporation such that the Management Board is authorized to decide whether the Annual General Meeting should be held as a virtual, in-person, or hybrid meeting when convening an Annual General Meeting. This authorization must be temporary, subject to a maximum period of five years as stipulated by law.

The Management Board and Supervisory Board believe that it is in the Company's interest to ensure that the Company can also conduct Annual General Meetings in virtual form. The format of virtual Annual General Meetings has essentially proven its worth over the last several years, during which Annual General Meetings could also be held virtually due to pandemic-related special provisions. The new legislation has significantly strengthened the rights of shareholders in the context of virtual Annual General Meetings under Section 118a AktG relative to virtual Annual General Meetings under the COVID-19 Act. The virtual Annual General Meeting format is now much more similar to in-person Annual General Meetings. In particular, shareholders have the option of holding discussions directly with the Management Board and Supervisory Board by means of video communication during the Annual General Meeting. Shareholders have the right to ask questions, speak, and make motions via electronic communication.

At the same time, there can also be reasons to conduct Annual General Meetings as in-person meetings where the shareholders can hold discussions with the Company's management on site. The proposed amendment of the Articles of Incorporation would create flexibility by allowing the Management Board to decide on the format of future Annual General Meetings and thus to respond to unforeseen events and legal restrictions. The Management Board will hold detailed deliberations and decide on the format in which the Annual General Meeting should be conducted in accordance with its due professional judgment and discretion and in consideration of the interests of the Company and its shareholders. When making this decision, the Management Board will take factors including the agenda items, the goal of ensuring the broadest and most flexible scope of shareholder participation possible, cost aspects, matters of health protection, and sustainability considerations into account. Regardless of the specific format chosen in a given case, the Management Board will ensure that the rights of shareholders are protected.

In addition, in the event that the Management Board convenes a virtual Annual General Meeting, it will exercise its discretion in regard to the modalities of the right to ask questions such that shareholders are granted the right to ask at least one question during the Annual General Meeting with the same substantive scope that would apply in the case of an in-person Annual General Meeting. This has no effect on the requirements for modalities of exercising the right to ask questions in the context of virtual Annual General Meetings.

This authorization under the Articles of Incorporation should be limited to a period of two years from the time it enters into force upon entry in the commercial register. This time limit will allow the Company's shareholders to promptly decide on whether the authorization under the Articles of Incorporation has proven beneficial from their perspective.

The Management Board and Supervisory Board propose the adoption of the following resolution:

Article 20 of the Articles of Incorporation shall be supplemented with a new para. 5 worded as follows:

"(5) The Management Board is authorized to stipulate that the Annual General Meeting shall be held without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting ("virtual Annual General Meeting"). This authorization applies to virtual Annual General Meetings held within a period of two years after the time at which the amendment of the Articles of Incorporation introducing this para. 5 as adopted by resolution of the Annual General Meeting on May 17, 2023, is entered in the Company's commercial register. In the case of a virtual Annual General Meeting, the requirements for the venue of the Annual General Meeting under para. 1 do not apply."

Article 20 of the Articles of Incorporation will remain unchanged in all other regards.

12.2 Amendment of Article 21 of the Articles of Incorporation (on the right to participate in the Annual General Meeting)

As a general rule, the members of the Supervisory Board participate in the Annual General Meeting in person. Pursuant to Sections 118, para. 3, sentence 2 and 118a, para. 2, sentence 2 AktG, however, the Articles of Incorporation can specify certain cases in which members of the Supervisory Board are permitted to participate in the Annual General Meeting by means of audiovisual transmission. A corresponding provision should be added to the Articles of Incorporation.

The Management Board and Supervisory Board propose the adoption of the following resolution:

Article 21 of the Articles of Incorporation shall be supplemented with a new para. 5 worded as follows:

"(5) The members of the Management Board and Supervisory Board should participate in the Annual General Meeting at the venue of the Annual General Meeting. The chairperson of the Annual General Meeting must participate at the venue of the meeting. Supervisory Board members who are not chairing the Annual General Meeting can also participate in the Annual General Meeting by means of audiovisual transmission in cases where attendance in person seems to be impossible or unreasonable due to legal restrictions or health risks, where a Supervisory Board member would incur disproportionately high travel expenses, or where the Annual General Meeting is being held as a virtual Annual General Meeting."

Article 21 of the Articles of Incorporation will remain unchanged in all other regards.

13. Resolution regarding the authorization to grant subscription rights (*performance stock options*) to members of the Management Board of the Company, management personnel at affiliated companies, and selected employees of the Company and affiliated companies in Germany and abroad (*2023 Performance Stock Option Plan*) and create a Contingent Capital 2023/I, as well as a corresponding amendment of the Articles of Incorporation

The Company intends to introduce a stock options program in order to be able to grant subscription rights for a total of up to 2,449,654 Company shares to members of the Management Board of the Company, management personnel at affiliated companies of the Company, and selected employees of the Company and affiliated companies in Germany and abroad as a remuneration component. The stock options program has been designed as a *performance stock option plan*. When participants attain challenging financial and ESG-related targets, they are entitled to variable remuneration that can be granted in the form of shares. The stock options program supports the long-term and sustainable development of LPKF Laser & Electronics SE and the Group in a comprehensive manner. The program serves as a targeted incentive by creating strong sources of motivation to work together as a team and jointly promote the successful development of the LPKF Group. At the same time, it should also have a positive effect on participants' loyalty to the Group.

To this end, a resolution should be adopted which confers authorization to grant subscription rights in the form of performance stock options to members of the Management Board of the Company, management personnel at affiliated companies, and selected employees of the Company and affiliated companies in Germany and abroad under the framework of a stock options program ("**2023 Performance Stock Option Plan**") and creates corresponding contingent capital ("**Contingent Capital 2023/I**").

As of the time of the announcement convening the Annual General Meeting, the Company has the Authorized Capital 2021 of up to EUR 4,899,309.00 with a term ending May 19, 2024, and the Contingent Capital 2021/I of up to EUR 4,899,309.00 for servicing option bonds and/or convertible bonds which can be issued for financing purposes until May 19, 2024, at its disposal (collectively: "existing capital stock"). The authorization to waive subscription rights from or in connection with the existing capital stock is limited to a total of 10% of the Company's share capital.

The Management Board and Supervisory Board propose the adoption of the following resolution:

a) Authorization to issue performance stock options with subscription rights for shares

The Management Board is authorized to issue a total of up to 2,449,654 subscription rights in the form of *performance stock options* ("**subscription rights**") for a total of up to 2,449,654 no-par value bearer shares in the Company with a pro-rata interest in the share capital totaling up to EUR 2,449,654.00 to members of the Management Board of the Company, management personnel at affiliated companies, and selected employees of the Company and affiliated companies in Germany and abroad ("**beneficiaries**") with the consent of the Supervisory Board on one or more occasions until the end of May 16, 2028 (the "**authorization period**"), in accordance with the detailed provisions of the terms and conditions of the 2023 Performance Stock Option Plan. In the case of the issuance of performance stock options to members of the Management Board of LPKF Laser & Electronics SE, this authorization applies solely to the Supervisory Board.

The shareholders of the Company are not entitled to subscription rights.

The key points for the issuance of subscription rights on the basis of the 2023 Performance Stock Option Plan are defined as follows:

(1) Beneficiaries and allocation of subscription rights

On the basis of the 2023 Performance Stock Option Plan, subscription rights are permitted to be issued only to members of the Management Board, management personnel at affiliated companies of the Company, and selected employees of the Company and affiliated companies of the Company in Germany and abroad. The precise definition of the cohort of beneficiaries and the respective scope of subscription rights to be allocated to them will be determined by the Management Board. In the event that Management Board members are to receive subscription rights, this determination and the issuance of subscription rights fall exclusively under the responsibility of the Supervisory Board.

The maximum overall volume of the 2023 Performance Stock Option Plan that can be issued is allocated across the beneficiary groups as follows:

- Members of the Management Board of the Company can receive a combined total of up to 489,931 subscription rights
- Management personnel at affiliated companies of the Company can receive a combined total of up to 220,469 subscription rights
- Employees of the Company can receive a combined total of up to 1,077,848 subscription rights
- Employees of affiliated companies of the Company can receive a combined total of up to 661,406 subscription rights

In the event that beneficiaries belong to multiple groups, they will receive subscription rights only on the basis of their inclusion in one of these groups (no double entitlements). The criteria for inclusion in a group will be defined by the Management Board of the Company and – insofar as members of the Management Board of the Company are concerned – by the Supervisory Board of the Company.

In the event that granted subscription rights are forfeited during the authorization period due to the departure of beneficiaries from LPKF Laser & Electronics SE or an affiliated company or due to the departure of an affiliated company from the LPKF Group, an equivalent number of additional subscription rights may be issued to beneficiaries in the same group.

(2) Issuance of subscription rights (acquisition period)

Subscription rights can be issued in annual tranches within the authorization period. The individual tranches of subscription rights can be offered to beneficiaries for acquisition within a period of three months from the beginning of each financial year and allocated as a provisional number of performance stock options ("**acquisition period**"). In deviation from the provision above, the first tranche of subscription rights (2023) can be issued within a period of three months after the Annual General Meeting adopts a resolution on the authorization under (a). In cases of beneficiaries who conclude an employment contract with the Company or an affiliated company for the first time, arrangements can also be made to issue subscription rights within three months of the beginning of the employment relationship. Commitments to grant subscription rights at a later time during the aforementioned acquisition period can also be made to such individuals when concluding an employment contract.

The final number of performance stock options that can be exercised in accordance with the terms and conditions of the 2023 Performance Stock Option Plan ("**plan terms and conditions**") will be defined in relation to the attainment of performance targets (section (6)) after the end of a three-year performance period.

This has no effect in regard to the provisions of the applicable law on insider trading, namely Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation), other applicable provisions of German or foreign law, the applicable rules of any markets to which the shares or Company rights or certificates representing them have been admitted for trading, and all internal provisions on insider trading established by the Company. The acquisition period can be extended to an appropriate extent by the Management Board or – in the event that an issuance of subscription rights to members of the Management Board is concerned – by the Supervisory Board in the event that allocation within the acquisition period proves impossible in individual cases due to such statutory or internal provisions.

The relevant provisions will be defined by the Management Board or – in the event that an issuance of subscription rights to members of the Management Board is concerned – by the Supervisory Board of the Company.

(3) Content of subscription rights

A subscription right confers the right to purchase a share in the Company against payment of the exercise price insofar as the exercise conditions under the plan terms and conditions have been fulfilled, subject to any forfeiture or adjustment by provisions on protection against dilution under the plan terms and conditions.

The plan terms and conditions can allow the company the option of granting treasury shares to beneficiaries instead of new shares from the contingent capital or a combination of the two or of fulfilling subscription rights fully or partially by means of cash settlement. The acquisition and use of treasury shares for alternative fulfillment of subscription rights must take place in compliance with the relevant statutory requirements; this resolution does not grant authorization to acquire or use treasury shares. The decision on which alternative the Company will choose in individual cases is made by the Management Board of the Company or, in cases where members of the Management Board of the Company are concerned, by the Supervisory Board of the Company.

If the company chooses to settle the 2023 Performance Stock Option Plan in cash instead of delivering all or some of the shares, the cash settlement will be equivalent to the difference between (i) the product of the closing price of the shares in Xetra trading (or a comparable successor system) on the regulated market of the Frankfurt Stock Exchange as of the date the exercise declaration is received (the "**decisive closing price**") multiplied by the total number of shares to be settled in cash and (ii) the exercise price multiplied by the total number of shares to be settled in cash.

(4) Vesting period and term of validity

Subscription rights can be exercised by beneficiaries for the first time after the end of a vesting period of four years from the respective allocation date ("**vesting period**"). The "allocation date" is the time at which the Company extends the offer to acquire performance stock options to beneficiaries, regardless of the time at which the offer is received or accepted. Another time within the acquisition period for the respective tranche can be designated as the allocation date in the context of the offer.
Subscription rights can be exercised within four years after the end of the vesting period at latest, after which they will be forfeited without compensation.

(5) Exercise period and exercise price

After the end of the vesting period, the subscription rights from a given tranche can be exercised only until the end of the term of validity, i.e. within four years after the end of the vesting period ("**exercise period**").

Subscription rights from performance stock options can generally be exercised at any time within the exercise period, subject to any restrictions under insider trading law or locked periods. Locked periods particularly include periods covered by trading bans (*closed periods)* in accordance with Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 (Market Abuse Regulation) and related delegated legal acts or corresponding successor provisions; in addition, subscription rights cannot be exercised during the period from a week before the Annual General Meeting to one day after it.

This has no effect in regard to the further provisions of the applicable law on insider trading, other applicable provisions of German or foreign law, the applicable rules of any markets to which the shares or Company rights or certificates representing them have been admitted for trading, and all internal provisions on insider trading established by the Company. Additional locked periods can be specified in accordance with the plan terms and conditions, particularly in order to enable "*bulk issuance*" of shares.

The relevant provisions will be defined by the Management Board or – in the event that Management Board subscription rights are concerned – by the Supervisory Board of the Company.

The exercise price per share to be paid when exercising subscription rights is a EUR-denominated amount that corresponds to the average price of the Company's share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange over the 30 trading days preceding the respective allocation date of the subscription rights ("**exercise price**"). In each case, the minimum exercise price corresponds to the pro rata amount of the share capital attributable to the individual no-par share as of the time subscription rights are exercised, which is currently EUR 1.00.

(6) Performance targets

Subscription rights from a given tranche can be exercised after the end of the vesting period only if greater than 0% attainment is achieved for at least one of the following performance targets, whereby the number of subscription rights that can be exercised is determined on the basis of the level of attainment reached for the performance targets:

The performance targets for the calculation of overall target attainment ("**overall target attainment**") are relative total shareholder return ("**relative TSR**") with a weighting of 40%, return on capital employed ("**ROCE**") with a weighting of 40%, and ESG-related targets ("**ESG goals**") with a weighting of 20%. Overall target attainment determines the final number of performance stock options (section (7)) a beneficiary is entitled to for a tranche at the end of the performance period.

The performance period is three years starting from January 1 of the financial year in which the respective tranche of subscription rights is issued ("**performance period**").

"Relative TSR" performance target

Total shareholder return represents the return on the LPKF share, whereby the share price is taken into account under the assumption of reinvested dividends. In order to determine the level of attainment for the relative TSR performance target, the TSR performance of LPKF Laser & Electronics SE and relevant companies for peer group comparison (collectively the "**peer group**") over the performance period is calculated. The peer group consists of selected competitors of the Company and is generally defined by the Management Board or – in the event that Management Board subscription rights are concerned – by the Supervisory Board at the beginning of the performance period on the basis of the comparative group of companies.

In each case, TSR performance refers to share price performance plus notionally reinvested gross dividends during the performance period and is calculated on the basis of data from a well-known data provider. To calculate TSR performance, the difference between the share price at the beginning of the performance period ("**opening price**") and the share price at the end of the performance period ("**final price**") is calculated subject to notional reinvestment of the gross dividends distributed during the performance period, and the result is divided by the opening price. In order to compensate for any potential price fluctuations on individual days, the opening price and final price are calculated on the basis of the average closing price for the last 30 trading days in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange before the beginning and end of the respective performance period.

In order to determine the relative TSR performance of LPKF Laser & Electronics SE, LPKF Laser & Electronics SE and all peer group companies are ranked according to TSR performance and the relative positioning of the TSR performance of LPKF Laser & Electronics SE within the peer group is determined on the basis of the percentile achieved.

Target attainment is 100% if the relative TSR performance of LPKF Laser & Electronics SE is at the median of the target group ("relative TSR target"). If the relative TSR performance of LPKF Laser & Electronics SE is in the 25th percentile of the peer group ("relative TSR lower threshold"), target attainment is 50%. If the relative TSR performance of LPKF Laser & Electronics SE is in the 75th percentile of the peer group ("relative TSR upper threshold"), target attainment is 150%. Linear interpolation is carried out between these figures. Target attainment is rounded to two decimal places in accordance with standard commercial practice. In the event that the relative TSR performance of LPKF Laser & Electronics SE is below the relative TSR lower threshold or above the relative TSR upper threshold, target attainment will be 0% or 150%, respectively.

If a company that was included in the peer group defined at the beginning of the performance period can no longer be taken into account, e.g. due to delisting or mergers, the Management Board or – in the event that Management Board subscription rights are concerned – the Supervisory Board can adjust the peer group accordingly.

"ROCE" performance target

ROCE refers to the ratio of the LPKF Group's operating earnings before interest and taxes (EBIT) to the capital employed. The decisive figure here is the average ROCE over the three financial years of the performance period ("three-year average ROCE"), which is calculated on the basis of the audited and approved consolidated financial statements of the Company for the relevant financial years.

In order to determine target attainment for the ROCE performance target, the Management Board or – in the event that Management Board subscription rights are concerned – the Supervisory Board generally defines a lower threshold ("ROCE lower threshold"), a target figure ("ROCE target") and an upper threshold ("ROCE upper threshold") at the beginning of the performance period in consideration of the corporate planning adopted by the Management Board with the consent of the Supervisory Board. If the three-year average ROCE is less than or equal to the ROCE lower threshold, target attainment is 0%. If the three-year average ROCE is equal to the ROCE target, target attainment is 100%. If the three-year average ROCE is equal to or greater than the ROCE upper threshold, target attainment is 150%. Linear interpolation is carried out between these figures. Target attainment is rounded to two decimal places in accordance with standard commercial practice.

"ESG goals" performance target

The relevant criteria and their respective weighting for the evaluation of performance in the area of environment, social matters, and corporate governance (ESG) are generally defined by the Management Board or – in the event that Management Board subscription rights are concerned – the Supervisory Board at the beginning of the performance period on the basis of the sustainability-related targets specified in the corporate planning. In this context, the Management Board or – in the event that Management Board subscription rights are concerned – the Supervisory Board will refer to the following list of criteria:

Environmental protection
Energy efficiency
CO2 reduction
Sustainable supply chain
Diversity
Recycling rate
Employee commitments
Employee training
Occupational health and safety
Corporate governance

Corresponding target figures and upper and lower thresholds will be defined for each ESG goal and used to calculate target attainment at the end of the performance period. Target attainment can be between 0% and 150% for each ESG goal. Overall target attainment for the ESG goals performance target corresponds to the weighted average of target attainment for the individual ESG goals and is limited to 150%. In each case, target attainment is rounded to two decimal places in accordance with standard commercial practice.

Adjustments and further requirements

In special cases like mergers and acquisitions that were not taken into account when defining the targets or in the event of unforeseeable changes to accounting requirements, the Management Board or – in the event that Management Board subscription rights are concerned – the Supervisory Board is authorized to retroactively adjust the ROCE results or the results for ESG goals. Such adjustments can be made both upwards and downwards. The exceptional cases referred to here do not include unfavorable market developments in general.

The plan terms and conditions may define further requirements for the full or partial exercise of subscription rights in addition to fulfillment of the performance targets.

(7) Calculation of the number of subscription rights per tranche that can be exercised after the vesting period

The number of performance stock options in a tranche that can be exercised which are still subject to the exercise conditions under the plan terms and conditions is calculated by multiplying the number of non-forfeitable performance stock options by the overall target attainment ("**final number of performance stock options**"). Overall target attainment corresponds to the weighted average of the target attainment figures calculated for the performance targets. Overall target attainment is limited to 150%. The final number of performance stock options is rounded up to the next whole number and is limited to 150% of the performance stock options provisionally allocated on the allocation date.

(8) Limitation option (cap)

In the case of subscription rights that are granted to members of the Management Board of the Company, the Supervisory Board defines a limitation option (cap) for extraordinary developments. The total remuneration of Management Board members is also limited by the maximum remuneration pursuant to Section 87a, para. 1, sentence 2(1) AktG. The plan terms and conditions can define further limitation options for all beneficiaries.

(9) Forfeitability

Questions regarding the forfeiture of allocated subscription rights upon termination of the employment relationship and the (potentially staggered) non-forfeitability of subscription rights after the end of certain vesting periods are governed by the Management Board with the consent of the Supervisory Board, and in the event that members of the Management Board of the Company are concerned, by the Supervisory Board within the framework of the plan terms and conditions. Special provisions can be adopted in special cases regarding the departure of beneficiaries, particularly departure due to a reduction in earning capacity, dismissal for operational reasons, or a change of control, and the departure of business units or sub-units from the Company. In any event, subscription rights can no longer be exercised in cases where the employment relationship with the Company or an affiliated company has ended due to extraordinary termination by the Company or the affiliated company for cause (Section 626, para. 1 BGB) for which the beneficiary is responsible.

(10) Authorization to define further details

The further details on the issuance and fulfillment of subscription rights, the issuance of shares from the Contingent Capital 2023/I, and the further plan terms and conditions including the usual dilution protection clauses will be defined by the Supervisory Board, insofar as members of the Management Board of the Company are concerned, and otherwise by the Management Board of the Company.

Further provisions particularly include the decision on the one-time or repeated issuance of annual tranches to utilize the authorization to issue subscription rights, provisions on the transferability of subscription rights, provisions on the implementation of the 2023 Performance Stock Option Plan and the annual tranches and the procedure for the allocation and exercise of subscription rights, the allocation of subscription rights to individual beneficiaries, and provisions on any retroactive full or partial reduction of the number of subscription rights granted in the event of certain breaches of duty or other justified cases (clawback/penalty) and eligibility to exercise subscription rights in special cases, particularly in the event of the departure of beneficiaries from the employment relationship, death, departure of an affiliated company, business unit, or business sub-unit from the LPKF Group, change of control, the conclusion of an inter-company agreement, or a delisting, and in order to fulfill statutory requirements. When implementing this resolution, the Company is also authorized to deviate from the provisions of this resolution insofar as the content of this resolution is not subject to mandatory Annual General Meeting authority under corporate law or in the event that this resolution goes beyond minimum requirements under corporate law.

b) Contingent Capital 2023/I

The share capital of the Company will conditionally be increased by up to EUR 2,449,654.00 through the issuance of up to 2,449,654 new no-par value bearer shares of the Company (Contingent Capital 2023/I). The Contingent Capital 2023/I exclusively serves the purpose of the settlement of subscription rights which are issued to members of the Management Board of the company, management personnel at affiliated companies, and selected employees of the Company and affiliated companies in Germany and abroad by the Company on the basis of the authorization under (a) until May 16, 2028.

The contingent capital increase will be implemented only to the extent that subscription rights are issued, the holders exercise their subscription rights to Company shares, and the Company does not settle the subscription rights through the delivery of treasury shares or cash settlement in accordance with the plan terms and conditions. The issuance of shares from the Contingent Capital 2023/I is carried out with the exercise price defined under (a) of the authorization as the issuance amount. The new shares will participate in profit starting from the beginning of the financial year for which the Annual General Meeting has not yet adopted a resolution on the appropriation of balance sheet profit as of the time the new shares are issued.

The Management Board with the consent of the Supervisory Board, and insofar as members of the Management Board of the Company are concerned, the Supervisory Board is authorized to define the further details of the contingent capital increase and its implementation.

The Supervisory Board is also authorized to adjust the wording of the Articles of Incorporation in accordance with the respective utilization of the Contingent Capital 2023/I through the issuance of subscribed shares. The same applies in the case of non-utilization of the authorization to issue subscription rights after the end of the authorization period and in the case of non-utilization of the Contingent Capital 2023/I after the end of the periods for the exercise of subscription rights.

c) Amendment of the Articles of Incorporation

Article 4 of the Articles of Incorporation (share capital) shall be supplemented with a new para. 8 worded as follows:

"(8) The share capital of the Company is conditionally increased by up to EUR 2,449,654.00 through the issuance of up to 2,449,654 new no-par value bearer shares of the Company (Contingent Capital 2023/I). The Contingent Capital 2023/I exclusively serves the purpose of the settlement of subscription rights which are issued to members of the Management Board of the company, management personnel at affiliated companies, and selected employees of the Company and affiliated companies in Germany and abroad by the Company on the basis of the authorization granted by the Annual General Meeting of May 17, 2023, under agenda item 13(a) until May 16, 2028.

The contingent capital increase will be implemented only to the extent that subscription rights are issued, the holders exercise their subscription rights to Company shares, and the Company does not settle the subscription rights through the delivery of treasury shares or cash settlement in accordance with the plan terms and conditions. The issuance of shares from the Contingent Capital 2023/I is carried out with the exercise price defined in accordance with the authorization granted by the Annual General Meeting of May 17, 2023, under agenda item 13(a) as the issuance amount. The new shares will participate in profit starting from the beginning of the financial year for which the Annual General Meeting has not yet adopted a resolution on the appropriation of balance sheet profit as of the time the new shares are issued. The Management Board with the consent of the Supervisory Board, and insofar as members of the Management Board of the Company are concerned, the Supervisory Board are authorized to define the further details of the contingent capital increase and its implementation. The Supervisory Board is authorized to adjust the wording of the Articles of Incorporation in accordance with the respective utilization of the Contingent Capital 2023/I through the issuance of subscribed shares. The same applies in the case of non-utilization of the authorization to issue subscription rights after the end of the authorization period and in the case of non-utilization of the Contingent Capital 2023/I after the end of the periods for the exercise of subscription rights."

Article 4 of the Articles of Incorporation will remain unchanged in all other regards.

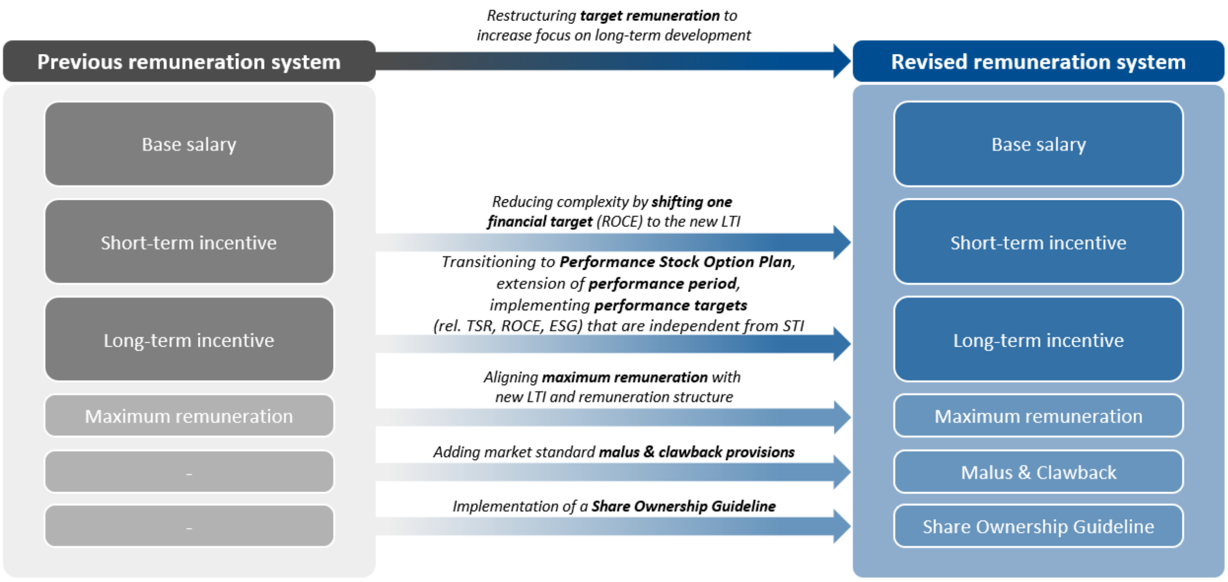
II. Further information related to the agenda items and reports

1. 2023 Remuneration System for members of the Management Board (agenda item 5)

The remuneration system for the Management Board was last presented for voting to the 2021 Annual General Meeting ("2021 Remuneration System") and was approved with 79.26% of votes in favor. In light of the future growth ambitions of LPKF Laser & Electronics SE ("LPKF"), the approval rate for the remuneration system at the 2021 Annual General Meeting, and the feedback on the 2021 remuneration report, the Supervisory Board carried out an extensive review of the Management Board remuneration system in 2022 in consultation with its Remuneration and ESG Committee. The Supervisory Board also considered feedback from investors and appropriate recommendations from voting rights consultants in its review. The revised remuneration system is presented below and shall enter into force for all employment contracts concluded or extended after its approval by the 2023 Annual General Meeting. Subject to approval by the 2023 Annual General Meeting and agreement with the members of the Management Board, the Supervisory Board intends to align the current Management Board members' existing employment contracts with the remuneration system presented below retroactively for the 2023 financial year.

I. Most significant changes under the revised remuneration system

The most significant changes and additions to the revised remuneration system relative to the 2021 Remuneration System can be summarized as follows:



- **Reinforcement of long-term orientation**

  In order to further reinforce the orientation towards long-term and sustainable development for LPKF, the ratio of short-term variable remuneration (STI) to long-term variable remuneration (LTI) is being adjusted in favor of LTI. Under the revised remuneration system, the ratio of the target amount for STI to the target amount for LTI will be roughly 40% to 60% (previously 50% to 50%).

- **Alignment of LTI with corporate strategy and investor expectations**

  The previous LTI was designed as an equity deferral and had the same performance targets as the STI. It is being replaced with an entirely new LTI. The revised LTI is designed as a performance stock option plan which is linked to both financial targets and ESG goals.

  From the Supervisory Board's perspective, the use of a performance stock option plan will provide the best possible support for LPKF's corporate strategy and long-term development. In accordance with LPKF's growth ambitions, the use of a performance stock option plan creates strong incentives to increase the company's value and thus aligns the interests of LPKF's Management Board with those of its shareholders. At the same time, the consideration of performance targets will ensure that the corporate strategy is implemented holistically. These objectives include surpassing relevant competitors on the capital market and attaining key financial and ESG targets derived from the corporate strategy. The performance stock option plan thus creates balanced incentives for the successful long-term development of LPKF.

  The new LTI will not only be introduced for the Management Board but will also be applied throughout the entire company. This will create a strong incentive to work together as a team and to drive the successful development of LPKF forward together. The new LTI will also strengthen shareholder culture within the company considerably and enable LPKF to attract key talent for driving the company's growth further.

  As an internal financial target, ROCE will be moved from the STI to the new LTI (weighting: 40%). In addition, relative total shareholder return (TSR) is being implemented as an additional financial performance target with a weighting of 40%. The financial targets will be supplemented with measurable ESG goals which will be derived from the sustainability strategy and defined annually for each tranche by the Supervisory Board.

  Target attainment for the described performance targets will be measured over a period of three years and is harmonized with the medium-term planning of LPKF, which is how the final number of performance stock options will be determined. The performance stock options must be held for a period of four years after allocation, during which the value of the performance stock options will be dependent on the development of the share price. This means that the performance stock options may be exercised four years after allocation at the earliest. The subsequent exercise period is four years, which means that the plan term for the new LTI is up to eight years.

As a general rule, the new LTI will be settled in shares.

- **Introduction of standard market penalty and clawback provisions**

  In line with the expectations of investors and voting rights consultants, the performance-based remuneration components under the revised remuneration system will be subject to penalty and clawback provisions. These provisions cover cases of performance-based remuneration paid on the basis of misstatements in the annual financial statements ("performance clawback") and cases of intentional gross breaches of material duties of care by a Management Board member ("compliance penalty / clawback").

- **Introduction of share ownership guidelines**

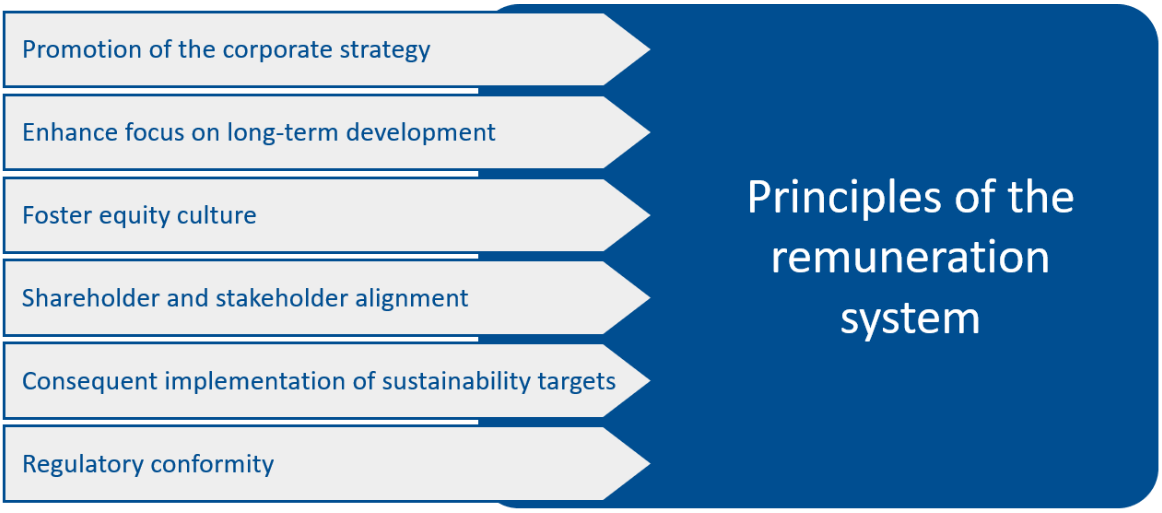
  As part of the revised remuneration system, share ownership guidelines (SOG) will also be introduced in order to link the interests of the Management Board to those of the shareholders more closely. Under the share ownership guidelines, the members of the Management Board are obligated to invest at least 50% of their net STI payment in company shares until the SOG target of 100% of gross basic remuneration per year has been attained. These shares must be held until the end of the employment relationship. As a further restriction, the performance stock options under the new LTI cannot be exercised until the SOG target is attained.

- **Adjustment of maximum remuneration to the new LTI and the new remuneration structure**

  Because the risk profile of the new LTI in the form of a performance stock option plan differs from that of the previous LTI, the maximum remuneration will be adjusted. Firstly, payment depends on the development of the newly introduced performance targets, including a relative performance measurement for total shareholder return. Secondly, a payment is only made if the share price goes up. No payment will be carried out if this requirement is not fulfilled. In view of the changed risk profile relative to the previous LTI and in consideration of the new remuneration structure outlined above, the Supervisory Board has deemed it necessary to adjust the maximum remuneration in accordance with Section 87a, para. 1, sentence 2 (1) AktG. From 2023 onwards, the maximum remuneration for each member of the Management Board will be EUR 2 million. When determining the maximum remuneration, the Supervisory Board also took the level of maximum remuneration at German companies of comparable size into account.

II. Principles of the remuneration system

The Management Board's remuneration system is a key control instrument for the implementation of LPKF's corporate strategy and growth ambitions. This includes creating the right incentives for implementing the corporate strategy holistically. Against this backdrop, the performance targets for performance-based remuneration components encompass financial and sustainability-related targets. In the interest of increasing the level of focus on LPKF's long-term development, LTI constitutes the largest part of performance-based remuneration. In order to promote shareholder culture within LPKF and align the interests of the Management Board with those of shareholders and stakeholders, the LTI has been configured as share-based remuneration components and the Management Board is subject to share ownership guidelines. When designing the remuneration system for the Management Board, the Supervisory Board complied with the requirements of the AktG and took the recommendations of the German Corporate Governance Code (GCGC) into account.



III. The remuneration system at a glance

The Management Board's remuneration system consists of performance-based and non-performance-based remuneration components. The non-performance-based components comprise basic remuneration and ancillary benefits, while the performance-based components consist of short-term variable remuneration (STI) and long-term variable remuneration (LTI). Penalty and clawback provisions, share ownership guidelines, and maximum remuneration are also key elements of the remuneration system. The company does not offer pension or early retirement schemes for Management Board members.

Vergütungs-bestandteil		Bemessungsgrundlage/ Parameter	Zielsetzung
Erfolgsunabhängig	Grund-vergütung	Auszahlung in gleichen monatlichen Raten am Ende eines jeden Monats	• Spiegelt die Rolle im Vorstand, die Erfahrung, den Verantwortungsbereich sowie die Marktverhältnisse wider • Sichert ein angemessenes Einkommen, um das Eingehen unangemessener Risiken zu vermeiden
	Neben-leistungen	Sachbezüge, Dienstwagen (alternative Barzulage oder Mietwagenflatrate), Versicherungsprämien	• Gewährung von marktüblichen Zusatzleistungen, um ein attraktives Vergütungspaket zu bieten

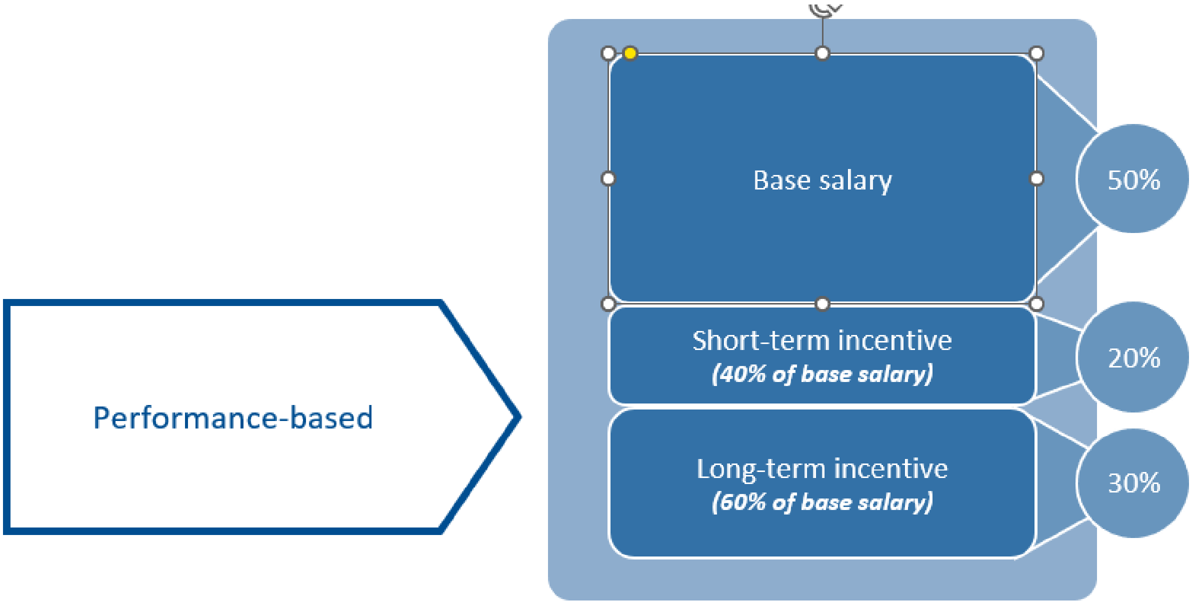
Erfolgsabhänggig	Kurzfristige variable Vergütung (STI)	Zielbetrag: Ca. 40 % der erfolgsabhängigen Vergütung
		Plantyp: Zielbonus
		Leistungskriterien:
		• 75 % Unternehmensziele
		  • 37,5 % Umsatz
		  • 37,5 % EBIT-Marge
		• 25 % Persönliche Ziele
		Cap: 200 % des Zielbetrags
			• Anreize für die (Über-) Erreichung der jährlichen Unternehmensziele
			• Umsetzung wichtiger Meilensteine der Unternehmensstrategie und Nachhaltigkeitsaspekte durch persönliche Ziele
			• Belohnung des individuellen Beitrags zu Erfolg und Nachhaltigkeit

	Langfristige variable Vergütung (LTI)	Zielbetrag: Ca. 60 % der erfolgsabhängigen Vergütung Plantyp: Performance Stock Option Plan Laufzeit: Acht Jahre • Vierjährige Wartezeit (davon eine dreijährige Performance Periode) • Vierjähriger Ausübungszeitraum Leistungskriterien: • 40 % Relativer TSR • 40 % ROCE • 20 % ESG-Ziele Ausübungspreis: Durchschnittlicher Schlusskurs während der letzten 30 Handelstage vor Zuteilung Cap: • Die endgültige Anzahl der Performance Stock Options ist auf 150 % der vorläufig zugeteilten Performance Stock Options begrenzt • Die Auszahlung ist durch die Maximalvergütung begrenzt Bedienung: In Aktien	• Förderung des langfristigen Wachstums von LPKF und Anreiz zur Schaffung von langfristigem Shareholder Value • Verknüpfung der Interessen der Vorstandsmitglieder mit denen der Aktionäre • Anreize für die (Über-) Erreichung langfristiger Finanz- und Nachhaltigkeitsziele • Förderung der Aktienkultur bei LPKF
Sonstige zentrale Regelungen	Maximal-vergütung	2 Mio. Euro für jedes Vorstandsmitglied	• Begrenzung der Gesamtvergütung für ein Geschäftsjahr
	Share Ownership Guidelines	SOG-Ziel: 100 % der Brutto-Grundvergütung Aufbau: Verpflichtung zur Investition in LPKF-Aktien in Höhe von mindestens 50 % der Netto-STI-Auszahlung pro Jahr, bis das SOG-Ziel erreicht ist Bedingung: Performance Stock Options können erst ausgeübt werden, wenn das SOG-Ziel erreicht ist	• Verknüpfung der Interessen der Vorstandsmitglieder mit denen der Aktionäre • Förderung der Aktienkultur bei LPKF
	Malus / Clawback	Teilweise oder vollständige Reduktion / Rückforderung der erfolgsabhängigen Vergütung möglich Sowohl Compliance-Malus und -Clawback als auch Performance-Clawback implementiert	• Stärkung der Position des Aufsichtsrats bei fehlerhaften Abschlüssen und vorsätzlichen groben Verletzungen wesentlicher Pflichten durch ein Vorstandsmitglied
	Abfindungs-Cap	Maximale Abfindungszahlung von zwei Jahresgrundvergütungen; darf die Vergütung für die verbleibende Vertragslaufzeit nicht überschreiten	• Verhindert unangemessen hohe Zahlungen aufgrund einer vorzeitigen Beendigung des Dienstvertrags
	Betriebliche Alters-versorgung	Keine betriebliche Altersversorgung für die Vorstandsmitglieder und damit keine Ruhegehalts- oder Vorruhestandsregelungen	-

The target total remuneration of the Management Board is the sum of the basic remuneration, ancillary benefits, STI target amount, and LTI target amount.

In order to ensure that Management Board remuneration corresponds to a performance-based approach ("pay-for-performance"), roughly 50% of the target direct remuneration (basic remuneration, STI target amount, and LTI target amount) consists of performance-based remuneration components. In addition, roughly 60% of performance-based remuneration is measured over multiple years and is stock based, which ensures that the remuneration structure is aligned with LPKF's long-term focus on growth, the interests of shareholders, and the recommendations of the GCGC.

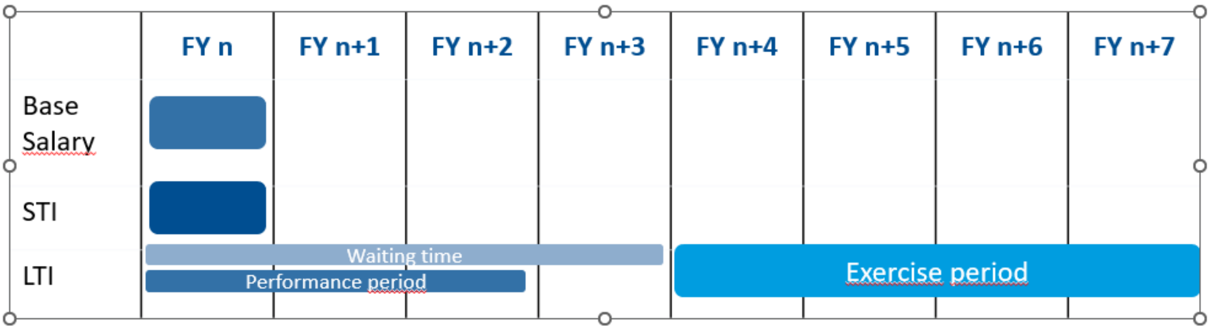
Basic remuneration (including ancillary benefits) makes up roughly 50% of the target remuneration. STI accounts for roughly 20% of the target remuneration while LTI accounts for roughly 30%.



The Supervisory Board reserves the right to adjust the relative share of the remuneration components. However, the Supervisory Board will also seek to ensure that the LTI has a greater weighting than STI within performance-based remuneration.

The amount of ancillary benefits may vary in the future due to the development of costs for the contractually agreed ancillary benefits or potential compensation payments for newly appointed Management Board members.

The following chart shows the time periods for granting remuneration to members of the Management Board and underscores the long-term orientation of the remuneration system, which has been increased considerably relative to the previous remuneration system. This includes the greater share of performance-based remuneration allocated to LTI and the extension of the performance period from one year to three years, while the performance stock options can be exercised four years after allocation at the earliest. There is also an incentive to increase the company's value within the exercise period and thus for up to eight years.



IV. Remuneration components in detail

1. Non-performance-based remuneration components

1.1 Basic remuneration

The members of the Management Board receive basic remuneration which is paid in equal monthly installments at the end of each month. It is reviewed at regular intervals by the Supervisory Board and adjusted where necessary.

1.2 Incidental benefits

In addition to fixed remuneration, ancillary benefits are granted to each member of the Management Board. These benefits include the use of a company car, contributions to health insurance, care insurance and other types of insurance, and absorption of other costs within the typical scope for the market. This also includes taking out directors’ & officers’ (D&O) insurance for Management Board members with a deductible in accordance with the AktG. The company car is also intended for personal use. As an alternative to a company car, Management Board members may also be offered a cash allowance or a flat rate for a rental car.

In individual cases, the Supervisory Board has the option of granting newly appointed Management Board members a one-time payment ("compensation payment") in order to compensate them for remuneration forfeited due to the change to LPKF. In this way, the Supervisory Board maintains the necessary level of flexibility in order to select and recruit the best candidates possible. Any compensation payments will be disclosed and explained in the remuneration report, and are also subject to the maximum remuneration defined in the "Maximum remuneration" section.

2. Performance-based remuneration components

2.1 Short-term variable remuneration (STI)

2.1.1 STI at a glance

The STI is designed as a target bonus and its target amount is set at roughly 40% of performance-based remuneration. The amount paid depends on the attainment of corporate targets based on the Company's financial performance and on the attainment of personal targets.

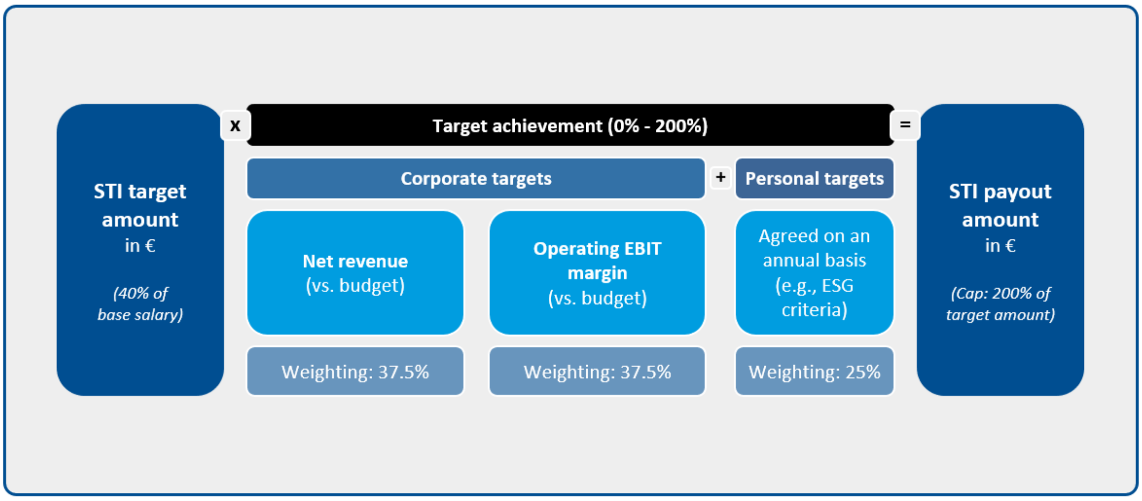
The corporate targets consist of two financial key figures for the corporate management of LPKF and are weighted at 75% (37.5% each):

- **Revenue** according to the audited consolidated annual financial statements of LPKF
- Consolidated operating EBIT (earnings before interest and taxes) as a percentage of consolidated revenue according to the audited consolidated annual financial statements of LPKF (**EBIT margin**)

The degree of target attainment is measured in relation to the annually approved budget. The combination of revenue and EBIT margin creates clear incentives for consistent and profitable growth, thus supporting the long-term development of LPKF in a sustainable manner.

The personal targets for the respective Management Board member are weighted at 25% and are agreed annually at the beginning of the respective financial year. Up to four personal targets can be defined. The use of personal targets enables the Supervisory Board to create incentives for key strategic objectives which can also be of a non-financial nature, e.g. environmental, social, or governance aspects (ESG goals). Together with the corporate targets, this offers comprehensive coverage of the strategic objectives of LPKF.

Overall, target attainment of 0% to 200% is possible. This means that a complete loss of STI is possible, and the payment is limited to a maximum amount of 200% of the target amount.



2.1.2 STI in detail

Each year, a target range is agreed between the Supervisory Board and the Management Board for corporate targets as well as personal targets. This range is defined by a target figure and lower and upper thresholds. The personal targets, target ranges, actual performance, and resulting level of target attainment are disclosed afterwards in the corresponding remuneration report.

Target attainment for each performance target is calculated on the basis of the positioning of the actual performance within the defined range:

- Below the lower threshold: 0%
- On par with lower threshold: 25%
- On par with target figure: 100%
- On par with upper threshold: 200%
- Above upper threshold: 200%

Linear interpolation is carried out for figures between these points.

To calculate overall target achievement, the average of the respective levels of target attainment for the corporate targets and personal targets is determined first. The weighted average of these target attainment figures determines the overall target attainment for the STI. The STI payment amount is determined by multiplying the target amount by the overall target attainment. The STI is limited to 200% of the target amount and is typically paid in April of the following financial year.

In exceptional cases, e.g. in the event of M&A activities that have not been taken into account in the budget or in the event of unforeseeable changes of accounting requirements, the Supervisory Board reserves the right to adjust the results of the financial performance targets retroactively. Such adjustments can be made both upwards and downwards. Unfavorable market developments do not constitute exceptional cases in this context. In the event that the Supervisory Board makes any such adjustments, they will be explained in detail in the remuneration report afterwards.

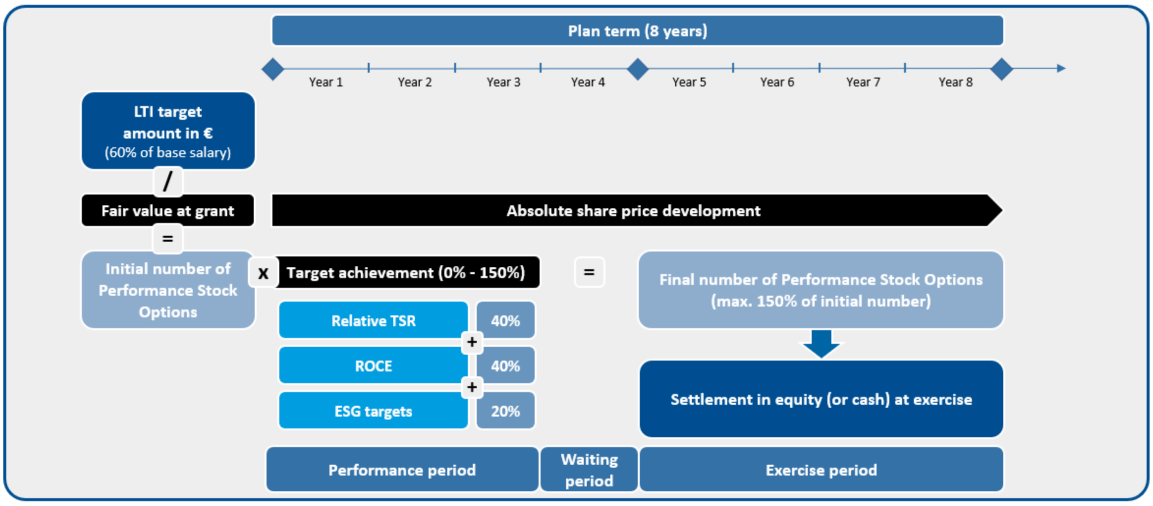
2.2 Long-term variable remuneration (LTI)

2.2.1 LTI at a glance

The LTI is designed as a performance stock option plan that is allocated on an annual basis with a target amount of roughly 60% of performance-based remuneration and a plan term of eight years. The payment amount depends on absolute share price performance and the attainment of financial targets and ESG goals. Performance stock options can be exercised four years after the allocation date at the earliest.

The Supervisory Board has defined the development of the total shareholder return (TSR) of LPKF relative to an individually defined peer group and ROCE (return on capital employed) as financial targets, both with a weighting of 40%.

The ESG goals are weighted at 20% and are defined annually for each LTI tranche using a pre-defined list of ESG criteria.



The LTI supports the long-term and sustainable development of LPKF in a comprehensive manner. Its configuration as a performance stock option plan promotes capital market orientation and shareholder culture to a significant degree. The relative TSR performance target also creates incentives for better capital market performance relative to selected competitors in order to further increase the attractiveness of LPKF as an investment. The ROCE performance target is a key financial figure for the corporate management of LPKF and ensures the long-term profitability and capital efficiency of the company. LPKF's sustainability strategy is also firmly incorporated into the LTI through the inclusion of relevant and measurable ESG goals.

On the whole, the LTI is based on a pay-for-performance approach. The performance stock options will only have a value greater than zero if the share price has risen relative to the price at the time of allocation. Accordingly, payments from the LTI are made only if the shareholders of LPKF have also benefited from the Management Board's performance. At the same time, the number of performance stock options and thus the value of the LTI depend on the attainment of the described performance targets, thus creating incentives for strong financial and non-financial performance.

2.2.2 LTI in detail

A new LTI tranche is generally allocated at the beginning of a given year and extends over a total period of eight years. The allocation of the first tranche, i.e. for the 2023 financial year, should take place after approval of the remuneration system by the 2023 Annual General Meeting.

At the beginning of the LTI tranche, Management Board members are allocated a provisional number of performance stock options calculated by dividing the LTI target amount by the fair value of a performance stock option at the time of allocation.

The final number of performance stock options is defined after a three-year performance period, the duration of which corresponds to the LPKF's internal planning horizon. The final number of performance stock options is defined on the basis of target attainment for the pre-defined performance targets, and can be between 0% and 150% of the provisional number of performance stock options. The provisionally allocated performance stock options must be held for four years ("vesting period"). The vesting period is followed by a four-year exercise period. Accordingly, the final number of performance stock options can be exercised four years after the allocation date at the earliest.

When exercised, each performance stock option has a value corresponding to the difference between the price of the LPKF share as of the date exercised and the average closing price of the LPKF share over the last 30 trading days before the allocation date ("exercise price"). In addition to the limitation of the final number of performance stock options, the payment amount of each LTI tranche is limited by the maximum remuneration defined in the "Maximum remuneration" section pursuant to Section 87a, para. 1, sentence 2 (1) AktG.

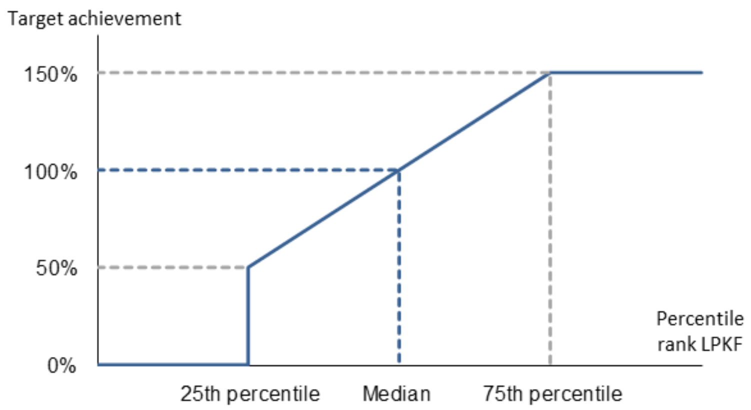
The LTI is settled in shares. In exceptional cases, the Supervisory Board has the option of settling the LTI in cash instead.

Target attainment for the LTI is determined in accordance with the performance targets described below. Overall target attainment for the LTI corresponds to the weighted average of target attainment for the individual performance targets and can be between 0% and 150%.

a) Relative total shareholder return (TSR) – weighted 40%

TSR represents the return on the LPKF share, whereby the share price is taken into account under the assumption of reinvested dividends. LPKF's TSR performance is measured in comparison with a peer group which consists of selected competitors and is defined on the basis of the peer group used as a benchmark for the market comparison of remuneration amounts.

Relative TSR performance is measured by ranking the TSR performance of LPKF and the peer companies over the three-year performance period. Target attainment is calculated on the basis of the resulting positioning of LPKF within the peer group on the basis of the following target attainment curve:



In conformity with German market practice, the Supervisory Board has defined the target attainment curve with a symmetrical target range between the 25th and 75th percentiles, creating a clear incentive to surpass competitors. At the same time, below-average performance will result in lower target attainment.

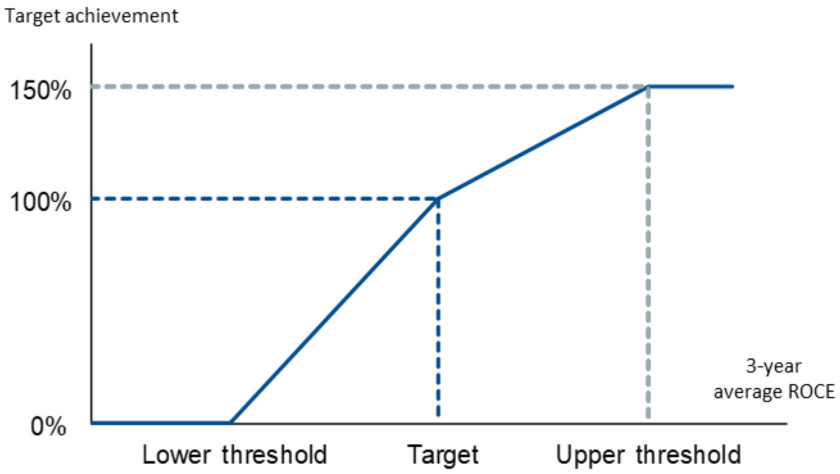
The Supervisory Board has defined the following peer group for the measurement of relative TSR:

Relative TSR – Peer group	
AIXTRON	Manz
Basler	SMA Solar Technology
centrotherm	SÜSS MicroTec
Comet	technotrans
Dr. Hönle	Viscom

The Supervisory Board has the option to adjust the peer group as needed, e.g. in the event that individual companies are no longer relevant for peer comparison, other competitors become more significant, or a company is delisted from the stock exchange. The respective peer group for each LTI tranche and any changes are published afterwards in the remuneration report.

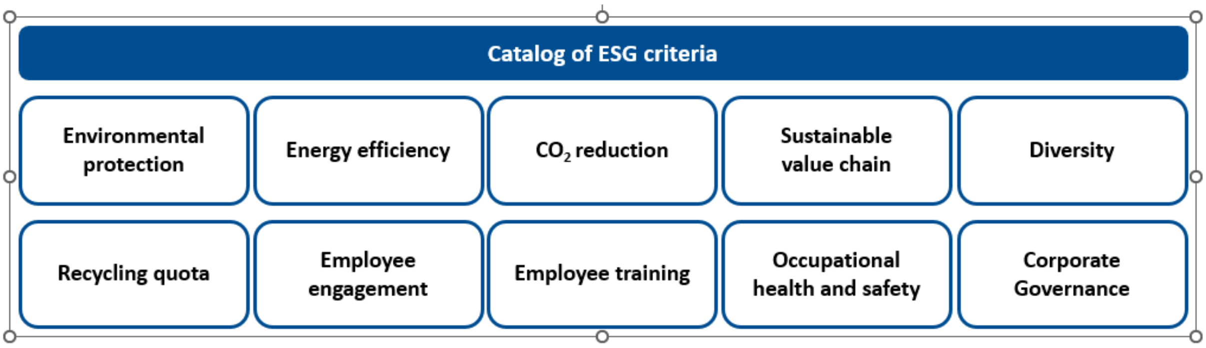
b) Return on capital employed (ROCE) – weighted 40%

ROCE refers to the ratio of the consolidated operating EBIT to the capital employed and serves as an important internal financial performance target. The decisive figure is the average ROCE over the three financial years of the performance period. The Supervisory Board defines a target figure and upper and lower thresholds at the beginning of each tranche. Target attainment is calculated on the basis of the actual three-year average ROCE:



c) ESG goals – weighted 20%

In order to soundly incorporate LPKF's sustainability strategy into the Management Board's remuneration system, ESG goals are taken into account in the LTI. The Supervisory Board has defined a list of significant ESG criteria for this purpose.



The Supervisory Board defines the relevant ESG criteria using the pre-defined list and defines clear and measurable targets and corresponding weighting for these targets at the beginning of each LTI tranche. As for the financial targets, target and threshold figures are defined for each performance target and are used to determine the level of target attainment at the end of the performance period.

The ESG goals defined, the target and threshold figures, the actual performance, and the resulting target attainment for the relative TSR, ROCE, and ESG goals are disclosed ex post in the corresponding remuneration report.

In exceptional cases, e.g. in the event of M&A activities that have not been taken into account in the target definition process or in the event of unforeseeable changes of accounting requirements, the Supervisory Board reserves the right to adjust the ROCE results or the results for the ESG goals retroactively. This serves to prevent the creation of false incentives, e.g. for major M&A activities with a considerable short-term influence on ROCE. Such adjustments can be made both upwards and downwards. As a general rule, unfavorable market developments do not constitute exceptional cases in this context. In the event that the Supervisory Board makes any such adjustments, they will be explained in detail in the remuneration report afterwards.

3. Maximum remuneration

Remuneration for members of the Management Board is limited in two respects. Firstly, the performance-based remuneration components are subject to upper limits. The STI is limited to 200% of the target amount, and the maximum number of performance stock options is limited to 150% of the performance stock options originally allocated.

Secondly, the total remuneration of Management Board members, i.e. the sum of non-performance-based remuneration (basic salary and ancillary benefits) and performance-based remuneration components (STI and LTI), is limited by the maximum remuneration pursuant to Section 87a, para. 1, sentence 2 (1) AktG. The maximum remuneration serves to limit the total remuneration that can be paid for one financial year, regardless of the actual time of payment. As such, it represents an absolute limit for the potential LTI payment.

The maximum remuneration is defined as EUR 2,000,000 for each Management Board member.
The maximum remuneration serves to ensure appropriate remuneration even in the event of extraordinary performance. Payment corresponding to the defined maximum remuneration can only be attained in the event of an extraordinarily large increase in share price and simultaneous over-fulfillment of the financial and non-financial performance targets taken into account in the performance-based remuneration components. Accordingly, such payments would be accompanied by outstanding performance by LPKF and significant returns for shareholders.

4. Share ownership guidelines

Share ownership guidelines (SOG) are stipulated under the remuneration system in the interest of aligning the interests of Management Board members and shareholders further and strengthening shareholder culture within LPKF. Management Board members are obligated to invest 100% of the gross basic remuneration in LPKF shares (SOG target) and to hold these shares until departure from the Management Board or until the beginning of a release from service obligations. The basis for the determination of the SOG target is generally the gross basic remuneration as of the beginning of the term of employment as a Management Board member or the gross basic remuneration as of the time the SOG enters into force.

Until the SOG target has been attained, Management Board members must invest at least 50% of the net STI payment per year. As an additional restriction, Management Board members can only exercise performance stock options from the LTI once the SOG target has been attained, even if the end of the vesting period for these performance stock options has already been reached.

5. Penalty and clawback provisions

The remuneration system for the Management Board also contains penalty and clawback provisions. Under certain circumstances, the Supervisory Board has the right to reduce performance-based remuneration which has not yet been paid (penalty) or to demand repayment of performance-based remuneration that has already been paid (clawback).

If performance-based remuneration was calculated and paid on the basis of misstatements in the annual financial statements, the Supervisory Board can demand repayment of the difference from the corresponding performance-based remuneration calculated on the basis of corrected annual financial statements.

In the event that a Management Board member commits an intentional breach of duties in the form of

- failure to comply with material provisions of the LPKF code of conduct and/or a material duty under the employment contract or

- a material violation of duties of care as defined in Section 93 AktG,

the Supervisory Board can reduce or demand the repayment of performance-based remuneration at its own reasonable discretion.
The option to demand repayment of performance-based remuneration already paid applies to payments going back a maximum of three years.

Other claims of LPKF, particularly pursuant to Section 93, para. 2 AktG, the right to revoke appointments as defined under Section 84, para. 4 AktG, and the right to extraordinary termination of the employment agreement, remain unaffected.

V. Remuneration-related legal transactions

1. Conditions and termination options for employment contracts

Management Board employment contracts are concluded for the period of the respective appointment. Initial appointments are generally for three years, while the maximum period for a reappointment is five years. Management Board employment contracts can include an ordinary option of termination on both sides. The mutual right to terminate Management Board employment contracts without notice for cause always remains unaffected.

2. Early termination without cause

Management Board employment contracts can stipulate severance payments for cases of early termination of the employment agreement by the Company without material cause for which the Management Board member is responsible or for cases of early termination of the employment agreement by the Management Board member for material cause for which the Company is responsible. In this event, the Management Board member can receive a severance payment corresponding to two annual basic remunerations, but with a maximum amount of the remuneration owed for the remaining term of the contract after the end of the notice period. This severance payment will count towards any compensation that may be provided in connection with the post-contractual non-competition clause.

3. Early termination for cause

Management Board employment contracts do not require severance payments in the event of early termination of the employment agreement by the Company for material cause for which the Management Board member is responsible or due to a unilateral termination by a Management Board member without material cause for which the Company is responsible. In addition, all forfeitable and non-forfeitable performance stock options issued under the LTI will be forfeited without compensation.

4. Change of control

In the event of a change of control, Management Board members have a one-time special right to terminate their employment contract with a notice period of six months, to end at the end of a month, and the option to step down from their mandate on the termination date. In the event that the contract is terminated in this manner, the Management Board member is entitled to the severance payment described in the "Early termination without cause" section.

In the case of performance stock options that were already non-forfeitable at the time of termination, the contractually agreed provisions, dates, and vesting periods will continue to apply. In the event that the LTI cannot reasonably be continued, e.g. in the event of a delisting, other provisions may apply.

5. No pension or early retirement schemes

The Company does not offer any pension or early retirement schemes for Management Board members.

6. Mandates and external activities

The activities of Management Board members also include the fulfillment of executive duties at subsidiaries as defined under Section 15 et seq. AktG. The performance of these activities is fully covered by the remuneration provided.

7. Post-contractual non-competition clause

All members of the Management Board must observe a non-competition clause which applies for a minimum of 6 months and a maximum of 12 months after the end of their employment contracts.

LPKF is obligated to pay Management Board members monthly compensation of 50% (gross) of the average monthly basic remuneration they received over the last 12 months prior to their departure for the duration of the post-contractual non-competition clause. In the event that a severance payment is made, it will count towards this compensation.

LPKF has the right to waive the non-competition clause within a specific period before the end of the employment contract.

8. Provisions for cases of disability or death

If the appointment of a member of the Management Board ends early due to their death during the term of their employment contract, the basic remuneration will continue to be paid to their heirs for a period of three months. If the appointment ends due to permanent disability or death, all outstanding LTI tranches will be paid out immediately.

VI. Procedures for defining and reviewing the remuneration system and remuneration amounts

The Supervisory Board determines the remuneration system for Management Board members in consultation with its Remuneration and ESG Committee. The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval. If the Annual General Meeting does not approve the remuneration system presented for voting, a revised remuneration system will be presented at the next Annual General Meeting at the latest.

The Supervisory Board reviews the remuneration system on an ongoing basis in order to ensure its conformity with corporate strategy and shareholder expectations. If significant changes have been made, and at least once every four years, the Supervisory Board resubmits the remuneration system to the Annual General Meeting for approval.

The amount of remuneration for Management Board members is also determined by the Supervisory Board. In alignment with the German Stock Corporation Act, the Supervisory Board ensures that the remuneration is proportionate to the duties and performance of the respective Management Board member and commensurate with the company’s economic situation. It also ensures that the remuneration does not exceed the level of remuneration that is customary for the market unless there is a specific reason. Against this backdrop, the Supervisory Board regularly performs a horizontal and vertical comparison of remuneration. The horizontal comparison compares the remuneration of the LPKF Management

Board with the Management Board remuneration of comparable companies (peer group). The peer group is published in the corresponding remuneration report.

When reviewing market conformity, revising the remuneration system, and reviewing the appropriateness of remuneration amounts, the Supervisory Board can request the assistance of an independent external consultant.

The Supervisory Board's general rules for preventing and handling conflicts of interest will also be taken into account when defining and reviewing the remuneration system for the Management Board.

VII. Temporary deviation from the remuneration system

In accordance with the statutory requirements under Section 87a, para. 2, sentence 2 AktG, the Supervisory Board may adopt resolutions to temporarily deviate from the remuneration system in cases where this is done in the interest of the Company's long-term well-being. This may be the case in the event of exceptional and unforeseeable developments, for example.

Temporary deviation from the remuneration system requires a corresponding resolution by the Supervisory Board and a careful review of the necessity of the deviation. The components of the remuneration system that can be deviated from under the aforementioned circumstances are the procedure, the remuneration structure, the individual remuneration components, and the performance targets. Furthermore, the Supervisory Board can also temporarily grant additional remuneration components or replace individual remuneration components with other remuneration components if necessary in order to ensure appropriate Management Board remuneration in the specific situation.
In the event of temporary deviation from the remuneration system, information on the deviations, including an explanation of their necessity, and information on the individual components of the remuneration system that were deviated from must be published in the remuneration report for the following year.

2. Remuneration Report pursuant to Section 162 AktG including audit opinion (agenda item 6)

The remuneration report printed below is part of the combined management report and Group management report of LPKF Laser & Electronics SE; the independent auditor's report (Report on the Audit of the Consolidated Financial Statements and the Combined Management Report) in accordance with Section 162, para. 3, sentence 4 AktG is enclosed with it.

REMUNERATION REPORT

Introduction

The remuneration report outlines the principles and the structure of remuneration for the Management Board and Supervisory Board of LPKF Laser & Electronics SE (“LPKF”) and reports on the remuneration granted and owed to current and former members of the Management Board and the Supervisory Board in the 2022 financial year. The report was prepared by the Management Board and the Supervisory Board in accordance with the requirements of Section 162 of the German Stock Corporation Act (Aktiengesetz – AktG).
A material audit of the remuneration report was conducted by KPMG AG Wirtschaftsprüfungsgesellschaft beyond the requirements of Section 162 (3) of the German Stock Corporation Act.

1. REVIEW OF THE 2022 FINANCIAL YEAR

1.1 APPROVAL OF THE 2021 REMUNERATION REPORT

In view of the changed regulatory requirements, the remuneration report was submitted to the Annual General Meeting for approval for the first time in 2022. The Annual General Meeting approved the 2021 remuneration report with 51.27% of the vote. The Supervisory Board subsequently addressed the feedback from shareholders and voting rights consultants who had looked through the remuneration report in the course of the vote. The main criticism related to the disclosure of the remuneration granted and owed in the 2021 financial year. There will be a change to the method used to disclose remuneration granted and owed in the 2022 remuneration report as a direct consequence of this feedback. In contrast to the 2021 remuneration report, which disclosed remuneration that was actually paid over the course of the year (e.g. the 2020 STI was disclosed for the 2021 financial year), the 2022 remuneration report will disclose remuneration for which the service has already been performed (“granted”) or that is due but has not yet been fulfilled (“owed”), e.g. the STI for the 2022 financial year will be disclosed. This presentation method allows for a better assessment of the relationship between LPKF’s performance in the respective financial year and the resulting remuneration.

1.2 REVIEW OF THE MANAGEMENT BOARD REMUNERATION SYSTEM

In light of LPKF’s future growth ambitions, the low approval rates for the remuneration system at the 2021 Annual General Meeting, and the feedback on the 2021 remuneration report, the Supervisory Board carried out an extensive review of the Management Board remuneration system in 2022 in consultation with its Remuneration and ESG Committee. The Supervisory Board adjusted the remuneration system as a result of the review. The Supervisory Board also considered feedback from investors and appropriate recommendations from voting rights consultants in its review. The revised remuneration system will be submitted to the 2023 Annual General Meeting for approval and, subject to approval by the 2023 Annual General Meeting, it will become effective retroactively for the 2023 financial year. Information on the significant adjustments made to the remuneration system are presented at the end of the remuneration report in the section entitled “Outlook for the 2023 financial year.”

1.3 PERSONNEL CHANGES

In September 2021, the Supervisory Board appointed Klaus Fiedler as the new Chief Executive Officer of LPKF. Klaus Fiedler took up his post with effect from 1 January 2022. His appointment and his employment contract run until 31 December 2024. The Supervisory Board believes that Klaus Fiedler is the person best suited to drive forward and implement the LPKF growth strategy on the basis of his in-depth knowledge of materials processing and application.

2. REMUNERATION OF THE MANAGEMENT BOARD

2.1 PRINCIPLES OF MANAGEMENT BOARD REMUNERATION

The remuneration of the Management Board is geared toward the long-term and sustainable development of the company and is closely linked to the corporate strategy. As such, the performance criteria for the variable remuneration components are derived from the business strategy to create incentives for their implementation and for the achievement of corporate targets. Both financial and non-financial targets (including environmental, social and governance targets; “ESG”) are used to fully reflect the strategic objectives of LPKF.

2.1.1 PROCESS FOR DETERMINING MANAGEMENT BOARD REMUNERATION

The Supervisory Board determines the remuneration system for members of the Management Board in consultation with its Remuneration and ESG Committee. The remuneration system adopted by the Supervisory Board is submitted to the Annual General Meeting for approval. If significant changes have been made, and at least once every four years, the Supervisory Board resubmits the remuneration system to the Annual General Meeting for approval.

The current remuneration system was approved by the 2021 Annual General Meeting and applies to all new and renewed employment contracts for members of the Management Board. The current remuneration system therefore applied to both members of the Management Board in the 2022 financial year.

2.1.2 APPROPRIATENESS OF THE MANAGEMENT BOARD’S REMUNERATION

The remuneration for Management Board members is determined by the Supervisory Board. In alignment with the German Stock Corporation Act, the Supervisory Board ensures that the remuneration is proportionate to the duties and performance of the individual Management Board member and commensurate with the company’s economic situation. It also ensures that the remuneration does not exceed the level that is customary for the market unless there is a specific reason. With that in mind, the Supervisory Board regularly performs a horizontal comparison of remuneration. The horizontal comparison compares the remuneration of the LPKF Management Board with the Management Board remuneration of comparable companies (peer group). In the most recent horizontal comparison, European companies of a similar size, primarily from the semiconductor industry and the electronic equipment sector, were used as a peer group.

The following companies were included in the most recent horizontal comparison:

Company, Location	Company, Location
Aixtron, Germany	Manz, Germany
Basler, Germany	Mühlbauer, Germany
centrotherm, Germany	Nynomic, Germany
Comet, Switzerland	Oxford Instruments, United Kingdom
Dr. Hönle, Germany	Pfeiffer Vacuum Technology, Germany
Elmos Semiconductor, Germany	PVA TePla, Germany
First Sensor, Germany	SÜSS MicroTec, Germany
Isra Vision, Germany	technotrans, Germany
Judges Scientific, United Kingdom	Viscom, Germany
Lumibird, France	X-FAB Silicon Foundries, Belgium

A vertical comparison in accordance with the recommendations of the GCGC was not carried out as no decisions on remuneration were made in the 2022 financial year.

2.1.3 TARGET REMUNERATION

The employment contract for each member of the Management Board sets out their target remuneration, which is paid for 100% achievement of the targets set for the performance-based remuneration components. The target remuneration amount is based on standard market rates and is largely dependent on the knowledge and experience relevant for the role of the respective Management Board member.

	Dr. Klaus Fiedler (CEO) (since January 1, 2022)				Christian Witt (CFO) (since September 1, 2018, Interim CEO May 1–December 31, 2021)			
	2022		**2021**		**2022**		**2021**	
	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %	in EUR thousand	in %
Basic salary[1)]	300	49%	-	-	296	49%	331	55%
Ancillary benefits[2)]	7	1%	-	-	28	5%	25	4%
Non-performance-based target remuneration	307	51%	-	-	324	52%	356	59%
Short-term variable remuneration (STI)	150	25%	-	-	143	23%	122	20%
Long-term variable remuneration (LTI)	150	25%	-	-	143	23%	122	20%
Performance-based target remuneration	300	49%	-	-	286	47%	244	41%
Total target remuneration	607	100%	-	-	610	100%	600	100%

2.2 OVERVIEW OF REMUNERATION FOR THE MANAGEMENT BOARD IN THE 2022 FINANCIAL YEAR

The remuneration system for members of the Management Board of LPKF is geared toward long-term and sustainable company development. The total remuneration comprises non-performance-based and performance-based (variable) components. The non-performance-based components include a fixed annual salary (basic salary) as well as incidental benefits and benefits in kind.
The performance-based components consist of short-term variable remuneration (STI), which relates to the achievement of economic targets within a year, and long-term variable remuneration (LTI), which is invested entirely in LPKF shares, which must be held for a minimum period of three years.

Component		Parameter	Objective
Non-performance based	Base salary	Paid in equal monthly installments at the end of each month	• Reflects the role on the Management Board, experience, area of responsibility and market conditions • Ensures adequate income, to prevent inappropriate risks from being taken
	Fringe benefits	Benefits in kind, company car (alternatively, cash allowance or flat rate for a rental car), insurance premiums	• Grant of market customary fringe benefits in order to offer an attractive remuneration package
Performance-based	Short-term variable remuneration (STI)	Target amount: 50% of base salary Performance criteria: • 75% corporate targets • 25% Revenue • 25% ROCE • 25% EBIT margin • 25% personal targets Cap: 200% of target amount	• Incentivizing the (over)achievement of annual corporate targets • Implementation of important milestones of the corporate strategy and sustainability aspects through personal targets • Rewarding the individual contribution to success and sustainability
	Long-term variable remuneration (LTI)	Target amount: 50% of base salary Plan term: Four years • One-year basis for assessment • Three-year holding period for shares Performance criteria: • As for STI Cap: 300% of target amount	• Promoting the long-term growth of LPKF and incentivizing the creation of long-term shareholder value • Linking the interests of the Management Board members with those of the shareholders
Other key regulations	Maximum remuneration	EUR 1.1 million per Management Board member	• Limiting the total remuneration for a financial year
	Severance payment cap	Maximum severance payments of two years' remuneration; may not exceed remuneration for the contract term	• Prevents inappropriately high payments due to premature termination of the Management Board contract

2.3 APPLICATION OF REMUNERATION COMPONENTS IN THE 2022 FINANCIAL YEAR

The components of the remuneration system and their specific application in the 2022 financial year are explained in detail below.

2.3.1 NON-PERFORMANCE-BASED REMUNERATION COMPONENTS

2.3.1.1 BASIC SALARY

The members of the Management Board receive a basic salary, which is paid in equal monthly installments at the end of each month. It is reviewed at regular intervals by the Supervisory Board and adjusted where necessary.
As well as his basic salary as CFO of the company, Mr. Witt received additional remuneration for temporarily acting as interim CEO up to and including the first month in which the new CEO took up his post (i.e. until January 2022).

2.3.1.2 BENEFITS IN KIND AND OTHER ADDITIONAL REMUNERATION (INCIDENTAL BENEFITS)

In addition to basic salary, incidental benefits are granted to each member of the Management Board. These benefits include benefits in kind provided by the company, the use of a company car, contributions to health and care insurance and other types of insurance, and absorption of other costs as is customary for the market.
The company car is also intended for personal use. When choosing a suitable company car and the type of engine, environmental aspects are taken into account alongside the requirements of the business. Alternatively, Management Board members may also be offered a cash allowance or a flat rate for a rental car.
In the 2022 financial year, a directors' & officers' (D&O) insurance policy was also taken out for Management Board members with a deductible in accordance with the German Stock Corporation Act.

2.3.2 PERFORMANCE-BASED REMUNERATION COMPONENTS

Performance-based remuneration for the Management Board consists of performance-based remuneration that is paid annually (STI) and performance-based remuneration for which the amount of the payment is initially invested in shares in LPKF Laser & Electronics SE (LTI) which must be held for a period of at least three years. The target amount of the STI and the LTI each make up 50% of the performance-based remuneration.

2.3.2.1 SHORT-TERM VARIABLE REMUNERATION (STI)

How it works

The STI is designed as a target bonus and the target amount is set at 50% of the basic salary. The amount of STI depends on the achievement of corporate targets, which are based on the Group's financial results, and on the achievement of personal targets, which can be set each year.
The corporate targets consist of three key economic figures. The extent of target achievement is measured in relation to the annual approved budget. In line with the financial ratios used in corporate management, the following parameters are specified for measurement of target achievement:

- ROCE (return on capital employed) refers to the ratio of the consolidated operating EBIT to capital employed
- Revenue in accordance with the company's audited, consolidated annual financial statements
- Consolidated operating EBIT as a percentage of consolidated revenue in accordance with the company's audited, consolidated annual financial statements (EBIT margin)

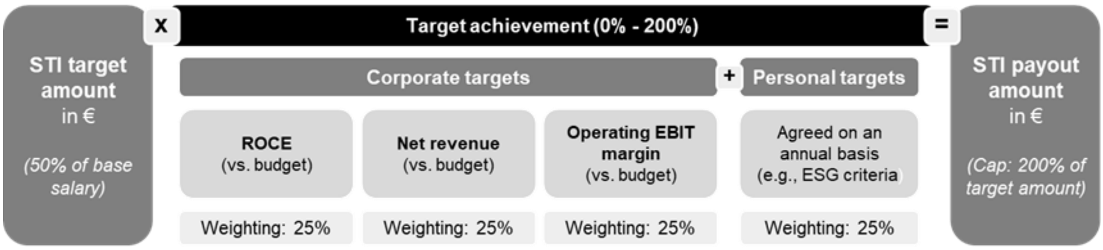
The personal targets for the respective Management Board member are agreed each year. Up to four personal targets may be set, which, among other factors, also take into account social and environmental aspects (as ESG criteria).

Both personal and corporate targets may be achieved within a range agreed each year between the Supervisory Board and the Management Board, which has a floor and a cap. With regard to the achievement of targets, the following percentages of the agreed target amount will be paid:

- Below the floor 0%
- Floor 25%
- Target 100%
- Cap 200%
- Above the cap 200% (maximum amount)

A linear adjustment will be carried out for figures in between.

To calculate overall target achievement, the average of the respective target achievement for personal and corporate targets is determined in each case. The average figures calculated in this way are then multiplied by the respective weighting factor and added together to calculate overall target achievement.



Targets and extent to which targets were achieved for the 2022 financial year

At the beginning of the 2022 financial year, the Supervisory Board stipulated the following target figures and thresholds for the corporate targets and calculated the following target achievement levels based on actual figures:

Performance criteria	Lower threshold (25 % target achievement)	Target (100 % target achievement)	Upper threshold (200 % target achievement)	Actual	Target achievement
ROCE	2.4%	12.7%	18.8%	Actual: 7.4%	61%
Net revenue (k€)	110,000	135,762	145,000	Actual: 123.699	65%
Operating EBIT margin	2.0%	8.5%	10.9%	Actual: 5.5%	65%
				Corporate targets	**64%**

On the basis of target achievement for the individual performance criteria, target attainment for corporate targets for the 2022 financial year was 64%.
The personal targets for the 2022 financial year set by the Supervisory Board were derived from the corporate strategy and include implementation and operationalization of the strategy.

The table below shows the personal targets for the members of the Management Board in the 2022 financial year:

Name	Personal targets	Assessment	Target achievement
Dr. Klaus Fiedler	• Meeting defined milestones in growth initiatives LIDE and ARRALYZE • Meeting defined milestones in Sales Funnel Management • Meeting defined milestones in ESG-program	• Target only partially achieved • Target achieved • Target clearly exceeded	105%
Christian Witt	• Implement ERP upgrade and new CRM & Service processes in time and in budget. • Meeting defined milestones in the enhancement of internal control environment • Meeting defined milestones in ESG-program	• Not achieved in 2022 • Target clearly exceeded • Target clearly exceeded	120%

On the basis of this assessment, target attainment for personal targets was 105% for Klaus Fiedler and 120% for Christian Witt.

Based on the individual target amounts and the target achievement levels for corporate and personal targets, this resulted in the following payments from the STI for the 2022 financial year:

2022 STI payment

STI payment for the 2022 financial year

	Target amount	**Target attainment**			**Payment amount**
		Corporate targets	**Personal targets**	**Total**	
	in EUR thousand	(weighting: 75%)	(weighting: 25%)		in EUR thousand
Dr. Klaus Fiedler	150	64%	105%	74%	111
Christian Witt	143	64%	120%	78%	111

Payments will be made in April 2023.

Payments from the short-term incentive (STI) for the 2021 financial year

Due to the interpretation of remuneration granted and owed that was used in the 2021 remuneration report, the payment from the 2021 STI was not presented in the 2021 remuneration report. The following amounts were paid to Management Board members in April 2022 as part of the 2021 STI:

2021 STI payment

STI payment for the 2021 financial year

	Target amount	**Target attainment**			**Payment amount**
		Corporate targets	**Personal targets**	**Total**	
	in EUR thousand				in EUR thousand
Britta Schulz (May 1, 2021, to December 31, 2021)	40	Weighting: 37.5% 0%	Weighting: 62.5% 24%	15%	6
Christian Witt	122	Weighting: 75% 0%	Weighting: 25% 180%	45%	55

The corporate targets were the same as for the 2022 STI. The relevant target figures and thresholds as well as further details regarding the 2021 STI were disclosed in the 2021 remuneration report.

2.3.2.2 LONG-TERM VARIABLE REMUNERATION (LTI)

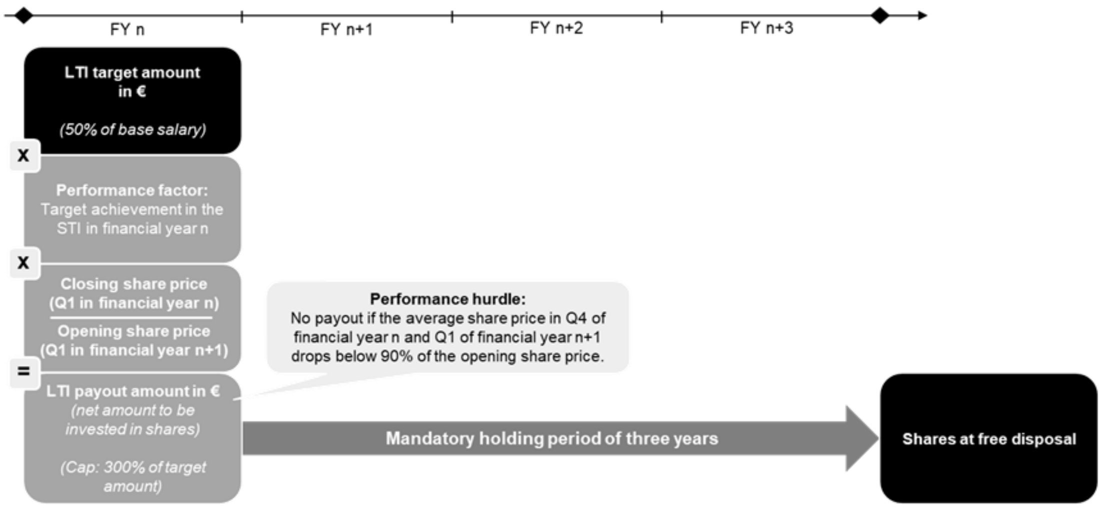
How it works

A long-term incentive plan has been established as a second performance-based remuneration component, which, with a total period of four years, is intended to provide long-term motivation. The shares granted under the LTI allow Management Board members to participate in the relative and absolute performance of the share price, bringing management's goals and the interests of shareholders more closely into line with each other. This gives the Management Board an incentive to increase the company's value sustainably and over the long term.

The LTI is allocated in annual tranches with a target amount of 50% of the basic salary and is linked to overall target achievement for the STI for the financial year concerned and to the performance of the share price for the following three years.

The target amount for the respective year of allocation is multiplied by a performance factor corresponding to the overall target achievement for the STI in the year of allocation (performance amount). The absolute share price performance serves as an additional performance target, which is implemented in the form of a second multiplier. This multiplier is calculated by dividing LPKF's average share price in the first quarter of the year following the year of allocation (closing share price) by the average share price in the first quarter of the year of allocation (opening share price).

The payment amount of the LTI is limited to no more than 300% of the target amount and is paid out in cash. The net amount received from the LTI must be invested in LPKF shares immediately afterwards. These shares must be held for at least three years after purchase.



A payment from the LTI is also subject to a share price exercise threshold. If the average LPKF share price in the fourth quarter of the year of allocation and in the first quarter of the following year drops below 90% of the opening share price, no LTI will be paid.
If a member of the Management Board leaves during the year, a proportionate share of their entitlement to LTI will be deducted. In a few exceptional cases, entitlement to remuneration that has already been granted will be forfeited in the event of extraordinary termination. This ensures that remuneration is appropriately aligned with long-term growth in the value of the company.

Allocations from the long-term incentive (LTI) in the 2022 financial year

The members of the Management Board were allocated a new tranche of the LTI in the 2022 financial year ("2022 LTI").

2022 LTI

	Overview of 2022 LTI	
	LTI target amount in EUR thousand	**Opening price**
Dr. Klaus Fiedler	150	EUR 16.05
Christian Witt	143	

Because it is not possible to conclusively assess all performance criteria for the 2022 LTI until the closing share price and the share price exercise threshold have been determined at the end of the first quarter of 2023, the remuneration resulting from the 2022 LTI shall be considered remuneration granted and owed in the 2023 financial year within the meaning of Section 162 (1) of the German Stock Corporation Act. The resulting 2022 LTI payment will therefore be disclosed in detail in the 2023 remuneration report.

Remuneration granted and owed from the long-term variable remuneration in the 2022 financial year

Due to the transition from the former LTI with a three-year performance period to the current LTI with a one-year performance period in the 2021 financial year, the payment from two LTI tranches, which were allocated in different financial years, shall be considered remuneration granted and owed in the 2022 financial year.

2021 LTI

The LTI under the current remuneration system was allocated for the first time in the 2021 financial year (“2021 LTI”). As with the 2022 LTI, it was not possible to conclusively assess all the performance criteria for the 2021 LTI until after the first quarter of 2022 (due to the definition of the closing share price and the share price exercise threshold). The remuneration resulting from the 2021 LTI shall therefore be considered remuneration granted and owed in the 2022 financial year within the meaning of Section 162 (1) of the German Stock Corporation Act.

The share price exercise threshold for the 2021 LTI was not reached. Both the average share price in the fourth quarter of 2021 (EUR 19.07) and the average share price in the first quarter of 2022 (closing share price: EUR 16.05) were below 90% of the average share price in the first quarter of 2021 (opening share price: EUR 27.35). As such, there was no payment from the 2021 LTI.

2021 LTI

	Overview of 2021 LTI				
	LTI target amount in EUR thousand	**STI overall target attainment 2021**	**Closing price / starting price**	**Exercise threshold fulfilled?**	**LTI payment amount in EUR thousand**
Christian Witt	122	45%	59%	No	0

2019–2021 LTI (no longer in force)

The LTI allocated in the 2019 financial year (“2019–2021 LTI”) was based on an earlier remuneration system that existed at the time and was linked to a value-oriented performance criterion and to absolute share price performance. It was not possible to conclusively assess all performance criteria for the 2019–2021 LTI until after the first quarter of 2022. The remuneration resulting from the 2019–2021 LTI shall therefore be considered remuneration granted and owed in the 2022 financial year within the meaning of Section 162 (1) of the German Stock Corporation Act. The LTI plan in question can be summarized as follows:

Fictitious shares, known as phantom stocks, are allocated to Management Board members annually on a provisional basis. The number of phantom stocks provisionally allocated corresponds to the individual target amount, divided by the average closing price of LPKF shares in the first quarter of the year in which the shares are allocated. The plan term is three years. Once the plan term elapses, the Management Board member is entitled to a disbursement amount, which is dependent on the final number of phantom stocks. The final number of phantom stocks is calculated by multiplying the phantom stocks provisionally allocated with a performance factor that is dependent on LPKF’s average value added during the three-year performance period. The target value added gives a performance factor of 1. For every full EUR 1 million of value added above or below this target figure, the performance factor will either be increased or decreased by 10%. The amount to be paid out is in turn calculated by multiplying the final number of phantom stocks by the average share price of LPKF shares for the first quarter of the year following the end of the three-year performance period. Full entitlement occurs only if the average share price in the year of disbursement is bigger than the average share price in the year of allocation and the employment contract of the respective Management Board member does not expire before the plan term elapses. The amount of the payment is limited to four times the target amount.

The performance period of the 2019 tranche began on 1 January 2019 and covered a total of three financial years (2019 to 2021). The average value added actually achieved in the financial years in question was EUR 3,047, resulting in a target achievement level of 40%.

2019–2021 LTI

	2019–2021 LTI target attainment				
	Lower limit (0% target attainment)	**Target** (100% target attainment)	**Upper limit** (200% target attainment)	**Actual**	**Target attainment**
2019–2021 value added (in EUR thousand)	0	9,657	19,657	3,047	40%

Based on the target achievement level and the absolute share price performance, the payment amount from the 2019–2021 LTI was calculated as follows:

2019–2021 LTI

Overview of 2019–2021 LTI							
	LTI target amount in EUR thousand	**Share price** Q1 2019 avg. in EUR	**Number** Provisional phantom stocks	**Target attainment**	**Number** Final phantom stocks	**Share price** Q1 2022 avg. in EUR	**Payment amount** in EUR thousand
Götz M. Bendele	75	6.75	11,111	40%	4,444	16.05	0
Christian Witt	65	6.75	9,630	40%	3,852	16.05	62

The employment contract of Götz M. Bendele ended before the plan term elapsed. This resulted in a complete forfeiture of entitlements from the 2019–2021 LTI.

2.4 UPPER LIMITS ON REMUNERATION ("CAP") AND MAXIMUM REMUNERATION

Remuneration for members of the Management Board is limited in two respects. Firstly, upper limits are specified for each of the performance-based components, which, in the current remuneration system, are 200% of the target amount for the STI and 300% of the target amount for the LTI.

At the same time, the Supervisory Board has stipulated an absolute maximum limit on total annual remuneration in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act. This is EUR 1,100,000 gross for the individual Management Board member.

As can be seen from the table of remuneration granted and owed, the maximum remuneration of EUR 1,100,000 provided for in the remuneration system was complied with for all members of the Management Board for the 2022 financial year.

2.5 REMUNERATION-RELATED EVENTS

2.5.1 BENEFITS UPON DEPARTURE

When appointing Management Board members and with regard to the duration of Management Board employment contracts, the Supervisory Board complies with the provisions of Section 84 of the German Stock Corporation Act and with the recommendations of the German Corporate Governance Code. Management Board employment contracts are concluded for the period of the respective appointment. Initial appointments are generally for three years, while the maximum period for a reappointment is five years. Management Board employment contracts can include an ordinary option of termination on both sides. The mutual right to terminate employment contracts without notice for cause always remains unaffected.

2.5.1.1 SEVERANCE PAYMENT

In the event that the company gives ordinary notice of termination of the employment contract and the Management Board member is not responsible for the reason for termination, the Management Board member shall receive compensation of up to two years' annual fixed remuneration (gross), but no more than the remuneration due for the remaining term of the contract after the end of the notice period. This severance payment will count toward compensation provided in connection with the post-contractual non-competition clause.

In the context of the first-time appointment of Dr. Klaus Fiedler against the backdrop of recruiting the best possible candidate for the position of Chief Executive Officer and thus in the interest of the Company's long-term well-being, a severance payment was agreed in his employment contract for cases of effective dismissal and effective resignation. There were no severance payments in the 2022 financial year.

If the Management Board contract is terminated, the outstanding variable remuneration components not yet paid relating to the period before the end of the contract will generally be paid in accordance with the originally agreed targets and comparative parameters and in accordance with the due dates or holding periods stipulated in the contract. A pro rata share of the entitlement to STI will be deducted in these cases. LTI entitlements are dependent on the circumstances of the departure. A pro rata share of the entitlement to LTI will be deducted in a contractually defined "good leaver event," and all rights and entitlements will be lost in a "bad leaver event."

2.5.1.2 CHANGE OF CONTROL

In the event of a change of control, Management Board members have a one-time special right to terminate their employment contract with a notice period of six months, to end at the end of a month, and to step down from their post on the termination date. If the contract is terminated in this way, the Management Board member is entitled to the severance payment described above.

2.5.1.3 RELEASE FROM DUTIES

In the event of termination of an appointment as a member of the Management Board or as CEO for cause in accordance with Section 84 (3) of the German Stock Corporation Act or in the event of resignation, the company may immediately release the Management Board member from the obligation to perform their duties while continuing to pay their salary.

2.5.1.4 POST-CONTRACTUAL NON-COMPETITION CLAUSE – COMPENSATION

All members of the Management Board must observe a post-contractual non-competition clause lasting for six months after the end of their employment contracts. LPKF has an obligation to pay Management Board members monthly compensation of 50% (gross) of the average fixed monthly remuneration they received in the last 12 months prior to their departure for the duration of the post-contractual non-competition clause. Other payments made by LPKF to Management Board members, such as temporary allowances and severance payments, shall count toward this compensation.

The remuneration system provides that any income that Management Board members earn or refrain from earning during the period of the post-contractual non-competition clause from self-employed, employed or other work shall count toward this compensation insofar as the compensation, taking into account this income, exceeds the amount of the contractual payments most recently received. Income shall also include any unemployment benefit received by Management Board members. Members of the Management Board have a duty to provide the company with information about the level of their income and to furnish proof of this on request. No corresponding contractual provision was made in the employment contract of Christian Witt.

LPKF can waive compliance with the non-competition clause, observing a time limit of one year.

No compensation on the basis of a non-competition clause was paid in the 2022 financial year.

2.5.1.5 PROVISIONS ON PENSIONS AND EARLY RETIREMENT

LPKF does not offer any pension or early retirement schemes for members of the Management Board.

As such, there were no pension commitments for members of the Management Board who were in office in the 2022 financial year.

2.5.1.6 CONTINUED PAYMENT OF REMUNERATION IN THE EVENT OF DEATH

If the appointment of a member of the Management Board ends early on account of their death while in office, the fixed monthly remuneration shall still be paid to their heirs for a period of three months.

2.5.2 PAYMENTS FROM THIRD PARTIES

No members of the Management Board were promised or granted payments from a third party in respect of their work as a member of the Management Board in the past financial year.

2.5.3 REMUNERATION FOR WORK ON SUPERVISORY BOARDS OR SIMILAR BODIES

The tasks of Management Board members also include the fulfillment of executive duties at affiliated companies within the meaning of Section 15 et seq. of the German Stock Corporation Act. The performance of such activities is fully covered by the remuneration provided.

2.6 REMUNERATION GRANTED AND OWED IN THE 2022 FINANCIAL YEAR

2.6.1 CURRENT MEMBERS OF THE MANAGEMENT BOARD

The following tables show the remuneration granted and owed to the current members of the Management Board, including the relative share of the remuneration components in accordance with Section 162 of the German Stock Corporation Act. Remuneration granted and owed in accordance with Section 162 (1) sentence 1 of the German Stock Corporation Act is stated in the financial year in which the underlying activity for the remuneration was fully completed ("granted") or became due but has not yet been fulfilled ("owed"). This includes basic salary paid in the financial year, incidental benefits accrued in the financial year and STI earned in the financial year. The LTI, on the other hand, is not included in total remuneration until the year in which a payable amount is reached.

Accordingly, the remuneration presented for the 2022 financial year is comprised as follows:

- Basic salary paid during the 2022 financial year
- Ancillary benefits received during the 2022 financial year
- STI defined for the 2022 financial year, which will be paid in the 2023 financial year
- 2021 LTI (subject to obligatory investment in shares with a three-year vesting period) and 2019–2021 LTI, both based on performance criteria that elapsed at the end of the first quarter of 2022 and were paid in the 2022 financial year

Remuneration granted and owed in accordance with Section 162 AktG – current Management Board members

	Dr. Klaus Fiedler (CEO) (since January 1, 2022)				**Christian Witt (CFO)** (since September 1, 2018, Interim CEO May 1–December 31, 2021)			
	2022		**2021**		**2022**		**2021**	
	in EUR thousand	**in %**	**in EUR thousand**	**in %**	**in EUR thousand**	**in %**	**in EUR thousand**	**in %**
Basic salary	300	72%	-	-	296	60%	331	76%
Incidental benefits	7	2%	-	-	28	6%	25	6%
Non-performance-based remuneration	307	73%	-	-	324	65%	356	81%
Short-term variable remuneration (STI)								
2021 STI	-	-	-	-	-	-	55	68%
2022 STI	111	27%	-	-	111	64%	-	-
Long-term variable remuneration (LTI)								
2018–2020 LTI	-	-	-	-	-	-	26	32%
2019–2021 LTI	-	-	-	-	62	36%	-	-
2021 LTI	-	-	-	-	0	0%	-	-
Performance-based remuneration	111	27%	-	-	173	35%	81	19%
Total remuneration granted and owed in accordance with Section 162 AktG	418	100%	-	-	497	100%	437	100%

The remuneration individually granted and owed fully corresponds to the remuneration system presented.

2.6.2 FORMER MEMBERS OF THE MANAGEMENT BOARD

The following tables also show the remuneration granted and owed to former members of the Management Board in accordance with Section 162 AktG.

Remuneration granted and owed in accordance with Section 162 AktG – former Management Board members

	Dr. Götz M. Bendele (CEO from May 1, 2018, to April 30, 2021)				**Britta Schulz** (interim Management Board member from May 1, 2021, to December 31, 2021)			
	2022		**2021**		**2022**		**2021**	
	in EUR thousand	**in %**	**in EUR thousand**	**in %**	**in EUR thousand**	**in %**	**in EUR thousand**	**in %**
Basic salary	-	-	80	56%	-	-	188	89%
Incidental benefits	-	-	3	2%	-	-	11	5%
Non-performance-based remuneration	-	-	83	58%	-	-	199	94%
Short-term variable remuneration (STI)								
2021 STI	-	-	0	0%	-	-	6	46%
2022 STI	-	-	-	-	-	-	-	-
Long-term variable remuneration (LTI)								
2017–2020 LTI	-	-	-	-	-	-	7	54%
2018–2020 LTI	-	-	61	1	-	-	0	0%
2019–2021 LTI	0	-	-	-	-	-	-	-
2021 LTI	0	-	-	-	-	-	-	-
Performance-based remuneration	0	-	61	42%	0	0%	13	6%
Total remuneration granted and owed in accordance with Section 162 AktG	0	0%	144	100%	0	0%	212	100%

3. REMUNERATION OF THE SUPERVISORY BOARD

The remuneration system for the Supervisory Board of LPKF was adopted at the 2021 Annual General Meeting with 99.01% of the vote and became effective retroactively on 1 January 2021.

The remuneration system for the Supervisory Board takes account of the responsibilities and scope of activities of the members of the Supervisory Board. By monitoring the Management Board's management of the company as incumbent upon it, the Supervisory Board helps to promote the business strategy and the company's long-term development.

The remuneration system for the Supervisory Board is regulated in Article 20 of the Articles of Incorporation. The respective level of fixed remuneration takes into account the specific role and responsibility of members of the Supervisory Board. The greater amount of time required by the Chairman of the Supervisory Board, the Deputy Chairman of the Supervisory Board and the chairs of committees to carry out their work is adequately reflected in higher remuneration. A distinction is made here between the Audit Committee and other committees.

Each member of the Supervisory Board receives fixed basic remuneration of EUR 32,000 for each full financial year of membership of the Supervisory Board. The Chairman of the Supervisory Board receives double the amount (EUR 64,000) and the Deputy Chairman receives one-and-a-half times the amount (EUR 48,000) of the fixed basic remuneration. The chair of the Audit Committee receives additional remuneration of EUR 5,000, while the chair of the Nomination Committee and the chair of the Remuneration and ESG Committee each receive additional remuneration of EUR 3,500.

Members of the Supervisory Board who have not belonged to the Supervisory Board for a full financial year or who have been Chair or Deputy Chair of the Supervisory Board or who have chaired a committee receive pro rata remuneration.

In addition, members of the Supervisory Board shall have all expenses reimbursed.

Liability insurance can be taken out to protect Supervisory Board members from risks arising in connection with the performance of their duties as members of the Supervisory Board (directors' and officers' liability insurance – D&O insurance) with a total premium of up to EUR 30,000.

Remuneration granted and owed in the 2022 financial year

The remuneration components granted and owed to current and former Supervisory Board members in the 2022 financial year, including the respective relative share in accordance with Section 162 of the German Stock Corporation Act, are shown below.

Remuneration granted and owed in accordance with Section 162 AktG – Supervisory Board members

	Fixed remuneration			Committee remuneration			Total remuneration	
	2022		2021	2022		2021	2022	2021
	in EUR thousand	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand	in EUR thousand
Jean-Michel Richard	64	93%	64	5	7%	1	69	65
Dr. Dirk Michael Rothweiler	48	93%	48	4	7%	1	52	49
Prof. Ludger Overmeyer	32	100%	32	0	0%	0	32	32
Julia Kranenberg (since June 14, 2021)	32	90%	19	4	10%	1	36	20

The remuneration shown here includes the remuneration in the financial year until the point LPKF AG was converted into a European stock corporation (1 January to 11 December 2022) and the expected remuneration for the period from 12 to 31 December 2022, provided the 2023 Annual General Meeting determines Supervisory Board remuneration for this period in a manner that is consistent with the period up to the point of conversion.

The remuneration individually granted and owed fully corresponds to the remuneration system presented.

4. COMPARISON OF THE DEVELOPMENT OF REMUNERATION AND INCOME

The table below shows a comparison of the development of Management Board and Supervisory Board remuneration with the development of LPKF's income and the development of average remuneration for employees on a full-time equivalents basis.

The disclosures for the Management Board and Supervisory Board are based on remuneration granted and owed within the meaning of Section 162 (1) sentence 1 of the German Stock Corporation Act.

The remuneration for employees takes into account the average remuneration for staff of the LPKF Group in Germany. To ensure comparability, only employees and executives within the meaning of Section 5 (3) of the German Works Constitution Act (Betriebsverfassungsgesetz) who are employed in Germany were taken into account. In addition, remuneration for part-time staff has been extrapolated into full-time equivalents.

On the basis of Section 26j (2) sentence 2 of the Introductory Act to the German Stock Corporation Act (EGAktG) and the interpretation variants of the Institute of Public Auditors in Germany (IDW), the comparison will gradually be expanded over future reporting years and will cover the full five-year period for the first time in the 2025 remuneration report.

Comparison

	Annual change in remuneration			
	2022	2021	Change	2020/ 2021 change
	in EUR thousand	in EUR thousand	in %	in %
Current members of the Management Board				
Dr. Klaus Fiedler (since January 1, 2022)	418	-	-	-
Christian Witt	497	437	13.7%	98.7%
Former members of the Management Board				
Dr. Götz M. Bendele (until April 30, 2021)	0	144	-100.0%	-43.2%
Britta Schulz (until December 31, 2021)	0	212	-100.0%	-
Supervisory Board members				
Jean-Michel Richard (since November 24, 2020)	69	65	5.7%	994.6%
Dr. Dirk Michael Rothweiler	52	49	5.4%	1.8%
Prof. Ludger Overmeyer	32	32	0.0%	0.0%
Julia Kranenberg (since June 14, 2021)	36	20	81.4%	-
Development of income				
Revenue in EUR thousand	123,699	93,568	32.2%	-2.8%
EBIT in EUR thousand	6,779	59	11312.5%	-99.2%
Result for the year (HGB) in EUR thousand	4,438	1,388	319.7%	-63.5%
Avg. remuneration for employees				
Employees (FTE) in Germany	54	50	6.6%	-2.1%

5. OUTLOOK FOR THE 2023 FINANCIAL YEAR

In view of LPKF’s future growth ambitions, the approval rates for the remuneration system at the 2021 Annual General Meeting and the feedback on the 2021 remuneration report, the Supervisory Board carried out an extensive review of the Management Board remuneration system in 2022 in consultation with its Remuneration and ESG Committee. The Supervisory Board also considered feedback from investors and appropriate recommendations from voting rights consultants in its review. The revised remuneration system is to be submitted to the 2023 Annual General Meeting for approval and, subject to approval by the 2023 Annual General Meeting, it will become effective for all Management Board members retroactively for the 2023 financial year.

An overview is presented below of the core elements of the revised remuneration system and the significant changes and additions to the current remuneration system. A detailed description of the revised remuneration system can be found in the invitation to the 2023 Annual General Meeting.

The most significant changes and additions relating to the revised remuneration system can be summarized as follows:

- **Reinforcement of long-term orientation**

In order to enhance the orientation toward LPKF’s long-term and sustainable development even further, the ratio between the short-term and long-term variable remuneration components is being shifted in favor of the LTI. In the future, the ratio between the target amount for STI and the target amount for LTI will be 40% to 60% (currently 50% to 50%).

- **Alignment of the LTI to the corporate strategy and investor expectations**

The current LTI is being replaced by a completely new LTI plan. The new LTI is designed as a performance stock option plan which is linked to both financial targets and ESG goals. From the Supervisory Board's perspective, the use of a performance stock option plan is the option best suited to LPKF's growth ambitions.

As an internal financial target, ROCE is being moved from the STI to the new LTI (weighting: 40%). Furthermore, relative total shareholder return (TSR) is being implemented as an additional financial performance target with a weighting of 40%. The financial targets will be supplemented with measurable ESG goals (weighting: 20%) which will be derived from the sustainability strategy and defined each year by the Supervisory Board.

Achievement of the described performance targets will be measured over a period of three years and will determine the final number of share options. The stock options must be held for a period of four years after allocation, during which the value of the stock options will still be dependent on the development of the share price. This means that the share options may be exercised four years after allocation at the earliest. The subsequent exercise period is four years, which means that the plan term for the new LTI is up to eight years. The new LTI will generally be settled in shares.

- **Introduction of penalty and clawback provisions**

In line with the expectations of investors and voting rights consultants, the revised remuneration system contains penalty and clawback provisions for the variable remuneration components. These cover instances where variable remuneration was paid on the basis of misstatements in the annual financial statements (performance clawback) and instances where intentional gross breaches of material obligations were committed by a Management Board member (compliance penalty / clawback).

- **Introduction of a Share Ownership Guideline**

As part of the revised remuneration system, share ownership guidelines (SOG) will also be implemented in order to link the interests of the Management Board to those of the shareholders more closely. Under the share ownership guidelines, members of the Management Board will be required to invest at least 50% of their net STI payment in shares of the company each year until the SOG target of 100% of the respective gross basic salary is met. These shares must be held until the end of the employment relationship. Stock options under the new LTI cannot be exercised until the SOG target is attained.

- **Adjustment of maximum remuneration to the new LTI and the remuneration structure**

As the new LTI in the form of a stock option plan presents a different risk profile to the former LTI, the maximum remuneration is being adjusted. Firstly, payment depends on fulfillment of the newly introduced performance targets, including a relative performance measurement for total shareholder return. Secondly, a payment is only made if the share price goes up. If this stipulation is not met, there is no payment. In view of this changed risk profile compared with the former LTI and considering the new remuneration structure outlined above, the Supervisory Board has deemed it necessary to adjust the maximum remuneration in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act. From 2023 onward, the maximum remuneration will be EUR 2 million for each member of the Management Board. When determining the maximum remuneration, the Supervisory Board also took the level of maximum remuneration at companies of comparable size into account.

The significant changes and additions to the current remuneration system are as follows:

Component		Remuneration system in 2022	Remuneration system from 2023 on

Performance-based	Short-term variable remuneration (STI)	Target amount: 50% of base salary
		Performance criteria:
		• 75% corporate targets
		  • 25% Revenue
		  • 25% ROCE
		  • 25% EBIT margin
		• 25% personal targets
			Target amount: 40% of base salary
			Performance criteria:
			• 75% corporate targets
			  • 37.5% Revenue
			  • 37.5% EBIT margin
			• 25% personal targets

	Long-term variable remuneration (LTI)	Plan type: Equity Deferral Target amount: 50% of base salary Plan term: Four years • One-year basis for assessment • Subsequent three-year holding period for shares Performance criteria: • As for STI	Plan type: Stock Option Plan Target amount: 60% of base salary Plan term: Eight years • Three-year performance period • Subsequent one-year waiting period for Stock Options • Subsequent four-year exercise period Performance criteria: • 40% ROCE • 40% Relative TSR • 20% ESG targets
Other key regulations	Maximum remuneration	EUR 1.1 million per Management Board member	EUR 2 million per Management Board member
	Malus and Clawback	-	Performance and compliance malus / clawback provisions applying to all variable remuneration components.
	Share Ownership Guideline	-	SOG target: 100% of gross base salary Holding period: Until end of service Additional provisions: • Each year, at least 50% of the net STI payout must be invested until the SOG target is met • Exercisable Stock Options from the LTI cannot be exercised until the SOG target is met

INDEPENDENT AUDITOR'S REPORT

To: LPKF Laser & Electronics SE (before December 11, 2022: LPKF Laser & Electronics Aktiengesellschaft), Garbsen, Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of LPKF Laser & Electronics SE, Garbsen, and its subsidiaries (the Group), consisting of the consolidated statement of financial position as of December 31, 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the company and group management report (hereinafter referred to as the "combined management report") of LPKF Laser & Electronics SE including the remuneration report for the financial year from January 1 to December 31, 2022.

In accordance with German legal requirements we have not audited the content of those components of the group management report specified in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the “Other Information” section of the auditor´s report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2022 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

CAPITALIZATION OF DEVELOPMENT COSTS

Please refer to section G.2 and H.11 in the notes to the consolidated financial statements for information on capitalized development costs.

THE RISK FOR THE FINANCIAL STATEMENTS

Capitalized development costs amounted to EUR 19.6 million as of December 31, 2022, representing 14.2% of total assets.

The development costs relate to development projects for equipment and related software. Development costs are capitalized if the requirements of IAS 38 are met. Research costs are recognized as expenses.

The examination of the capitalization requirements under IAS 38 for projects under development is complex and based on a number of discretionary assumptions. These include, in particular, the forecast cash flows and technical feasibility. Against this background, there is a risk for the financial statements that an intangible asset has been recognized although the requirements have not been met.

OUR AUDIT APPROACH

We have gained an understanding of the company's process of capitalizing development costs through explanations provided by accounting staff and an appreciation of the Group's accounting guidelines. We have examined the control implemented in this process with regard to the fulfillment of the capitalization requirements for design, application and effectiveness.

As part of our audit, on a spot check basis we evaluated the documentation on which the capitalized development costs. For the projects in the sample, we examined the recognition criteria in accordance with IAS 38 and, in particular, discussed the expected cash flows with those responsible for planning and traced the steps taken to determine technical feasibility.

OUR CONCLUSIONS

The capitalization of development costs is in accordance with the provisions of IAS 38 and the assumptions and parameters used by the company are appropriate.

ACCRUAL OF SALES

For information on sales, please refer to section G.1 of the Notes.

THE RISK FOR THE FINANCIAL STATEMENTS

The Group's revenues in the 2022 financial year amount to EUR 123.7 million. Revenues are mainly generated from the sale of machinery.

LPKF recognizes revenue when it fulfills a performance obligation by transferring a promised asset to a customer. An asset is deemed to have been transferred when the customer obtains control over the asset. In accordance with the transfer of control, revenue is recognized at the amount to which LPKF expects to be entitled either in reference to a specific point in time or a specific period of time.

The Group's main markets are in Europe, the USA and Asia. For the global delivery of products, the Group enters into various agreements with customers that include not only the sale of equipment but also service components such as maintenance and warranty extensions.
Due to the use of different contractual arrangements in the various markets and the discretionary nature of the indicators used to determine and assess the timing of the transfer of control, there is a risk to the financial statements that revenue will be recognized prematurely as of the reporting date.

OUR AUDIT APPROACH

To audit the accrual basis of revenue recognition, we assessed the design and establishment of internal control related to the proper accrual basis. We also assessed the presentation of revenue recognition in the Group-wide accounting policy for compliance with IFRS 15.

For the new contracts concluded in the fiscal year, we assessed the interpretation and weighting of the indicators used by the legal representatives to assess the timing of the transfer of control. For this purpose, we assessed the appropriate implementation of the accounting guideline on the basis of representatively selected samples of contracts from a population defined according to risk-oriented criteria from December 2022.

In addition, for trade receivables not yet settled at the balance sheet date, balance confirmations were obtained, selected on the basis of a mathematical-statistical procedure. For missed balance confirmation responses, alternative audit procedures were performed by reconciling revenue to underlying purchase orders, contracts, invoices, proof of delivery, and acceptance records, among others.

OUR CONCLUSIONS

LPKF SE's approach to the accrual of revenue is appropriate.

OTHER INFORMATION

Management respectively Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the separate non-financial consolidated report expected to be made available to us after the date of this auditor's report and referred to in the combined management report; and
- the combined company and consolidated corporate governance statement, which is cited in the combined management report; and
- the non-management-report information contained in the combined management report and marked as unaudited.

The other Information also includes the remaining parts of the annual report. The other Information does not include the consolidated financial statements, the group management report information audited for content and our auditor’s report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.
In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Board of Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board is responsible for the internal controls they have determined to be necessary in order to enable the preparation of consolidated financial statements that are free from material misstatement due to fraudulent activities (i.e. manipulation of accounting and damage to assets) or errors.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of the combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

The Management Board and Supervisory Board are also responsible for the preparation of the remuneration report, including the related disclosures, contained in a dedicated section of the combined management report in accordance with the requirements of Section 162 AktG. Furthermore, they are also responsible for the internal controls they consider necessary in order to enable the preparation of a remuneration report, including the relevant information, that is free from material misstatement due to fraudulent activities or errors.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement due to fraudulent activities or errors, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraudulent activities or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material misstatements in the consolidated financial statements and the combined management report due to fraudulent activities or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of failure to detect material misstatements resulting from fraudulent activities is higher than the risk of failure to detect material misstatements resulting from errors, as fraudulent activities may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where relevant, the actions carried out or safeguards implemented in order to eliminate risks to independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE ON THE ELECTRONIC RENDERING OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) HGB

In accordance with Section 317 (3a) HGB, we have conducted an audit with reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report contained in the provided file "lpkf-2022-12-31-de.zip" (SHA256 hash: 1d1e559a6f2ff535e056c53197d2e8bdc52343209b0fd9824cf3f5480fea4011) and prepared for the purpose of disclosure (also referred to hereinafter as the "ESEF documents") complies with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format") in all material respects. In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2022 to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of

Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).
The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Management Board of the Company is responsible for the internal controls it considers necessary in order to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the Annual General Meeting on 19 May 2022. We were engaged by the Supervisory Board on October 3, 2022. We have been the auditor of the consolidated financial statements of LPKF Laser & Electronics SE without interruption since the 2019 financial year.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the audit of the financial statements, we have performed the following services that are not specified in the annual financial statements or the combined management report for the audited company / the companies it controls:

In addition to the audit of the annual financial statements and consolidated financial statements, we have carried out various audits of the annual financial statements of subsidiaries. We have subjected the separate non-financial consolidated management report for the previous year to audit review.

OTHER MATTER – USE OF THE AUDITOR’S REPORT

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the corporate register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Björn Kniese.

Hanover, Germany, March 16, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

sgd. Kniese	sgd. Meyer
Wirtschaftsprüfer	Wirtschaftsprüfer

3. CVs of the candidates for election to the Supervisory Board, including the information pursuant to Section 125, para. 1, sentence 5 AktG and para. C.13 of the German Corporate Governance Code (agenda item 10)

- **Jean-Michel Richard**

Name:	Jean-Michel Richard
Profession:	Founder and independent senior advisor at Fisadis Consulting Ltd, London, UK (not listed)
Place of residence:	Leigh, Wiltshire, UK
Year of birth:	1963
Nationality:	Swiss
Since November 25, 2020	Member of the Supervisory Board of LPKF Laser & Electronics AG ("SE" since December 12, 2022)
Since December 1, 2020	Chairman of the Supervisory Board of LPKF Laser & Electronics AG ("SE" since December 12, 2022)
Since October 27, 2021	Chairman of the Audit and Risk Committee of LPKF Laser & Electronics AG ("SE" since December 12, 2022)

Professional background

Since 2022	Unpaid advisor at Berkerley SKYDECK (Europe)
Since 2016	Founder and independent senior advisor, Fisadis Consulting Ltd, London, UK
Since 2020	Finance Value-Add Advisor, Vitruvian Partners Ltd, London, UK
Since 2020	Non-executive Director and Chairman of the Audit Committee of Halcyon TopCo Ltd, Burton Upon Trent, UK
2019-2020	Non-executive Director and Chairman of the Audit & Governance Committee, Ebury Partners UK Ltd, London, UK
2016-2020	Independent senior advisor and Advisory Board member, Qualtera, Montpellier, France

2006-2015	Chief Financial Officer and Senior Vice President for Finance, Dialog Semiconductor Plc, London, UK
1998-2006	ON SEMICONDUCTOR, Phoenix, AZ, USA
2005-2006	Finance Director for Global Manufacturing and Technology, ON SEMICONDUCTOR, Phoenix, AZ, USA
2000-2004	Senior Finance Controller for Semiconductor Manufacturing, ON SEMICONDUCTOR, Phoenix, AZ, USA
1993-2000	Motorola Inc. Semiconductor Group
1998-2000	Division Controller – Bipolar Discretes, Motorola Inc. Semiconductor Group, Phoenix, AZ, USA
1995-1998	Finance Site Manager, Motorola Semiconductor S.R.O., Roznov, Czech Republic
1993-1995	Cost Accounting Manager, Motorola Semiconductor SA, Toulouse, France
1988-1993	Motorola Inc, Corporate
1989-1993	Assistant European Treasurer, Motorola Inc, Corporate, London, UK
1988-1989	Treasury Analyst, Motorola Inc, Corporate, Geneva, Switzerland & London, UK

Education

1988	B.Sc., Commercial and Industrial Science, Major in Business Management, University of Geneva, Faculty for Business, Switzerland
1981	Swiss Federal Diploma of Accounting, Geneva Commercial School, Switzerland

Relevant knowledge, skills, and experience

Jean-Michel Richard is a proven financial expert with over 25 years of experience in various sectors relevant to LPKF such as the high tech and semiconductor industries. His experience spans a broad range of disciplines and is not only experienced in the commercial domain, but is also a proven expert on growth strategies and M&A. Mr. Richard also has comprehensive expertise in the areas of public relations, investor relations, and ESG, as well as law, corporate governance, and compliance. Against the backdrop of his activities with various international corporations in Europe and the US, he has a deep understanding of the requirements of an international, multicultural, and rapidly changing environment. Due to his professional background and his practical experience, he has expertise in the area of accounting and the audit of annual financial statements as defined in Section 100, para. 5 AktG.

Member of other statutory supervisory boards
None

Membership in comparable German and foreign supervisory bodies of business enterprises
Halcyon TopCo Ltd, Burton Upon Trent, UK, non-executive Director and Chairman of the Audit Committee (not listed)

Significant activities in addition to the aforementioned mandates and the Supervisory Board mandate
None

Information pursuant to recommendation C.13 of the German Corporate Governance Code (GCGC)
The Supervisory Board views Mr. Jean-Michel Richard as independent pursuant to recommendation C.6, para. 2 GCGC. In the assessment of the Supervisory Board, there are no personal or business relationships between Mr. Jean-Michel Richard and the Company, the governing bodies of the Company, and any shareholders with a material interest in the Company that should be disclosed pursuant to C.13 GCGC.

- **Dr. Dirk Rothweiler**

Name:	Dr. Dirk Rothweiler
Profession:	Independent management consultant
Place of residence:	Weimar, Germany
Year of birth:	1963
Nationality:	German

Since June 14, 2017	Member of the Supervisory Board of LPKF Laser & Electronics AG ("SE" since December 12, 2022)
Since June 6, 2019	Deputy Chairman of the Supervisory Board of LPKF Laser & Electronics AG ("SE" since December 12, 2022)

Since October 27, 2021	Chairman of the Nomination Committee of LPKF Laser & Electronics AG ("SE" since December 12, 2022)

Professional background

Since 2021	Independent management consultant
2017-2020	CEO of First Sensor AG, Berlin
2008-2016	Executive Vice President – Optical Systems and member of the Executive Management Board of JENOPTIK AG, Jena
2005-2007	Vice President – Sales & Service, TCZ LLC, San Diego, USA
2000-2005	Managing Director – Asia Pacific, SUESS MICROTEC Co Ltd., Bangkok, Thailand
1999-2000	Director – Sales & Marketing, SUESS MICROTEC AG, Munich, Germany
1995-1998	Program Manager in the Semiconductor Technologies division, CARL ZEISS AG, Oberkochen, Germany
1991-1994	Project Manager, Fraunhofer Institute for Laser Technology and Institute of Laser Technology at the Technical University of Aachen

Education

1995	PhD in Mechanical Engineering, RWTH Aachen
1984-1990	Degree in Physics, RWTH Aachen

Relevant knowledge, skills, and experience

Dr. Rothweiler has extensive management experience from various technology companies listed on the stock exchange. He has vast capital market and industry experience. This includes, but is not limited to, special knowledge in the semi-conductor technology, healthcare, life sciences, automotive, industrial, and aerospace engineering sectors. He has lived and worked for more than 10 years in Asia Pacific and North America, which gives him a high level of international experience. Dr. Rothweiler is experienced in the management of complex strategic and operating processes as well as corporate development and transformation, including M&A, and has substantial innovation experience and technology expertise in the areas of photonic and optoelectronic systems and procedures, laser materials processing, semi-conductor and electronics manufacturing, as well as sensors and machine vision. Thanks to his professional background and practical experience, he is also an expert in the areas of accounting as defined by Section 100 para. 5 AktG, ESG, and personnel/compensation.

Member of other statutory supervisory boards
None

Membership in comparable German and foreign supervisory bodies of business enterprises
None

Significant activities in addition to the aforementioned mandates and the Supervisory Board mandate
None

Information pursuant to recommendation C.13 of the German Corporate Governance Code (GCGC)
The Supervisory Board views Mr. Dr. Dirk Rothweiler Deputy as independent pursuant to recommendation C.6, para. 2 GCGC. In the assessment of the Supervisory Board, there are no personal or business relationships between Dr. Dirk Rothweiler and the Company, the governing bodies of the Company, and any shareholders with a material interest in the Company that should be disclosed pursuant to C.13 GCGC.

- **Prof. Dr.-Ing. Ludger Overmeyer**

Name:	Prof. Dr.-Ing. Ludger Overmeyer
Profession:	University professor and Head of the Institute of Transport and Automation Technology at Leibniz University Hanover, Germany
Place of residence:	Wunstorf, Germany
Year of birth:	1964
Nationality:	German

Since June 6, 2019	Member of the Supervisory Board of LPKF Laser & Electronics AG ("SE" since December 12, 2022)
Since October 27, 2021	Member of the Audit and Risk Committee of LPKF Laser & Electronics AG ("SE" since December 12, 2022)

Professional background

Since 2018	Member of the Scientific Directorate of Laser Zentrum Hannover e.V. (LZH)
2013-2018	Executive member of the Management Board of Laser Zentrum Hannover e.V. (LZH)
2010-2023	Member of the Management Board of Laser Zentrum Hannover e.V. (LZH)
Since 2007	Managing Partner at IPH, Institut für Integrierte Produktion GmbH, Hanover, Germany
Since 2002	University professor and Head of the Institute of Transport and Automation Technology at Leibniz University Hanover, Germany
2001	Appointment to the Professorship for Automation Technology at TU Cottbus
1999-2001	Head of Research and Development for the areas of construction, electronics, software, and process development, Mühlbauer AG
1998-1999	Division Head, "Semiconductor Backend Automation," Mühlbauer AG
1997	Joined Mühlbauer AG as Project Manager, Development
1994-1997	Head of the "Machinery and Control Systems" department at Laser Zentrum Hannover e.V. (LZH)
1991-1993	Research Associate at Laser Zentrum Hannover e.V. (LZH)

Education

1996	PhD in Mechanical Engineering, University of Hanover
1984-1991	Engineering degree in Electrical Engineering, University of Hanover

Member of other statutory supervisory boards
Viscom AG, Hanover, Germany, member of the Supervisory Board (listed)

Membership in comparable German and foreign supervisory bodies of business enterprises
None

Significant activities in addition to the aforementioned mandates and the Supervisory Board mandate
President of Wissenschaftlichen Gesellschaft für Lasertechnik e.V. (WLT)

Relevant knowledge, skills, and experience
Prof. Overmeyer is a proven expert in the field of laser technology and optics. He has many years of industry experience in executive roles in the area of

plant technology for electronics manufacturing. Prof. Overmeyer also has more than 20 years of experience in the leadership of a large number of national and international research projects in the areas of automation technology, electronics manufacturing, and laser technology. As an executive manager and board member of major institutions and a supervisory board member at a major listed company in the field of plant engineering, he has a great deal of experience with corporate leadership and control.

Information pursuant to recommendation C.13 of the German Corporate Governance Code (GCGC)
The Supervisory Board views Mr. Prof. Overmeyer as independent pursuant to recommendation C.6, para. 2 GCGC. In the assessment of the Supervisory Board, there are no personal or business relationships between Prof. Overmeyer and the Company, the governing bodies of the Company, and any shareholders with a material interest in the Company that should be disclosed pursuant to C.13 GCGC.

- **Anka Wittenberg**

Name:	Anka Wittenberg
Profession:	Senior Vice President, SAP SE, Walldorf, Germany
Place of residence:	Hanover, Germany
Year of birth:	1963
Nationality:	German

First-time candidate for the Supervisory Board of LPKF Laser & Electronics SE

Professional background

Since 2019	Senior Vice President, SAP SE, Walldorf, Germany
2013 -2019	Senior Vice President - Global Head of People Sustainability, SAP SE, Walldorf, Germany
2011-2013	Senior Vice President - Global HR, SAP SE, Walldorf, Germany
2008-2011	CHRO of Benteler AG, Paderborn, Germany
2004-2008	Director HR Europe / Senior Manager Training & Development Central Europe, GE (General Electric) / GE Money Bank GmbH
2002-2003	Director HR Europe, Flowserve Corporation, Essen, Germany

2000-2001	Head of HR Europe, TRW Deutschland GmbH, Barsinghausen, Germany
1999	Financial Analyst, TRW Deutschland GmbH
1997-1999	Freelance management trainer, Barsinghausen, Germany
1984-1997	Business Manager of the international tennis school "All California Tennis Camp," Barsinghausen, Germany

Education

1985-1992	Economics diploma, Studies in economics, University of Hanover
1984-1985	Foreign languages correspondent, Fremdsprachenschule Colon, Hanover
1983-1984	Business administration and pharmacy, University of Hamburg

Member of statutory supervisory boards
None

Membership in comparable German and foreign supervisory bodies of business enterprises
None

Significant activities in addition to the aforementioned mandates
CEO of World Childhood Foundation Germany (not listed)

Relevant knowledge, skills, and experience
Anka Wittenberg is a proven expert and manager in the field of human resources and is highly knowledgeable and experienced in regard to the areas of recruitment, operational personnel management, strategic personnel development, remuneration systems, retention of senior and executive staff, cultural transformation, diversity, inclusion, and people sustainability. She has worked for various globally active and largely listed companies in sectors including automotive, sensors, and software, and possesses a high level of international experience. She also holds a particular level of expertise in the area of ESG and distinguished communication and negotiation skills, including in dialog with relevant stakeholders. As the CEO of the World Childhood

Foundation Germany, she has been responsible for the foundation's strategic national and international orientation for more than 10 years.

Information pursuant to recommendation C.13 of the German Corporate Governance Code (GCGC)
The Supervisory Board views Ms. Anka Wittenberg as independent pursuant to recommendation C.6, para. 2 GCGC. In the assessment of the Supervisory Board, there are no personal or business relationships between Ms. Anka Wittenberg and the Company, the governing bodies of the Company, or any shareholders with a material interest in the Company that should be disclosed pursuant to C.13 GCGC.

- **Alexa Hergenröther**

Name:	Alexa Hergenröther
Profession:	CEO of Sýn Consulting und Beteiligungsgesellschaft UG, Witzenhausen, Germany (not listed)
Place of residence:	Witzenhausen, Germany
Year of birth:	1970
Nationality:	German

First-time candidate for the Supervisory Board of LPKF Laser & Electronics SE

Professional background

Since 2021	CEO of Sýn Consulting und Beteiligungsgesellschaft UG, Witzenhausen, Germany
2021-2022	CEO, LiVERDE AG, Ehingen, Germany
2014-2020	CEO, K+S Minerals and Agriculture GmbH (formerly K+S Kali GmbH), Kassel, Germany
2012-2014	CEO, Sociedad Punta de Lobos, Santiago de Chile, Chile
2006-2011	Head of Corporate Development / M&A, K+S Aktiengesellschaft, Kassel, Germany
2002-2006	Tax Consultant, K+S Aktiengesellschaft, Kassel, Germany

1997-2001	Consultant / Senior Consultant, Deloitte GmbH, Hanover, Germany

Education

1991-1997	Degree in business administration, University of Mannheim
2002	Tax consultant

Member of statutory supervisory boards
SMA Solar Technology AG, Niestetal, Germany (listed)
K-UTEC AG Salt Technologies, Sondershausen, Germany (not listed)

Membership in comparable German and foreign supervisory bodies of business enterprises
Chair of the Advisory Board of Novihum Technologies GmbH, Dortmund, Germany (not listed)

Member of the Supervisory Board of Ameropa AG, Binningen, Switzerland (not listed)

Significant activities in addition to the aforementioned mandates
None

Relevant knowledge, skills, and experience
Alexa Hergenröther is a proven financial expert with particular expertise in the areas of audit, accounting, internal control procedures, risk management, and ESG. As a manager with international experience, she has held roles both in operational management in Germany and abroad and executive roles in the areas of corporate strategy and M&A. She has deep experience with listed companies as a manager as well as a Supervisory Board member and the chair of an audit and risk committee. Her industry experience includes expertise in the photovoltaics market. Due to her education, her professional background, and her practical experience, she has expertise in the area of accounting and the audit of annual financial statements as defined in Section 100, para. 5 AktG.

Information pursuant to recommendation C.13 of the German Corporate Governance Code (GCGC)
The Supervisory Board views Ms. Alexa Hergenröther as independent pursuant to recommendation C.6, para. 2 GCGC. In the assessment of the Supervisory Board, there are no personal or business relationships between

Ms. Alexa Hergenröther and the Company, the governing bodies of the Company, or any shareholders with a material interest in the Company that should be disclosed pursuant to C.13 GCGC.

III. Further details regarding the convening of the meeting

Conditions for participating in the Annual General Meeting and exercising voting rights

Shareholders who have registered for the Annual General Meeting and have submitted evidence of their shareholdings to the Company shall have the right to participate in the Annual General Meeting and to exercise voting rights. Evidence of shareholdings must be furnished by means of a certificate of share ownership issued in text form by the last intermediary in accordance with Section 67c, para. 3, AktG. The last intermediary can also send the certificate directly to the Company. This certificate must pertain to the beginning of the twenty-first day before the Annual General Meeting, i.e.

Wednesday, April 26, 2023, 00:00 (CEST) (the "Record Date").

Both the registration and the evidence of shareholdings must be received by the Company no later than six days prior to the Annual General Meeting (not including the day of the Annual General Meeting or the day on which the evidence is received), i.e. by no later than

Wednesday, May 10, 2023, 24:00 (CEST),

at the address specified below:

LPKF Laser & Electronics SE
c/o C-HV AG
Gewerbepark 10
92289 Ursensollen
or
Fax: +49 (0) 9628 92 99-871
or
E-Mail: anmeldestelle@c-hv.com

Significance of the Record Date

The Record Date is the decisive date in regard to the scope of participation and voting rights at the Annual General Meeting and the exercise thereof. Only those who have furnished evidence of shareholdings shall be considered shareholders in relation to the company for the purposes of participation in the Annual General Meeting and the exercise of voting rights. In this context, the right to participate in the Annual General Meeting and the scope of voting rights are determined exclusively according to the shareholdings of the shareholder as of the Record Date. The Record Date does not imply any limitation on the sale of shareholdings. Even in the event that some or all shareholdings are sold after the Record Date, the shareholder's shareholdings as of the Record Date shall be the only relevant factor in regard to participation and the scope of voting rights, i.e. sales or any other transfers of shares after the Record Date shall have no impact on the entitlement to participate in the Annual General Meeting or the scope of voting rights. The same applies to the acquisition of shares after the Record Date. Persons who do not own any shares as of the Record Date and only become shareholders after it are not entitled to participate or exercise voting rights unless they are authorized to vote or exercise rights as a proxy on behalf of someone else.

Broadcast of the Annual General Meeting

In accordance with the authorization under Article 21, para. 3 of the Articles of Incorporation, the Company intends to provide an audiovisual broadcast of the entire Annual General Meeting for properly registered shareholders, their proxies, and Company-approved guests via our password-protected internet service, which is available at the web address below:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

Total number of shares and voting rights at the time the Annual General Meeting is convened

The Company's share capital at the time the Annual General Meeting is convened amounts to EUR 24,496,546.00 and is divided into 24,496,546 no-par value bearer shares which all have the same voting rights and each grant one vote. The total number of shares and voting rights at the time the Annual General Meeting is convened is therefore 24,496,546.

Procedures for voting by absentee ballot and by proxy

1. **Procedure for voting by electronic absentee ballot**

Shareholders have the option to cast their votes by electronic absentee ballot by following the procedure outlined below without participating in the Annual General Meeting. Timely registration for the Annual General Meeting and timely submission of evidence of shareholdings in accordance with the foregoing provisions are required in this case as well. Votes cast by absentee ballot that are not associated with a proper registration form shall be null and void. Voting by electronic absentee ballot can be performed using our password-protected internet service, which is available at the web address below:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

Log-in information for the internet service will be sent to shareholders together with the admission ticket after they have properly registered and submitted evidence of their shareholdings.

Notwithstanding the requirement to register on time and furnish evidence of share ownership, the password-protected internet service can be used to cast votes via electronic absentee ballot and to change or revoke votes already cast until the end of general debate during the Annual General Meeting on May 17, 2023 (whereby the chairperson of the meeting will announce that this time has been reached and have it recorded).

Authorized intermediaries (e.g. banks), individuals or institutions deemed equivalent to them in accordance with Section 135, para. 8, AktG (proxy advisors, shareholders' associations, professional agents), and other proxies may also make use of electronic absentee voting.

2. Procedure for voting by company-appointed proxy

The Company offers its shareholders the option of authorizing company-appointed proxies to exercise their voting rights within the following framework. Timely registration and timely submission of evidence of shareholdings by the shareholder in accordance with the foregoing provisions are required in this case as well. The proxies appointed by the Company are available for the sole purpose of exercising voting rights and, if authorized, shall exercise those voting rights exclusively as instructed. The proxies appointed by the Company are not authorized to vote without receiving prior instructions from the shareholders. Such authorization (with instructions) and any revocation thereof must be issued in text form. A form for assigning proxies and issuing instructions as well as other related details are contained in the materials mailed with the admission ticket, and are also available to download from the following site:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

Notwithstanding the requirement to register on time and provide proof of share ownership, proxies can be assigned and instructions issued to the proxies appointed by the Company using the password-protected Internet service until the end of general debate during the Annual General Meeting on May 17, 2023 (whereby the chairperson of the meeting will announce that this time has been reached and have it recorded). Log-in information for the internet service will be sent to shareholders together with the admission ticket.

Notwithstanding the requirement to register on time and provide proof of share ownership, proxies and instructions intended for the proxies appointed by the Company but not assigned and issued using the Internet service must be received by the Company by mail, fax, or e-mail by no later than **Tuesday, May 16, 2023, 24:00 (CEST)** (time of receipt) at the address below:

LPKF Laser & Electronics SE
c/o C-HV AG
Gewerbepark 10
92289 Ursensollen
or
Fax: +49 (0) 9628 92 99-871
or
E-mail: anmeldestelle@c-hv.com

We also offer shareholders who have registered for the Annual General Meeting and provided proof of share ownership by the deadline in accordance with the provisions above and are attending the Annual General Meeting in person the option of issuing authorization to company-appointed proxies at the Annual General Meeting itself.

3. Procedure for voting by proxy

Shareholders who do not want to participate in the Annual General Meeting personally can also have their voting rights exercised on their behalf at the Annual General Meeting by an authorized proxy, such as an intermediary (e.g. a bank), a shareholders' association, a proxy advisor, or another person of their choosing. Timely registration and timely submission of evidence of shareholdings by the shareholder in accordance with the foregoing provisions are required in this case as well.

If neither an intermediary (e.g. a bank), a shareholders' association, a proxy advisor, nor one of the other persons or institutions deemed equivalent under Section 135 of the AktG is assigned a proxy, a power of attorney must be granted in text form within the meaning of Section 126b BGB. In such instances, revocation of a power of attorney and proof that a power of attorney has been granted must also be submitted to the Company in text form.

Shareholders who wish to appoint a proxy may use the form for granting a power of attorney that the Company provides for that purpose online at:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

The materials sent to shareholders together with their admission ticket also contain a proxy form. Proxies can also be assigned directly via our password-protected Internet service at the following Web address:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

The declaration of proxy authorization may be made either to the proxy or the Company.

Documentary proof of the proxy must also be sent to the Company at the address below:

LPKF Laser & Electronics SE
c/o C-HV AG
Gewerbepark 10
92289 Ursensollen
or
Fax: +49 (0) 9628 92 99-871
or
E-mail: anmeldestelle@c-hv.com

The aforementioned communication channels and the Internet service may also be used if the declaration of proxy authorization is submitted directly to the Company. In this case, no separate evidence of the proxy authorization is required. The revocation of a previously issued proxy may also be submitted directly to the Company by using the aforementioned communication channels or the Internet service.

When assigning a proxy to an intermediary (e.g. a bank), a shareholder’s association, a proxy advisor, or a person or institution deemed equivalent under Section 135, para. 8, AktG, and when revoking and providing proof of such authorization, special rules may apply. In such cases, shareholders are advised to coordinate with their intended proxy in advance to determine whether the proxy might require a special form for granting the proxy.

Banks, shareholder’s associations, proxy advisors, and other intermediaries covered by Section 135, AktG, as well as persons and institutions deemed equivalent under Section 135, AktG, who represent multiple shareholders are advised to contact the following address in advance of the Annual General Meeting concerning the exercising of voting rights:

LPKF Laser & Electronics SE
c/o C-HV AG
Gewerbepark 10
92289 Ursensollen
or
Fax: +49 (0) 9628 92 99-871
or
E-mail: anmeldestelle@c-hv.com

If a shareholder appoints more than one person to serve as their proxy, the Company may reject one or more of these appointments.

Having proxies exercise one’s rights via the Internet service (no participating online) requires the shareholder to give the proxy the log-in information received with the admission ticket for the Annual General Meeting or the log-in information generated for the proxy upon assignment of authorization via the Internet service.

4. Additional instructions, in particular concerning the exercising of voting rights by shareholders by absentee ballot and the assigning of proxies and issuing instructions to the proxies appointed by the Company

Once shareholders have successfully registered and provided evidence of share ownership, they will have access to our Internet service, in addition to the methods by mail, fax, and e-mail listed above, until **May 16, 2023, 24:00 (CEST)** (time of receipt), for assigning proxies and issuing instructions to the proxies appointed by the Company, revoking or amending them, and exclusively our internet service for casting their votes by electronic absentee ballot and revoking or changing said votes until the end of general debate during the virtual Annual General Meeting (whereby the chairperson of the meeting will announce that this time has been reached and have it recorded). The log-in information for the internet service will be sent together with the admission ticket.

If separate votes are taken on any of the items on the agenda without said vote having been announced in advance of the Annual General Meeting, then the vote cast or instructions issued concerning that item of the agenda shall also be counted overall as a corresponding vote or instructions regarding each point of the separate vote.

If more than one identical copy of the ballot is received, the final ballot (based on date of submission) shall prevail. If multiple copies of the ballot with varying instructions are received by different means and it cannot be determined which ballot was submitted last, they will take precedence in the following order: 1. Internet service, 2. e-mail, 3. fax, and 4. hard copy.

Shareholders' rights

Proposals to add items to the Agenda in accordance with Article 56, sentences 2 and 3 of Council Regulation (EC) No. 2157/2001 ("SE Regulation"), Section 50, para. 2 of the SE Implementation Act (SEAG), and Section 122, para. 2 AktG

Shareholders whose total shareholdings are equivalent to 1/20th of the Company's share capital or the pro rata amount of EUR 500,000.00 may request to have items placed on the Agenda and published in accordance with Article 56, sentences 2 and 3 of Council Regulation (EC) No. 2157/2001 ("SE Regulation"), Section 50, para. 2 of the SE Implementation Act (SEAG), and Section 122, para. 2, of the German Stock Corporation Act (Aktiengesetz – AktG). Every request for a new Agenda item must be accompanied by an explanation of the reasons for it or a proposed resolution. The request must be sent in writing to the Management Board and must be received by the Company at least 30 days prior to the date of the Annual General Meeting (excluding the day of the Annual General Meeting and the day the communication is received), in other words, by no later than

Sunday, April 16, 2023, 24:00 (CEST)

Please send such requests to the following address:

LPKF Laser & Electronics SE
Management Board
Osteriede 7
30827 Garbsen, Germany

Any items added to the agenda and subject to disclosure shall be published promptly in the Federal Gazette upon receipt of the request and distributed to media outlets that can be expected to disseminate the information throughout the European Union. They will also be made available on the Company's website at https://www.lpkf.com/en/investor-relations/annual-general-meeting/ and announced to shareholders.

Counterproposals and candidate nominations submitted by shareholders in accordance with Section 126, para.1 and Section 127 AktG

In accordance with Section 126, para. 1 and Section 127 AktG, shareholders may send the Company counterproposals to proposals made by the Management Board and/or Supervisory Board regarding a particular item on the agenda as well as make recommendations on the choice of members of the Supervisory Board and/or auditor. In accordance with Section 126, para. 1 AktG, the Company publishes counterproposals including the name of the shareholder, potential reason(s) for the counterproposal and any comment by the management on the Company's website at https://www.lpkf.com/en/investor-relations/annual-general-meeting/ if it receives the counterproposals, including potential reason(s), at least 14 days prior to the date of the Annual General Meeting (excluding the day of the Annual General Meeting and the day the submission is received), in other words, by no later than

Tuesday, May 2, 2023, 24:00 (CEST),

at the following address:

LPKF Laser & Electronics SE
Osteriede 7
30827 Garbsen, Germany
Fax: +49 (0) 5131 7095-90
E-mail: investorrelations@lpkf.com

Applications not sent to this address will be disregarded. The Company may refuse to publish a counterproposal if the conditions specified in Section 126 para. 2 German Stock Corporation Act (Aktiengesetz) apply, for instance, if the counterproposals could lead the Annual General Meeting to pass a resolution which violates the law or the Articles of Incorporation. It is not mandatory to publish the reasons provided for a counterproposal if they exceed 5,000 characters. Pursuant to Section 127 AktG, the aforementioned applies analogously to proposals submitted by shareholders for the election of members of the Supervisory Board and/or auditors. In addition to the cases specified in Section 126, para. 2 AktG, publication of election proposals submitted by shareholders may also be refused when the proposal does not include the name, profession, and place of domicile of the proposed candidate. Nominations for the Supervisory Board do not need to be published if the proposal does not contain information about the nominee's membership of other statutory supervisory boards.

Right to information in accordance with Article 56, sentences 2 and 3 of Council Regulation (EC) No. 2157/2001 ("SE Regulation"), Section 50, para. 2 of the SE Implementation Act (SEAG), and Section 131, para. 1 AktG

The Management Board must provide information on company affairs when such information is verbally requested by any shareholder at the Annual General Meeting, provided this information is necessary for the proper evaluation of the agenda item in question. The duty to provide information also encompasses the Company's legal and commercial ties with affiliated companies as well as the situation of the Group and the companies included in the consolidated financial statements, since Item 1 of the agenda also entails the presentation of the consolidated financial statements and the combined management report on the Company and the Group to the Annual General Meeting.

The Management Board may refrain from answering individual questions pursuant to the reasons specified under Section 131, para. 3 AktG, e.g. in cases where the provision of information could be deemed to subject the Company or an affiliated company to a significant disadvantage in accordance with prudent commercial discretion. Pursuant to Article 23 (2) of the Articles of Incorporation, the chairperson of the meeting can impose appropriate time limits on the shareholders' right to speak as well as their right to ask questions. In particular, the chairperson may define time limits for the entire course of the Annual General Meeting, for individual agenda items, or for individual questions and spoken contributions, and may define such limits at the beginning of the Annual General Meeting or while it is being conducted.

Additional explanations and information available on the Company website

From the time the Annual General Meeting has been convened, information pursuant to Section 124a German Stock Corporation Act (Aktiengesetz) will be made available to shareholders on the Company's website at

https://www.lpkf.com/en/investor-relations/annual-general-meeting

Additional information concerning the rights of shareholders pursuant to Art. 56, sentences 2 and 3 of the SE Regulation, Section 50, para. 2 SEAG, and Sections 122, para. 2, 126, para. 1, 127, and 131, para. 1 AktG can also be found at the web address below:

https://www.lpkf.com/en/investor-relations/annual-general-meeting

Garbsen, Germany, April 2023
LPKF Laser & Electronics SE

The Management Board

Information for Shareholders of LPKF Laser & Electronics SE on Data Protection

LPKF Laser & Electronics SE ("LPKF") processes your personal data in connection with the Annual General Meeting. The controller responsible for this data processing is LPKF Laser & Electronics SE, Osteriede 7, 30827 Garbsen, telephone: +49 (0) 5131 7095-0, e-mail: info@lpkf.com. You can reach our Data Protection Officer, Mr. Jürgen Recha, at interev GmbH, Robert-Koch-Strasse 55, 30853 Langenhagen, telephone: +49 (0) 511 – 89 79 84 10, Juergen.Recha@interev.de.

LPKF Laser & Electronics SE ("LPKF") processes your personal data in connection with the Annual General Meeting for the purposes of preparing and performing the Annual General Meeting, allowing shareholders and shareholder representatives to exercise their rights, and fulfilling other obligations under German corporate law. The legal basis for this is formed by the relevant provisions under the AktG, particularly Sections 118 et seq. AktG, in conjunction with Art. 6, para. 1(c) GDPR.

Further information on the processing of your personal data in connection with the Annual General Meeting as well as information on your rights (to information, rectification, restriction of processing, objection, erasure, the transfer of your data, and complaint to a responsible regulatory authority) can be found at www.lpkf.com/en/investor-relations/annual-general-meeting/. We would also be happy to send you this information via postal mail. If you have any questions, you can contact the Data Protection Officer via the contact details specified above at any time.