

»» Quarterly Financial Report

1 January - 30 September 2020



» Table of contents

» LPKF Laser & Electronics AG at a glance	3
» Letter from the CEO	4
» Interim Management Report as of 30 September 2020.....	6
1 Basic information on the Group	6
2 Report on economic position	6
2.1 Net assets, financial position and results of operations.....	6
2.1.1 Results of operations.....	6
2.1.2 Financial position.....	7
2.1.3 Net assets	7
2.1.4 Segment performance.....	8
2.2 Employees	8
2.3 Overall assessment of the Group's economic situation.....	9
3 Supplementary report	9
4 Opportunities and risks	9
5 Report on expected developments	10
5.1 Management's assessment of the Group's expected development.....	10
5.1.1 Group performance.....	10
5.1.2 Key financial indicators.....	11
» Consolidated financial statements.....	13
» Financial calendar.....	20
» Publishing information	20

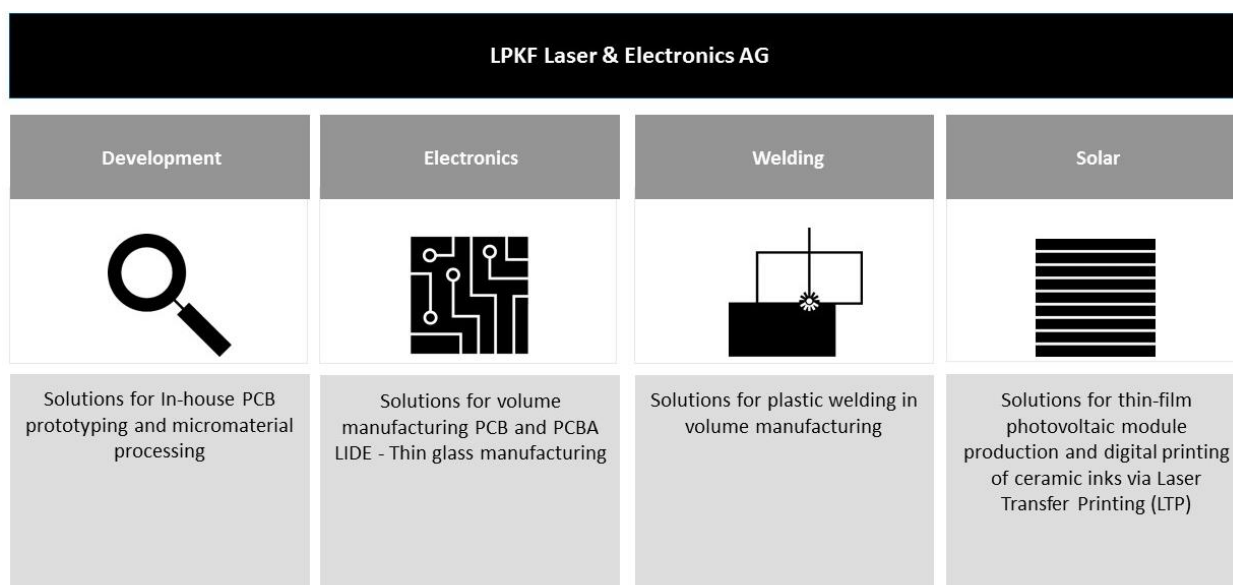
» LPKF Laser & Electronics AG at a glance

Key Group figures after 9 months 2020

	9 months 2020	9 months 2019
Revenue (Mio. €)	75.2	107.5
EBIT (Mio. €)	6.8	15.3
EBIT margin (%)	9.1	14.2
Free Cash Flow (Mio. €)	-13.2	29.1
EPS, diluted (€)	0.20	0.45
Order entry (Mio. €)	65.3	81.3

	As of 30 September 2020	As of 30 September 2019
Net Working Capital (Mio. €)	30.1	27.9
Equity ratio (%)	78.7	68.5
Order backlog (Mio. €)	22.4	32.1
Employees	693	680

Segments and markets



» Letter from the CEO

Garbsen, October 29th, 2020

Ladies and Gentlemen,

I am happy to report the figures for the first nine months of the current financial year.

In spite of lower revenue in line with our forecast, third quarter profitability has increased compared to last year's figure. Driven by our higher operative performance, we have strengthened the basis for further sustained growth, even as the third quarter of the current financial year is influenced by the economic impact of the COVID-19 pandemic. We have shown that even at a lower revenue level, LPKF not only generates profit but also shareholder value: this is the case not only for the third quarter, with an EBIT margin of 15.9% (after 17.1% in the second quarter), but also in aggregate since the beginning of the year. The company's high profitability relative to its revenue is due to the fact that we are able to generate good gross margin levels with our solutions and services, and at the same time systematically reduce the company's (fixed) cost base further. At the same time, we have continued to hire additional people for our LIDE business and continued to invest in the LPKF Glass Foundry as planned. Regardless of near-term economic developments, we will maintain our focus on cost and performance improvements, along with targeted investments, particularly for the LIDE business, in new technologies and applications.

Our consistent implementation of cost reduction and performance improvement measures, along with a smaller share of large orders, have contributed to achieving EUR 4.0 million EBIT (from EUR 25.2 million revenue) in the third quarter. By contrast, there were no significant contributions from one-time effects. To put this in perspective: The 15.9 % EBIT margin in the third quarter is the third highest since the beginning of 2018, and it was achieved in the quarter with the third-lowest revenue since then. This development shows that LPKF is continuing to become leaner, more agile and fundamentally more profitable. I expect that this will contribute to further sustained increases in profitability once revenue grows again.

In terms of our revenue, there are positive developments as well. Last year, almost half of total revenue was generated from orders by a small number of large customers. This share of revenue is comparatively more affected by project postponements triggered by the COVID-19 pandemic. Conversely, sales with all other customers for the first nine months of the financial year were only just under 3% down compared to last year. The corresponding figure for incoming orders is above last year's figure. In the Electronics segment in particular, revenue "excluding the largest customer" has increased by around 20%, with contributions from new LPKF customers as well as from new products launched in the last 12 months, such as AMP (Active Mold Packaging) or our new Stencil Laser models. This is remarkable, and it is a clear indication that a number of measures we have implemented in sales, product management, and product development are having meaningful impact. Once the overall economic outlook brightens again, we expect additional growth from this.

Regarding the order situation, what I described in our half-year report remains accurate: once large orders from one customer in the Solar segment are excluded from a comparison, both incoming orders for the first nine months and orders on hand at the end of September are slightly higher this year than in 2019. The framework agreement we signed with a customer from the solar industry on September 27 illustrates our now-better position as well as project postponements due to the COVID-19 pandemic: at the start of the year, we had expected an order from this customer in the first quarter, and revenue starting already in 2020 (instead of 2021 as is now the case). Only an initial order of approximately EUR 3 million from this framework agreement has been booked as order entry by the end of September. All of us at LPKF continue to keep a very close eye on the order situation across the company.

The COVID-19 pandemic has gained considerable strength in recent weeks. In Germany, Europe, the U.S., and many other countries, case numbers have skyrocketed and some countries have started renewed lockdowns. LPKF locations in Germany and Slovenia have now been designated as risk areas by the German Government. We have already strengthened the set of countermeasures within the company, including maximal use of home office, separation of our locations into sections with minimal physical interaction, mandatory wearing of face masks, and redundant production teams wherever possible. Our business – including production at all locations – continues to operate without restrictions. We will continue to do everything we can to protect our employees, their families, our business partners and our communities, to minimize the economic impact, and to continue to serve our customers as effectively as possible during the pandemic.

In the third quarter, LPKF Group revenue was EUR 25.2 million, in line with our forecast and 28% lower than the prior year figure of EUR 34.8 million. Our revenue for the first nine months of the current financial year was EUR 75.2 million. All four segments - Development, Electronics, Solar, and Welding – have recorded a decline in revenue in the first nine months.

Although revenue was still significantly lower than the prior year figure, LPKF was able to generate earnings before interest and taxes (EBIT) of EUR 4.0 million in the third quarter. This corresponds to an EBIT margin of 15.9 %, which is actually higher than the EBIT margin of 14.9 % recorded for the third quarter of 2019 which had much higher revenue. With that, our profit for the first nine months is EUR 6.8 million, or 9.1 % of revenue.

Net working capital at the end of September was EUR 30.1 million. LPKF continues to be net debt free, with total cash on hand of EUR 13.3 million. At EUR 25.7 million, incoming orders in the third quarter were slightly above revenue, but below the prior year figure (Q3 2019: EUR 35.5 million). Order backlog at the end of September was EUR 22.4 million, slightly above the mid-year figure (EUR 21.9 million).

It is now clear that the COVID-19 pandemic has triggered a severe recession in most economies, and that the pandemic is currently once again gaining strength in most of our markets. An end to the pandemic is not yet in sight. Against this backdrop, our ability to forecast remains limited.

LPKF is well positioned and financially stable: we continue to be debt-free and have adequate cash reserves. In implementing our cost measures, we have maximized our flexibility in such a way that we can react immediately to demand increases. We are confident that LPKF will successfully overcome the challenges posed by the current crisis, and that we will ultimately emerge stronger from this crisis.

For 2020, LPKF expects to generate revenue between EUR 96 and 102 million and an EBIT margin of 8 to 12%. For 2021 and the following years, we continue to expect sustainable, profitable growth in all segments and confirm our medium-term forecast made in February.

Best regards,



Goetz M. Bendele

Chief Executive Officer

» Interim Management Report as of 30 September 2020

1 Basic information on the Group

The basic information on the LPKF Group in the combined management and Group management report for 2019 continues to apply unchanged.

2 Report on economic position

2.1 Net assets, financial position and results of operations of the Group

2.1.1 Results of operations

In the third quarter, LPKF generated consolidated revenue of EUR 25.2 million, down 27.6% year-on-year (EUR 34.8 million). Revenue in the first nine months of the year totaled EUR 75.2 million, which is 30.0% lower than in the same period of the previous year (EUR 107.5 million).

The Solar segment delivered the remainder of an order in the third quarter, but this was not enough to match the excellent prior-year performance. Revenue in this segment declined by 44.0% over the quarter. The Welding segment suffered the biggest drop in revenue at 49.7%. The sharp decline in the Welding segment is mainly due to the lockdown of some customers during the first half of the year, which is reflected in delays in revenue. Revenue in the Development segment decreased by 2.7% in the third quarter, but increased significantly versus the first two quarters. Revenue in the Electronics segment matched the previous year's level despite the lack of major orders in printed circuit board processing. Major orders from the previous year were offset in the current year by other, more profitable orders.

Operational improvements to the margin and cost structure resulted in an EBIT margin of 15.9% in the third quarter, nearly matching the EBIT margin of 17.1% seen in the second quarter of 2020 despite the EUR 5.3 million dip in revenue. The revenue performance led to significantly lower EBIT (earnings before interest and taxes) in the first nine months of the year. The loss of EUR 2.4 million in the first quarter was more than offset by the earnings contributions in the second (EUR +5.2 million) and third (EUR +4.0 million) quarters. This produced an EBIT figure of EUR 6.8 million and an EBIT margin of 9.1% for the first nine months of the year overall (previous year: EUR 15.3 million, EBIT margin: 14.2%).

Incoming orders in the third quarter totaled EUR 25.7 million and the book-to-bill ratio came to 1.0 (same period of the previous year: 1.0). So far, this figure only includes EUR 3 million from a framework agreement with an expected overall volume of approx. EUR 18 million that was signed with a customer in the solar industry at the end of September.

Incoming orders for the first nine months of the year came to EUR 65.3 million, which is lower than the previous year's figure of EUR 81.3 million. This was due mainly to the fact that incoming orders in the Solar segment were weighted more toward the fourth quarter than last year. As of 30 September 2020, orders on hand amounted to EUR 22.4 million (previous year: EUR 32.1 million). The Group's book-to-bill ratio after nine months came to 0.9 (same period of the previous year: 0.8).

Other operating income included capitalized development costs of EUR 3.6 million in the reporting period (previous year: EUR 2.7 million). At 34%, the material cost ratio was below the previous year's figure of 40%. This can largely be explained by higher revenue from trade goods and higher revenue from major customers in the same period of the previous year.

On 30 September 2020, 693 people were employed at LPKF, 13 more than in the previous year. At EUR 30.4 million, staff costs in the reporting period were down slightly on the previous year

(EUR 33.0 million). Lower provisions for variable remuneration components led to a reduction in expenses of EUR 1.5 million. The German locations were flexible in their use of the option of short-time working. This reduced staff costs by EUR 1.0 million. Social security contributions were waived for the Chinese subsidiaries, which had an effect on earnings of EUR 0.2 million. The companies in Slovenia also received support for their social security contributions; the EUR 0.1 million received is recognized under other operating income.

Depreciation and amortization were roughly on a par with the previous year at EUR 5.5 million in the reporting period. Of this amount, EUR 2.3 million was attributable to depreciation and amortization from own work capitalized. Other operating expenses went down from EUR 16.0 million in the previous year to EUR 12.4 million. This change is due mainly to the reduction in travel and meals/entertainment expenses (EUR -1.4 million), the decrease in third-party work (EUR -0.5 million), the reduction in legal and consulting expenses (EUR -0.4 million) and the decrease in other operating expenses (EUR -0.3 million).

Thanks to the positive net liquidity position established in 2019, no interest expenses were incurred for short-term credit. Consolidated net profit after interest and taxes amounted to EUR 4.9 million (previous year: EUR 10.9 million).

2.1.2 Financial position

The Group's cash and cash equivalents dropped from EUR 31.3 million to EUR 13.3 million in the reporting period.

Having reported free cash flow of EUR -10.3 million in the first quarter, the Group improved this figure to EUR -2.1 million in the second quarter and EUR -0.8 million in the third quarter. This brought free cash flow for the first nine months of the year to EUR -13.2 million overall, with cash flow from operating activities accounting for EUR -4.9 million. The reasons for this lie in a higher level of receivables as a result of revenue not realized until the end of the quarter and delayed equipment and system installations as a result of COVID-19 (EUR +6.1 million) and lower advance payments received (EUR -5.7 million) in the first nine months of the year. Following negative cash flow from investing activities of EUR 8.2 million (of which EUR 2.5 million for the LIDE clean room production facility), there was free cash flow of EUR -13.2 million. Dividend payment, scheduled repayments of long-term loans and payments for lease liabilities resulted in negative cash flow from financing activities of EUR 4.7 million.

LPKF is well positioned financially, and also has the necessary funds for investments and further growth. The company has not taken any public funds from the German government's economic stimulus package to date, and it is not planning to for the remainder of the financial year or beyond.

2.1.3 Net assets

Analysis of net assets and capital structure

Compared with 31 December 2019, non-current assets increased by EUR 1.8 million to EUR 66.0 million. The change is due to an increase in capitalized development costs of EUR 1.3 million and an increase in property, plant and equipment of EUR 1.1 million, coupled with a reduction in deferred tax assets of EUR 0.3 million.

During the reporting period, trade receivables increased by EUR 6.1 million to EUR 17.4 million and inventories by EUR 0.2 million to EUR 19.4 million. Cash and cash equivalents decreased by EUR 18.1 million to EUR 13.3 million as of 30 September 2020. Current assets fell by EUR 11.9 million overall to EUR 51.9 million.

Net working capital rose by EUR 17.1 million to EUR 30.1 million in the first nine months of the reporting period. This was mainly due to the higher level of receivables as of the reporting date and the lower advance payments received.

The equity ratio increased from 71.0% at the end of 2019 to 78.7%.

Non-current liabilities declined by EUR 0.4 million, primarily due to the scheduled repayment of loans. Current liabilities likewise decreased significantly by EUR 11.6 million, which can be accounted for mainly by the EUR 5.7 million reduction in advances received and a EUR 3.6 million decline in trade payables as of the reporting date.

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

Capital expenditure

In the first nine months of 2020, the Group continued to make targeted investments in future growth. In addition to the LIDE production facility at the Garbsen location (EUR 2.5 million), which is scheduled to be completed and approved in the fourth quarter, an additional EUR 3.6 million in development costs was capitalized. Total capital expenditure amounted to EUR 8.2 million in the first nine months of the year.

2.1.4 Segment performance

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

in T€	External revenue		Operating results (EBIT)	
	9 months 2020	9 months 2019	9 months 2020	9 months 2019
Electronics	24,004	29,102	2,639	4,484
Development	15,327	17,708	1,170	1,491
Welding	13,321	18,742	-2,023	-372
Solar	22,555	41,957	5,058	9,663
Total	75,207	107,509	6,844	15,266

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 2020:

Area	As of 30 September 2020	As of 31 December 2019
Production	167	171
Sales	132	124
Development	148	143
Service	98	100
Administration	148	144
Total	693	682

The total number of employees as of 30 September 2020 was 671 full-time equivalents (FTEs).

As of 30 September 2020, the Group also employed 5 marginal employees, 40 trainees, and 9 students and interns.

2.3 Overall assessment of the Group's economic situation

In 2019, the Management Board implemented an earnings improvement program and carried out a number of strategic and operational measures aimed at sustaining the technology company's profitability in a financially stable manner. The successful implementation of these measures is already reflected in the significant improvement in almost all reported key figures for 2019 – including the net liquidity position. It also created a good starting point for the 2020 financial year, which has been played out against the backdrop of the coronavirus pandemic. On this basis, over the past two quarters, the Management Board has generated growth again in certain areas and continued to bring costs down, while investing in new technologies and applications including LIDE at the same time, as well as building up capacities necessary for this. LPKF therefore has a significantly improved revenue and cost structure. Earnings quality, or profitability at the respective revenue volume, has improved considerably compared with the past five years. At the same time, there has been more investment in new technologies and future growth than previously.

The Management Board is monitoring the current order situation and the performance of the individual market segments very carefully, especially considering the unclear macroeconomic outlook, the economic repercussions of the coronavirus outbreak and the opportunities arising from the changing market environment. On the whole, there is still a strong interest in LPKF's solutions. The Management Board has introduced measures to boost sales further and actively drive forward the commercialization of new products.

In light of the macroeconomic situation and partial underutilization, LPKF applied for short-time working with the Federal Employment Agency at all locations in Germany back in April 2020 and has made flexible use of this option. The Management Board is hoping that this will produce efficiency, particularly in the indirect areas, reduce fixed costs and prepare the company both for a recession scenario and for a rapid recovery scenario of either the global economy or individual market segments and the opportunities this would entail.

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 2020.

4 Opportunities and risks

In the combined management report and Group management report for 2019, the opportunities and risks of the LPKF Group are presented and explained in detail in separate reports. These explanations continue to apply unchanged.

The Management Board is monitoring potential changes to the risk situation as a result of the coronavirus pandemic more closely. This report outlines the successful measures that have already been taken to mitigate the impact of the pandemic on the company's economic situation. The sharp rise in current case numbers, particularly in Europe, has prompted an expansion of the measures taken to protect against infection at the relevant locations.

The company does not consider there to be 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

5.1.1 Group performance

The pandemic has plunged the global economy into a historic downturn, the impact of which will be felt over the course of the next year. If more significant economic restrictions are imposed as a result of the pandemic, the consequences are likely to be even more severe. In addition to the recent overshadowing impact of the pandemic, the economy is also being affected by the intensifying conflict between the US and China, growing protectionism and Brexit. On the other hand, in regions where the pandemic has been suppressed on a sustained basis (e.g. China), we are observing a recovery in economic activity and resurgence in demand.

The macroeconomic environment has deteriorated significantly for the LPKF Group over the short term and has also become more difficult to calculate.

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.

Thanks to the strategic and operational measures that the Management Board has successfully implemented over the past two years, the company today is financially stable and is demonstrating sustained profitability, which is reflected in the high levels of profitability - also in the last two quarters. LPKF is able to expand its operating activities further through a stronger focus on customer needs and operational improvements. Investments in the development of new technologies and applications are being fully implemented despite the coronavirus crisis. The Group's significantly increased diversification in recent years has considerably reduced its dependence on individual market segments and clients.

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.
- 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 become 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.

Due to the coronavirus pandemic, the global economy is currently experiencing a recession, the length and intensity of which are still impossible to gauge on the whole. Nevertheless, LPKF assumes that the company's technologies will continue to be required to produce innovative products in the electronics, semiconductor 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. Pure customer capacity expansions, on the other hand, are dependent on medium-term

demand from end customers. It is currently difficult to forecast the further development and timing of possible orders. This view is being confirmed by tangible delays in customer projects, for example in the Solar and Electronics/Welding segments, with some of our customers' larger-scale projects being postponed in the aftermath of the pandemic (often by around 3–9 months). But, at the same time, sustained customer interest in our solutions is manifesting in continuing and extended partnerships as demonstrated, for example, by the securing of a major framework agreement.

The Management Board will continue to drive forward the company's growth through targeted measures, even during the coronavirus pandemic:

- LPKF will continue to invest in technological development in order to extend its leading position in laser-based micromaterial processing. In doing so, the company will address the specific parameters that drive economic success for its customers, thereby creating a tangible competitive advantage for them.
- LIDE technology will be expanded further and its establishment in various application areas will be ramped up.
- 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.
- The Management Board will also target potential growth through M&A activities, but only where the value enhancement generated by these activities is clearly identifiable.

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 – well positioned financially, and has the necessary funds for investments and further growth.

5.1.2 Key financial indicators

Revenue reached EUR 75.2 million in the first nine months of 2020, and was thus 30.0% lower than the previous year's figure. This revenue performance led to significantly lower EBIT (earnings before interest and taxes) year-on-year of EUR 6.8 million. EBIT for the same period of the previous year was EUR 15.3 million.

At EUR 65.3 million for the first nine months of the year, incoming orders were down 20% on the previous year's figure of EUR 81.3 million. As of 30 September 2020, orders on hand amounted to EUR 22.4 million (previous year: EUR 32.1 million).

2020 financial year

Until February 2020, the Management Board had expected growing revenue and earnings for the current financial year in a stable global economy; since then, the coronavirus (COVID-19) has expanded into a pandemic.

The ability to make forecasts for the immediate future is still limited as the economic environment continues to be characterized by considerable uncertainty surrounding the ongoing COVID-19 pandemic. Against this background, LPKF anticipates revenue between EUR 96 and 102 million and an EBIT margin of 8-12% for the financial year 2020.

Subsequent years

For the financial year 2021 and subsequent years, the company continues to expect sustainable, profitable growth in each business unit. Innovative LIDE technology will also generate additional

growth impetus. Taking into account the stronger revenue and earnings contribution 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.

» Consolidated financial statements

Consolidated statement of financial position as of 30 September 2020

Assets

EUR thsd.	30.09.2020	31.12.2019
Non-current assets		
Intangible assets		
Goodwill	74	74
Development costs	16,098	14,841
Other intangible assets	791	1,015
	16,963	15,930
Property, plant and equipment		
Land, similar rights and buildings	35,670	36,757
Plant and machinery	2,586	2,807
Other equipment, operating and office equipment	2,223	2,464
Advances paid and construction in progress	3,036	539
Right of use according to IFRS 16	2,265	2,150
	45,780	44,717
Receivables and other assets		
Trade receivables	329	290
Other assets	56	55
	384	345
Deferred taxes	2,865	3,160
	65,993	64,152
Current assets		
Inventories		
(System) parts	7,555	6,984
Work in progress	5,404	5,236
Finished products and goods	6,098	6,794
Advances paid	304	139
	19,361	19,153
Receivables and other assets		
Trade receivables	17,068	11,035
Income tax receivables	625	260
Other financial assets	0	575
Other non financial assets	1,603	1,494
	19,296	13,364
Cash and cash equivalents	13,292	31,343
	51,949	63,860
	117,942	128,012

Consolidated statement of financial position as of 30 September 2020

Equity and liabilities

EUR thsd.	30.09.2020	31.12.2019
Equity		
Subscribed capital	24,497	24,497
Capital reserves	15,463	15,463
Other retained earnings	10,199	10,194
Share-based payment reserve	490	490
Currency translation reserve	-146	300
Net retained profits	42,296	39,893
	92,798	90,837
Non-current liabilities		
Provisions for pensions and similar obligations	341	346
Other provisions	0	0
Non-current liabilities to banks	3,483	4,846
Deferred income from grants	502	533
Leasing liabilities according to IFRS 16	2,053	2,086
Other non-current liabilities	518	91
<i>thereof contract liabilities</i>	518	87
Deferred taxes	1,636	1,028
	8,533	8,930
Current liabilities		
Tax provisions	0	398
Other provisions	4,654	5,396
Current liabilities to banks	1,862	1,966
Trade payables	2,010	5,612
Contract liabilities	3,808	9,958
Other liabilities	4,277	4,915
	16,611	28,245
	117,942	128,012

Consolidated income statement from 1 January to 30 September 2020

EUR thsd.	01-09 / 2020	01-09 / 2019	07-09 / 2020	07-09 / 2019
Revenue	75,207	107,509	25,206	34,837
Changes in inventories of finished goods and work in progress	-722	409	-3,178	-496
Other own work capitalized	4,123	2,709	1,199	979
Other operating income	1,966	2,739	643	480
	80,574	113,366	23,870	35,800
Cost of materials	25,220	43,496	5,241	11,817
Staff costs	30,442	33,003	9,113	11,075
Depreciation and amortization	5,503	5,627	1,803	1,839
Value adjustment according to IFRS 9	206	13	-9	10
Other operating expenses	12,358	15,961	3,725	5,866
	73,730	98,100	19,873	30,607
Operating result	6,844	15,266	3,997	5,193
Finance income	7	14	2	3
Finance costs	185	379	67	88
Earnings before tax	6,666	14,901	3,932	5,108
Income taxes	1,813	3,975	1,069	1,409
Consolidated net profit/loss	4,853	10,926	2,862	3,699
thereof				
Shareholders	4,853	10,926	2,862	3,699
Non-controlling interests	0	0	0	0
	4,853	10,926	2,862	3,699
Earnings per share (basic, EUR)	€ 0.20	€ 0.45	€ 0.12	€ 0.15
Earnings per share (diluted, EUR)	€ 0.20	€ 0.45	€ 0.12	€ 0.15
Weighted average number of shares outstanding (basic, EUR)	24,496,546	24,496,546	24,496,546	24,496,546
Weighted average number of shares outstanding (diluted, EUR)	24,496,546	24,496,546	24,496,546	24,496,546

Consolidated statement of comprehensive income from 1 January to 30 September 2020

EUR thsd.	01-09 / 2020	01-09 / 2019	07-09 / 2020	07-09 / 2019
Consolidated net profit/loss	4,853	10,926	2,862	3,699
Revaluations (mainly actuarial gains and losses)	5	-6	0	0
Deferred taxes	0	1	0	0
Sum total of changes which will not be reclassified to the income statement in the future	5	-5	0	0
Currency translation differences	-446	647	-561	647
Sum total of changes which will be reclassified to the income statement in the future if certain conditions are met	-446	647	-561	647
Other comprehensive income after taxes	-441	642	-561	647
Total comprehensive income	4,412	11,568	2,301	4,346

Consolidated statement of changes in equity as of 30 September 2020

EUR thsd.	Subscribed capital	Capital reserve	Other retained earnings	Share-based payment reserve	Currency translation reserve	Net retained profits	Total equity
Balance on 01 Jan. 2020	24,497	15,463	10,194	490	300	39,893	90,837
Consolidated total comprehensive income							
Consolidated net profit/loss						4,853	4,853
Revaluations (mainly actuarial gains and losses)			5				5
Deferred taxes on changes recognized directly in equity							0
Currency translation differences					-446		-446
Consolidated total comprehensive income	0	0	5	0	-446	4,853	4,412
Transactions with shareholders							
Dividends paid						-2,450	-2,450
Balance on 30 September 2020	24,497	15,463	10,199	490	-146	42,296	92,799
Balance on 01 Jan. 2019	24,497	15,463	10,236	490	301	26,744	77,731
Consolidated total comprehensive income							
Consolidated net profit/loss						10,926	10,926
Revaluations (mainly actuarial gains and losses)			-6				-6
Deferred taxes on changes recognized directly in equity			1				1
Currency translation differences					647		647
Consolidated total comprehensive income	0	0	-5	0	647	10,926	11,568
Transactions with owners							0
Capital Increases							0
Additions to retained earnings							0
Balance on 30 September 2019	24,497	15,463	10,231	490	948	37,670	89,299

Consolidated statement of cash flows as of 1 January to 30 September 2020

EUR thsd.	01-09 / 2020	01-09 / 2019
Operating activities		
Consolidated net profit/loss	4,853	10,927
Income taxes	1,813	3,975
Interest expense	185	379
Interest income	-7	-14
Depreciation and amortization	5,503	5,627
Gains/losses from the disposal of non-current assets including reclassification to current assets	-13	96
Changes in inventories, receivables and other assets	-5,540	14,420
Changes in provisions	-700	1,929
Changes in liabilities and other equity and liabilities	-9,994	-1,890
Other non-cash expenses and income	635	197
Interest received	7	14
Income taxes paid	-1,676	-2,712
Cash flows from operating activities	-4,934	32,948
Investing activities		
Investments in intangible assets	-4,626	-2,728
Investments in property, plant and equipment	-3,617	-1,073
Proceeds from disposal of non-current assets	13	2
Cash flows from investing activities	-8,230	-3,799
Cash flows from financing activities		
Dividend payment	-2,450	0
Interest paid	-158	-379
Repayment of leasing liabilities IFRS 16	-562	0
Cash repayments of borrowings	-1,512	-11,952
Cash flows from financing activities	-4,682	-12,331
Change in cash and cash equivalents		
Change in cash and cash equivalents due to changes in foreign exchange rates	-206	-17
Change in cash and cash equivalents	-17,845	16,818
Cash and cash equivalents on 01 Jan.	31,343	3,707
Cash and cash equivalents on 30 September	13,292	20,508
Composition of cash and cash equivalents		
Cash and cash equivalents	13,292	20,508
Cash and cash equivalents on 30 September	13,292	20,508

Notes on the preparation of the quarterly financial report

This financial report as of 30 September 2020 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 104 of the Annual Report for 2019 remains unchanged.

Transactions with related parties

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

Garbsen, 29th October 2020

LPKF Laser & Electronics Aktiengesellschaft

The Management Board



Goetz M. Bendele



Christian Witt

» Financial calendar

24 March 2021	Publication of the Annual Report 2020
29 April 2021	Publication of the three-months report
20 May 2021	Annual General Meeting 2021
29 July 2021	Publication of the six-months report
28 October 2021	Publication of the nine-months report

» Publishing information

Published by

LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
Germany
Tel.: +49 5131 7095-0
Fax: +49 5131 7095-90
E-Mail: info@lpkf.com

Investor Relations contact

LPKF Laser & Electronics AG
Bettina Schäfer
Osteriede 7
30827 Garbsen
Germany
Tel.: +49 5131 7095-1382
Fax: +49 5131 7095-9111
E-Mail: investorrelations@lpkf.com

Internet

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

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.

LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
Deutschland

Telefon: +49 5131 7095-0
Telefax: +49 5131 7095-90

www.lpkf.com