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Independent Auditor's Assurance Report on Examination of the Remuneration Report pursuant to Section 162 (3) AktG

To SLM Solutions Group AG, Lübeck

Opinion

We have formally examined the remuneration report of SLM Solutions Group AG for the financial year from 1 January to 31 December 2021 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not examined the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG. Our opinion does not cover the content of the remuneration report.

Basis for Opinion

We conducted our examination of the remuneration report in compliance with Section 162 (3) AktG taking into account the *IDW assurance standard: Examination of the remuneration report pursuant to Section 162 (3) AktG (IDW AsS 870 (08.2021))*. Our responsibilities under this regulation and this standard are further described in the "Our Responsibilities" section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The management and the Supervisory Board of SLM Solutions Group AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our objectives are to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG, and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

Hamburg, April 1, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft

Hagenmüller

Wirtschaftsprüferin

von der Decken

Wirtschaftsprüfer

SLM Solutions Group AG

Compensation report for the financial year 2021

The compensation report explains the remuneration of the members of the Management Board as well as the Supervisory Board of SLM Solutions Group AG in accordance with Section 162 AktG. The underlying remuneration system is based on the requirements of the German Stock Corporation Act (Section 87a AktG) and generally complies with the applicable recommendations of the German Corporate Governance Code (DCGK).

The remuneration system of the Management Board and Supervisory Board of SLM Solutions Group AG is based on the responsibility and tasks of the respective person and takes into account the economic situation of the Company in the variable components existing for the Management Board. The Supervisory Board discusses and resolves the remuneration of the Management Board.

In accordance with the German Corporate Governance Code, the compensation for individual members of the Management Board contains fixed and variable components. The existing service contracts include a performance-related annual bonus (short-term incentive program - STI) and a multi-year long-term incentive program (LTIP) in the variable component. The original LTIP was replaced by a new program in 2021. The following provides an overview of the individual components of the compensation system in force and approved by the Annual General Meeting on June 16, 2021 (Compensation System 2021). This will take effect for all Management Board contracts concluded after May 4, 2021. This will affect Mr. Ackermann in 2021. For Mr. O'Leary, as for Mr. Hadjar and Mr. Witt, individual contractual agreements applied. These agreements were complied with in 2021.

Composition of the Board of Directors

In fiscal year 2021, the Management Board was composed of two members throughout the year. Mr. Meddah Hadjar was dismissed from the Management Board on January 20, 2021. His service contract ended on March 31, 2021. Mr. André Witt was appointed as second member of the Management Board on an interim basis. On August 01, 2021, Mr. Dirk Ackermann took over the position of second Management Board member.

- Sam O'Leary: COO until December 31, 2020, CEO since January 20, 2021
- Dirk Ackermann: CFO, member of the Management Board since August 01, 2021
- Meddah Hadjar: until January 20, 2021
- André Witt: from January 21 to July 31, 2021, Member of the Management Board on an interim basis

Overview of Management Board compensation in fiscal year 2021

In fiscal year 2021, the compensation of the members of the Management Board consisted of:

Fixed remuneration

The fixed remuneration is made up of annual installments paid at the end of the month. It forms the basic income for the highly qualified members of the Management Board. The appropriateness of the fixed compensation is reviewed regularly.

Performance-related annual bonus (STI)

The Short-Term Incentive is based on a one-year assessment period for the achievement of targets in accordance with the compensation system. The conditions for the STI in detail are determined by the Supervisory Board for each fiscal year at its reasonable discretion. In addition to operational targets, the performance criteria shall be based primarily on strategic targets but also on ESG (environment/social/governance) targets. The STI serves to motivate the Management Board members to achieve financial, operational and strategic goals. The Supervisory Board has the possibility to take into account extraordinary developments within an appropriate framework. Due to the special situation caused by the Covid 19 pandemic and the unforeseeable development of the global economy and the impact on SLM Solutions, the Supervisory Board has not agreed any targets for 2020.

If the target is exceeded, the STI is capped at 130% of the target amount. Unless the Supervisory Board makes new stipulations, the stipulated conditions also apply to the respective next fiscal year.

Long-term incentive program (LTIP)

For the long-term incentive, SLM has defined the Long-Term Incentive Program 2021. This program provides for performance-related remuneration in the form of stock appreciation rights (SARs) to be allocated to the Management Board. The value of the SARs allocated each year is to be based on the development of the Company's share price both at the time of allocation and in terms of their further development.

Under the LTIP 2021, the SARs are settled purely in cash.

Against this background, the employee options are "cash-settled", i.e. they will be serviced by a cash settlement. However, the Management Board members are obligated to purchase shares in the Company in the amount of one third of the net SAR amount (reinvest obligation). However, this share purchase obligation does not apply if the Management Board member in question already owns shares in the Company whose current market value exceeds twice the annual fixed salary of the Management Board member in question, or if the current market value of the shares together with the shares purchased in accordance with the reinvestment obligation would exceed this amount.

The allocated SARs are mentioned later in terms of target compensation. This long-term compensation is geared to sustainability. The performance period of four years aims to ensure that the actions of the Management Board in the current fiscal year are also geared to long-term development.

If a member of the Management Board leaves the Management Board as a so-called "bad leaver," all vested and non-vested SARs of the Management Board member concerned, including all associated rights and entitlements, lapse without entitlement to compensation. Such a situation occurs, for example, in the event of extraordinary termination (other than effective termination without notices by the Management Board member for good cause pursuant to Section 626 of the German Civil Code (BGB)) or in the event of a request by the Management Board member for early termination of his service contract.

Fringe benefits

The members of the Management Board are provided with a company car. Furthermore, relocation expenses, school fees for school-age children and tax consultancy costs are reimbursed in part. This creates a more attractive working environment.

Individual promised services

The following rules applied to Mr. O'Leary and Mr. Ackermann:

In the event of premature termination of a board position without good cause pursuant to Section 626 BGB, payments to the Management Board member including fringe benefits may not exceed the value of two years' compensation ("severance payment cap") and may not compensate more than the remaining term of the contract. A severance payment is credited against the waiting allowance for the subsequent non-competition clause. This relates to a period of 12 months after termination of the contract. The severance payment shall amount to 50% of the average compensation received by the Management Board member over the last twelve months. The above provision on the post-contractual non-competition clause was also included in Mr. Hadjar's service agreement. However, the non-competition clause was waived.

No such arrangements were agreed with Mr. Witt due to his interim position on the Management Board.

Total target compensation for fiscal 2021

The target total compensation represents the amount of compensation that will take effect if all set targets are met and the share price remains unchanged, thereby incentivizing strong corporate as well as collective and individual performance. Failure to achieve the set targets can lead to a significant reduction in compensation.

In this context, it should be mentioned that SARs attributable to Mr. O'Leary amounted to 10,884 and those attributable to Mr. Ackermann to 5,442. In accordance with the division into three tranches, there are 3,628 vested SARs for Mr. O'Leary and 1,814 vested SARs for Mr. Ackermann per tranche at the end of the financial year.

	in kEUR / %	Fixed remuneration	Fringe benefits	STI	LTI	Total
Sam O'Leary	Target amount	535	37	200	200	972
	Proportion (%)	55	4	21	21	100
Dirk Ackermann	Target amount	115	3	31	42	191
	Proportion (%)	60	2	16	22	100
André Witt	Target amount	84	32	0	0	116
	Proportion (%)	72	28	0	0	100

Meddah Hadjar	Target amount Proportion (%)	31	1	0	0	32
		97	3	0	0	100

Target amounts for fringe benefits correspond to the value of the amounts granted in the fiscal year.

Upper limit on individual compensation elements

The fixed compensation and fringe benefits are defined as fixed amounts and therefore cannot be higher. The short-term incentive (STI) is capped at 130% of the target value. The maximum payout amount of the long-term incentive (LTI) varies per Management Board member. For Mr. Dirk Ackermann, it amounts to EUR 1,000,000.00 gross per year. The maximum total compensation of Mr. O'Leary and Mr. Ackermann may not exceed EUR 10,000,000.00 each. The LTI may be reduced, if necessary, to comply with this limit. The service agreement with Mr. Hadjar provided that the annual compensation should not exceed an amount of EUR 1,200,000.00. There was no such agreement for Mr. Witt.

Benefits to former Management Board members in 2021

Mr. Meddah Hadjar was dismissed from the Management Board on January 20, 2021. His service contract ended on March 31, 2021. Compensation was paid accordingly. His original employment was limited until April 30, 2022. The extent to which further payments will have to be made, including a possible STI for 2020, has not yet been conclusively clarified. A possible agreement in this regard will be reported in the compensation report for the following year.

Due to the resignation of Mr. Hadjar from the Management Board at short notice, the Supervisory Board and the General Counsel of SLM Solutions Group AG, Mr. André Witt, had agreed that Mr. Witt would temporarily assume office as a member of the Company's Management Board so that the Management Board was staffed in accordance with the Articles of Association. Mr. Witt was thus appointed as an interim member of the Management Board on January 21, 2021. He resigned from office on July 31, 2021, as a new Management Board member could be appointed.

Compensation granted and owed

Management Board

In accordance with §162 (1) AktG, all fixed and variable compensation components "granted and owed" to the individual current and former members of the Management Board in the financial year 2021 must be disclosed. Compensation is deemed "granted" if it has been received and "owed" if it is due but not yet fulfilled. Since, according to this understanding of the term, compensation cannot be granted and due at the same time, the compensation is referred to as of the earlier date. The values shown in the following table include all benefits actually accrued in fiscal year 2021, regardless of the fiscal year to which the accrual relates. Thus, the STI resulting from target achievement in 2020 is shown in the table in 2021, the year of actual payment. Conversely, the LTI earned for 2021, which may only be paid out in subsequent years, has not yet been included.

	Sam O'Leary ¹			
	Member of the Management Board since December 01, 2019			
	2020		2021	
	in kEUR	in %	In kEUR	in %
Fixed remuneration	300	86	535	67
Fringe benefits	39	11	32	4
Total	339	97	567	71
Short-Term Incentive (STI)	11	3	130	16
Long-Term-Incentive (LTI)	0	0	100	13
Total	11	3	230	29
Total remuneration	350	100	797	100

	Dirk Ackermann			
	Member of the Management Board since August 01, 2021			
	2020		2021	
	in kEUR	in %	in kEUR	in %
Fixed remuneration	0	0	115	97
Fringe benefits	0	0	3	3
Total	0	0	118	0
Short-Term Incentive (STI)	0	0	0	0
Long-Term-Incentive (LTI)	0	0	0	0

Total	0	0	0	0
Total remuneration	0	0	118	100

André Witt ² Member of the Management Board from January 21, 2021 to July 31, 2021				
	2020		2021	
	in kEUR	in %	in kEUR	in %
Fixed remuneration	0	0	84	73
Fringe benefits	0	0	32	27
Total	0	0	116	100
Short-Term Incentive (STI)	0	0	0	0
Long-Term-Incentive (LTI)	0	0	0	0
Total	0	0	0	0
Total remuneration	0	0	116	100

Meddah Hadjar ³ Member of the Management Board from May 01, 2019 to January 20, 2021				
	2020		2021	
	in kEUR	in %	in kEUR	in %
Fixed remuneration	550	85	31	97
Fringe benefits	14	2	1	3
Total	564	87	32	100
Short-Term Incentive (STI)	87	13	0	0
Long-Term-Incentive (LTI)	0	0	0	0
Total	87	13	0	0
Total remuneration	651	100	32	100

¹Mr. Sam O'Leary has been Chairman of the Management Board since January 20, 2021.

²Mr. André Witt was appointed to the Management Board on an interim basis.

³Mr. Meddah Hadjar was dismissed from the Management Board on January 20, 2021.

Dr. Gereon Heinemann (resignation February 28, 2020) had undertaken not to work for a company active in the field of additive manufacturing in the metal sector in an independent,

dependent or other capacity after termination of his employment relationship. For compliance with this post-contractual non-competition clause, Mr. Heinemann received compensation in the amount of EUR 125 thousand, which was paid in 2021.

The Supervisory Board decides on the Management Board's targets and target achievement for the STI and the LTI. Due to the non-agreement of performance lines for the 2020 STI as described above, the Supervisory Board set a target achievement of 130% for Mr. O'Leary at its discretion. The compensation in 2021 from the LTI results from an agreement between Mr. O'Leary and the Supervisory Board due to a non-existing LTI agreement for 2020. For Mr. O'Leary, Mr. Witt and Mr. Hadjar, the 2021 compensation system did not apply in the reporting year. In the case of Mr. Ackermann, it was not possible to comply with the ratio of individual compensation components provided for in the 2021 compensation system because no variable compensation was granted or owed for the reporting year. Compliance with the limits of the maximum compensation can only be assessed conclusively in subsequent years when the long-term incentive (LTI) for the 2021 financial year has been granted or owed. As can be seen from the above compensation tables, the compensation components determined to date for 2021 have not exceeded this limit. No use has been made of the option to claw back variable compensation components.

Supervisory Board

The compensation regulations for the Supervisory Board are set out in Section 13 of the Company's Articles of Association and were confirmed by the Annual General Meeting on June 2, 2017. The remuneration of the Supervisory Board is purely fixed. It takes into account the responsibility and scope of activities of the Supervisory Board members. Chairmanship, Vice Chairmanship of the Supervisory Board, chairmanship and membership of the Presidential Committee and Audit Committee are remunerated additionally. Members of the Supervisory Board or its committees who have been in office for less than a full year receive pro rata compensation.

The fixed remuneration thereafter amounts to:

Supervisory Board:

- Member EUR 25,000
- Chairman EUR 50,000
- Vice Chairman EUR 37,500

Presidential Committee:

- Member EUR 5,000
- Chairman EUR 10,000

Audit Committee

- Member EUR 7,500

- Chairman EUR 15,000

All members of the Supervisory Board and the committees served the Company in this position for the full year in 2021. Dr. Englisch was appointed to the Supervisory Board in June 2020.

The following table shows the compensation components granted and owed in accordance with §162 (1) AktG. The compensation is deemed "granted" if it has been received and "owed" if it is due but not yet fulfilled.

Supervisory Board member	2021 Total kEUR	Supervisory Board kEUR	Presidential Committee kEUR	Audit Committee kEUR
Hans-Joachim Ihde	30.0	25.0	5.0	
Thomas Schweppe	67.5	50.0	10.0	7.5
Dr. Roland Busch	40.0	25.0		15.0
Kevin Czinger	25.0	25.0		
Magnus René	50.0	37.5	5.0	7.5
Dr. Nicole Englisch	25.0	25.0		
	237.5	187.5	20.0	30.0

Supervisory Board member	2020 Total kEUR	Supervisory Board kEUR	Presidential Committee kEUR	Audit Committee kEUR
Hans-Joachim Ihde	30.0	25.0	5.0	
Thomas Schweppe	67.5	50.0	10.0	7.5
Dr. Roland Busch	40.0	25.0		15.0
Kevin Czinger	25.0	25.0		
Magnus René	50.0	37.5	5.0	7.5
Dr. Nicole Englisch	13.5	13.5		
	226.0	176.0	20.0	30.0

There were no other compensation agreements for the members of the Supervisory Board. Former members of the Supervisory Board did not receive any compensation in the reporting year.

Comparative representation

In the following table, the annual change in the compensation of the members of the Management Board and Supervisory Board is shown in comparison with the development of

the Company's earnings and the average compensation of employees on a full-time equivalent basis within the meaning of § 162 (1) sentence 2 AktG. All employees including senior executives of the AG were included in the comparison group. Employee compensation also includes employer contributions to social security. Furthermore, the development of earnings is reported on the basis of the net profit for the year and EBIT of the listed stock corporation.

Annual change	2021 to 2020
	in %
Members of the Management Board serving in 2021	
Sam O'Leary (since Dec. 01, 2019)	127.87
Dirk Ackermann (since Aug. 1, 2021)	-
André Witt (from Jan. 21, 2021 to July 31, 2021)	-
Meddah Hadjar (from May 01, 2019 to Jan. 20, 2021)	-95.19
Former members of the Management Board	
Dr. W. Gereon Heinemann (from 01.08.2018 to 29.02.2020)	-72.32
Members of the Supervisory Board	
Hans-Joachim Ihde	0.00
Thomas Schweppe	0.00
Dr. Roland Busch	0.00
Kevin Czinger	0.00
Magnus René	0.00
Dr. Nicole English	84.62
Development of the company's earnings	
Net income (HGB)	27.37
EBIT (HGB)	25.74
Average employee compensation	3.89

The option under Section 26j (2) sentence 2 of the Introductory Act to the German Stock Corporation Act (EAG) to present the development of average employee compensation for one year only instead of for five years was exercised.