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REMUNERATION REPORT 2023

LPKF Laser & Electronics

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 2023 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 (AktG).

The content of the remuneration report was audited by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft in accordance with the requirements of Section 162 (3) of the German Stock Corporation Act.

1. REVIEW OF THE 2023 FINANCIAL YEAR

1.1 APPROVAL OF THE 2022 REMUNERATION REPORT

The remuneration report prepared in accordance with the requirements of Section 162 of the German Stock Corporation Act on the remuneration granted and owed to the current and former members of the Management Board and Supervisory Board in the 2022 financial year was approved by 39.66% of the vote at the Annual General Meeting and thus was not adopted. The Supervisory Board addressed in depth 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 underlying remuneration system for 2022 and the remuneration that resulted from it:

- The fixed remuneration exceeded the variable remuneration in the target remuneration.
- The variable remuneration resulting from the achievement of long-term targets did not exceed the proportion resulting from short-term targets.
- The long-term variable remuneration had the same performance targets as the short-term variable remuneration.
- It was not possible to reclaim the long-term variable remuneration granted (clawback).
- No share ownership guidelines were in place for the members of the Management Board.

The Supervisory Board considered these points of criticism in full when adjusting the remuneration system, as described below. Furthermore, a more detailed disclosure is to allow 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 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 at that time. 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 was approved at the 2023 Annual General Meeting with a majority of 97.65% of the vote and became 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 remuneration system used in 2022. 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

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 to be shifted in favor of the LTI. From now on, the ratio between the target amount for the STI and the target amount for the LTI will be 40% to 60% (previously 50% to 50%).

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

The former LTI was designed as an equity deferral and had the same performance targets as the STI. This is being replaced by a completely new LTI. The new LTI is designed as a performance stock option plan that is linked to both financial targets and ESG targets. The Supervisory Board believes that the use of a performance stock option plan is best placed to support LPKF's corporate strategy and long-term development. In line with LPKF's growth ambitions, use of a performance stock option plan provides a strong incentive to increase the company's value, thus bringing the interests of the Management Board and the shareholders of LPKF into alignment. Taking performance targets into account will also ensure that the corporate strategy is implemented in full. This includes outperforming relevant competitors on the capital market as well as achieving key financial and ESG targets derived from the corporate strategy. The performance stock option plan therefore sets balanced incentives for LPKF's successful development over the long term.

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 are being supplemented with measurable ESG targets (weighting: 20%), which are derived from the sustainability strategy and are established by the Supervisory Board for each tranche on an annual basis. Achievement of the described performance targets will be measured over a period of three years and is in line with LPKF's medium-term planning, which will determine the final number of performance stock options. The performance stock options have to be held for four years after allocation; the value of the stock options depends on the performance 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. The new LTI will generally be settled in shares. In exceptional cases, the Supervisory Board has the option to service the LTI in cash instead.

- 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 share ownership guidelines

The revised remuneration system also implements share ownership guidelines (SOG) to tie the interests of the Management Board and shareholders more closely together. Under the share ownership guidelines, members of the Management Board are 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 relevant gross basic salary is met. These shares must be held until the end of the employment contract. As a further restriction, the performance stock options from the LTI cannot be exercised if the SOG target is not met.

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

As the new LTI in the form of a performance stock option plan presents a different risk profile from the former LTI, the maximum annual remuneration has been 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 annual remuneration will be EUR 2 million for each member of the Management Board. In determining the maximum remuneration, the Supervisory Board has also taken into account the level of maximum remuneration in companies that are comparable in terms of size, sector and geography.

The significant changes and additions relating to the present 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: Performance Stock Option Plan Target amount: 60% of base salary Plan term: Eight years • four-year waiting period (of which a three-year performance period) • 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

1.3 PERSONNEL CHANGES

In the 2023 financial year, there were no personnel changes in the Management Board of LPKF.

The term of office of all members of the Supervisory Board ended at the close of the Annual General Meeting on 17 May 2023. It was thus necessary to hold a new election. Mr. Jean-Michel Richard, Dr. Dirk Rothweiler and Prof. Ludger Overmeyer were reelected on the recommendation of the Nomination Committee. Ms. Julia Kranenberg did not stand for reelection. Ms. Anka Wittenberg was elected as a new member of the Supervisory Board to take the place of Ms. Kranenberg. In addition, Ms. Alexa Hergenröther was elected to take up the newly created position on the Supervisory Board.

In accordance with the recommendations of the German Corporate Governance Code, at its meeting of 20 July 2023 the Supervisory Board formed and assigned members to the following new committees:

- Audit, Risk and ESG Committee: Alexa Hergenröther (Chairwoman), Jean-Michel Richard, Anka Wittenberg
- Remuneration and Nomination Committee: Anka Wittenberg (Chairwoman), Dirk Rothweiler, Jean-Michel Richard
- Strategy Committee: Dirk Rothweiler (Chairman), Alexa Hergenröther, Ludger Overmeyer

2. REMUNERATION OF THE MANAGEMENT BOARD

2.1 PRINCIPLES OF MANAGEMENT BOARD REMUNERATION

The remuneration of the Management Board is a key control element in the implementation of LPKF’s corporate strategy and growth ambitions. This includes providing the right incentives for implementing and executing the corporate strategy in full. With this in mind, the performance targets for the performance-based remuneration components include financial and sustainability-related targets. To increase the focus on LPKF’s long-term development, the LTI is the largest component of the performance-based remuneration. In order to support the share culture at LPKF and bring the interests of the Management Board into alignment with those of shareholders and stakeholders, the LTI is designed as a share-based remuneration component and share ownership guidelines are in place for the Management Board.

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 Nomination 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 2023 Annual General Meeting and applies retroactively for the 2023 financial year as well as 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 2023 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 in 2021, the following European companies of a similar size, primarily from the semiconductor industry and the electronic equipment sector, were used as a peer group:

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	PVA TePla, Germany
Elmos Semiconductor, Germany	SAF Holland, Germany
First Sensor, Germany	SMA Solar Technology, Germany
Isra Vision, Germany	SÜSS MicroTec, Germany
Jenoptik, Germany	technotrans, Germany
Judges Scientific, United Kingdom	Viscom, Germany
Lumibird, France	X-FAB Silicon Foundries, Belgium

The main criteria used for identifying suitable peer companies were industry, revenue and market capitalization. Based on its positioning at that time, LPKF was at the 25th percentile in terms of revenue and the 70th percentile in terms of market capitalization.

The revision of the remuneration system and determination of the amount of Management Board remuneration in March 2023 also involved an assessment of Management Board remuneration in relation to the remuneration structures within LPKF. This involved comparing the development of Management Board remuneration with the remuneration of senior management (defined as the first tier of management below the Management Board) and the remuneration of the workforce as a whole (defined as the average remuneration of full-time employees of LPKF SE in Germany). When doing so, the Supervisory Board did not find any indication that it had developed disproportionately or establish any grounds for adjusting it.

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.

Target remuneration

	Dr. Klaus Fiedler (CEO) (since 1 January 2022)				Christian Witt (CFO) (since 1 September 2018)			
	2023		2022		2023		2022	
	in €k	in %	in €k	in %	in €k	in %	in €k	in %
Base salary	325	49	300	49	300	48	296	49
Fringe benefits [1]	9	1	7	1	30	5	28	5
Total non-performance-based target remuneration	**334**	**50**	**307**	**50**	**330**	**52**	**324**	**53**
Short-term variable remuneration (STI)	130	20	150	25	120	19	143	23
Long-term variable remuneration (LTI)	195	30	150	25	180	29	143	23
Total performance-based target remuneration	**325**	**50**	**300**	**50**	**300**	**48**	**286**	**47**
Total target remuneration	**659**	**100**	**607**	**100**	**630**	**100**	**610**	**100**

[1] The values for fringe benefits reflect the fringe benefits actually incurred in the fiscal year.

2.2 OVERVIEW OF REMUNERATION FOR THE MANAGEMENT BOARD IN THE 2023 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 annual variable remuneration (STI), which relates to the achievement of economic targets within a year, and long-term variable remuneration (LTI), which is measured over several years and based on shares. Penalty and clawback provisions, share ownership guidelines and maximum remuneration are further key components of the remuneration system. The company does not offer any pension or early retirement schemes for members of the Management Board.

	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: approx. 40% of performance-based remuneration
		Plan type: target bonus
		Performance criteria:
		• 75% corporate targets
		  • 37,5% Revenue
		  • 37,5% 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: approx. 60% of performance-based remuneration Plan type: Performance Stock Option Plan Plan term: Eight years • Four-year waiting period (including a three-year performance period) • Four-year exercise period Performance criteria: • 40% Relative TSR • 40% ROCE • 20% ESG-targets Exercise price: average closing price during the last 30 trading days before allocation Cap: • The final number of performance stock options is limited to 150% of the provisionally allocated performance stock options. • The payout is limited by the maximum remuneration. Servicing: in shares	• 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 • Incentive to (over)achieve long-term financial and sustainability targets • Promoting the share culture at LPKF
Other key regulations	Maximum remuneration	EUR 2.0 million per Management Board member	• Limiting the total remuneration for a financial year
	Share Ownership Guidelines	SOG target: 100% of gross base salary 2022 Build-up: obligation to invest in LPKF shares amounting to at least 50% of the net STI payout per year until the SOG target is reached Condition: Performance stock options can only be exercised once the SOG target has been reached	• Linking the interests of the Management Board members with those of the shareholders • Promoting the share culture at LPKF
	Malus / Clawback	Partial or full reduction / clawback of performance-related remuneration possible Compliance malus and clawback as well as performance clawback implemented	• Strengthening the position of the Supervisory Board in the event of incorrect financial statements and intentional gross breaches of material duties by a member of the Management Board
	Severance payment cap	Maximum severance payments of two years' basic remuneration; may not exceed the remuneration for the remaining term of the contract	• Prevents inappropriately high payments due to premature termination of the Management Board contract
	Company pension scheme	No company pension scheme for the members of the Management Board and therefore no pension or early retirement arrangements	

2.3 APPLICATION OF REMUNERATION COMPONENTS IN THE 2023 FINANCIAL YEAR

The components of the remuneration system and their specific application in the 2023 financial year are explained in detail below.

2.3.1 NON-PERFORMANCE-BASED REMUNERATION COMPONENTS

2.3.1.1 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.

In line with contractual agreements, during the financial year the basic remuneration increased by EUR 25,000 in the case of Dr. Fiedler and EUR 15,000 in the case of Mr. Witt. The Supervisory Board considered this necessary in order to offer the Management Board members remuneration that is both in line with the market rate and competitive to enable it to continue to attract exceptional individuals in the future and retain them within the company for the long term.

2.3.1.2 FRINGE 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 as well as absorption of other costs as is customary for the market.

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 the 2023 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

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 around 40% of the performance-based remuneration. The payout amount depends on the achievement of corporate targets, which are based on the company’s financial performance, and on the achievement of personal targets.

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

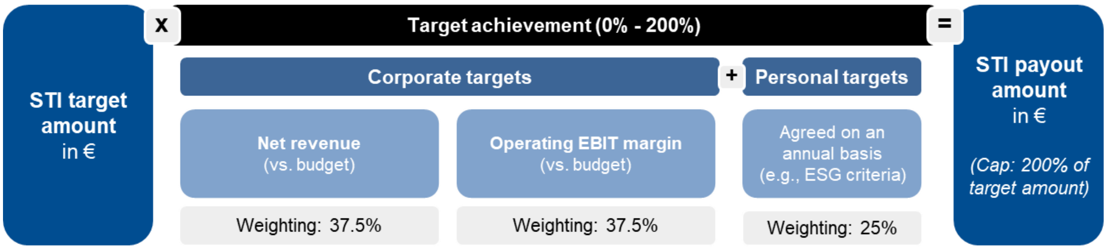
- Revenue in accordance with LPKF’s audited, consolidated annual financial statements
- Consolidated operating EBIT (earnings before interest and taxes) as a percentage of consolidated revenue in accordance with LPKF’s audited, consolidated annual financial statements (EBIT margin)

The personal targets for the respective Management Board member are weighted at 25% and are agreed annually at the start of the respective financial year. Up to four personal targets may be set. Using personal targets enables the Supervisory Board to provide incentives for achieving important strategic objectives which may also be non-financial in nature and include, for example, environmental, social or governmental aspects (ESG targets). 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 lower threshold: 0%
- Equal to the lower threshold: 25%
- Target: 100%
- Equal to the upper threshold: 200%
- Above the upper threshold: 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 2023 financial year

At the beginning of the 2023 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	Actual	Lower threshold (25 % target achievement)	Target (100 % target achievement)	Upper threshold (200 % target achievement)	Target achievement
Net revenue (k€)	Actual: 124,337	125,000	140,254	147,900	0%
Operating EBIT margin	Actual: 3.8%	4%	6%	8%	0%
				Corporate targets	**0%**

On the basis of target achievement for the individual performance criteria, the target achievement level for the corporate targets was set at 0% for the 2023 financial year.

The personal targets for the 2023 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 2023 financial year:

Name	Personal targets	Assessment	Target Achievement
Dr. Klaus Fiedler	• Achievement of defined milestones in the development, coordination and introduction of a strategic framework and corporate values • Achievement of defined milestones in the development, coordination and implementation of a marketing and brand strategy, an IP strategy and an organizational structure to improve operational excellence • Achievement of defined milestones in the development of an ESG strategy, in the improvement of the carbon footprint and in the strengthening of personnel development	• Target exceeded • Target achieved • Target partially achieved	105%
Christian Witt	• Development of fixed costs vs. budget • Achievement of defined milestones in commissioning an ERP system, setting up a new BI landscape, implementing a customer satisfaction survey and a process owner structure • Achievement of defined milestones in expanding the shared services approach, improving the shareholder structure and planning and analyzing by product line • Achievement of defined milestones in developing an ESG strategy, improving the carbon footprint and strengthening personnel development	• Target partially achieved • Target clearly exceeded • Target achieved • Target partially achieved	71%

On the basis of this Supervisory Board's assessment, the target achievement levels for the personal targets were set at 105% for Klaus Fiedler and 71% 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 2023 financial year:

STI payout 2023

STI payout for 2023 financial year

	Target amount in €k	Target achievement: Corporate targets (Weighting: 75%)	Target achievement: Personal targets (Weighting: 25%)	Target achievement: Overall	Payout amount in €k
Dr. Klaus Fiedler	130	0%	105%	26%	34
Christian Witt	120	0%	71%	18%	21

The payment will be made in April 2024.

2.3.2.2 LONG-TERM VARIABLE REMUNERATION (LTI)

How it works

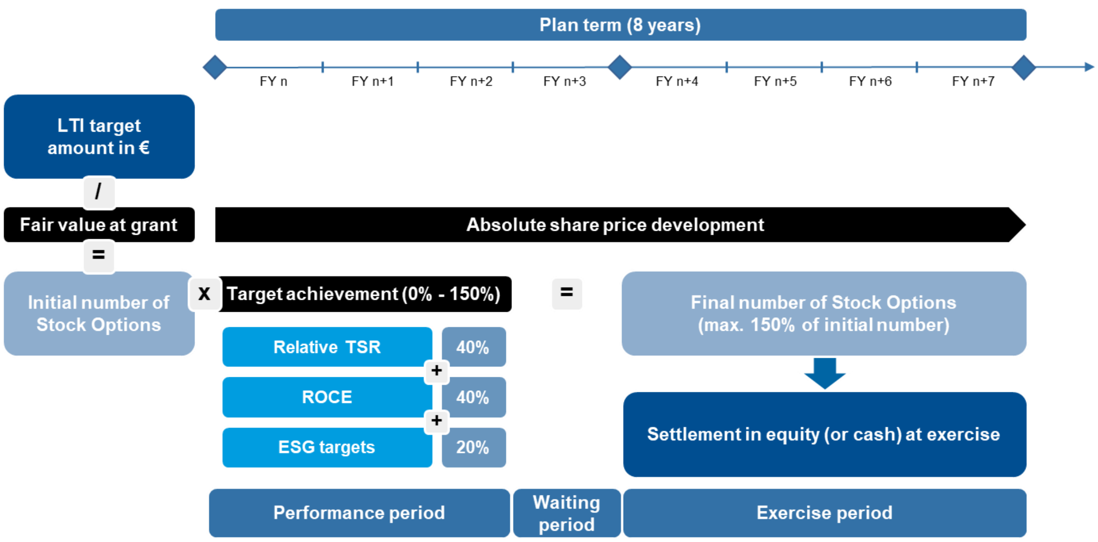
The LTI is designed as a performance stock option plan that is allocated on an annual basis with a target amount of around 60% of the performance-based remuneration and a plan term of eight years.

At the beginning of the LTI tranche, the Management Board members are allocated a provisional number of performance stock options (PSO) that is 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 depends on the achievement of financial and ESG targets during a three-year performance period. The Supervisory Board set the development of LPKF's total shareholder return (TSR) compared to an individually determined peer group and the return on capital employed (ROCE) as financial targets, both weighted at 40%. The ESG targets are weighted at 20% and are determined annually for each LTI tranche using a predefined catalog of ESG criteria. The final number of performance stock options 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 ("waiting period"). The waiting period is followed by an exercise period of four years. Accordingly, the final number of performance stock options can be exercised four years after the allocation date at the earliest.

The value of each performance stock option at the time of exercise is the difference between the LPKF share price on the exercise date and the average closing price of LPKF shares on the last 30 trading days prior to the allocation date ("exercise price"). In addition to the limit on the final number of performance stock options, the payout amount for each LTI tranche is limited by the maximum remuneration defined in the "maximum remuneration" section in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act.

In light of the 2023 Annual General Meeting's rejection of a contingent capital increase to service subscription rights, the Supervisory Board resolved to make use of the exemption provided in the remuneration system and service LTI 2023 in cash. Therefore, phantom performance stock options were allocated in the year under review.



Allocations from the long-term incentive (LTI) in the 2023 financial year

On 24 October 2023, the members of the Management Board were allocated a tranche of the LTI (“LTI 2023”).

LTI 2023 - 2030

	Overview LTI 2023 - 2030					
	LTI target amount in €k	Fair Value at allocation in €	Number of provisional PSO	minimal number PSO	maximum number PSO	Exercise price
Dr. Klaus Fiedler	195	1,02	191.177	0	286.766	6,93
Christian Witt	180	1,15	156.522	0	234.783	6,93

Achievement of the target for the LTI is based on the total shareholder return (TSR) and return on capital employed (ROCE) financial performance criteria as well as on sustainability-related targets.

The TSR represents the return on LPKF shares; the share price is taken into account on the assumption that dividends will be reinvested. LPKF’s TSR performance is measured in comparison with the peer group below, as determined by the Supervisory Board and comprising selected competitors:

Company, Location	Company, Location
Aixtron, Germany	Manz, Germany
Basler, Germany	SMA Solar Technology, Germany
centrotherm, Germany	SÜSS MicroTec, Germany
Comet, Switzerland	technotrans, Germany
Dr. Hönle, Germany	Viscom, Germany

In order to measure relative TSR performance, LPKF’s TSR performance and that of the comparable companies is ranked over the three-year performance period. Achievement of the target is calculated based on the resulting positioning of LPKF within the peer group.

The ROCE refers to the ratio between consolidated operating EBIT and capital employed. The decisive factor is the average ROCE over the three financial years of the performance period. Prior to commencing allocation, the Supervisory Board determined a target value and lower and upper thresholds. Achievement of the target is calculated based on the actual three-year average ROCE.

In addition to financial performance criteria, the LTI contains 20% ESG targets in order to anchor LPKF’s sustainability strategy firmly in the remuneration system for the Management Board. To this end, prior to issuing the 2023 LTI tranche allocated in the reporting year the Supervisory Board selected the following two equally weighted specific ESG targets as performance criteria with regard to the recycling rate and employee engagement:

- Increasing the average recycling rate at Group level to 75% during the performance period (weighting: 10%)
- Increasing the share of business-critical positions at Group level with at least one potential successor who would be ready for deployment within six months to 30% (weighting: 10%)

LTI 2023 - 2030

	Targets and thresholds LTI 2023 - 2030			
	Weighting	Lower threshold (50% target achievement)	Target value (100% target achievement)	Upper threshold (150% target achievement)
TSR	40%	25th percentile	50th percentile	-2.148

	Weighting	Lower threshold (0% target achievement)	Target value (100% target achievement)	Upper threshold (150% target achievement)
ROCE	40%	8%	12%	16%
ESG: Recycling rate	10%	70%	75%	80%
ESG: Share of successors	10%	25%	30%	35%

Long-term variable remuneration granted and due in the 2023 financial year

Due to the transition from a former LTI with a three-year performance period to an 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 2023 financial year.

LTI 2022 (no longer in effect)

The LTI allocated in the 2022 financial year ("LTI 2022") was based on an earlier remuneration system in effect at that time and was linked to overall target achievement for the STI for the respective financial year and to the performance of the share price for the following three years. It was not possible to conclusively assess all the performance criteria for LTI 2022 until after the first quarter of 2023. The remuneration resulting from LTI 2022 shall therefore 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 relevant LTI plan can be summarized as follows: The LTI was allocated in annual tranches with a target amount of 50% of the basic salary.

The target amount for the respective year of allocation was 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 served as an additional performance target, which was implemented in the form of a second multiplier. This multiplier was 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 LTI payout amount was limited to no more than 300% of the target amount and was paid out in cash. The net amount received from the LTI had to be invested in LPKF shares immediately afterwards. These shares had to be held for at least three years after purchase.

A payment from the LTI was 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 dropped below 90% of the opening share price, no LTI was paid.

The share price exercise threshold for LTI 2022 was not reached. Both the average share price in the fourth quarter of 2022 (EUR 9.74) and the average share price in the first quarter of 2023 (closing share price: EUR 11.42) were below 90% of the average share price in the first quarter of 2022 (opening share price: EUR 16.05), so there was no payment from LTI 2022.

LTI 2022

	Overview LTI 2022				
	LTI target amount in €k	Overall STI target achievement 2022	Closing share price / Opening share price	Performance hurdle met?	LTI payout amount in €k
Dr. Klaus Fiedler	150	74%	61%	No	0
Christian Witt	143	78%	61%	No	0

LTI 2020-2022 (no longer in effect)

The LTI allocated in the 2020 financial year ("LTI 2020-2022") was based on an earlier remuneration system in effect at that time and was linked to a value-oriented performance criterion ("value contribution") and to the absolute performance of the share price. It was not possible to conclusively assess all the performance criteria for LTI 2020-2022 until after the first quarter of 2023. The remuneration resulting from LTI 2020-2022 shall therefore 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 relevant LTI plan can be summarized as follows: The Management Board members were allocated phantom stocks annually on a provisional basis. The number of phantom stocks allocated on a provisional basis corresponded to the individual target amount divided by the average closing price of LPKF shares in the first quarter of the year of allocation. The term of the plan was three years. Following the end of the plan term, the Management Board members were entitled to a payout whose amount depended on the final number of phantom stocks. The final number of phantom stocks was calculated by multiplying the phantom stocks allocated on a provisional basis by a performance factor based on LPKF's average value contribution during the three-year performance period. The target value contribution resulted in a performance factor of 1. Each full EUR 1 million value contribution above or below this target value resulted in 10% increase or decrease in the performance factor. The amount to be paid out was then calculated by multiplying the final number of phantom stocks by the average price of LPKF shares for the first quarter of the year following the end of the three-year performance period. A full entitlement only arose if the average share price in the payout year was greater than the average share price in the allocation year and the employment contract of the respective Management Board member did not end before the end of the plan term. The payout amount was limited to four times the target amount.

The performance period for the 2020 tranche began on 1 January 2020 and comprised three financial years in total (2020 to 2022). The average value contribution actually achieved in the financial years concerned amounted to EUR -2,148 thousand, resulting in 10% target achievement.

LTI 2020 - 2022

	Target achievement LTI 2020 - 2022				
	Lower threshold (0% target achievement)	Target value (100% target achievement)	Upper threshold (200% target achievement)	Actually achieved	Target achievement
Average value added 2020 - 2022(in €k)	-3.411	7.589	18.589	-2.148	10%

The share price exercise threshold for LTI 2020-2022 was not reached. The average share price in the first quarter of 2023 (closing share price: EUR 11.42) was below the average share price in the first quarter of 2020 (opening share price: EUR 19.18), so there was no payment from LTI 2020-2022.

LTI 2020 - 2022

	Overview LTI 2020 - 2022						
	LTI target amount in €k	Avg. share price in Q1 2020 in €	Number of provisional phantom stocks	Target achieve-ment	Final number of phantom stocks	Avg. share price in Q1 2023 in €	Payout amount in €k
Christian Witt	65	19,18	3.389	10%	339	11,42	0

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

Remuneration for members of the Management Board is limited in two respects. Firstly, the performance-based remuneration components are subject to an upper limit. 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 Management Board members' total remuneration, i.e. total non-performance-based remuneration (basic salary and incidental benefits) plus performance-based remuneration components (STI and LTI), is limited by the maximum remuneration under Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act. The maximum remuneration limits the total remuneration paid out for one financial year irrespective of the actual payout date. It thus also represents an absolute limit on possible payouts under the LTI.

The maximum remuneration per Management Board member is set at EUR 2 million. As can be seen from the "remuneration granted and owed" table, the maximum remuneration of EUR 2 million provided for in the remuneration system was complied with for all members of the Management Board for the 2023 financial year.

2.5 SHARE OWNERSHIP GUIDELINES

The remuneration system contains share ownership guidelines (SOG) in order to further align the interests of Management Board members and shareholders and to strengthen the share culture at LPKF. The members of the Management Board are required to invest 100% of their gross basic remuneration in LPKF shares (SOG target) and to hold these shares until they leave the Management Board or begin a release from duties. The SOG target is calculated based on the gross basic remuneration at the beginning of the period of service as a Management Board member or the gross basic remuneration on the date the SOG came into effect.

An SOG target of EUR 300,000 was agreed for Dr. Fiedler. This amount corresponds to 100% of the gross base salary at the beginning of his term of office as CEO in the 2022 financial year. In deviation from the provisions of the remuneration system, an SOG target of EUR 285,000 was agreed with Mr. Witt. This figure also corresponds to the gross base salary for the 2022 financial year (excluding additional remuneration for the temporary appointment as CEO).

Until the SOG target is met, the Management Board members must invest at least 50% of the net STI payout per year. As a further restriction, the Management Board members may only exercise performance stock options from the LTI if the SOG target has been met, even if the waiting period for such performance stock options has already expired.

The SOG came into effect for both Management Board members on 1 January 2023. STI payouts that first become due for payment for the 2023 financial year in April 2024 are relevant in terms of the annual purchasing obligation.

2.6 PENALTIES/CLAWBACK

The remuneration system for the Management Board also contains penalty and clawback provisions. Under certain circumstances, the Supervisory Board is authorized to reduce performance-based remuneration that has not yet been paid out (penalty) or reclaim performance-based remuneration that has already been paid out (clawback).

If performance-based remuneration was calculated and paid out on the basis of misstatements in the annual financial statements, the Supervisory Board can reclaim the difference to the relevant performance-based remuneration as calculated on the basis of the corrected annual financial statements.

In the event of an intentional breach of duty by a Management Board member in the form of

- non-compliance with material provisions of the LPKF code of conduct and/or a material obligation under the employment contract or
- a material breach of due diligence obligations within the meaning of Section 93 of the German Stock Corporation Act,

the Supervisory Board can reduce or reclaim performance-based remuneration at its reasonable discretion.

The possibility of reclaiming performance-based remuneration that has already been paid out applies to payouts that have been made no more than three years previously.

In the 2023 financial year, the Supervisory Board did not establish any reason to make use of the possibility provided by the remuneration system to reduce or reclaim variable remuneration components.

2.7 REMUNERATION-RELATED EVENTS

2.7.1 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.

2.7.1.1 SEVERANCE PAYMENT

The Management Board employment contracts may provide for severance payments in the event that the company terminates the employment contract early without good cause for which the Management Board member is responsible or in the event that the Management Board member terminates the employment contract early for good cause for which the company is responsible. In such a case, the Management Board member may receive a severance payment of two years' annual remuneration, up to a maximum amount of the remuneration due for the remaining term of the contract after the end of the notice period. This severance payment will count toward any compensation that may be granted in connection with the post-contractual non-competition clause.

The Management Board employment contracts do not provide for severance payments in the event that the company terminates the employment contract early for good cause for which the Management Board member is responsible or in the event that a Management Board member initiates the termination themselves without good cause for which the company is responsible. Furthermore, all vested and non-vested performance stock options allocated in connection with the LTI shall be forfeited without compensation. In the interests of attracting the best possible candidate for the position of Chief Executive Officer and thus safeguarding the long-term wellbeing of the company, on the first-time appointment of Dr. Klaus Fiedler his employment contract made provision for a severance payment in the event of effective dismissal and effective resignation. No severance payments were made in the 2023 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."

2.7.1.2 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 the option to step down from their mandate on the termination date. If the contract is terminated in this way, the Management Board member is entitled to the severance payment described above.

The contractually agreed provisions, dates and holding periods shall continue to apply to any performance stock options already vested at the time of the termination. Other provisions may apply in the event that the LTI can no longer reasonably be continued, e.g. in the case of a delisting.

2.7.1.3 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.

2.7.1.4 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 monthly basic 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.

No compensation on the basis of a non-competition clause was paid in the 2023 financial year.

2.7.1.5 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 2023 financial year.

2.7.1.6 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.

All current LTI tranches will be paid out immediately if the appointment ends due to permanent disability or death.

2.7.2 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.

2.7.3 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.

2.8 REMUNERATION GRANTED AND OWED IN THE 2023 FINANCIAL YEAR

2.8.1 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 2023 financial year is comprised as follows:

- Basic salary paid in the 2023 financial year;
- incidental benefits received in the 2023 financial year;
- the STI set for the 2023 financial year, which will be paid in the 2024 financial year;
- LTI 2022 and LTI 2020-2022, both based on performance criteria that elapsed at the end of the first quarter of 2023 and due for payment in the 2023 financial year.

Remuneration awarded and due according to § 162 AktG - Current Management Board members

	Dr. Klaus Fiedler (CEO) (since 1 January 2022)				**Christian Witt (CFO)** (Management Board member since 1 September 2018)			
	2023		**2022**		**2023**		**2022**	
	in €k	**in %**	**in €k**	**in %**	**in €k**	**in %**	**in €k**	**in %**
Base salary	325	88%	300	72%	300	85%	296	60%
Fringe benefits	9	2%	7	2%	30	9%	28	6%
Total non-performance-based remuneration	**334**	**91%**	**307**	**73%**	**330**	**94%**	**324**	**65%**
Short-term variable remuneration (STI)								
STI 2022	-	-	111	27%	-	-	111	22%
STI 2023	34	9%	-	-	21	6%	-	-
Long-term variable remuneration (LTI)								
LTI 2019 - 2021	-	-	-	-	-	-	62	12%
LTI 2020 - 2022	-	-	-	-	0	0%	-	-
LTI 2021	-	-	-	-	-	-	0	0%
LTI 2022	0	0%	-	-	0	0%	-	-
Total performance-based remuneration	**34**	**9%**	**111**	**27%**	**21**	**6%**	**173**	**35%**
Total remuneration awarded and due according to Section 162 AktG	**368**	**100 %**	**418**	**100 %**	**351**	**100 %**	**497**	**100 %**

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

2.8.2 FORMER MEMBERS OF THE MANAGEMENT BOARD

In the 2023 financial year, no remuneration was granted or owed to former members of the Management Board in accordance with Section 162 of the German Stock Corporation Act.

3. REMUNERATION OF THE SUPERVISORY BOARD

The current remuneration system for members of the Supervisory Board and the amount of Supervisory Board remuneration have been reviewed with the support of an external independent expert to assess whether they are in line with the market and competitive. Having considered the findings of the review, the Management Board and the Supervisory Board reached the conclusion that an adjustment was necessary to ensure the Supervisory Board remuneration was appropriate and competitive. The revised remuneration system was approved by the 2023 Annual General Meeting with a majority of 97.45% of the vote and became effective on 18 May 2023.

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

	Remuneration system in 2022			Remuneration system from 2023		
Fixed basic remuneration	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Ratio		EUR 64,000 EUR 48,000 EUR 32,000 2 : 1.5 : 1	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Ratio		EUR 70,000 EUR 52,500 EUR 35,000 2 : 1.5 : 1
Committee remuneration		Chairman	Member		Chairman	Member
	Audit Committee	EUR 5,000	--	Audit, Risk & ESG Committee	EUR 15,000	EUR 7,500
	Nomination Committee	EUR 3,500	--	Remuneration and Nomination Committee	EUR 10,000	EUR 5,000
	Remuneration and ESG Committee	EUR 3,500	--	Strategy Committee	EUR 10,000	EUR 5,000
Attendance fee				EUR 1,000 for attending a meeting of the Supervisory Board and EUR 500 for attending a meeting of the Supervisory Board Committee, whether in person, by telephone or virtually. Attendance fees are only paid once for several meetings held on the same day.		

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 consultation on and 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 18 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 and the Deputy Chairman of the Supervisory Board to carry out their work is adequately reflected in higher basic remuneration. In addition, the greater amount of time required by the members of the committees of the Supervisory Board to carry out their work is adequately reflected in additional remuneration. The chair of a committee receives greater additional remuneration on account of the greater amount of work and additional responsibility. A distinction is made here between the Audit, Risk and ESG Committee and other committees.

Each member of the Supervisory Board receives fixed basic remuneration of EUR 35,000 for each full financial year of membership of the Supervisory Board. The Chairman of the Supervisory Board receives double the amount (EUR 70,000) and the Deputy Chairman receives one-and-a-half times the amount (EUR 52,500) of the fixed basic remuneration. Members of the Audit, Risk and ESG Committee receive additional remuneration of EUR 7,500 and members of other committees each receive additional remuneration of EUR 5,000. The chair of the respective committee receives double the amount of the additional remuneration in each case.

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 or been a member of a committee receive pro rata remuneration.

Furthermore, for each attendance – whether in person, by telephone or online – at a meeting of the Supervisory Board or at a meeting of its committees, members of the Supervisory Board receive an attendance fee of EUR 1,000 or EUR 500, respectively. The attendance fee is only paid once in the case of several meetings taking place on one day.

In addition, the members of the Supervisory Board 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.

Remuneration granted and owed in the 2023 financial year

The remuneration components granted and owed to current and former Supervisory Board members in the 2023 financial year, including the respective relative share in accordance with Section 162 of the German Stock Corporation Act, are shown below.

Remuneration awarded and due according to § 162 AktG - Supervisory Board members

	Fixed remuneration			Committee remuneration			Attendance fee			Total remune-ration	
	2023		2022	2023		2022	2023		2022	2023	2022
	in €k	in %	in €k	in €k	in %	in €k	in €k	in %	in €k	in €k	in €k
Jean-Michel Richard Chairman	68	81 %	64	10	12 %	5	7	8%	0	84	69
Dr. Dirk Michael Rothweiler Deputy Chairman	51	74 %	48	11	16 %	4	7	10 %	0	68	52
Prof. Ludger Overmeyer	34	78 %	32	4	9%	0	6	13 %	0	43	32
Alexa Hergenröther (since 8 June 2023)	20	56 %	-	10	27 %	-	6	16 %	-	36	-
Anka Wittenberg (since 17 May 2023)	23	59 %	-	10	26 %	-	6	15 %	-	40	-
Julia Kranenberg (until 17 May 2023)	12	90 %	32	1	10 %	4	0	0%	0	13	36

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 (BetrVG) 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.

Comparable Presentation

	Annual change in remuneration and earnings				
	2023	2022	Change	Change 2021 / 2022	Change 2020 / 2021
	in €k	in €k	in %	in %	in %
Current members of the Management Board					
Dr. Klaus Fiedler (since 1 January 2022)	368	418	-11,9%	-	-
Christian Witt	351	497	-29,3%	13,7%	98,7%
Former members of the Management Board					
Dr. Götz M. Bendele (until 30 April 2021)	-	-	-	-100,0%	43,2%
Britta Schulz (until 31 December 2021)	-	-	-	-100,0%	-
Members of the Supervisory Board					
Jean-Michel Richard (since 24 November 2020)	84	69	21,3%	5,7%	994,6%
Dr. Dirk Michael Rothweiler	68	52	31,0%	5,4%	1,8%
Prof. Ludger Overmeyer	43	32	35,3%	0,0%	0,0%
Alexa Hergenröther (since 8 June 2023)					
Anka Wittenberg (since 17 May 2023)					
Former members of the Supervisory Board					
Julia Kranenberg (since 14 June 2021)	13	36	-63,0%	81,4%	-
Development of earnings					
Net revenue in €m (Group)	124.337	123.699	0,5%	32,2%	-2,8%
EBIT in €m (Group)	3.693	6.779	-45,5%	11312,5%	-99,2%
Net income according to HGB in €m (LPKF SE)	-1.210	0	-1210200,0%	319,7%	-63,5%
Average remuneration of employees					
Employees (FTE) in Germany	59	54	9,3%	6,6%	-2,1%

5. OUTLOOK FOR THE 2024 FINANCIAL YEAR

Target total remuneration and maximum remuneration

Dr. Fiedler's base salary will increase by € 25,000 in the 2024 financial year on the basis of a contractual agreement. This annual adjustment was agreed when the employment contract was concluded in order to attract Dr. Fiedler to the position of CEO and to offer him remuneration that is both in line with the market and competitive.

The total target remuneration for Mr. Witt for 2024 remains unchanged from the current total target remuneration.

The maximum remuneration for the members of the Management Board remain unchanged compared to the 2023 financial year. On the one hand, the performance-based remuneration components are capped. 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. The maximum remuneration in accordance with Section 87a (1) sentence 2 no. 1 of the German Stock Corporation Act also remains at € 2 million for all members of the Management Board as the upper limit in relation to the financial year.

Structure and targets for 2024

The current remuneration system approved by the 2023 Annual General Meeting is not to be adjusted in the 2024 financial year.

The amount of the short-term performance-related remuneration (STI) for the 2024 financial year remains unchanged at 40% of the total variable target remuneration and is based on the individual degree of achievement of personal and company targets. The personal targets will focus on ESG aspects. The exact targets for the short-term component for 2024 will be disclosed retrospectively in the 2024 remuneration report.

The long-term performance-related remuneration (LTI) will continue to account for 60% of the total variable target remuneration and will consist of long-term financial and ESG targets that are closely linked to LPKF's corporate strategy. The weighting of the ROCE, TSR and ESG targets will remain unchanged in 2024. The exact target and threshold values of the LTI tranche for 2024 will be disclosed retrospectively in the 2024 Remuneration Report. If the 2024 Annual General Meeting approves a conditional capital increase to service subscription rights, the 2024 LTI will be serviced in shares. Otherwise, the Supervisory Board will make use of the exception provided for in the remuneration system and service the 2024 LTI in cash.

Garbsen, March 19, 2024

LPKF Laser & Electronics SE

The Management Board

Dr. Klaus Fiedler Christian Witt

Chairman of the Supervisory Board

Jean-Michel Richard