

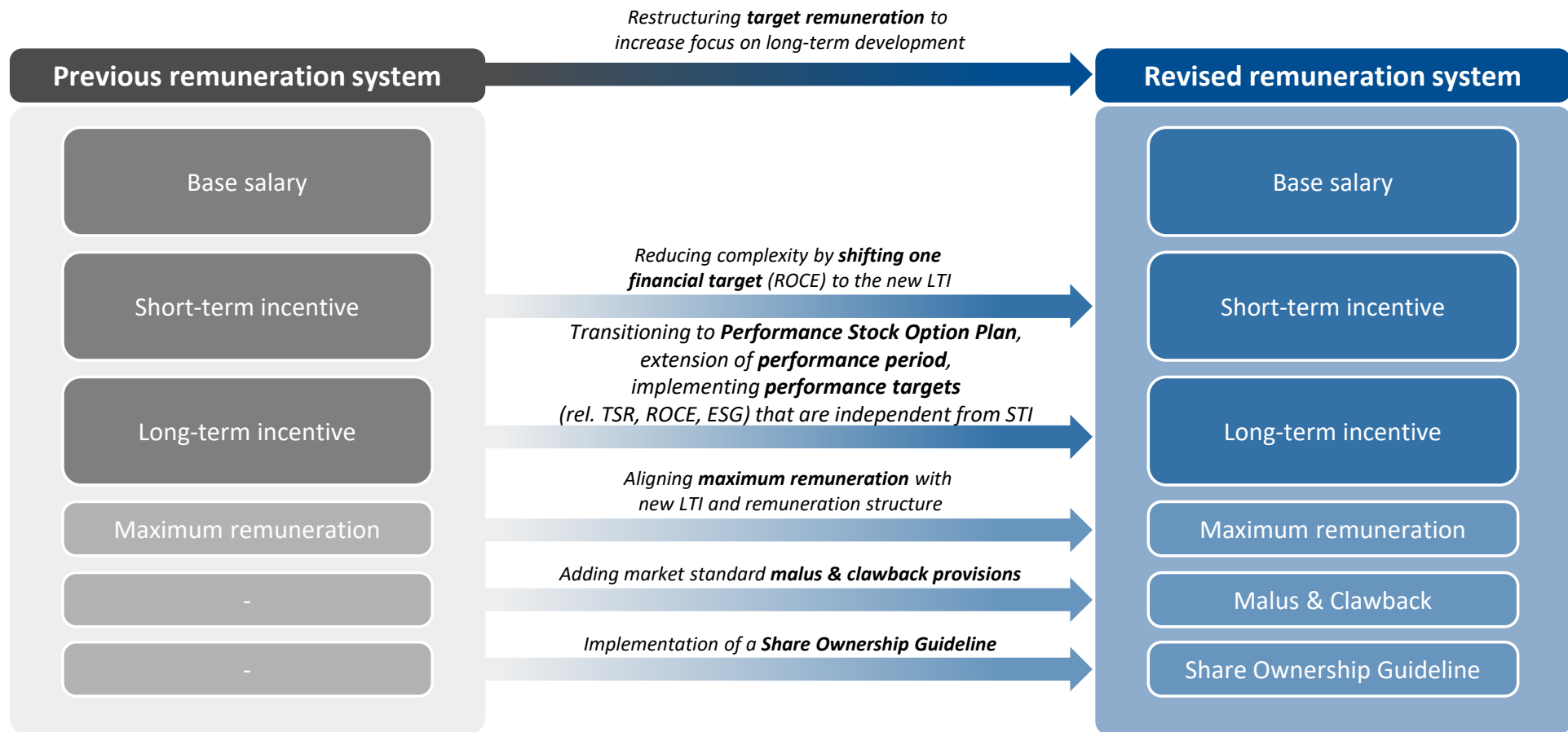
Management Board and Supervisory Board remuneration

Revision of the remuneration system

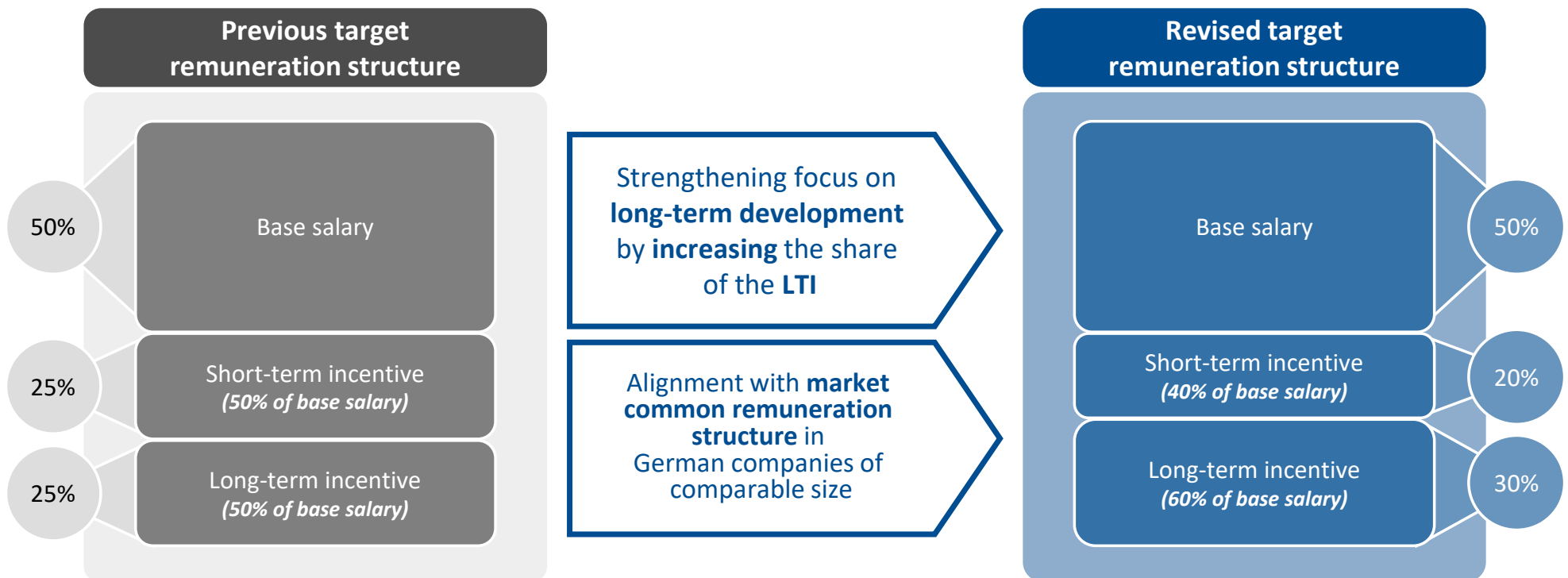
Management Board remuneration: Premises and guiding principles



Management Board remuneration: Overview of the changes

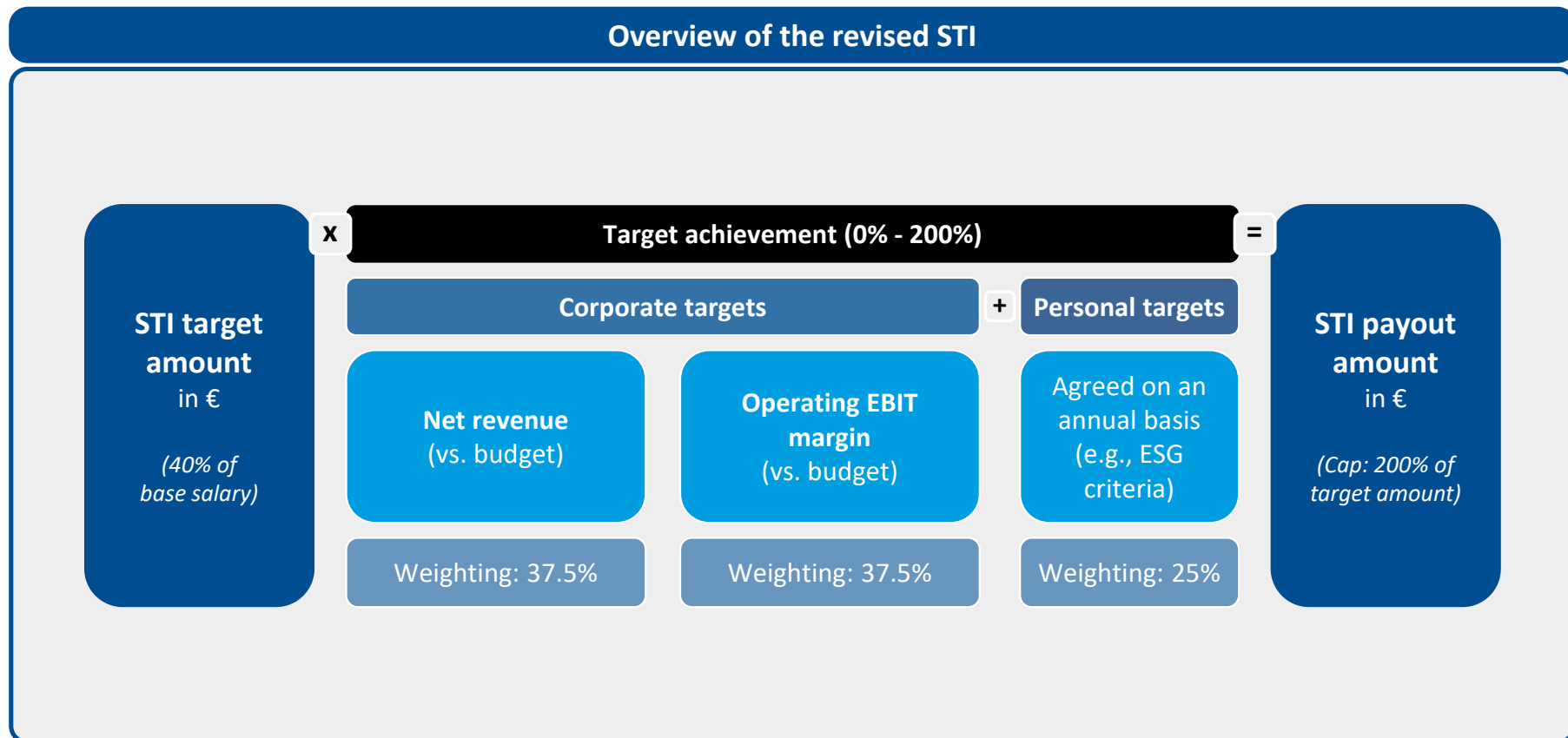


Management Board remuneration: Strengthening the long-term focus

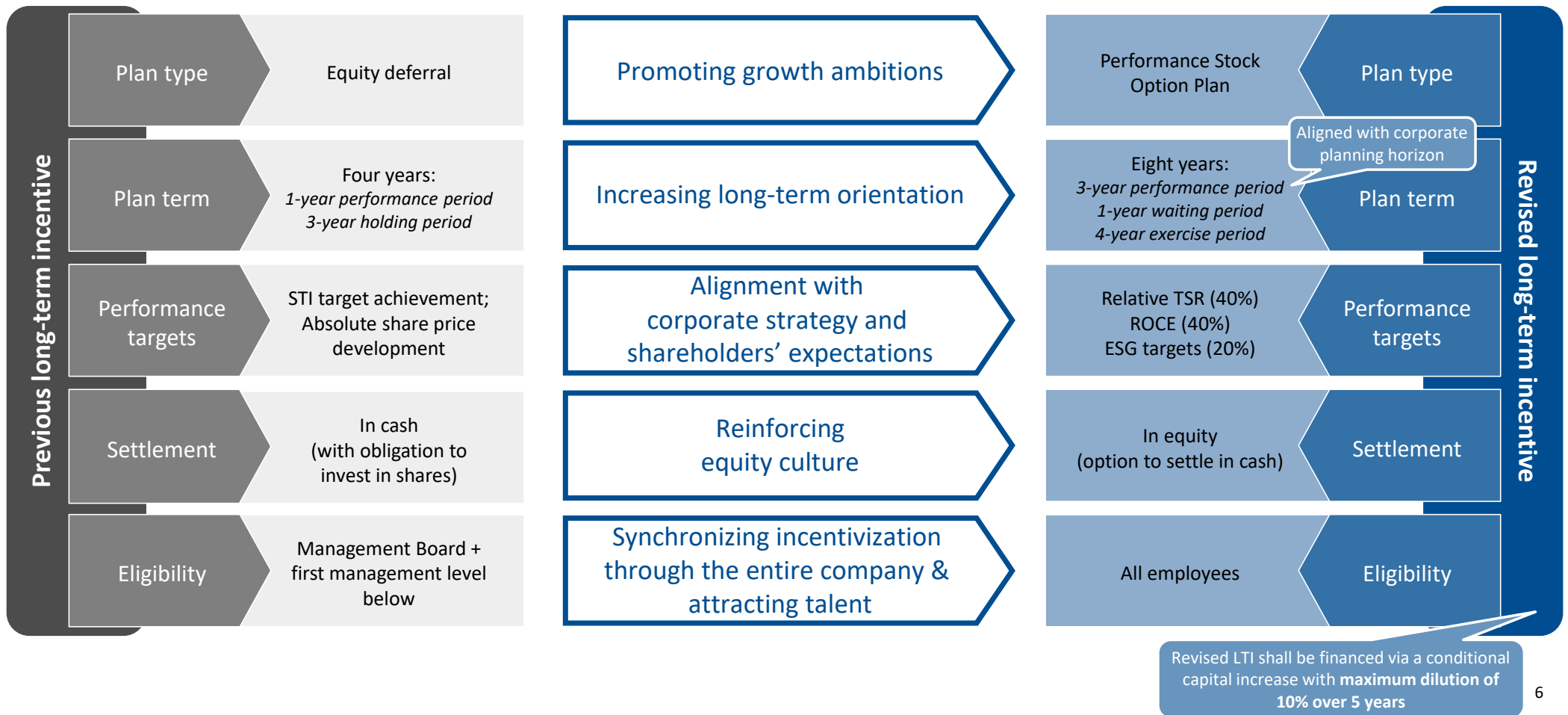


Management Board remuneration: Revised STI – Reducing complexity through the shift of ROCE in LTI

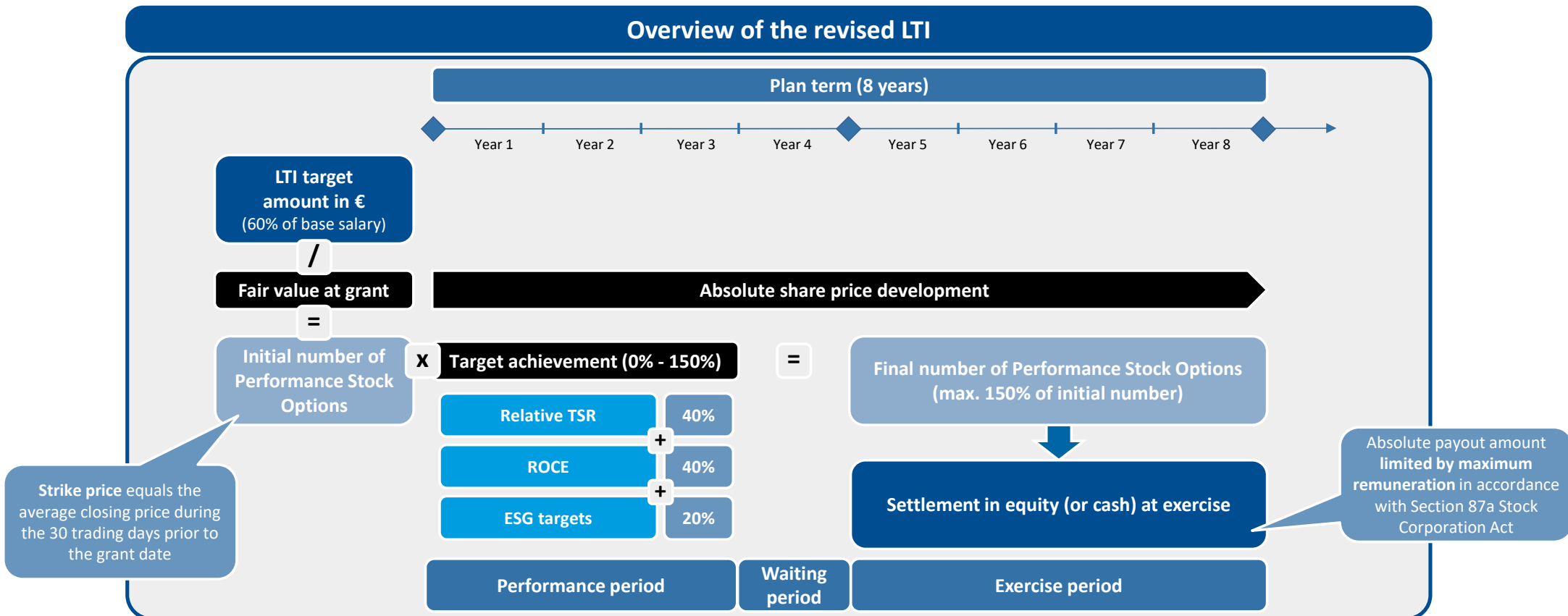
Overview of the revised STI



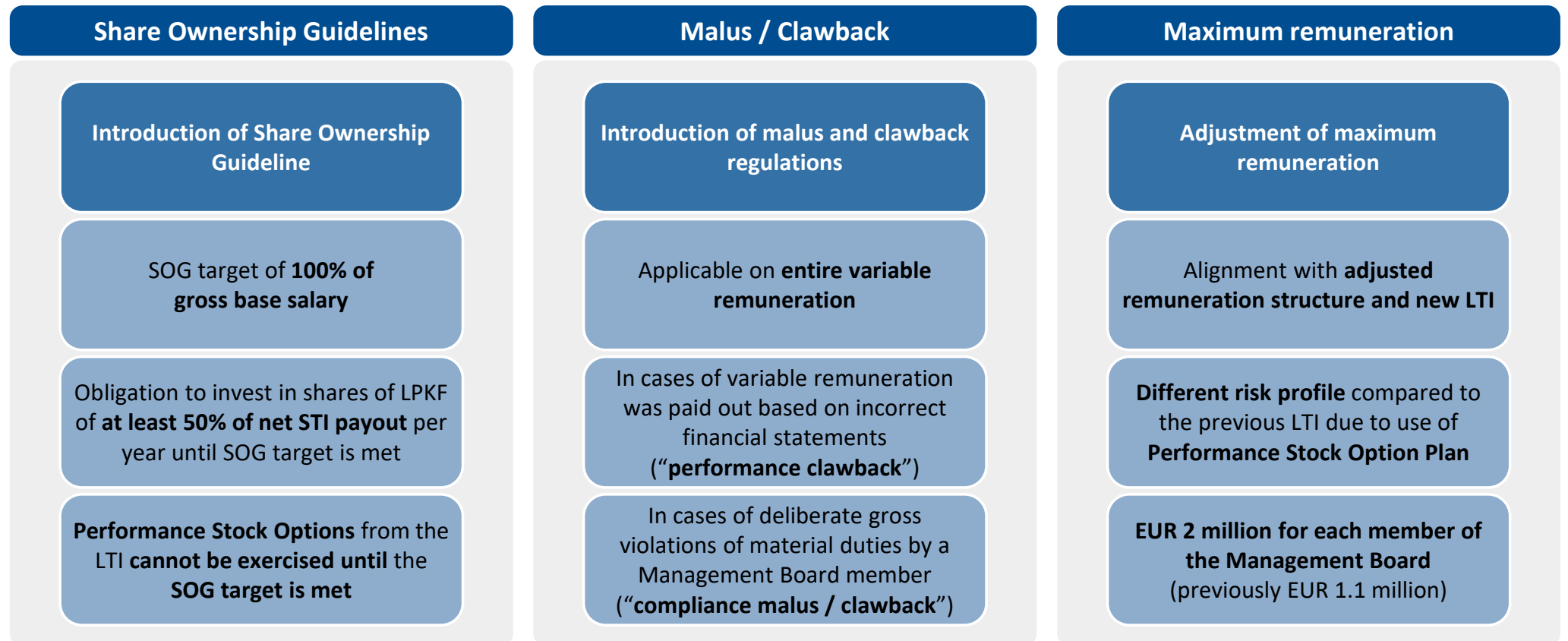
Management Board remuneration: Revised LTI – Alignment with corporate strategy and shareholders' expectations (1/2)



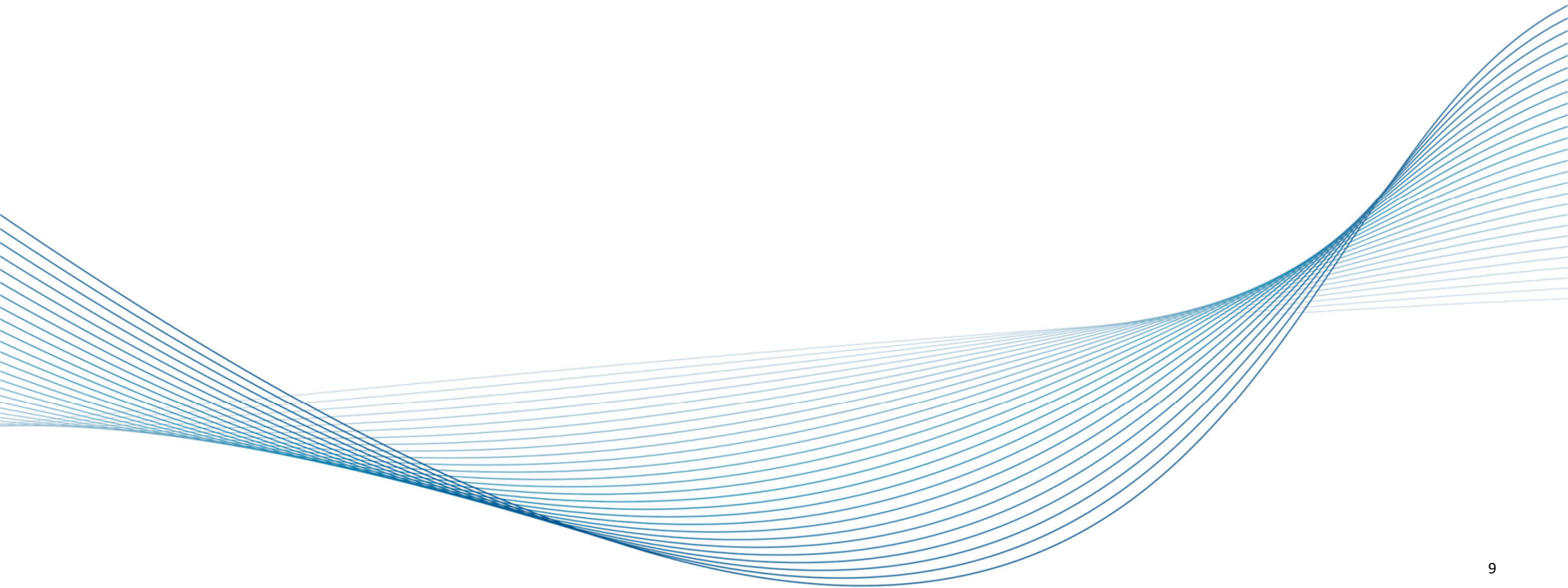
Management Board remuneration: Revised LTI – Alignment with corporate strategy and shareholders' expectations (2/2)



Management Board remuneration: Further contractual aspects – In line with best practice



Supervisory Board remuneration



Supervisory Board remuneration: Reasoning for adjustment

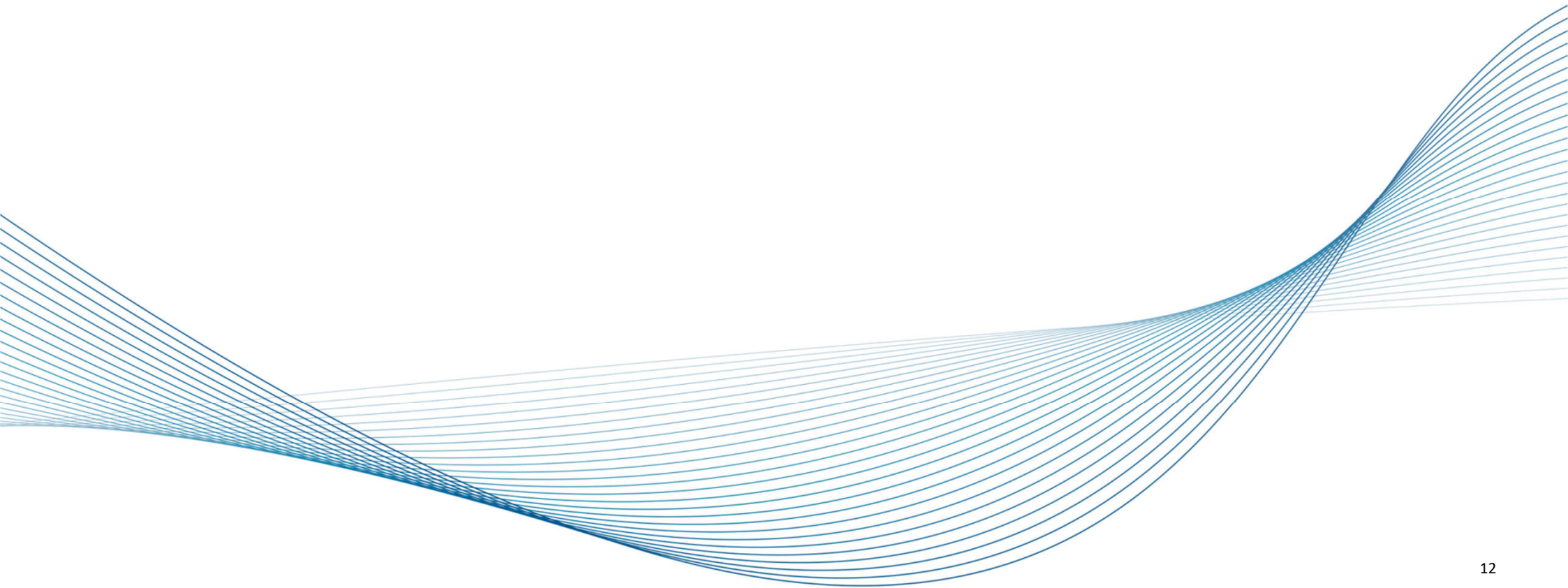


Supervisory Board remuneration: Proposal

Remuneration element		Current remuneration system	Proposed remuneration system
Fixed remuneration		<ul style="list-style-type: none"> • €32,000 p.a.** 	<ul style="list-style-type: none"> • €35,000 p.a.
Differentiation	Chairman	<ul style="list-style-type: none"> • 2 times fixed remuneration: €64,000 p.a. 	<ul style="list-style-type: none"> • 2 times fixed remuneration: €70,000 p.a.
	Deputy Chairman	<ul style="list-style-type: none"> • 1.5 times fixed remuneration: €48,000 p.a. 	<ul style="list-style-type: none"> • 1.5 times fixed remuneration: €52,500 p.a.
Committee remuneration	Audit and Risk Committee	<ul style="list-style-type: none"> • Chair: €5,000 p.a. • Members: - 	<ul style="list-style-type: none"> • Chair: €15,000 p.a. • Members: €7,500 p.a.
	Other committees	<ul style="list-style-type: none"> • Chair: €3,500 p.a. • Members: - 	<ul style="list-style-type: none"> • Chair: €10,000 p.a. • Members: €5,000 p.a.
Meeting fees		<ul style="list-style-type: none"> • - 	<ul style="list-style-type: none"> • €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.

** By resolution of the Annual General Meeting on 2nd June 2016, the remuneration of the Supervisory Board was reduced to EUR 32,000 as of 1st January 2017 and has remained constant at that level until today.



Management Board remuneration: Relative TSR

Derivation from peer group
for horizontal assessment of
remuneration levels

Transparent disclosure

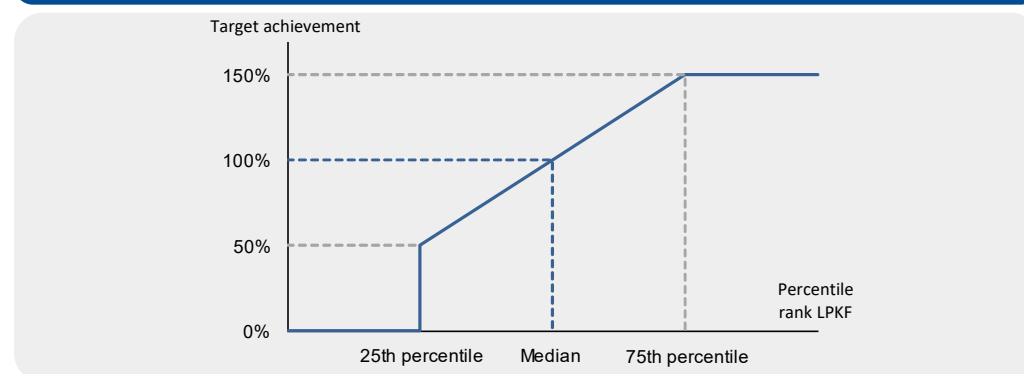
Common design
in German market

Symmetric
performance corridor

Relative TSR – Peer group

AIXTRON	Manz
Basler	SMA Solar Technology
centrotherm	SÜSS MicroTec
Comet	technotrans
Dr. Hönle	Viscom

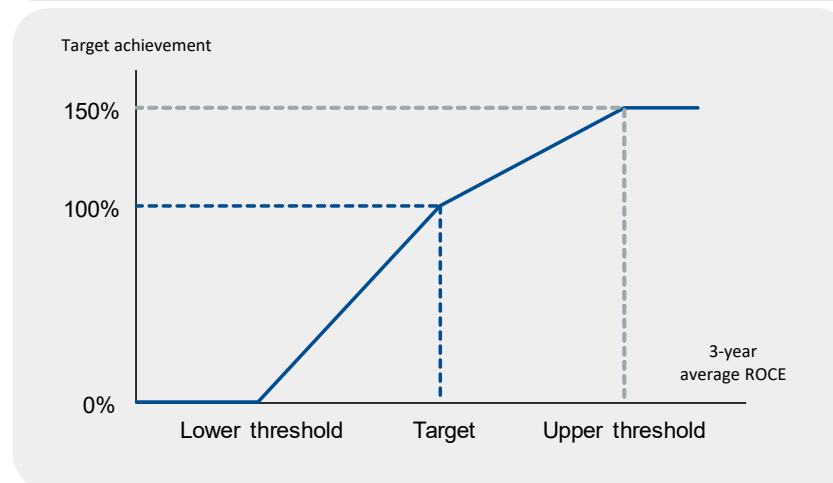
Relative TSR – Target achievement curve



Management Board remuneration: ROCE

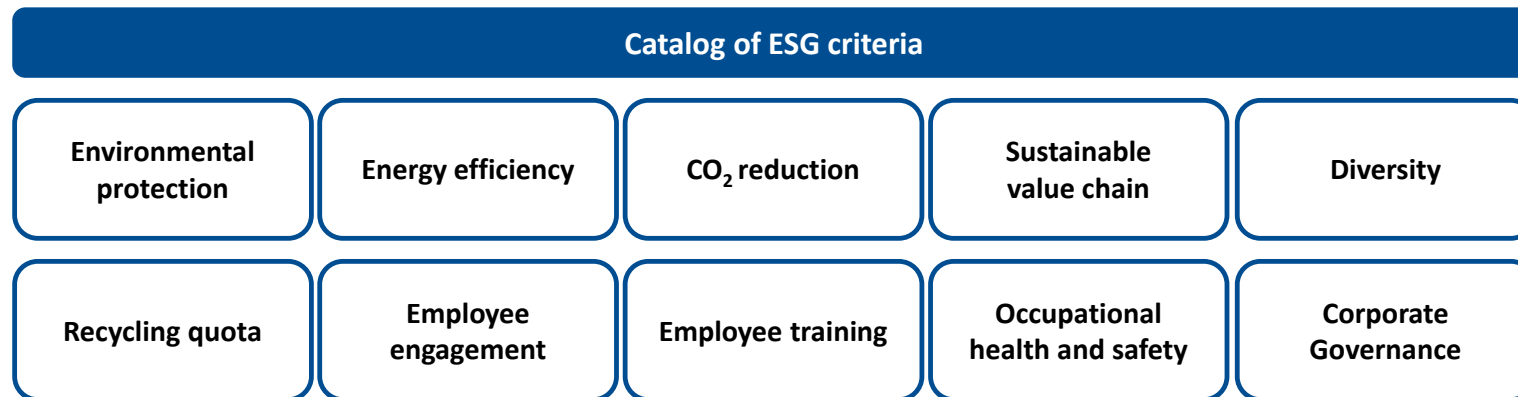
- The relevant figure is the average ROCE over the three fiscal years of the performance period.
- Target and threshold values are defined at the beginning of each LTI tranche and are disclosed ex-post.

ROCE – Target achievement curve



Management Board remuneration: ESG catalog

- The Supervisory Board determines the relevant ESG criteria based on the predefined catalog and defines comprehensible and measurable targets as well as their weighting at the beginning of each LTI tranche.
- ESG targets as well as target and threshold values are disclosed ex-post.



Management Board remuneration: Necessary performance to reach maximum remuneration – Example

- 2022 **total target remuneration** of the CEO was **€600,000** (not considering fringe benefits). Under the new remuneration structure, the total target remuneration divides into
 - Base salary: €300,000
 - Target STI: €120,000
 - Target LTI: €180,000
- Assuming maximum **target achievement of 200% in the STI**, the **LTI payout** from exercising Performance Stock Options would have to be **€1,460,000 to reach the maximum remuneration**.
- Assuming a share price at grant and strike price* of €10 and a fair value at grant of one Performance Stock Option of €5**, the **necessary performance** for a LTI payout of €1,460,000 would require, for example:
 - **Target achievement of 100%** and **share price appreciation of around 405%** (share price at exercise ca. €50.50)
 - **Target achievement of 150%** and **share price appreciation of around 270%** (share price at exercise ca. €37.00)

A payout at the maximum remuneration is always accompanied by an outstanding development of LPKF as well as significant returns for shareholders.

* Strike price equals the average closing price during the 30 trading days prior to the grant date.

** Approximation for the fair value at grant calculated via Black-Scholes formula.