Half-yearly Financial Report

1 JANUARY - 30 JUNE 2021

LPKF Laser & Electronics

CONTENT

AT A GLANCE

LPKF Laser & Electronics AG

Key Group figures after 6 months 2021

	6 Months 2021	6 Months 2020
Revenue (Mio. EUR)	36.4	50.0
EBIT (Mio. EUR)	-5.9	2.8
EBIT margin (%)	-16.2	5.7
Free Cash Flow (Mio. EUR)	-8.3	-12.4
EPS, diluted (EUR)	-0.17	0.08
Incoming orders (Mio. EUR)	51.7	39.6

	As of 06/30/2021	As of 06/30/2020
Net working capital (Mio. EUR)	22.9	26.7
Equity ratio (%)	72.0	75.1
Orders on hand (Mio. EUR)	53.6	21.9
Employees	716	683

Segments and markets

DEVELOPMENT

Systems for printed circuit board development and research

WELDING

Systems for plastics welding

ELECTRONICS

Systems for electronics production and the manufacture of glass components

SOLAR

Systems for the production of solar cells and for Laser Transfer Printing

LETTER TO OUR SHAREHOLDERS

Garbsen, July 29th, 2021

Ladies and Gentlemen,

As Chief Financial Officer, I am happy to report the business performance at LPKF Laser & Electronics AG in the first half of 2021.

As announced at the beginning of the year, we expected a weak first half of 2021 and a significantly stronger second half of the year. After six months, revenue and earnings were well below the figures for the same period last year. The order situation improved considerably in the second quarter and is a good basis for the planned higher revenue in the second half of the year.

The 27% drop in revenue to EUR 36.4 million in the first half of the year was characterized by the timing of our project business in the Solar segment. Deliveries of orders in this segment will begin in the second half of the year and will take place predominantly in the fourth quarter, as agreed with the customer. However, we did not succeed in compensating for this effect through growth in the other segments. That is not satisfactory.

At EUR 30.2 million, incoming orders in the second quarter of 2021 were up 69% compared with the second quarter of 2020, resulting in a book-to-bill ratio of 1.5. The order backlog grew by 145% year-on-year and reached EUR 53.6 million as of 30 June 2021. This development is an important prerequisite for the expected growth in the current year and beyond.

We are also seeing good momentum in individual segments. In the Welding segment, the sales initiatives of the last few years are paying off. Here, we have not only increased revenue by 7.8% in the second quarter, but also more than doubled incoming orders. In recent months, we have succeeded in attracting new international customers with innovative applications for our laser plastic welding systems. Key areas include medical technology and electric vehicles.

In the LIDE (Laser Induced Deep Etching) business, we have made important progress in the market launch as well as in further development of applications. Two months ago, we received and announced a follow-up order from the semiconductor industry. After a qualification phase, a world-leading chip manufacturer has ordered further LIDE systems to launch volume production. With this first, sophisticated use of our LIDE systems in series production, we have reached an important milestone. We are convinced that LIDE technology will enable glass to be used as a material for high-tech industry and lead to profound changes both in production processes and in the quality of the end products. Solely in relation to the time schedule we must note that the amount of time taken for evaluation and introduction varies depending on the customer and application.

In the Solar segment, we are working closely with our customers on projects to increase their capacities.

As a result of the corona pandemic, our business with systems for research and development is currently still subdued because in some cases, employees at research institutions are yet to return to the laboratories. We are working proactively with our customers to make up for these effects in the course of the year, to the extent possible.

LPKF responded to the increasing tension in the procurement market and in logistics at an early stage and is having material delivered as early as possible in order to avoid supply and logistics bottlenecks in the second half of the year.

As far as protecting our employees is concerned, we are continuing to monitor case rates very carefully. Our precautionary measures are kept under constant review and adapted to the current situation. In June, we offered our employees in Germany vaccination through our company doctor, which was met with a very positive response. We will continue to do everything we can to protect our employees and successfully maintain business operations.

We are also continuing to develop as a company in other important areas: We have launched projects for (even) more sustainable products, for an improved supplier management with respect to ESG standards, and for further CO2 reductions. Our business is already sustainable today - in our products and the way we work - and we want to improve this further in the future. Our employees are strongly committed to this above and beyond their normal duties. I personally appreciate this commitment and involvement very much.

For the second half of the year – regarding the order situation – we foresee the company experiencing significant growth again. The scheduled delivery of the solar orders that we have on hand will contribute to that. Furthermore, we also expect to return to profitable growth in the other segments.

For the third quarter of 2021, we anticipate revenue of between EUR 30 million and EUR 35 million and EBIT of EUR 3 million to EUR 7 million.

For the current financial year, we expect revenue growth of between 15% and 25% to consolidated revenue of between EUR 110 million and EUR 120 million, assuming moderate overall economic growth. The EBIT margin is expected to be between 10% and 13%.

Going forward, we continue to expect sustainable, profitable growth in all segments in the coming years, and are confirming our medium-term outlook.

In the current situation, LPKF is operationally and strategically well positioned. Our megatrends – miniaturization, digitalization, and clean production – are sound and in fact gathering speed. The company is financially stable, and we are continuing to invest in development projects and their implementation with our customers, thereby laying the foundations for our success in the future.

Best regards,

Christian Witt

Chief Financial Officer

INTERIM MANAGEMENT REPORT AS OF 30 JUNE 2021

1 BASIC INFORMATION ON THE GROUP

The basic information on the LPKF Group in the combined management and Group management report for 2020 continues to apply unchanged.

2 REPORT ON ECONOMIC POSITION

2.1 COURSE OF BUSINESS

Sector-specific environment

In addition to the macroeconomic environment, the business performance of LPKF Laser & Electronics AG is influenced by the development of individual sectors. These include the electronics industry and consumer electronics in particular, the automotive industry, the solar industry and the plastics sector. Developments in these sectors in the first half of 2021 are discussed below.

In the electronics industry, global sales of smartphones increased significantly (by 26%) in the first quarter of 2021 according to Gartner. For the year as a whole, analysts are expecting an increase of 12%, which would more or less mean a return to the level recorded before the coronavirus crisis. Reasons for the strong recovery include pent-up demand and the increasingly widespread adoption of 5G technology.

According to the German Association of the Automotive Industry, the international automotive markets performed positively in the first quarter of 2021 compared with the previous year, which was characterized by the pandemic. Sales rose by almost 1% in Europe, 11.3% in the USA and by as much as 75.6% in China due to its strict lockdown in the first quarter of 2020. However, a comparison with 2019, the year before the pandemic, shows that there is still a considerable amount of catching up to do to return to pre-crisis levels.

In the solar industry, IHS Markit is expecting significant global growth (27%) in installed output for the current year. It is reporting that leading module manufacturers have sold out in the first half of 2021. Electricity generation from PV systems is following the general global trend toward renewable energies.

The German plastics sector recorded revenue growth of 8% in the first four months of 2021. Incoming orders rose by 92%. For 2021 as a whole, the German Mechanical Engineering Industry Association (VDMA) is forecasting an increase in revenue of around 10% for the plastics industry. According to IHS Markit, demand for new lightweight materials in automotive manufacturing and new applications in medical technology and electrical engineering are contributing to a further increase in global plastic consumption.

The VDMA is reporting that production in the German mechanical and plant engineering sector rose by 6% in the first four months of 2021. An increase in production of 10% to around

EUR 221 billion is expected by the end of 2021. In 2019, prior to the pandemic, the value was EUR 226 billion.

Effects on the LPKF Group

Although the coronavirus situation improved considerably in many areas in the second quarter of the current year, the effects of the pandemic continue to be felt by all the company's locations as well as its customers and partners. Since the outbreak of the pandemic, nobody at any of LPKF’s locations has been infected and business operations have continued without any restrictions or interruptions. The Management Board continues to do everything in its power – across the whole company – to protect employees, continue to serve its customers as effectively as possible and minimize the financial impact.

Following the recession, Germany and other countries that are important markets for LPKF are already experiencing an upswing in some sectors which is likely to continue in the following months. Incoming orders and the pipeline of sales projects in the LPKF Group segments are showing a tangible increase in demand to varying extents.

As the supply and logistics bottlenecks are expected to intensify further in the second half of the year, LPKF has already begun to procure and organize delivery of components that will be required up to the end of the year.

The further course of this recovery and the extent to which bottlenecks affect suppliers and logistics will be decisive for the current financial year. LPKF has taken appropriate measures to prepare itself for this as well as possible.

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

Results of operations

In the first half of 2021, the LPKF Group generated revenue of EUR 36.4 million, down 27.2% year-on-year (first half of 2020: EUR 50.0 million). The decrease is attributable mainly to the Solar segment (EUR -12.1 million), which, as expected, did not generate any significant revenue in the first half of the year. The Welding (EUR -0.3 million) and Development (EUR -0.2 million) segments were roughly on a par with the previous year, while the Electronics segment showed a slight drop in revenue compared with the previous year's figure (EUR -1.0 million).

In the second quarter, the revenues for the segments were below those of the previous year, although the Welding segment achieved a small increase in revenue (+7.8%). Besides the expected slump in the Solar segment (-82.8%), revenues also fell in the Electronics (-15.0%) and Development (-8.1%) segments. The revenue of the Group as a whole was 34.1% below the second quarter of the previous year.

The lower revenue in the first six months resulted in negative EBIT (earnings before interest and taxes) of EUR 5.9 million (previous year: EUR 2.8 million). At the same time, EBIT was EUR -1.7 million (previous year: EUR 5.2 million) in the second quarter. This corresponds to an improvement of EUR 2.4 million on the previous quarter.

As of 30 June 2021, the orders on hand amounted to EUR 53.6 million, 145 % above the previous year's figure of EUR 21.9 million. In the current financial year, significant existing orders in the Solar segment will not be delivered until the second half of the year, as agreed.

At EUR 51.7 million, incoming orders were well above the previous year's level of EUR 39.6 million. In the second quarter, LPKF secured a follow-up order from the semiconductor industry that will see the LIDE process used in volume production by a world-leading chip manufacturer for the first time. The order will primarily be reflected in the revenue figures in 2022. Overall, incoming orders were up year-on-year in all segments, but especially in the Electronics and Welding segments. The book-to-bill ratio is 1.4, i.e. the sum of incoming orders in the first half of the year is greater than the sum of revenue.

Own work capitalized includes EUR 2.7 million in development costs for products and software (previous year: EUR 2.4 million). At EUR 1.8 million, other income was higher than in the previous year (EUR 1.3 million). The year-on-year increase has primarily resulted from higher grants for development services (EUR +0.4 million).

At 30 %, the material cost ratio was below the previous year's figure of 35 %, due mainly to the product mix.

As of 30 June 2021, 716 people were employed by the LPKF Group, 33 more than on 30 June 2020. The increase in the number of employees is attributable mainly to development for LIDE and software. At EUR 23.1 million, staff costs in the reporting period were up on the previous year (EUR 21.3 million). The rise is due to the increase in the workforce, additions to personnel provisions and a special coronavirus payment of EUR 0.4 million, which was paid to employees in February and May. The use of short-time work reduced staff costs by EUR 0.4 million in the first six months of 2021. No further use of short-time working has been made at German locations since 1 May.

Depreciation and amortization were on a par with the previous year's figure at EUR 3.8 million in the reporting period. Of this amount, EUR 1.8 million was attributable to depreciation and amortization from company-produced additions to assets (previous year: EUR 1.6 million). At EUR 9.3 million, other operating expenses were up on the previous year's figure of EUR 8.6 million. This increase was due chiefly to higher expenditure on third-party work and temporary worker expenses (EUR +0.4 million), a rise in legal and consulting expenses (EUR +0.2 million) as well as expenses from exchange losses (EUR +0.2 million). Sales commissions as well as travel and entertainment expenses each saw a reduction of EUR 0.2 million compared with the previous year's figures.

Thanks to the continued positive net liquidity position, no interest expenses were incurred for short-term credit. Consolidated net profit after interest and taxes amounted to EUR -4.3 million (previous year: EUR 2.0 million).

Financial position

The Group's cash and cash equivalents dropped from EUR 20.1 million as of 31.12.2020 to EUR 8.4 million.

At EUR -4.0 million, cash flow from operating activities was in negative territory in the six-month period, but was up on the previous year's figure (EUR -6.9 million). The negative cash flow from operating activities for the reporting period is attributable primarily to the consolidated net loss as well as an increase in net working capital.

Although LPKF was able to reduce operating loss in the second quarter compared with the first quarter of 2021, the outflow of cash was greater than in the previous quarter because the Group deliberately built up inventory to guarantee upcoming deliveries. Furthermore, the Group doubled its investments – from EUR 1.4 million to EUR 2.8 million – compared with the first quarter.

Following negative cash flow of EUR -4.2 million from investing activities in the six-month period (previous year: EUR -5.5 million), there was free cash flow of EUR -8.3 million (previous year: EUR -12.4 million). The dividends paid out, scheduled repayments of long-term loans and repayments of lease liabilities resulted in negative cash flow from financing activities of EUR -3.8 million (previous year: EUR -4.0 million).

The LPKF Group has the necessary funds for investments and further growth, comprising cash and cash equivalents and the available credit facilities. In the first six months of 2021, as in the 2020 financial year, the company did not take any public funds from the German government's economic stimulus packages, and is also not planning to for the remainder of the financial year and beyond.

Net assets

Analysis of net assets and capital structure

Compared with 31.12.2020, non-current assets increased by EUR 3.9 million to EUR 70.1 million. The change is due primarily to an increase in deferred tax assets of EUR 2.5 million as well as due to capitalized development costs (EUR +0.9 million).

Trade receivables dropped by EUR 0.7 million to EUR 12.5 million during the reporting period. Inventories increased by EUR 7.0 million to EUR 26.8 million. This is based on a deliberate build-up of inventory to guarantee upcoming deliveries. Cash decreased by EUR 11.7 million to EUR 8.4 million as of 30.06.2021. In total, current assets fell by EUR 4.8 million to EUR 50.6 million.

Net working capital rose from EUR 20.5 million on 31 December 2020 to EUR 22.9 million on 30 June 2021. Inventories increased by EUR 7.0 million, while receivables reduced by EUR 0.7 million. Liabilities decreased by EUR 2.7 million, while advance payments received for customer projects rose by EUR 6.6 million.

The equity ratio dropped from 76.4% at the end of 2020 to 72.0 % as of 30 June 2021.

Non-current liabilities declined by EUR 0.4 million due to the scheduled repayment of loans. Current liabilities recorded an increase of EUR 5.5 million, which was particularly due to advance payments received for customer projects (EUR +6.6 million) with a simultaneous reduction in trade payables of EUR 2.7 million as of the reporting date. In addition, other liabilities increased by EUR 1.4 million.

Beyond this, the structure of the statement of financial position has not changed significantly.

Capital expenditure

Compared with the previous year, the Group engaged in less capital expenditure in the first six months of the year. Investments in property, plant and equipment, above all in the LIDE production unit at the Garbsen location, amounted to EUR 1.4 million, with additions to capitalized development costs at EUR 2.7 million.

Segment performance

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

	Revenue		EBIT	
in Mio. EUR	**6 Months 2021**	6 Months 2020	**6 Months 2021**	6 Months 2020
Electronics	14.4	15.4	-1.0	1.0
Development	9.6	9.8	0.0	0.6
Welding	9.3	9.6	-1.3	-1.5
Solar	3.1	15.2	-3.6	2.7
Total	**36.4**	50.0	**-5.9**	2.8

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 2021:

Area	**06/30/ 2021**	12/31 2020
Production	167	162
Sales	137	132
Development	164	148
Service	98	98
Administration	150	149
Total	**716**	689

The total number of employees as of 30.06.2021 was 698 full-time equivalents (FTEs), compared with 669 FTEs at the end of 2020. The increase is attributable mainly to development in the LIDE segment and in software.

2.4 OVERALL ASSESSMENT OF THE GROUP'S ECONOMIC SITUATION

As expected, LPKF has generated far less revenue in the first half of the year compared with the previous year. The Solar segment, which did not generate any significant revenue in the first half of 2021, was the decisive factor in this development. Significant existing orders for Solar systems will be delivered in the second half of the year, as agreed with the customer.

The order situation has improved considerably. As of 30 June 2021, the orders on hand amounted to EUR 53.6 million and was thus 145 % above the previous year's figure of EUR 21.9 million. At EUR 51.7 million, incoming orders were also above the previous year's level of EUR 39.6 million.

In particular, the follow-up order from the semiconductor industry in the LIDE segment is game-changing for LPKF, as an international customer in a demanding key industry is commencing series production with LIDE in the next year.

Overall, there is still a strong interest in LPKF's solutions.

3 SUBSEQUENT EVENTS

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 2021.

4 OPPORTUNITIES AND RISKS

In the combined management report and Group management report for 2020, the opportunities and risks of the LPKF Group are presented and explained in detail in separate reports. These explanations continue to apply unchanged.

The company does not see any risks that jeopardize its continued existence at present, and no such risks for the future can currently be identified.

5 REPORT ON EXPECTED DEVELOPMENTS

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

Economic environment

Following the historic decrease caused by the global pandemic last year, the global economy developed positively in the first few months of 2021. The consequences of the pandemic mostly affected the service industry. In its latest forecast, the Kiel Institute for the World Economy (IfW) is projecting a sharp increase in global gross domestic product of 6.7% for 2021 as a whole and of 4.8% for 2022. The forecast has been revised upwards in the course of the year.

According to the IfW, advanced economies will register growth of 5.7% in the current year and 3.9% in 2022. The International Monetary Fund (IMF) recently upgraded its forecast for the USA to 7.0% for the current year and 4.9% in 2022. The IfW is expecting the economic output of the eurozone to increase by 5.3% in 2021 and by 4.4% in 2022.

In Germany, economic output is expected to rise by 3.9% in 2021 and by 4.9% in 2022. The reason for the higher growth rate next year is that supply shortages are curbing performance in the current year.

For the emerging economies, the IfW has reduced growth rates slightly, with 7.6% now anticipated in 2021 and 5.5% in 2022. China and India will be the driving forces behind this growth. After economic activity in China already started to pick up over the course of 2020, the IfW is anticipating GDP growth of 8.7% in 2021 and around 5.7% in 2022. After a significant contraction in economic output during 2020, the Indian economy is expected to grow by 11.0% in the current year and by 8.6% in 2022.

Group performance

Looking to the future, LPKF does not expect COVID-19 to have a lasting impact on the global economy. A marked recovery in the global economy has already materialized and should also continue next year. On the whole, the Management Board anticipates moderate overall economic growth in global GDP in the current year. A resurgence in the pandemic, supply shortages as a result of high demand or due to disruption in international logistics chains as well as price increases could hold back the economic recovery.

The company is expecting key customer industries to continue to face challenges in connection with COVID-19 and sector-specific structural changes. Nevertheless, LPKF does expect conditions to improve in the current financial year. This applies in particular to business areas that are benefiting from the advancing digitalization of the economy and industry, which is helping customers to make their production operations more efficient in terms of energy and resources.

The strategic focus of LPKF Laser & Electronics AG is on the development of innovative technologies that have the potential to sustainably change products, components and production in the electronics and semiconductor industries and beyond.

Investments in the development of new technologies and applications are still being fully implemented despite the coronavirus crisis. The Group's significantly increased diversification in recent years has reduced its dependence on individual market segments and customers. In recent years, LPKF has achieved significant, sustainable growth beyond its major customers, thus diminishing its dependence on individual customers.

The Management Board still sees significant potential to increase the company's revenue and earnings. This potential arises from the technologies that LPKF has mastered, its ability to integrate them in high-performance solutions, the extraordinary expertise of its employees and the resulting value contribution for its customers.

The Management Board anticipates the following developments for the future:

- Megatrends such as miniaturization, digitalization and clean production methods will help to establish the laser as a dominant tool. These trends has the potential to be reinforced further by the COVID-19 pandemic.

- Demand among customers for efficient, laser-based solutions for the production of components and products will remain high. The number of applications will grow. New product developments and sales channels will be established.
- LIDE technology will be used for the first time for volume manufacturing, e.g. in the semiconductor, display and other industries and will be established permanently as a key technology.
- Green energy will continue to gain in importance and increase the demand for efficient solar modules.

LPKF assumes that the company's technologies will continue to be required to produce innovative and sustainable products in the electronics, semiconductor, automotive and solar industries. A large proportion of the company's revenue is dependent on customers who want to introduce new products or production technologies and require LPKF's laser technology to do so. This business is expected to take place as planned or with delays in the worst-case scenario. Pure customer capacity expansions, on the other hand, are also dependent on the general situation in the relevant industry. As a result, LPKF expects economic activity to pick up here as the availability of semiconductor components improves.

The Management Board will continue to drive forward the company's growth through targeted measures.

- LPKF will continue to invest in technological development to extend its leading position in laser-based micromaterial processing. In doing so, the company will address the specific parameters that drive financial success for its customers, thereby creating a tangible competitive advantage for customers of LPKF.
- LPKF will specifically drive the development of technologies that help customers to conserve resources and make their production operations more energy-efficient.
- The establishment of various applications will continue to be expanded.
- The company will ramp up its sales activities and continue to build up market penetration in the individual segments.
- After-sales service will be further expanded as an additional growth platform.

LPKF as a company will retain its agility and flexibility so that it is able to respond quickly to a range of macroeconomic developments. Overall, LPKF expects further profitable growth in the medium term, even in a volatile economic environment. The company is – and will remain – in a good financial position, and has the necessary funds for investments and further growth.

Key financial indicators

Revenue reached EUR 36.4 million in the first six months of 2021, and was thus 27% lower than the previous year's figure. This revenue performance resulted in negative EBIT (earnings before interest and taxes) of EUR 5.9 million (previous year: EUR 2.8 million).

As of 30 June 2021, the orders on hand amounted to EUR 53.6 million, 145 % above the previous year's figure of EUR 21.9 million. At EUR 51.7 million, incoming orders were 31% higher than the previous year's level of EUR 39.6 million.

Third quarter of 2021

For the third quarter of 2021, the Management Board is anticipating revenue of between EUR 30 million and EUR 35 million and EBIT of EUR 3 million to EUR 7 million.

2021 financial year

Overall, the company expects moderate macroeconomic growth in the current year. Against this background, LPKF anticipates growth of between 15% and 25% to consolidated revenue of EUR 110 million to EUR 120 million in 2021. The EBIT margin is expected to be between 10% and 13%.

Subsequent years up to 2024

For subsequent years, the company continues to expect sustainable, profitable growth in all segments. Taking into account increasing revenue and earnings contributions from LIDE, LPKF continues to expect consolidated revenue of more than EUR 360 million and an EBIT margin of at least 25% for 2024, with further growth after that.

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, 29 July 2021

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Christian Witt

Britta Schulz

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January to 30 June 2021

in EUR thousand	**01-06 / 2021**	01-06 / 2020
Revenue	36,360	50,001
Changes in inventories of finished goods and work in progress	4,671	2,456
Other own work capitalized	3,171	2,924
Other income	1,840	1,323
Cost of materials	-15,685	-19,979
Staff costs	-23,058	-21,329
Depreciation and amortization	-3,769	-3,701
Impairment expenses (including reversals) on financial assets and contract assets	-125	-216
Other expenses	-9,298	-8,632
Operating Result (EBIT)	**-5,893**	2,847
Finance income	3	5
Finance costs	-116	-118
Earnings before tax	**-6,006**	2,734
Income taxes	1,755	-744
Consolidated net profit/loss	**-4,251**	1,990
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluations of defined benefit plans	0	5
Tax effects	0	0
Items that will be reclassified to profit or loss		
Currency translation differences	741	-115
Other comprehensive income after taxes	**741**	-110
Total comprehensive income	**-3,510**	1,880

in EUR thousand		
Earning per share (basic)	-0.17	0.08
Earning per share (diluted)	-0.17	0.08

FROM 1 APRIL TO 30 JUNE 2021

in EUR thousand	**04-06 / 2021**	04-06 / 2020
Revenue	20,105	30,495
Changes in inventories of finished goods and work in progress	2,296	-2,294
Other own work capitalized	2,083	1,645
Other income	852	669
Cost of materials	-8,323	-8,974
Staff costs	-11,603	-10,273
Depreciation and amortization	-1,901	-1,838
Impairment expenses (including reversals) on financial assets and contract assets	-106	-101
Other expenses	-5,150	-4,115
Operating Result (EBIT)	**-1,747**	5,214
Finance income	1	2
Finance costs	18	-70
Earnings before tax	**-1,728**	5,146
Income taxes	503	-1,385
Consolidated net profit/loss	**-1,225**	3,761
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	-39	-385
Other comprehensive income after taxes	**-39**	-385
Total comprehensive income	**-1,264**	3,376

in EUR thousand		
Earning per share (basic)	-0.05	0.15
Earning per share (diluted)	-0.05	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2021

in EUR thousand	**06/30/ 2021**	12/31/ 2020
ASSETS		
Intangible assets and goodwill	18,274	17,340
Property, plant and equipment	46,183	45,986
Trade receivables	551	262
Other non-financial assets	33	32
Deferred tax assets	5,102	2,627
Non-current assets	**70,143**	66,247
Inventories	26,807	19,845
Trade receivables	11,924	12,937
Income tax receivables	1,222	98
Other financial assets	0	33
Other non-financial assets	2,216	2,421
Cash and cash equivalents	8,448	20,074
Current assets	**50,617**	55,408
Total assets	**120,760**	121,655

in EUR thousand	**06/30/ 2021**	12/31/ 2020
EQUITY		
Subscribed capital	24,497	24,497
Capital reserve	15,463	15,463
Other reserves	10,907	10,166
Net retained profits	36,085	42,786
Equity	**86,952**	92,912
LIABILITIES		
Provisions for pensions and similar obligations	351	358
Other financial liabilities	3,779	4,434
Deferred income	474	492
Contract liabilities	170	215
Other provisions	270	339
Deferred tax liabilities	1,495	1,101
Non-current liabilites	**6,539**	6,939
Other provisions	2,789	2,506
Other financial liabilities	2,512	2,508
Trade payables	4,909	7,629
Contract liabilites	11,286	4,733
Other non-financial liabilities	5,773	4,428
Current liabilities	**27,269**	21,804
Liabilities	**33,808**	28,743
Total equity and liabilities	**120,760**	121,655

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF 30 JUNE 2021

in EUR thousand	Subscribed capital	Capital reserve	Other retained earnings
As of 01/01/2021	24,497	15,463	10,529
Consolidated net profit/loss			
Other comprehensive income after taxes			
Total comprehensive income	0	0	0
Transactions with shareholders			
Use of authorized capital			
As of 06/30/2021	24,497	15,463	10,529

in EUR thousand	Subscribed capital	Capital reserve	Other retained earnings
As of 01/01/2020	24,497	15,463	10,529
Consolidated net profit/loss			
Other comprehensive income after taxes			
Total comprehensive income	0	0	0
Transactions with shareholders			
Use of authorized capital			
As of 06/30/2020	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**
	-361	490	-492	42,786	92,912
				-4,251	-4,251
	0		741		741
	0	0	741	-4,251	-3,510
				-2,450	-2,450
	-361	490	249	36,085	86,952

		Other reserves			
	Revaluations of defined benefit plans	Share-based payment reserve	Foreign currency translation reserve	Net retained profits	**Total equity**
	-335	490	300	39,893	90,837
				1,990	1,990
	5		-113		-108
	5	0	-113	1,990	1,882
				-2,451	-2,451
	-330	490	187	39,432	90,268

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM 1 JANUARY TO 30 JUNE 2021

in EUR thousand	**01-06 / 2021**	01-06 / 2020
Cash flow from operating activities		
Consolidated net profit/loss	-4,251	1,990
Adjustments:		
Tax expenses	-1,754	744
Financial expenses	116	118
Financial income	-3	-5
Depreciation/amortization of non-current assets	3,769	3,701
Gains/losses on the disposal of property, plant and equipment	-5	-5
Impairment losses/reversals	833	-336
Other non-cash expenses and income	1	666
Changes:		
Inventories	-7,463	-3,278
Trade receivables	678	-3,179
Other assets	-729	-393
Provisions	187	-64
Trade payables	-2,737	-1,248
Other liabilities	7,765	-4,259
Other:		
Interest received	3	5
Income taxes refund (paid)	-451	-1,345
Cash flow from operating activities	**-4,041**	-6,888
Cash flow from investing activities		
Investments in intangible assets	-2,800	-3,124
Investments in property, plant and equipment	-1,426	-2,405
Revenue from the disposal of assets	12	5
Cash flow from investing activities	**-4,214**	-5,524

in EUR thousand	**01-06 / 2021**	01-06 / 2020
Cash flow from financing activities		
Dividends paid	-2,450	-2,450
Interest paid	-115	-108
Payments of lease liabilities	-365	-353
Payments for repaying loans	-908	-1,059
Cash flow from financing activities	**-3,838**	-3,970
Change in cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	**-12,093**	-16,382
Cash and cash equivalents as of 1 January	20,074	31,343
Effects of exchange rate changes on cash and cash equivalents	467	-117
Cash and cash equivalents as of end of reporting period	**8,448**	14,845

NOTES ON THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

This financial report as of 30 June 2021 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.

Transactions with related parties

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

Garbsen, 29th July 2021

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Christian Witt

Britta Schulz

FINANCIAL CALENDAR

28 October 2021	Publication of the nine-months report
23 March 2022	Publication of the Annual Report
28 April 2022	Publication of the three-months report
19 May 2022	Annual General Meeting
28 July 2022	Publication of the six-months report
27 October 2022	Publication of the nine-months report

Publishing information

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Disclaimer

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

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