

# Quarterly Financial Report

**1 JANUARY - 30 SEPTEMBER 2022**

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## AT A GLANCE

### LPKF Laser & Electronics AG

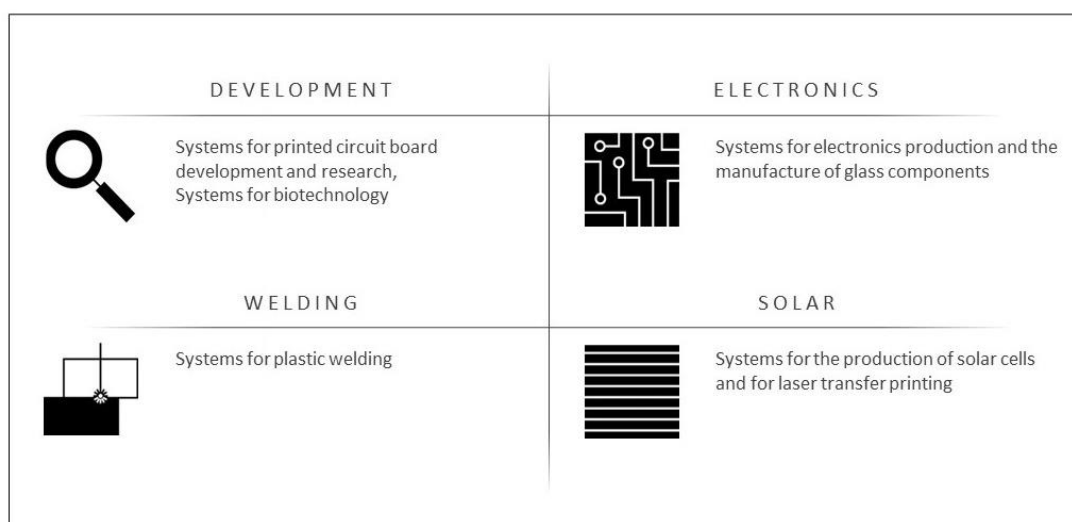
### Key Group figures after 9 months 2022

	<b>9 Months 2022</b>	9 Months 2021
Revenue (Mio. EUR)	86.8	60.2
EBIT (Mio. EUR)	2.5	-5.2
EBIT margin (%)	2.9	-8.6
Free Cash Flow (Mio. EUR)	-15.7	-11.3
EPS, diluted (EUR)	0.07	-0.15
Incoming orders (Mio. EUR)	73.1	89.6

	<b>As of 09/30/2022</b>	As of 09/30/2021
Net working capital (Mio. EUR)	39.9	25.8
Equity ratio (%)	70.8	70.6
Orders on hand (Mio. EUR)	48.8	67.7
Employees	744	733

## Segments and markets



## LETTER FROM THE MANAGEMENT BOARD

Garbsen, October 27th, 2022

Ladies and Gentlemen,

Despite the challenging economic environment, the LPKF Group's business performance in the first nine months of 2022 was significantly better than in the previous year. We managed to increase revenue by 44% to EUR 86.8 million and to meet our expectations in terms of results. Earnings before interest and taxes (EBIT) reached EUR 2.5 million in the first nine months, compared with a loss of EUR 5.2 million in the previous year. This positive development was driven by the high demand for our technologies as well as significantly higher sales in the solar segment. In the third quarter, sales increased by 31% to EUR 31.3 million compared to the previous year and were thus in the upper range of our expectations, as was our EBIT of EUR 0.8 million.

Despite all the market uncertainties and the continuing challenges in the supply chain, the development of our business is currently proving to be solid. Overall, we expect an increase in sales and earnings for the fourth quarter of 2022 compared to the third quarter and remain convinced that we will achieve our updated full-year guidance.

Although order intake in the first nine months of 2022 was down year-on-year at EUR 73.1 million, no major orders have yet been received from the solar segment. However, the Management Board expects an inflow of further orders for the following year. As of September 30, 2022, the order backlog totaled EUR 48.8 million, of which around EUR 30 million is due for delivery in the current fiscal year. With this positive development, an important prerequisite for achieving the expected growth in the full year has been met.

In the Solar segment, we benefited from deliveries of various larger orders, which, however, included a disproportionate share of traded components in the third quarter. Here, too, we expect an increasing contribution to sales and earnings in the fourth quarter. Based on our project pipeline, we see the order development in the Solar segment as very positive: solar energy will continue to play a significant role in the energy transition, and the development of new semiconductor technologies such as perovskite opens up further opportunities. In Laser Transfer Printing (LTP), the official market launch took place in September 2022 as part of the glasstec trade show. The Welding business struggled with supply chain challenges and therefore could not maintain its sales within the first nine months compared to the previous year. The good order situation in growth markets such as battery technology and medical technology underpins the outlook for further business development. Due to a subdued overall market, the Electronics sector is falling short of expectations in the current fiscal year. We were able to partially compensate for the subdued market development through the successful launch of new products and higher LIDE sales, creating a good basis for further business development here. The first successes of the improved product range can be

observed in a growing order intake in the third quarter, which is attributable to innovative solutions such as the Tensor. Due to the current general shortage of materials, the Development business unit with its applications in the area of printed circuit board prototyping is benefiting from the increased redesign of products by our customers as well as catch-up effects for laboratory equipment after COVID. On this basis the Development business unit achieved a significant increase in sales in the first nine months of the year. We made further progress in the development of our innovative key technologies LIDE (Laser Induced Deep Etching) and ARRALYZE. In the third quarter, we were able to start LIDE deliveries for display backplane applications, which will continue in the fourth quarter. At the same time, we are continuing our development activities with customers in the semiconductor and display sectors and are experiencing great interest with regard to further applications for the micromaterial processing of glass. LPKF is perceived as a development partner to its customers in this area, which significantly strengthens the relationship and gives us as a company deeper insight into the needs and wishes of our customers. In the fourth quarter of 2022, we will start delivering the first systems based on this new technology to our beta customers in the ARRALYZE segment as planned. Through ARRALYZE, benefits in terms of efficiency, cost and personalized medical application can be realized. As part of a consortium, LPKF also receives funding from the German Federal Ministry of Education and Research for research into innovative medical technology ("High-throughput analysis of virus-specific memory B cells to determine individual immune responses") for the ARRALYZE division as part of a research project on the prevention and care of epidemically occurring infections.

In addition to the further development of our business areas, we as a company are also continuously working on improving our internal procedures and processes. In this context, the further development of our marketing activities, a more far-reaching IP management, the further development of our IT systems and digitalization as well as a significantly improved talent management are at the top of our agenda.

The economic environment continues to be characterized by high uncertainties: In addition to increasing COVID cases, geopolitical tensions are having a negative impact on the global economy. Supply bottlenecks continue to cause difficulties for our customers as well as for us. With our resilient business model and the innovative solutions we offer to our customers, we are well positioned. We continue to secure access to the materials required for our production as far as possible by acting with foresight on the procurement market, replacing components and continuing to increase inventories. As in the past, we are able to pass on cost adjustments to our customers on the price side.

We narrow our forecast for the full year 2022 and expect sales growth to consolidated sales of EUR 117 - 127 million for the current fiscal year. The EBIT margin is expected to remain between 2 - 7%.

Based on the market potential of our technologies presented at the Capital Markets Day, we reaffirm our growth prospects both in the existing business areas and in the new areas of LIDE and ARRALYZE. In the medium term, we aspire to achieve an attractive growth rate for the core business, low triple-digit million-euro sales for the new business areas, and an attractive double-digit EBIT margin. Therefore, we will continue to invest in the development

and marketing of new technologies and products. Further details on our updated medium-term business model can be found on our website under Investor Relations / Capital Markets Day.

We look forward to reporting to you in March on a successful conclusion to 2022 and further progress in our key technologies.

Best regards,

A handwritten signature in blue ink, appearing to read "K. Fiedler", with a long horizontal flourish extending to the right.

Dr. Klaus Fiedler  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Christian Witt", with a stylized, circular flourish at the end.

Christian Witt  
Chief Financial Officer

# INTERIM MANAGEMENT REPORT AS OF 30 SEPTEMBER 2022

## 1 BASIC INFORMATION ON THE GROUP

The basic information on the LPKF Group in the combined management and Group management report for 2021 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 quarterly financial report".

## 2 REPORT ON ECONOMIC POSITION

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

#### Results of operations

In the third quarter, LPKF generated consolidated revenue of EUR 31.3 million, up 30.9 % on the prior-year quarter (EUR 23.9 million). Turnover after nine months totaled EUR 86.8 million, 44.2 % more than in the same period last year (EUR 60.2 million). The increase was mainly attributable to the Solar segment (EUR + 22.2 million). The Development segment increased its sales by EUR 4.8 million, the Electronics segment by EUR 1.3 million. After nine months, the Welding segment (EUR -1.7 million) was down 9.4% on the same period of the previous year.

As in the year as a whole, the main contributor to the sales growth in the third quarter was the Solar business (+ EUR 5.5 million), in addition to the likewise higher sales of the Electronics (+ EUR 2.0 million) and Development (+ EUR 1.9 million) segments. The Welding segment reported a decline in sales (- EUR 2.1 million).

The higher sales in the first nine months resulted in a positive EBIT (earnings before interest and taxes) of EUR 2.5 million (previous year: EUR -5.2 million). EBIT in the third quarter amounted to EUR 0.8 million (previous year: EUR 0.7 million). This corresponds to an improvement of 19.0% compared to the previous quarter.

At EUR 73.1 million, incoming orders after nine months were down on the previous year's figure of EUR 89.6 million. At EUR 48.8 million, the order backlog as of September 30, 2022, was below the previous year's figure of EUR 67.7 million.

Own work capitalized includes EUR 4.3 million in development work for products and software (previous year: EUR 4.0 million). At EUR 2.8 million, other income was higher than in the previous year (previous year: EUR 2.3 million). The increase compared to the same period of the previous year was mainly due to higher grants for development services (+EUR 0.6 million).

At 35 %, the cost of materials ratio was higher than the previous year's figure of 31 %, which is mainly attributable to the product mix, a disproportionate share of goods traded through in the Solar segment, and individual write-downs on inventories in the amount of EUR 0.2 million.

As of 30 September 2022, 744 people were employed by the LPKF Group, 11 more than on September 30, 2021. The increase in the number of employees was mainly attributable to the LIDE and ARRALYZE divisions. At EUR 37.7 million, staff costs in the reporting period were up on the previous year (EUR 33.2 million). The increase was due to the expansion of the workforce and additions to personnel provisions.

At EUR 6.3 million, depreciation and amortization in the reporting period was EUR 0.6 million higher than in the previous year. Of this amount, EUR 3.2 million was attributable to depreciation and amortization from own work capitalized (previous year: EUR 2.6 million). At EUR 17.7 million, other operating expenses were up on the previous year's figure of EUR 14.8 million. The increase was mainly due to higher expenses for travel and entertainment (+ EUR 0.8 million), research and development (+ EUR 0.5 million), advertising and sales (+ EUR 0.4 million) and trade fair costs (+ EUR 0.3 million). These expenses served to support the growth momentum and are also partly attributable to the increase in air fares. Other miscellaneous expenses, including for external and temporary labor due to delayed material availability, repair, maintenance and servicing of hardware and software also recorded a year-on-year increase.

Due to the 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 1.6 million (previous year: EUR -3.8 million).

### **Financial position**

The Group's cash and cash equivalents decreased from EUR 15.2 million on December 31, 2021 to EUR 4.8 million in the reporting period.

Cash flow from operating activities after nine months was negative at EUR -9.5 million (previous year: EUR - 5.1 million). The negative operating cash flow for the reporting period was mainly the result of the increase in net working capital. In the first two quarters, the Group made targeted investments in inventories in order to ensure the greatest possible readiness to deliver customer orders in view of the ongoing challenges in the supply chain. As a result of deliveries made by all segments in the high-sales month of September, advance payments received at the reporting date of September 30 decreased and the Group's receivables increased. As a result of these movements, the net working capital effect after nine months amounted to EUR 20.6 million.

In the third quarter, the cash inflow from operating activities amounted to EUR 1.2 million. This was attributable to the positive business development. At EUR 2.1 million, capital expenditure was slightly above the level of the prior-year quarter.



After a cash outflow from investing activities after nine months of EUR -6.2 million (previous year: EUR -6.2 million), free cash flow amounted to EUR -15.7 million (previous year: EUR -11.3 million). Scheduled repayments of long-term loans and repayments of lease liabilities continued in the third quarter. At the same time, the Group drew on short-term overdraft facilities. This resulted in a cash inflow from financing activities of EUR 4.7 million (previous year: EUR -4.5 million).

The LPKF Group has the necessary funds for investments and further growth, consisting of cash and cash equivalents and the available credit lines. In the first nine months of 2022, as in the 2021 financial year, no public funds from support packages of the German government (Corona economic aid) were utilized.

## Net assets

### Analysis of net assets and capital structure

Compared with December 31, 2021, non-current assets increased by EUR 0.1 million to EUR 69.1 million. The increase was mainly due to capitalized development costs (+EUR 1.1 million) and deferred tax assets (+EUR 0.1 million). The increase was offset by a decrease in property, plant and equipment (EUR -0.8 million) and non-current receivables (EUR -0.6 million).

Current trade receivables increased by EUR 7.3 million to EUR 23.8 million during the reporting period. Inventories increased by EUR 5.1 million to EUR 33.6 million. This was due to a targeted build-up of inventories in order to secure upcoming deliveries. Cash and cash equivalents decreased by EUR 10.4 million and amounted to EUR 4.8 million as of September 30, 2022. Overall, current assets increased by EUR 2.3 million to EUR 65.5 million.

Net working capital increased from EUR 19.3 million at Dec. 31, 2021, to EUR 39.9 million at Sept. 30, 2022. Inventories increased by EUR 5.1 million, while receivables rose by EUR 6.7 million. Liabilities decreased by EUR 2.3 million, and advance payments received for customer projects by EUR 6.5 million.

The equity ratio of 70.8% as of September 30, 2022, was slightly above the ratio as of year-end 2021 of 69.7%.

Non-current liabilities decreased by EUR -1.3 million, mainly due to the scheduled repayment of loans. Current liabilities increased by EUR 0.7 million to EUR 36.5 million. Current financial liabilities increased by EUR 6.4 million, in particular due to the utilization of overdraft facilities. Trade payables decreased by EUR 2.3 million and advance payments received by EUR 6.5 million compared with December 31, 2021. In addition, other liabilities increased by EUR 1.5 million and other provisions by EUR 1.6 million.

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

## Capital expenditure

In the first nine months, capital expenditure in the Group was on a par with the previous year. Investments in property, plant and equipment and intangible assets amounted to EUR 2.0 million, while additions to capitalized development costs totaled EUR 4.3 million.

## Segment performance

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

in Mio. EUR	Revenue		EBIT	
	9 Months 2022	9 Months 2021	9 Months 2022	9 Months 2021
Electronics	21.8	20.5	-3.2	-2.5
Development	19.8	15.0	3.0	0.1
Welding	16.3	18.0	-0.5	0.8
Solar	28.9	6.7	3.2	-3.6
<b>Total</b>	<b>86.8</b>	<b>60.2</b>	<b>2.5</b>	<b>-5.2</b>

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

## 2.2 EMPLOYEES

The following table shows the development in employee numbers in the first nine months of 2022:

Area	09/30/ 2022	12/31 2021
Production	135	136
Sales	140	141
Development	216	207
Service	96	100
Administration	157	162
<b>Total</b>	<b>744</b>	<b>746</b>

The total number of employees as of 30 September 2022 was 700 full-time equivalents (FTEs), compared with 702 FTEs at the end of 2021.

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

For LPKF, the first nine months of 2022 were characterized to a large extent by external influences. Due to the lockdown in China in the second quarter of 2022, access to this key sales market for LPKF was limited. This also led to global bottlenecks in materials supply and logistics that continue to have an impact today. The global challenges to the availability of electronic components persist. In addition, there are further economic uncertainties due to the war in Ukraine and the supply situation for energy sources. LPKF closely monitors macroeconomic developments because they can have a significant impact on general economic development, the demand situation and the supply situation.

From the Management Board's perspective, key drivers of long-term growth such as LIDE, the new Tensor technology and ARRALYZE, as well as the expansion of the customer and technology base in the Solar segment, were successfully driven forward. For example, several LIDE systems in the semiconductor area were commissioned for series production and deliveries for display production were started. The high demand for Tensor technology has already resulted in good incoming orders since the sales launch in the spring.

Despite the economic challenges, LPKF closed the first nine months with a 44.1 % increase in turnover and a positive result of EUR 2.5 million (previous year EUR -5.2 million).

The order figures of the Development, Electronics and Welding business units are developing at a steady level. The Solar business unit is characterized by large orders from individual customers, resulting in order peaks in the course of the year. The Management Board sees a clearly positive trend in Solar and expects further orders.

The Management Board is monitoring the current order situation and development of the individual market segments very closely, especially in view of the unclear overall economic outlook from the changed market environment and supply situation.

## 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 September 2022.

## 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 2021. These explanations continue to apply unchanged.

From the Company's perspective, there are currently no risks that could jeopardize the continued existence of the Company, and no risks that could jeopardize the continued existence of the Company are currently discernible for the future. The war in Ukraine and the

energy crisis are impacting the general global economic situation, which is why a recession is expected in Europe in particular. Inflationary cost increases generally represent a risk, but so far they can be passed on to customers in almost all areas. Problems with material availability and logistics can lead to delays in individual projects. LPKF reduces this risk as far as possible by acting with foresight in the procurement market and by deliberately increasing inventories. The company also considers itself well equipped for the scenario of a recession, with positive market trends and good demand for its products currently continuing to prevail.

The current situation also creates opportunities for LPKF. The trend towards relocating global production capacities out of parts of Asia makes it necessary to build new production capacities and can open up additional opportunities.

## 5 REPORT ON EXPECTED DEVELOPMENTS

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

#### **General conditions**

The Ukraine war, the ongoing situation regarding the general supply of materials and high inflation have led to economic uncertainty. Financial conditions have deteriorated after central banks tightened their policies, in some cases significantly. In China, the strict zero-covid policy and problems in the real estate sector are slowing economic activity. Against this background, the outlook for the global economy has deteriorated further. The Institute for the World Economy (IfW) has again lowered its June 2022 forecasts for the development of the global economy. For 2022, the institute now expects only a moderate increase in output of 2.9%. In 2023, output is then expected to reach 2.2%.

Gross domestic product in the major advanced economies virtually stagnated in the first half of the year. For the largest economy, the USA, GDP is expected to be 1.9% in the current year and -0.1% next year. The figures for the euro zone look somewhat better. The IfW forecasts 3.0% growth for 2022 and -0.1% for 2023. For Germany, the IfW expects an increase of 1.4% in 2022 and a decline of -0.7% in 2023.

For the emerging economies, the IfW expects growth of 3.3% in 2022 and 4.0% in 2023. However, at 2.9 % and 5.3 %, the expectations for China, the country of relevance here, are below the Chinese average of recent years.

LPKF's Board of Managing Directors sees a significant risk of recession, particularly in Western Europe, due to the uncertain economic situation, supply bottlenecks and rising energy costs.

#### **Development of the Group**

LPKF assumes that COVID-19 will only have a partial impact on the global economy.

The company is expecting that key customer industries will continue to face challenges and general economic uncertainty. Nevertheless, LPKF does expect conditions to improve in the 2022 financial year compared to previous years, also based on the order situation and the

future order pipeline. This applies in particular to business areas that are benefiting from increasing digitalization in business and industry and technologies that help customers to produce in a more resource-conserving or energy-efficient manner. Bottlenecks in the procurement of electronic components and in logistics continue to lead to increased logistics expenses and can delay individual deliveries.

The strategic focus of LPKF Laser & Electronics AG is on the development of innovative technologies that have the potential to bring about lasting changes to products, components and production in the electronics, semiconductor, solar and other industries.

Thanks to the strategic and operational measures that the Management Board has successfully implemented in recent years, the company today is financially stable and sustainably profitable. LPKF is able to expand its business activities further by focusing even more strongly on the needs of markets and customers. Investments in the development of new technologies and applications are being fully implemented. The Group's increased diversification in recent years has significantly reduced its dependence on individual market segments and customers.

The Management Board still sees great potential to increase the company's revenue and earnings. This potential arises from the technologies that LPKF has mastered, its ability to integrate them into high-performance solutions, and the extraordinary expertise of its employees, as well as the resulting value added for customers. However, it is difficult today to predict the temporal and monetary development of individual segments and solutions. Different industries and regions of the world are exposed to a variety of challenges, which creates uncertainty regarding investment behavior.

The Management Board anticipates the following developments in the future:

- Megatrends such as miniaturization, connectivity and carbon neutrality production methods will help to establish the laser as a dominant tool.
- Demand among customers for efficient, laser-based solutions for the manufacture of components and products will remain high. The number of applications will grow. New product developments and sales channels will be established.
- Green Energy will continue to gain importance and increase demand for efficient solar modules.
- LIDE technology will be used for series production, e.g. in the semiconductor, display and other industries, where it will become permanently established as a key technology.
- ARRALYZE technology will experience growing interest due to its innovative process as well as the megatrend of an aging population.

LPKF assumes that its technologies for the production of innovative and sustainable products in the electronics, semiconductor and solar industries will continue to create value for its customers. A large proportion of the company's revenue is dependent on customers who want to introduce new products or manufacturing technologies and require laser technology

from LPKF to do so. In particular, solutions such as the innovative Tensor technology will allow lasers to be used in the future in areas that are currently dominated by mechanical solutions. The part of our business that is based on introducing innovations to customers or promoting green energy should take place on schedule or, in the worst case, with a delay. Pure customer capacity expansions, on the other hand, which have already contributed only to a smaller extent to the Group's sales in the last 2 years, are dependent on short- and medium-term demand from end customers and the economic environment.

The Management Board will continue to drive forward the company's growth with targeted measures, even during challenging circumstances:

- LPKF will continue to invest in technological development to expand its leading position in laser micromaterial processing. In doing so, the company will address the specific parameters that drive economic success of its customers, thereby creating a tangible competitive advantage for them.
- LPKF will specifically drive forward technologies that help customers save resources and produce more energy-efficiently.
- LIDE technology will be expanded further and its establishment in various application areas will be ramped up.
- The ARRALYZE technology platform will be evaluated with beta customers from biological and medical research and industry.
- The company will strengthen its sales activities and further expand its market penetration in the individual segments.
- After-sales service will be further expanded as an additional growth platform.
- The Management Board is planning a strategy and efficiency program to help achieve the targets set even faster and deploy the resources required to achieve them more efficiently.
- The Management Board will also target potential growth through M&A activities, but only where the value enhancement generated by these activities can be clearly identified.

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

## Key figures

Fiscal year 2022

Against the backdrop of the current political and economic environment, the ability to plan and predict the development of LPKF's business is significantly limited in most of its business areas. In the current uncertain environment, LPKF expects consolidated revenue of EUR 117 - 127 million and an EBIT margin of between 2 % - 7 % in the 2022 financial year.

In the medium term, the Management Board's aspiration is to achieve attractive average growth in the core business, low triple-digit million turnover in the new business segments and an attractive double-digit EBIT margin given the company's extensive core competencies.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 SEPTEMBER 2022

in EUR thousand	01-09 / 2022	01-09 / 2021
Revenue	86,798	60,236
Changes in inventories of finished goods and work in progress	-748	6,306
Other own work capitalized	4,921	4,502
Other income	2,819	2,335
Cost of materials	-29,538	-24,812
Staff costs	-37,682	-33,229
Depreciation and amortization	-6,288	-5,651
Impairment expenses (including reversals) on financial assets and contract assets	-49	-96
Other expenses	-17,708	-14,789
<b>Operating Result (EBIT)</b>	<b>2,525</b>	<b>-5,198</b>
Finance income	23	4
Finance costs	-241	-176
<b>Earnings before tax</b>	<b>2,307</b>	<b>-5,370</b>
Income taxes	-679	1,568
<b>Consolidated net profit/loss</b>	<b>1,628</b>	<b>-3,802</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Revaluations of defined benefit plans	0	0
Tax effects	0	0
<b>Items that will be reclassified to profit or loss</b>		
Currency translation differences	1,388	1,238
<b>Other comprehensive income after taxes</b>	<b>1,388</b>	<b>1,238</b>
<b>Total comprehensive income</b>	<b>3,016</b>	<b>-2,564</b>
in EUR thousand		
Earning per share (basic)	0.07	-0.15
Earning per share (diluted)	0.07	-0.15



**FROM 1 JULY TO 30 SEPTEMBER 2022**

in EUR thousand	<b>07-09 / 2022</b>	07-09 / 2021
Revenue	31,254	23,876
Changes in inventories of finished goods and work in progress	-419	1,635
Other own work capitalized	1,814	1,332
Other income	1,259	495
Cost of materials	-11,874	-9,127
Staff costs	-12,452	-10,171
Depreciation and amortization	-2,246	-1,883
Impairment expenses (including reversals) on financial assets and contract assets	-20	30
Other expenses	-6,489	-5,492
<b>Operating Result (EBIT)</b>	<b>827</b>	<b>695</b>
Finance income	5	1
Finance costs	-93	-60
<b>Earnings before tax</b>	<b>739</b>	<b>636</b>
Income taxes	-219	-186
<b>Consolidated net profit/loss</b>	<b>520</b>	<b>450</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Revaluations of defined benefit plans	0	0
Tax effects	0	0
<b>Items that will be reclassified to profit or loss</b>		
Currency translation differences	483	496
<b>Other comprehensive income after taxes</b>	<b>483</b>	<b>496</b>
<b>Total comprehensive income</b>	<b>1,003</b>	<b>946</b>
in EUR thousand		
Earning per share (basic)	0.02	0.02
Earning per share (diluted)	0.02	0.02

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS OF 30 SEPTEMBER 2022

in EUR thousand	<b>09/30/ 2022</b>	12/31/ 2021
<b>ASSETS</b>		
Intangible assets and goodwill	20,456	19,072
Property, plant and equipment	45,498	46,317
Trade receivables	67	696
Other non-financial assets	182	181
Deferred tax assets	2,914	2,766
<b>Non-current assets</b>	<b>69,117</b>	<b>69,032</b>
Inventories	33,628	28,536
Trade receivables	23,776	16,486
Income tax receivables	545	1,511
Other financial assets	0	13
Other non-financial assets	2,744	1,495
Cash and cash equivalents	4,772	15,167
<b>Current assets</b>	<b>65,465</b>	<b>63,208</b>
<b>Total assets</b>	<b>134,582</b>	<b>132,240</b>

in EUR thousand	<b>09/30/ 2022</b>	12/31/ 2021
<b>EQUITY</b>		
Subscribed capital	24,497	24,497
Capital reserve	15,463	15,463
Other reserves	13,409	12,021
Net retained profits	41,850	40,222
<b>Equity</b>	<b>95,219</b>	<b>92,203</b>
<b>LIABILITIES</b>		
Provisions for pensions and similar obligations	363	370
Other financial liabilities	1,544	2,630
Deferred income	522	676
Contract liabilities	170	141
Other provisions	99	68
Deferred tax liabilities	196	327
<b>Non-current liabilities</b>	<b>2,894</b>	<b>4,212</b>
Other provisions	3,870	2,270
Other financial liabilities	8,943	2,568
Trade payables	4,906	7,213
Contract liabilities	12,509	19,081
Other non-financial liabilities	6,241	4,693
<b>Current liabilities</b>	<b>36,469</b>	<b>35,825</b>
<b>Liabilities</b>	<b>39,363</b>	<b>40,037</b>
<b>Total equity and liabilities</b>	<b>134,582</b>	<b>132,240</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### AS OF 30 SEPTEMBER 2022

in EUR thousand	Subscribed capital	Capital reserve	Other retained earnings
<b>As of 01/01/2022</b>	24,497	15,463	10,529
Consolidated net profit/loss			
Other comprehensive income after taxes			
<b>Total comprehensive income</b>	0	0	0
<b>Transactions with shareholders</b>			
<b>As of 09/30/2022</b>	24,497	15,463	10,529

in EUR thousand	Subscribed capital	Capital reserve	Other retained earnings
<b>As of 01/01/2021</b>	24,497	15,463	10,529
Consolidated net profit/loss			
Other comprehensive income after taxes			
<b>Total comprehensive income</b>	0	0	0
<b>Transactions with shareholders</b>			
Use of authorized capital			
<b>As of 09/30/2021</b>	24,497	15,463	10,529

Other  
reserves

	Revaluations of defined benefit plans	Share-based payment reserve	Foreign currency translation reserve	Net retained profits	<b>Total equity</b>
	-276	490	1,278	40,222	92,203
				1,628	1,628
	0		1,388		1,388
	0	0	1,388	1,628	3,016
	-276	490	2,666	41,850	95,219

Other  
reserves

	Revaluations of defined benefit plans	Share-based payment reserve	Foreign currency translation reserve	Net retained profits	<b>Total equity</b>
	-361	490	-492	42,786	92,912
				-3,802	-3,802
	0		1,238		1,238
	0	0	1,238	-3,802	-2,564
				-2,450	-2,450
	-361	490	746	36,534	87,898

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FROM 1 JANUARY TO 30 SEPTEMBER 2022

in EUR thousand	01-09 / 2022	01-09 / 2021
<b>Cash flow from operating activities</b>		
Consolidated net profit/loss	1,628	-3,802
Adjustments:		
Tax expenses	679	-1,568
Financial expenses	241	176
Financial income	-23	-4
Depreciation/amortization of non-current assets	6,288	5,651
Gains/losses on the disposal of property, plant and equipment	0	-5
Impairment losses/reversals	821	707
Other non-cash expenses and income	-113	-233
Changes:		
Inventories	-5,431	-9,766
Trade receivables	-6,217	-3,491
Other assets	-1,226	448
Provisions	1,586	-97
Trade payables	-2,335	-2,638
Other liabilities	-5,492	11,086
Other:		
Interest received	23	4
Income taxes refund (paid)	42	-1,604
<b>Cash flow from operating activities</b>	<b>-9,529</b>	<b>-5,136</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets	-4,811	-4,144
Investments in property, plant and equipment	-1,433	-2,025
Revenue from the disposal of assets	72	14
<b>Cash flow from investing activities</b>	<b>-6,172</b>	<b>-6,155</b>

in EUR thousand	<b>01-09 / 2022</b>	01-09 / 2021
Cash flow from financing activities		
Dividends paid	0	-2,450
Interest paid	-242	-175
Payments of lease liabilities	-583	-549
Proceeds from (financial) borrowings	12,216	1,604
Payments for repaying loans	-6,724	-2,967
<b>Cash flow from financing activities</b>	<b>4,667</b>	<b>-4,537</b>
Change in cash and cash equivalents		
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-11,034</b>	<b>-15,828</b>
Cash and cash equivalents as of 1 January	15,167	20,074
Effects of exchange rate changes on cash and cash equivalents	639	692
<b>Cash and cash equivalents as of end of reporting period</b>	<b>4,772</b>	<b>4,938</b>

## NOTES ON THE PREPARATION OF THE QUARTERLY FINANCIAL REPORT

This financial report as of 30 September 2022 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

The scope of consolidation shown on page 86 of the Annual Report for 2020 remains unchanged.

Name	Registered office	Equity interest in %
<b>Full consolidation</b>		
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 (Hong Kong) Ltd. was closed to streamline and simplify the Group's structures. The operating business had already been transferred to other Group companies in previous years. The company was finally deleted from the local register with the announcement on March 25, 2022. In January 2022, LPKF (Shanghai) Trading Co., Ltd. was



founded with its registered office in Shanghai, China. In October, the company was renamed LPKF Shanghai Co.,Ltd. It will replace the company LPKF (Tianjin) Co. Ltd. in the medium term.

### **Transactions with related parties**

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

Garbsen, 27th October 2022

LPKF Laser & Electronics Aktiengesellschaft

The Management Board



Dr. Klaus Fiedler  
Chief Executive Officer



Christian Witt  
Chief Financial Officer

## FINANCIAL CALENDAR

23 March 2023	Publication of the Annual Report
27 April 2023	Publication of the three-months report
17 May 2023	Annual General Meeting
27 July 2023	Publication of the six-months report
26 October 2023	Publication of the nine-months report

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For more information on LPKF Laser & Electronics AG and the addresses of our subsidiaries, please go to [www.lpkf.com](http://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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