# Half-yearly Financial Report

**1 JANUARY – 30 JUNE 2023**

Laser & Electronics

# CONTENT

# AT A GLANCE

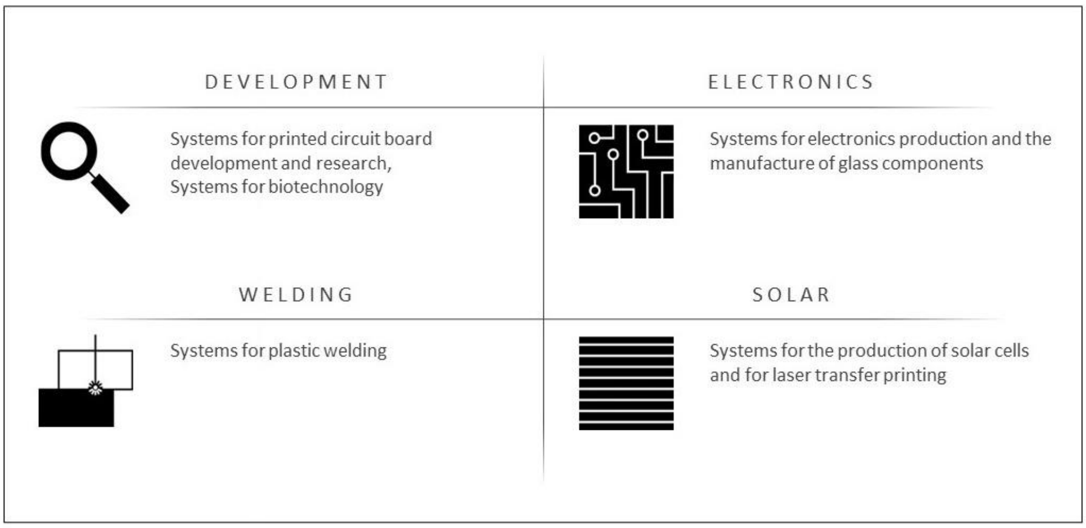
**LPKF Laser & Electronics SE**

## Key Group figures after 6 months 2023

| | **6 Months 2023** | 6 Months 2022 |
|---|---|---|
| Revenue (Mio. EUR) | 47.9 | 55.5 |
| EBIT (Mio. EUR) | -7.0 | 1.7 |
| EBIT margin (%) | -14.6 | 3.1 |
| Free Cash Flow (Mio. EUR) | -8.5 | -14.8 |
| EPS, diluted (EUR) | -0.31 | 0.05 |
| Incoming orders (Mio. EUR) | 66.2 | 47.9 |

| | **As of 06/30/2023** | As of 06/30/2022 |
|---|---|---|
| Net working capital (Mio. EUR) | 26.7 | 36.9 |
| Equity ratio (%) | 65.3 | 69.4 |
| Orders on hand (Mio. EUR) | 81.4 | 54.9 |
| Employees | 763 | 740 |

## Segments and markets



# LETTER FROM THE MANAGEMENT BOARD

Garbsen, July 27, 2023

Dear Shareholders,

LPKF performed solidly in a challenging environment in the first half of the year. Again, we achieved our forecast for the second quarter. We also succeeded in significantly increasing our order intake after six months. Furthermore, we made good progress in the introduction of our new technologies in the semiconductor, display, and biotechnology markets. For the full year 2023, we must take into account the operational challenges that come with delivering large Solar orders in the fourth quarter of this year.

We are working diligently to improve both growth and profitability for 2023 and for subsequent years and, given the good order situation and consequent cost discipline in the company, we remain confident that we will succeed in this.

After six months, revenue reached EUR 47.9 million (H1 22: EUR 55.5 million including customer push outs of EUR 8 million from 2021), whilst earnings before interest and taxes (EBIT) were EUR -7.0 million (H1 22: EUR 1.7 million). As anticipated and previously communicated, a significant portion of the orders for this year are to be delivered in the fourth quarter.

A look at the second quarter shows revenue of EUR 27.7 million and EBIT of EUR -0.4 million. This is in line with our own guidance for the second quarter, which forecast revenue between EUR 25 and 30 million and EBIT between EUR -3 and 1 million.

The Group's order situation continued to develop well. At EUR 66.2 million, order intake after six months was up 38% compared to the previous year (H1 22: EUR 47.9 million). The order backlog rose from EUR 54.9 million in the previous year to EUR 81.4 million, of which approximately EUR 55 million is due for delivery in the current year. The order situation underpins our expectations of a dynamic and profitable business development in the second half of the year and beyond.

We are making good progress in the planned reduction of our inventories in all areas. In the solar area, we have already started production of the planned deliveries for the next six months and for this purpose have built up additional inventories in Q2 worth approximately EUR 4 million.

In our core business, we are actively working to further develop and focus our product portfolio.

The introduction of our innovative Tensor technology in the Electronics segment provides our customers with tangible competitive advantages and, as expected, has significantly boosted demand for laser systems for cutting printed circuit boards.

In the Development segment, we are seeing continuously high demand for our attractive product portfolio and are on a profitable growth track.

The solar business is being driven by the global trend towards renewable energies, with photovoltaics playing a key role. The further development of new technologies and products is additionally strengthening international demand. As a technology leader, LPKF is active at the forefront here. Our systems for the production of thin-film solar modules are becoming increasingly efficient, and at the same time we are already developing and producing systems for the processing of new semiconductors such as perovskites. Our first perovskite systems will already be delivered in the current year.

In the Welding segment, we succeeded in further intensifying our cooperation with automotive suppliers. Low weight is crucial for electromobility in order to reduce energy consumption and increase range for electric powered cars. LPKF is currently working with several customers on a development project for new types of battery modules that have to meet the high requirements of the industry. This project ranges from the development phase to large-scale production.

We are working hard on the commercialization of our new technologies in the semiconductor, display and life science markets and are making good progress here.

We have delivered and commissioned the first LIDE systems in the semiconductor and display areas. Cooperation with our partners, also within the framework of the Joint Development Agreement in the display area, is proceeding constructively and according to plan. Our Vitrion Foundry (LIDE) in Garbsen produces customer samples in the low million euro range and we see growth ahead. We added further process steps to our range at the end of the first half of the year and are thus meeting with good demand.

A few weeks ago, we moved our new biotechnology division ARRALYZE into the renowned co-working spaces of the BioLabs Group in Boston, USA. BioLabs supports start-ups in bringing groundbreaking new ideas and technologies to the life science markets. This now puts ARRALYZE at the heart of the world's most important biotech network and gives us access to market intelligence and the global reach we need. Feedback we continue to receive from our beta customers has been valuable and constructive. We plan to officially launch ARRALYZE in the first quarter of 2024.

Outlook

For the third quarter of 2023, LPKF expects revenue of EUR 28 to 33 million and EBIT of EUR -1 to 3 million. For the full year 2023, we must take into account the operational challenges that come with delivering large Solar orders in the fourth quarter of this year. In order to adequately take this risk into account, we refine our revenue guidance for 2023. We now expect revenue of EUR 125 to 135 million (previously: EUR 125 to 140 million) and an EBIT margin of 3% to 7% (unchanged).

In the medium term, we aim to achieve an attractive single-digit growth rate for our core business, which we are driving forward with a constant stream of new innovations through active product portfolio management. In addition to the core business, the new business initiatives in the semiconductor, display and biotechnology markets are expected to contribute in total a low triple-digit million euro revenue in the medium term. Based on the growth in revenue and the resulting economies of scale, we aim to achieve an attractive double-digit EBIT margin for the LPKF Group.

We would like to thank our employees at all our sites for their commitment. We thank you, dear shareholders, for your continued support and trust.

With kind regards

Dr. Klaus Fiedler

Chief Executive Officer

Christian Witt

Chief Financial Officer

# INTERIM MANAGEMENT REPORT AS OF 30 JUNE 2023

## 1 BASIC INFORMATION ON THE GROUP

The basic information on the LPKF Group in the combined management and Group management report for 2022 continues to apply unchanged. Changes in the scope of consolidation are presented in the notes to this interim report under "Notes on the preparation of the half-yearly financial report".

## 2 REPORT ON ECONOMIC POSITION

### 2.1 COURSE OF BUSINESS

**Sector-specific environment**

In addition to the macroeconomic environment, the development of LPKF Laser & Electronics SE's business is also influenced by the performance of individual sectors. These include the electronic industry with a focus on consumer electronics, the automotive industry, the solar industry and the plastics processing industry.

In the electrical industry, global sales of smartphones declined in the first six months of 2023. For the full year, Gartner projects sales of 1.34 billion smartphones, down 4% year-over-year. This represents the lowest sales since 2014. According to Gartner, the main reason for this is the increased duration of use of a device and a lack of innovations.

In the first half of 2023, the recovery of the automotive markets after the pandemic continued worldwide. The German Association of the Automotive Industry (VDA) forecasts growth of 4% year-on-year to 74.9 million passenger cars in 2023. In Germany, production is expected to increase by as much as 9%.

As an essential component of renewable energies, the solar industry is benefiting from the increased importance of non-fossil energy sources. The International Energy Agency (IEA) therefore expects a significant global addition of 286 gigawatts in 2023. Lower module prices and growing political support are contributing to the high growth. For German manufacturers of photovoltaic machines and systems, which export 78% of their equipment, the German Engineering Federation (VDMA) expects a good development in the current year due to high order intake. The further development of new technologies and products will play an important role.

According to a report by the Plastic Europe industry association, the German plastics industry expects a decline in plastics production due to increased gas prices. However, according to a study by IHS Markit, global plastics consumption will increase due to demand for new lightweight materials for automotive construction and new applications in medical and electrical engineering.

According to the German Engineering Federation (VDMA), the German mechanical and plant engineering industry recorded a 14% year-on-year decline in order intake in the period from February to April 2023.

**Effects on the LPKF Group**

With the exception of the solar industry, the development of the sectors important for LPKF was subdued in the first half of 2023.

## 2.2 NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GROUP

**Results of operations**

The LPKF Group generated revenue of EUR 47.9 million in the first half of 2023, down 13.7 % year-on-year (H1 2022: EUR 55.5 million). This is mainly due to the Solar segment (EUR - 6.3 million). The background to this deviation are sales shifts from the year-end business 2021 to the fiscal year 2022. The Welding segment is almost at the previous year's level due to lower sales by EUR 0.2 million, while the Development (EUR - 0.4 million) and Electronics (EUR - 0.7 million) segments are slightly below the prior-year period.

Due to the weaker solar business, sales in the second quarter were also below those of the previous year. Overall, sales declined slightly to EUR 27.7 million, a drop of 6.9%. After a strong second quarter in the previous year, solar sales of EUR 6.9 million were EUR 6 million lower than in the same period of the previous year. However, all other segments reported an increase in sales. In the Development segment, this was EUR 1.1 million (+ 20.7 %), the Electronics segment increased its sales by EUR 1.5 million (+ 23.8 %) and the Welding segment grew by EUR 1.4 million (+ 26.3 %).

The lower sales in the first six months resulted in negative EBIT (earnings before interest and taxes) of EUR 7.0 million (previous year: EUR + 1.7 million). EBIT in the second quarter was EUR -0.4 million (previous year: EUR 0.7 million). This corresponds to a deterioration of EUR -1.1 million compared to the previous quarter.

The order backlog reached a value of EUR 81.4 million as of June 30, 2023 and was thus 48.3% above the previous year's value of EUR 54.9 million.

At EUR 66.2 million, order intake was significantly above the previous year's level of EUR 47.9 million.

Own work capitalized includes EUR 2.5 million in development costs for products and software (previous year: EUR 3.0 million). At EUR 1.8 million, other income was higher than in the previous year (previous year: EUR 1.6 million). The increase compared with the same period of the previous year was mainly due to higher grants for development services (EUR + 0.3 million).

At 32%, the cost of materials ratio was at the same level as in the previous year.

As of June 30, 2023, the LPKF Group employed 763 people, 23 more than on June 30, 2022.

The increase in the number of employees is mainly attributable to the Solar Production segment. At EUR 27.2 million, personnel expenses in the reporting period were higher than in the previous year (EUR 25.2 million). The increase results from the expansion of the workforce, the payment of an inflation compensation premium and market-oriented salary adjustments.

At EUR 4.5 million, depreciation and amortization in the reporting period was higher than in the previous year (EUR 4.0 million). Of this amount, EUR 2.3 million was attributable to depreciation and amortization of own work capitalized (previous year: EUR 2.0 million). At EUR 12.2 million, other operating expenses were up on the previous year's figure of EUR 11.2 million. This increase was mainly due to higher travel and entertainment expenses (+ EUR 0.6 million), legal and consulting costs (+ EUR 0.5 million), occupancy costs (+ EUR 0.3 million), exchange rate losses (+ EUR 0.2 million), as well as sales commissions, advertising and distribution expenses, and other operating expenses (+ EUR 0.1 million each). On the other hand, costs for research and development (- EUR 0.5 million) and outside and temporary work (- EUR 0.4 million) decreased.

Due to short-term utilization of overdraft facilities, interest expenses for short-term loans were incurred to a minor extent. After interest and taxes, the consolidated result was EUR -7.4 million (previous year: EUR 1.1 million).

**Financial position**

The Group's cash and cash equivalents decreased from EUR 12.8 million at December 31, 2022 to EUR 4.6 million in the reporting period.

At EUR -5.1 million, cash flow from operating activities was negative in the first half of the year, but significantly higher than in the same period of the previous year (EUR -10.7 million). The negative operating cash flow for the reporting period results mainly from the negative consolidated net income. At the same time, inventories of raw materials and work in progress increased, particularly in the Solar segment, in order to ensure deliveries in the planned strong second half of the year. Due to the weaker business performance in the first half of the year, receivables decreased compared with December 31, 2022. At the same time, advance payments received increased due to the forecast strong second half of the year and further long-term projects. The movements in net working capital therefore account for a slight burden on cash flow of EUR 0.7 million in the first six months.

In the second quarter, cash outflow from operating activities amounted to EUR 2.4 million. This is due to higher net working capital as of June 30, 2023 compared to the first quarter. At EUR 1.5 million, capital expenditure was below the level of the previous quarter due to lower own work capitalized.

After a cash outflow from investing activities of EUR -3.4 million in the half-year (previous year: EUR -4.1 million), free cash flow amounted to EUR -8.5 million (previous year: EUR -14.8 million). Scheduled repayments of long-term loans and repayments of lease liabilities were continued in the second quarter. At the same time, the Group transferred outstanding loans in the amount of EUR 0.5 million to the use of current account line as of June 30. Overall, there was a cash inflow from financing activities of EUR 0.1 million (previous year: EUR 7.1 million).

The LPKF Group has the necessary funds for investments and further growth, consisting of cash and cash equivalents and the available credit lines.

**Net assets**

Analysis of net assets and capital structure

Compared to December 31, 2022, non-current assets decreased by EUR -1.1 million to EUR 66.0 million. This was mainly due to an increase in intangible assets (EUR + 0.3 million) and deferred tax assets (EUR + 0.1 million), while property, plant and equipment decreased by EUR - 1.5 million.

Current trade receivables decreased by EUR 3.7 million to EUR 23.7 million during the reporting period. Inventories increased by EUR 6.7 million to EUR 34.3 million. This is due to a targeted build-up of inventories in order to secure upcoming deliveries especially in the Solar segment. Cash and cash equivalents decreased by EUR 8.1 million and amounted to EUR 4.6 million as of June 30, 2023. Overall, current assets decreased by EUR 4.0 million to EUR 67.3 million.

Net working capital increased slightly from EUR 26.0 million as of Dec. 31, 2022 to EUR 26.7 million as of June 30, 2023. Inventories increased by EUR 6.7 million, while receivables decreased by EUR 3.7 million. Liabilities decreased by EUR 2.2 million, advance payments received for customer projects increased by EUR 4.4 million.

The equity ratio of 65.3% as of June 30, 2023 is lower than the equity ratio of 68.3% as of year-end 2022.

Non-current liabilities decreased by EUR 0.4 million, mainly due to scheduled repayments and additional early repayment of loans. Current liabilities increased by EUR 2.9 million to EUR 42.5 million. Current financial liabilities increased by EUR 0.9 million, in particular due to the utilization of overdraft facilities. Trade payables decreased by EUR 2.2 million and advance payments received by EUR 4.4 million compared with December 31, 2022. In addition, other liabilities increased by EUR 0.1 million and other provisions decreased by EUR 0.4 million.

Beyond this, the balance sheet structure has not changed significantly.

Investments

In the first six months, the Group invested slightly less overall than in the previous year. Investments in property, plant and equipment amounted to EUR 1.0 million (compared with EUR 0.8 million in the previous year), while additions to capitalized development costs totaled EUR 2.8 million (compared with EUR 3.3 million in the previous year).

**Segment performance**

The following table provides an overview of the operating segments' performance:

| | Revenue | | EBIT | |
|---|---|---|---|---|
| in Mio. EUR | **6 Months 2023** | 6 Months 2022 | **6 Months 2023** | 6 Months 2022 |
| Electronics | 13.0 | 13.7 | -3.1 | -1.8 |
| Development | 12.1 | 12.5 | -0.5 | 1.3 |
| Welding | 9.4 | 9.6 | -1.8 | -1.1 |
| Solar | 13.4 | 19.7 | -1.6 | 3.3 |
| **Total** | **47.9** | 55.5 | **-7.0** | 1.7 |

The operating result (EBIT) of the segments contains the operating activities of the segments and the attributable intragroup allocations.

## 2.3 EMPLOYEES

The following table shows the development in employee numbers in the first six months of 2023:

| Area | **06/30/ 2023** | 12/31 2022 |
|---|---|---|
| Development | 217 | 211 |
| Production | 150 | 136 |
| Service | 103 | 98 |
| Sales | 143 | 138 |
| Administration | 150 | 157 |
| **Total** | **763** | 740 |

The total number of employees as of 30.06.2023 was 716 full-time equivalents (FTEs), compared with 693 FTEs at the end of 2022.

## 2.4 OVERALL ASSESSMENT OF THE GROUP'S ECONOMIC SITUATION

From LPKF's perspective, the global economic and geopolitical situation remains tense. LPKF expects moderate effects from cost inflation and some continuing material bottlenecks in 2023. However, the company does not expect the inflation effects to accelerate compared to the current situation. The effects can basically be compensated.

Due to extended delivery times, LPKF decided last year to continue to maintain an increased inventory level in the interest of its customers. This is being reduced step by step.

The Management Board continues to assume that the Group has sufficient resources to continue its business activities for at least another twelve months and that the going concern assumption as the basis of accounting is appropriate.

# 3 SUPPLEMENTARY REPORT

No other significant events with a material effect on the net assets, financial position or results of operations of LPKF have occurred since the reporting date on 30 June 2023.

# 4 OPPORTUNITIES AND RISKS

The opportunities and risks of the LPKF Group are presented and explained in detail in separate reports in the combined management and group management report 2022. These explanations apply unchanged.

Risks currently include the uncertain global economic and demand situation. Risks in logistics and on the procurement markets have tended to weaken in recent months. The monetary policy of the central banks is influencing the investment activities of the market, and a sustained high level of interest rates could impact customers' investment activities. In addition, tensions in the supply chain may nevertheless continue to arise and lead to delays in projects. These risks and opportunities are continuously monitored by the company.

There are currently no risks that could jeopardize the company's existence, nor are any risks discernible for the future.

# 5 REPORT ON EXPECTED DEVELOPMENTS

## 5.1 MANAGEMENT'S ASSESSMENT OF THE GROUP'S EXPECTED DEVELOPMENT

**Economic environment**

According to the OECD, global economic development will be on a slow recovery path in 2023. In addition to high energy prices, increased financing costs are holding back investment and consumption. For the current year, the Institute for the World Economy (IfW) forecasts an increase in the global economy of 2.5% and 3.2% in 2024.

The IfW has also raised its expectations slightly for the advanced economies. GDP growth of 0.9% is now expected for 2023 and 1.5% for 2024. Contrary to previous forecasts, the largest economy, the USA, will grow by 0.8% in the current year and by 1.0% in 2024. The IfW sees a slightly better development for the euro zone. In 2023 the economy is expected to grow by 1.1% and in 2024 by 1.6%.

By contrast, Germany's economy will perform modestly. The Ifo Institute expects economic output to decline by 0.4% in the current year, followed by growth of 1.5% in 2024. Following the economic contraction in the first quarter of 2023, the German economy is now in a technical recession. Europe's largest economy could show signs of recession in the further course of the year due to the rather weak global economy, declining construction activity and reluctance to spend as a result of high inflation.

For the emerging markets, economic growth is expected to be significantly higher. The IfW forecasts growth of 4.0% for 2023 and 4.5% for 2024. Due to the departure from the zero-covid strategy, the IMF sees China possibly as a driver of the global economy this year. For 2023, the IfW expects China to grow significantly by 5.2% in both the current and next year.

**Group performance**

The recovery of the global economy after Corona and the start of the Ukraine war is slowly continuing in 2023. Confidence in this development is reflected in the slight increase in economic forecasts.

The overall economic conditions therefore remain essentially unchanged for the LPKF Group, although the further development of the general demand situation will have to be continuously monitored.

The situation is similar for the sectors that are important for the Group. The Ukraine war is accelerating the coverage of energy requirements from regenerative sources.

The high level of diversification of the LPKF Group reduces its dependence on individual market segments.

Despite the current uncertain economic and geopolitical outlook, LPKF sees growth opportunities for the Group in the current financial year. These include all business segments that are benefiting from increasing digitalization in business and industry, and technologies that help customers to produce in a more resource-conserving, energy-saving and efficient manner.

LPKF Laser & Electronics SE's strategic focus is on developing innovative technologies that have the potential to sustainably change products, components, and manufacturing in the electronics, semiconductor, and other industries.

In the opinion of the Management Board, the Company is financially stable and sustainably profitable thanks to the strategic and operational measures successfully implemented in recent years, so that sufficient resources are available for investments in the future. LPKF is in a position to expand its business activities by focusing even more strongly on the needs of its customers and making operational improvements. Investments in the development of new technologies and applications were made in full despite the difficult economic conditions in the meantime. For example, an order in the promising semiconductor sector was won in January 2023. The significantly increased diversification of the LPKF Group in recent years has significantly reduced its dependence on individual market segments and customers. Only one major customer achieved a share of turnover exceeding 10%.

The Management Board continues to see great potential to sustainably increase the company's turnover and earnings. This potential stems from the technologies mastered by LPKF, the ability to integrate these technologies into high-performance solutions, and the exceptional expertise of the workforce, as well as the resulting value contribution for customers.

The Management Board anticipates the following developments in the future:

- Megatrends such as miniaturization, connectivity, CO2 neutrality and demographic change will lead to high-precision manufacturing and analysis methods becoming more prevalent.
- Customer demand for efficient solutions for the manufacture of high-precision components and products remains high. The number of applications continues to increase. New product developments and sales channels are proving their worth.
- LIDE technology and associated core competencies are being used for volume production, e.g. in the semiconductor industry, and are well on the way to establishing themselves as a key technology in the display and other industries as well.
- Green Energy will continue to gain importance, especially against the background of the current energy crisis, and will increase the demand for efficient solar modules.
- With ARRALYZE, LPKF gains access to the growth market of biotechnology, which is developing very dynamically due to the aging population and the trend towards individual therapies.

The Board of Managing Directors will continue to drive the Company's growth in the current financial year with targeted measures:

- LPKF continues to invest in technology development to expand its leading position in laser micromaterial processing. In doing so, the company focuses on the specific parameters that are decisive for the economic success of its customers so that its customers gain a concrete competitive advantage. LPKF also develops disruptive applications for new growth markets along its core competencies.
- The scalability of solutions for customers is strengthened in a targeted manner, and non-scalable solutions are not pursued further in the long term.
- LPKF will specifically drive forward technologies that help customers save resources and produce more energy-efficiently.
- LIDE technology and related applications in the Advanced Packaging segment will be further expanded and the establishment in various application fields will be driven forward.
- The company will strengthen its sales activities and further expand and transform its market penetration in the individual segments.
- After-sales service will be further expanded as an additional growth platform.
- The organization, processes and systems will be designed to be scalable and geared to future growth.

- The Management Board will also pursue possible growth through M&A activities, but only where the resulting increase in value is clearly discernible.

LPKF will remain agile and flexible as a company in order to be able to react quickly to any changes in the economic environment. Overall, LPKF expects further profitable growth in the medium term even in a volatile economic environment. Financially, the Company is and will remain well positioned and has the necessary funds for investments and further growth.

**Key financial indicators**

2022 financial year

For the third quarter of 2023, LPKF expects revenue of EUR 28 to 33 million and EBIT of EUR -1 to 3 million. For the full year 2023, the Management Board must take into account the operational challenges that come with delivering large Solar orders in the fourth quarter of this year. In order to adequately take this risk into account, the company refines its revenue guidance for full year 2023. The Management Board now expects revenue of EUR 125 to 135 million (previously: EUR 125 to 140 million) and an EBIT margin of 3% to 7% (unchanged).

Subsequent years

In the medium term LPKF aims to achieve an attractive single-digit growth rate for its core business. In addition to the core business, the new business initiatives in the semiconductor, display and biotechnology markets shall contribute in total a low three-digit million euro revenue in the medium term. Based on the growth in revenue and the resulting economies of scale, the Management Board aims to achieve an attractive double-digit EBIT margin for the LPKF Group in the coming years.

# 6 RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable half-year reporting principles, the consolidated half-year financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Garbsen, 27 July 2023

LPKF Laser & Electronics SE

The Management Board

Dr. Klaus Fiedler Christian Witt

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FROM 1 JANUARY TO 30 JUNE 2023

| in EUR thousand | **01-06 / 2023** | 01-06 / 2022 |
|---|---|---|
| Revenue | 47,913 | 55,544 |
| Changes in inventories of finished goods and work in progress | 2,925 | -329 |
| Other own work capitalized | 2,585 | 3,107 |
| Other income | 1,773 | 1,560 |
| Cost of materials | -18,239 | -17,664 |
| Staff costs | -27,150 | -25,230 |
| Depreciation and amortization | -4,488 | -4,041 |
| Impairment expenses (including reversals) on financial assets and contract assets | -78 | -29 |
| Other expenses | -12,237 | -11,219 |
| **Operating Result (EBIT)** | **-6,996** | 1,699 |
| Finance income | 12 | 17 |
| Finance costs | -153 | -148 |
| **Earnings before tax** | **-7,137** | 1,568 |
| Income taxes | -266 | -460 |
| **Consolidated net profit/loss** | **-7,403** | 1,108 |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Revaluations of defined benefit plans | 0 | 0 |
| Tax effects | 0 | 0 |
| **Items that will be reclassified to profit or loss** | | |
| Currency translation differences | -141 | 905 |
| **Other comprehensive income after taxes** | **-141** | 905 |
| **Total comprehensive income** | **-7,544** | 2,013 |

| in EUR thousand | | |
|---|---|---|
| Earning per share (basic) | -0.31 | 0.05 |
| Earning per share (diluted) | -0.31 | 0.05 |

# FROM 1 APRIL TO 30 JUNE 2023

| in EUR thousand | **04-06 / 2023** | 04-06 / 2022 |
|---|---|---|
| Revenue | 27,678 | 29,750 |
| Changes in inventories of finished goods and work in progress | 207 | -1,177 |
| Other own work capitalized | 1,124 | 1,520 |
| Other income | 983 | 938 |
| Cost of materials | -8,647 | -10,116 |
| Staff costs | -13,665 | -12,333 |
| Depreciation and amortization | -2,286 | -2,094 |
| Impairment expenses (including reversals) on financial assets and contract assets | -100 | 75 |
| Other expenses | -5,728 | -5,888 |
| **Operating Result (EBIT)** | **-434** | 675 |
| Finance income | 4 | 10 |
| Finance costs | -93 | -88 |
| **Earnings before tax** | **-523** | 597 |
| Income taxes | -273 | -198 |
| **Consolidated net profit/loss** | **-796** | 399 |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to profit or loss** | | |
| Revaluations of defined benefit plans | 0 | 0 |
| Tax effects | 0 | 0 |
| **Items that will be reclassified to profit or loss** | | |
| Currency translation differences | -149 | 454 |
| **Other comprehensive income after taxes** | **-149** | 454 |
| **Total comprehensive income** | **-945** | 853 |

| in EUR thousand | | |
|---|---|---|
| Earning per share (basic) | -0.03 | 0.02 |
| Earning per share (diluted) | -0.03 | 0.02 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS OF 30 JUNE 2023

| in EUR thousand | **06/30/ 2023** | 12/31/ 2022 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets and goodwill | 21,053 | 20,731 |
| Property, plant and equipment | 43,555 | 45,088 |
| Trade receivables | 11 | 27 |
| Other non-financial assets | 291 | 292 |
| Deferred tax assets | 1,040 | 916 |
| **Non-current assets** | **65,950** | 67,054 |
| Inventories | 34,346 | 27,677 |
| Trade receivables | 23,692 | 27,423 |
| Income tax receivables | 783 | 674 |
| Other non-financial assets | 3,883 | 2,767 |
| Cash and cash equivalents | 4,636 | 12,785 |
| **Current assets** | **67,340** | 71,326 |
| **Total assets** | **133,290** | 138,380 |

| in EUR thousand | **06/30/ 2023** | 12/31/ 2022 |
|---|---|---|
| **EQUITY** | | |
| Subscribed capital | 24,497 | 24,497 |
| Capital reserve | 15,463 | 15,463 |
| Other reserves | 12,533 | 12,674 |
| Net retained profits | 34,479 | 41,881 |
| **Equity** | **86,972** | 94,515 |
| **LIABILITIES** | | |
| Provisions for pensions and similar obligations | 275 | 279 |
| Other financial liabilities | 494 | 1,216 |
| Deferred income | 485 | 383 |
| Contract liabilities | 239 | 227 |
| Other provisions | 70 | 30 |
| Deferred tax liabilities | 2,290 | 2,153 |
| **Non-current liabilites** | **3,853** | 4,288 |
| Other provisions | 3,077 | 3,476 |
| Other financial liabilities | 2,622 | 1,704 |
| Deferred income | 88 | 88 |
| Trade payables | 5,349 | 7,505 |
| Contract liabilites | 25,747 | 21,347 |
| Other non-financial liabilities | 5,582 | 5,457 |
| **Current liabilities** | **42,465** | 39,577 |
| **Liabilities** | **46,318** | 43,865 |
| **Total equity and liabilities** | **133,290** | 138,380 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## AS OF 30 JUNE 2023

| in EUR thousand | Subscribed capital | Capital reserve | Other retained earnings |
|---|---|---|---|
| **As of 01/01/2023** | 24,497 | 15,463 | 10,529 |
| Consolidated net profit/loss | | | |
| Other comprehensive income after taxes | | | |
| **Total comprehensive income** | 0 | 0 | 0 |
| **Transactions with shareholders** | | | |
| **As of 06/30/2023** | 24,497 | 15,463 | 10,529 |

| in EUR thousand | Subscribed capital | Capital reserve | Other retained earnings |
|---|---|---|---|
| **As of 01/01/2022** | 24,497 | 15,463 | 10,529 |
| Consolidated net profit/loss | | | |
| Other comprehensive income after taxes | | | |
| **Total comprehensive income** | 0 | 0 | 0 |
| **Transactions with shareholders** | | | |
| **As of 06/30/2022** | 24,497 | 15,463 | 10,529 |

| | | Other reserves | | | |
|---|---|---|---|---|---|
| | Revaluations of defined benefit plans | Share-based payment reserve | Foreign currency translation reserve | Net retained profits | **Total equity** |
| | -208 | 490 | 1,863 | 41,882 | 94,516 |
| | | | | -7,403 | -7,403 |
| | 0 | | -141 | | -141 |
| | 0 | 0 | -141 | -7,403 | -7,544 |
| | | | | | |
| | -208 | 490 | 1,722 | 34,479 | 86,972 |

| | | Other reserves | | | |
|---|---|---|---|---|---|
| | Revaluations of defined benefit plans | Share-based payment reserve | Foreign currency translation reserve | Net retained profits | **Total equity** |
| | -276 | 490 | 1,278 | 40,222 | 92,203 |
| | | | | 1,108 | 1,108 |
| | 0 | | 905 | | 905 |
| | 0 | 0 | 905 | 1,108 | 2,013 |
| | | | | | |
| | -276 | 490 | 2,183 | 41,330 | 94,216 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FROM 1 JANUARY TO 30 JUNE 2023

| in EUR thousand | **01-06 / 2023** | 01-06 / 2022 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Consolidated net profit/loss | -7,403 | 1,108 |
| Adjustments: | | |
| Tax expenses | 272 | 461 |
| Financial expenses | 152 | 148 |
| Financial income | -12 | -17 |
| Depreciation/amortization of non-current assets | 4,488 | 4,041 |
| Gains/losses on the disposal of property, plant and equipment | 1 | 0 |
| Impairment losses/reversals | 448 | 191 |
| Other non-cash expenses and income | 1 | -79 |
| Changes: | | |
| Inventories | -7,355 | -5,349 |
| Trade receivables | 3,479 | -3,799 |
| Other assets | -1,098 | -1,807 |
| Provisions | -332 | 705 |
| Trade payables | -2,145 | -3,186 |
| Other liabilities | 4,778 | -3,816 |
| Other: | | |
| Interest received | 12 | 17 |
| Income taxes refund (paid) | -401 | 645 |
| **Cash flow from operating activities** | **-5,115** | -10,737 |
| Cash flow from investing activities | | |
| Investments in intangible assets | -2,779 | -3,327 |
| Investments in property, plant and equipment | -1,005 | -838 |
| Revenue from the disposal of assets | 380 | 71 |
| **Cash flow from investing activities** | **-3,404** | -4,094 |

| in EUR thousand | **01-06 / 2023** | 01-06 / 2022 |
|---|---|---|
| Cash flow from financing activities | | |
| Dividends paid | 0 | 0 |
| | 2,695 | 8,871 |
| Interest paid | -152 | -147 |
| Payments of lease liabilities | -409 | -376 |
| Payments for repaying loans | -2,022 | -1,278 |
| **Cash flow from financing activities** | **112** | 7,070 |
| Change in cash and cash equivalents | | |
| **Increase (decrease) in cash and cash equivalents** | **-8,407** | -7,761 |
| Cash and cash equivalents as of 1 January | 12,785 | 15,167 |
| Effects of exchange rate changes on cash and cash equivalents | 258 | 535 |
| **Cash and cash equivalents as of end of reporting period** | **4,636** | 7,941 |

# NOTES ON THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

This financial report as of 30 June 2023 complies in full with the rules set out in IAS 34. The interpretations of the International Financial Interpretations Committee (IFRIC) are observed. The figures of the previous period were calculated according to the same principles, provided that new standards did not require any changes. The same applies to the accounting and valuation methods and the calculation methods used in the interim financial statements.

Standards to be applied in the current financial year have already been applied. Estimates of amounts reported in prior interim periods of the current financial year, in the last annual financial statements or in previous financial years have not been changed in this financial report. There have been no significant changes to the contingent liabilities and contingent assets since the last reporting date. This financial report has not been audited. Likewise, it has not been subject to a review. Information relating to events of particular importance after the end of the reporting period is included in the supplementary report of the interim management report.

As outlined in the interim management report, LPKF too was impacted by the effects of the COVID-19 pandemic. For these interim financial statements, LPKF closely examined the items of impairment of capitalized development costs, deferred tax assets, inventories and trade receivables in particular. There was no need for any of these items to be written down.

Relief and support measures are outlined in the interim management report.

**Basis of consolidation**

In addition to the Group's parent company LPKF Laser & Electronics SE, Garbsen, the following subsidiaries have also been included in the consolidated financial statements:

| Name<br>**Full consolidation** | Registered office | Equity interest in % |
|---|---|---|
| LPKF SolarQuipment GmbH | Suhl, Germany | 100.0 |
| LPKF WeldingQuipment GmbH | Fürth, Germany | 100.0 |
| LPKF Laser & Electronics d.o.o. | Naklo, Slovenia | 100.0 |
| LPKF Distribution Inc. | Tualatin (Portland), US | 100.0 |
| LPKF (Tianjin) Co. Ltd. | Shanghai, China | 100.0 |
| LPKF Laser & Electronics Trading (Shanghai) Co. Ltd. | Shanghai, China | 100.0 |
| LPKF Shanghai Co., Ltd. | Shanghai, China | 100.0 |
| LPKF Laser & Electronics K.K. | Tokyo, Japan | 100.0 |
| LPKF Laser & Electronics Korea Ltd. | Seoul, Korea | 100.0 |
| LPKF Laser & Electronics Vietnam Co., Ltd. | Bac Ninh/Vietnam | 100.0 |

In February 2023, LPKF Laser & Electronics Vietnam Co., Ltd. based in Bac Ninh, Vietnam was founded to strengthen local and Asian sales and service activities.

**Transactions with related parties**

There are no reportable business relations with persons affiliated to the LPKF Group.

Garbsen, 27th July 2023

LPKF Laser & Electronics SE

The Management Board

| | |
|---|---|
| Dr. Klaus Fiedler | Christian Witt |
| CEO | CFO |

# FINANCIAL CALENDAR

| | |
|---|---|
| 26 October 2023 | Publication of the 9-months report |
| 21 March 2024 | Publication of Annual Report 2023 |
| 25 April 2024 | Publication of the 3-months report |
| 5 June 2024 | Annual General Meeting |
| 25 July 2024 | Publication of the 6-months report |
| 24 October 2024 | Publication of the 9-months report |

## CONTACT & PUBLISHING INFORMATION

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For more information on LPKF Laser & Electronics SE and the addresses of our subsidiaries, please go to www.lpkf.com. This financial report can also be downloaded from our website.

### Disclaimer

This financial report contains forward-looking statements that are based on the Management Board’s current estimates and forecasts and on information currently available. These forward-looking statements are not to be understood as guarantees of forecast future performance and results. Instead, future performance and results depend on a large number of risks and uncertainties and are based on assumptions that might not prove accurate. We disclaim any obligation to update these forward-looking statements. For mathematical reasons, rounding differences may occur in percentage figures and numbers in the tables, illustrations and texts of this report.

This financial report is published in German and English. In case of any discrepancies, the German version shall prevail.

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