Quarterly Financial Report

1 JANUARY - 30 SEPTEMBER 2021

CONTENT

AT A GLANCE

LPKF Laser & Electronics AG

Key Group figures after 9 months 2021

	9 Months 2021	9 Months 2020
Revenue (Mio. EUR)	60.2	75.2
EBIT (Mio. EUR)	-5.2	6.8
EBIT margin (%)	-8.6	9.1
Free Cash Flow (Mio. EUR)	-11.3	-13.2
EPS, diluted (EUR)	-0.15	0.20
Incoming orders (Mio. EUR)	89.6	65.3

	As of 09/30/2021	As of 09/30/2020
Net working capital (Mio. EUR)	25.8	30.1
Equity ratio (%)	70.6	78.7
Orders on hand (Mio. EUR)	67.7	22.4
Employees	733	693

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, October 28th, 2021

Ladies and Gentlemen,

I am happy to report to you today on the business performance of LPKF Laser & Electronics AG in the first nine months of 2021. The positive development of orders in the Group shows that our technologies and products are increasingly in demand. Incoming orders rose by 38% in the reporting period and now stand at around EUR 90 million. In the third quarter alone, incoming orders rose by 47.7% to EUR 38 million. As of 30 September, orders on hand tripled year-on-year to approximately EUR 68 million. The book-to-bill ratio after nine months came to 1.5.

These forward-looking metrics give us the confidence to execute on our mid term strategy. However, this should not obscure the fact that there are still some short term challenges to overcome in the current financial year. As already announced on 24 September, postponements of customer projects and current disruptions to global logistics in the export of systems, particularly to China, meant that we were unable to ship a significant proportion of finished goods as planned in the third quarter.

Since the beginning of the year, LPKF has continuously taken precautions to secure material and logistics capacities at an early stage. Materials and components were ordered and delivered significantly earlier to ensure delivery to our customers. We are continuing this in the fourth quarter. As a result, we are consciously accepting a temporary increase in inventories in order to supply our customers as punctually as possible and take advantage of opportunities on the market.

The 20% drop in revenue to EUR 60.2 million in the first nine months is primarily due to the fact that we delivered some larger orders in the Solar (approximately EUR 16 million) and Electronics segments in the same period of the previous year. For the current financial year, many larger projects were completed in the third quarter as planned, and now increasingly in the fourth quarter.

At EUR -5.1 million, the cash flow from operating activities after nine months is similar to that of the previous year (EUR - 4.9 million). This is due to both the negative consolidated net profit and the increase in net working capital since the beginning of the year as described above. LPKF has a positive net cash position of EUR 1.5 million as of 30 September 2021.

Segment performance

We have a good order situation in the Electronics segment, but revenue was still significantly below the previous year's figure (-14.5%). This is due to higher demand for our products and solutions including LIDE, but also to a seasonally stronger fourth quarter than in the previous year and the delays in logistics already mentioned.

In a few weeks, our new laser system for high-precision and clean cutting of PCBs will be launched on the market. The CuttingMaster 2122 features a significantly higher cutting speed (25% faster) with the same energy consumption. In addition, we will launch further new developments in the current year, which will make our laser systems for cutting PCBs even more powerful and thus significantly more attractive for our customers.

Our **LIDE** (Laser Induced Deep Etching) business continues to develop positively. At the LIDE factory in Garbsen, we are producing sample parts for an increasing number of customers. In this way, we are facilitating customers to integrate innovative glass components into their products faster. The ongoing qualification projects for display and semiconductor applications are progressing according to plan. The intensive design-in and testing by our customers particularly encourages us in our approach.

In addition, further areas of application are emerging into which we are advancing with LIDE technology. 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.

With **ARRALYZE**, we have developed a new solution for cell-based medical products and cell biology research based on technologies and expertise available at LPKF. With these applications, we are addressing biotechnology, a new market for LPKF. In 2022, we will launch this highly innovative system on the market and generate our first revenues. I am pleased that we are also making good progress in this area as planned.

In the **Welding** segment, the positive development of recent months is continuing. Our intensive sales initiatives, particularly in the medical, e-mobility and consumer electronics sectors, have allowed us to reach many new customers worldwide and convince them of the benefits of laser welding. Revenue increased by 35% in the first nine months, while incoming orders even rose by more than 50% to EUR 22.3 million. We are confident that this trend will continue.

In the **Solar** segment, we received two major orders from a leading global solar module manufacturer in the third quarter, with a total volume of around EUR 20 million, which will impact revenue in 2022/2023. We have thus further consolidated our strong position on the solar market. Our laser systems enable our customers to produce ever more efficient solar modules at ever lower cost. This means that we will continue to be excellently positioned in this fast-growing sector in the future.

As a result of the coronavirus pandemic, our business with systems for research and development (**Development** segment) remained subdued in the third quarter because, in some cases, employees at research institutions have not yet returned to the laboratories. We are working proactively with our customers to catch up on this business as far as possible during the course of the year. Currently, we can observe a clear pick-up.

As far as protecting our employees from COVID-19 is concerned, we are continuing to monitor case rates very carefully. Our protective measures in place are under constant review. We will continue to do everything we can to protect our employees and successfully maintain business operations.

Digital processes make our workflows more flexible, secure and efficient. We have made tangible progress here in the current year, which not only makes our day-to-day work easier, but also makes our company scalable for the targeted growth in the coming years. We will continue this next year and complete it in the main areas at the beginning of 2023.

In September, we signed the **UN Global Compact**. In doing so, we want to underscore that LPKF not only offers products and solutions that enable innovative products with lower resource consumption, but is also committed to environmental protection, CO_2 reduction, health protection and anti-corruption, and thus also fulfills its social mission. We are also demonstrating this with the audits for environmental management (ISO 14001) and occupational health and safety (ISO 45001), which are currently underway at our German locations and will be completed in November.

Outlook

The ongoing challenges in the global procurement markets are likely to continue to weigh on the fourth quarter and have led to a more precise forecast for the full year. For 2021, LPKF expects consolidated revenue at the lower end of the forecast of EUR 110 - 120 million and an EBIT margin also at the lower end of the forecast of 10 - 13 %. For the following years, LPKF continues to expect sustainable, profitable growth in all segments and confirms the medium-term outlook.

LPKF continues to be well positioned both operationally and strategically. 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.

Ladies and Gentlemen, all of us at LPKF are very pleased that the Supervisory Board has found an excellently qualified future CEO for our company in Dr. Klaus Fiedler and are looking forward to him joining LPKF.

Best regards,

Christian Witt

Chief Financial Officer

INTERIM MANAGEMENT REPORT AS OF 30 SEPTEMBER 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 NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE GROUP

Results of operations

In the third quarter, LPKF generated consolidated revenue of EUR 23.9 million, down 5.2% year-on-year (EUR 25.2 million). Revenue after the first nine months of the year totaled EUR 60.2 million, which is 20.0% lower than in the same period of the previous year (EUR 75.2 million).

This decline was mainly due to the Solar segment (EUR -15.8 million). After no significant revenue was recorded in this segment in the first six months of the year, as expected, there were delays in the delivery of produced and ready-for-delivery solar systems worth approximately EUR 5 million at the end of the third quarter due to project delays on the part of customers. The decline in revenue in the Solar segment compared with the same quarter of the previous year amounts to EUR -3.7 million.

In the Electronics segment, bottlenecks in outgoing logistics to China and project delays at one customer meant that systems could not be delivered by the end of the quarter. After nine months, revenue in this segment was EUR 3.5 million lower than in the previous year, and EUR 2.5 million lower in the third quarter.

Revenue in the Development segment was almost on a par with the previous year both after nine months (-2.0%) and in the third quarter (-1.8%).

The Welding segment achieved an increase in revenue of EUR 5.0 million in the third quarter of 2021 compared with the same quarter of the previous year. At EUR 18.0 million, revenue in this segment after nine months was 35.5% higher than in the same period of the previous year.

At EUR 89.6 million, incoming orders after nine months were significantly higher than the previous year's figure of EUR 65.3 million. Overall, incoming orders increased year-on-year, especially in the Electronics, Welding and Solar segments. The book-to-bill ratio after nine months came to 1.5. Accordingly, orders on hand as of 30 September 2021 increased to EUR 67.7 million and were thus significantly higher than the previous year's figure of EUR 22.4 million. Part of the orders on hand, including a follow-up order from the semiconductor industry and new orders from the third quarter in the Solar segment, will not affect revenue until 2022 and 2023.

The lower revenue after the first nine months resulted in negative EBIT (earnings before interest and taxes) of EUR 5.2 million (previous year: EUR 6.8 million). The losses in the first (EUR -4.1 million) and second (EUR -1.7 million) quarters was not offset by the earnings contribution of the third quarter (EUR +0.7 million). EBIT in the third quarter was EUR 3.3 million, lower than the previous year's figure of EUR 4.0 million.

Own work capitalized includes EUR 4.0 million in development costs for products and software (previous year: EUR 3.7 million). At EUR 2.3 million, other income was higher than in the previous year (EUR 2.0 million). The year-on-year increase has primarily resulted from higher grants for development services (EUR +0.4 million).

At 31%, the material cost ratio was below the previous year's figure of 34%, due mainly to the product mix.

As of 30 September 2021, 733 people were employed by the LPKF Group, 40 more than on 30 September 2020. The increase in the number of employees is attributable mainly to development for LIDE/Arralyze and software. At EUR 33.2 million, staff costs in the reporting period were up on the previous year (EUR 30.4 million). This rise is mainly due to the increase in staff costs and a special coronavirus payment of EUR 0.4 million, which was paid to employees in the first half of the year. Short-time working was introduced at the German locations until 1 May 2021. This reduced staff costs to a lesser extent than in the previous year.

At EUR 5.7 million, depreciation and amortization in the reporting period was EUR 0.1 million higher than in the previous year. Of this amount, EUR 2.6 million was attributable to depreciation and amortization from company-produced additions to assets (previous year: EUR 2.3 million). At EUR 14.8 million, other operating expenses were up on the previous year's figure of EUR 12.4 million. This increase was due chiefly to higher expenditure on third-party work and temporary worker expenses (EUR +0.7 million), non-recurring expenses for legal and consulting costs (EUR +0.4 million), and higher expenses for various other individual items.

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 -3.8 million (previous year: EUR 4.9 million).

Financial position

The Group's cash and cash equivalents dropped from EUR 20.1 million as of 31 December 2020 to EUR 4.9 million.

Cash flow from operating activities after nine months is negative at EUR -5.1 million (previous year: EUR -4.9 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 since the beginning of the year. Although LPKF was able to improve its operating result in the third quarter compared with the losses in the first half of the year, the outflow of cash was greater than the inflow because, against the backdrop of the disruptions in the global supply chains, the Group continued to selectively build up inventories to guarantee upcoming deliveries.

Following negative cash flow of EUR -6.2 million from investing activities in the first nine months of the year (previous year: EUR -8.2 million), there was free cash flow of EUR -11.3 million (previous year: EUR -13.2 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 -4.5 million (previous year: EUR -4.7 million).

As of 30 September 2021, the LPKF Group has a positive net cash position of EUR 1.5 million as well as the necessary funds for investments and further growth, comprising cash and cash equivalents and the available credit facilities. In the first nine 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 December 2020, non-current assets increased by EUR 4.5 million to EUR 70.8 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 +1.4 million).

Trade receivables rose by EUR 3.6 million to EUR 16.8 million during the reporting period. Inventories increased by EUR 9.6 million to EUR 29.4 million. This is based on a deliberate build-up of inventory to guarantee upcoming deliveries and the delayed delivery of systems at the end of the quarter. Cash decreased by EUR 15.2 million to EUR 4.9 million as of 30 September 2021. In total, current assets fell by EUR 1.6 million to EUR 53.8 million.

Net working capital rose from EUR 20.5 million as of 31 December 2020 to EUR 25.8 million as of 30 September 2021. Inventories increased by EUR 9.6 million, receivables by EUR 3.6 million and advance payments received for customer projects by EUR 10.4 million. Liabilities decreased by EUR 2.6 million.

The equity ratio dropped from 76.4% at the end of 2020 to 70.6 % as of 30 September 2021.

Non-current liabilities declined by EUR 0.8 million due to the scheduled repayment of loans. Current liabilities recorded an increase of EUR 8.8 million, which was particularly due to advance payments received for customer projects (EUR +10.4 million) with a simultaneous reduction in trade payables of EUR 2.6 million as of the reporting date.

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 nine months of the year. Investments in property, plant and equipment amounted to EUR 2.0 million, with additions to capitalized development costs at EUR 4.0 million.

Segment performance

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

	Revenue		EBIT	
in Mio. EUR	**9 Months 2021**	9 Months 2020	**9 Months 2021**	9 Months 2020
Electronics	20.5	24.0	-2.5	2.6
Development	15.0	15.3	0.1	1.2
Welding	18.0	13.3	0.8	-2.0
Solar	6.7	22.6	-3.6	5.0
Total	**60.2**	75.2	**-5.2**	6.8

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 2021:

Area	**09/30/ 2021**	12/31 2020
Production	139	162
Sales	143	132
Development	199	148
Service	100	98
Administration	152	149
Total	**733**	689

The total number of employees as of 30 September 2021 was 713 full-time equivalents (FTEs), compared with 669 FTEs at the end of 2020. The increase is attributable mainly to development in the LIDE, Arralyze and Software segments.

In the third quarter of 2021, a department in the Welding segment was transferred from Production to Development. The effect of this was a shift of 29 employees. The transfer was necessary because the focus of the department changed from production to the development of specific customer requirements.

2.3 OVERALL ASSESSMENT OF THE GROUP'S ECONOMIC SITUATION

LPKF generated significantly lower revenue in the first nine months of the 2021 financial year than in the same period of the previous year. Some larger orders in the Solar and Electronics segments were delivered in the first three quarters of the previous year. In addition, disruptions in the supply chain had a negative impact on revenue development.

By contrast, the increase in forward-looking order figures is very encouraging. As of 30 September 2021, orders on hand amounted to EUR 67.7 million and was thus 202% above the previous year's figure of EUR 22.4 million. At EUR 89.6 million, incoming orders were also above the previous year's level of EUR 65.3 million. The book-to-bill ratio after nine months came to 1.5. The positive order situation underpins the Group's planned future growth.

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 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 disruptions in the global supply chain and the lack of transport capacity increased during the year. LPKF already initiated countermeasures with suppliers and logistics companies as well as internal measures to this end at the beginning of the year. Nevertheless, there were isolated delays in the fulfillment of customer orders. However, the company continues not to see any risks that could jeopardize its continued existence, 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

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. A further worsening of supply shortages as a result of high demand or due to disruption in international logistics chains as well as price increases could have a dampening effect on the economic recovery. The same applies to a resurgence of the pandemic. On the whole, the Management Board anticipates moderate overall economic growth in global GDP in the current year.

The company is expecting key customer industries to continue facing challenges in connection with COVID-19, supply shortages and logistics disruptions. Nevertheless, LPKF does expect conditions to improve. 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. 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. This trend 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 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

After the first nine months of 2021, revenue reached EUR 60.2 million and was thus 20% lower than the previous year's figure. This revenue performance resulted in negative EBIT (earnings before interest and taxes) of EUR 5.2 million (previous year: EUR 6.8 million).

As of 30 September 2021, the orders on hand amounted to EUR 67.7 million, 202% above the previous year's figure of EUR 22.4 million. At EUR 89.6 million, incoming orders were 37% higher than the previous year's level of EUR 65.3 million.

2021 financial year

Overall, the company expects moderate macroeconomic growth in the current year. The ongoing challenges in the global procurement markets are likely to continue to weigh on the fourth quarter and have led to a more precise forecast for the full year. For 2021, LPKF expects consolidated revenue at the lower end of the forecast of EUR 110 - 120 million and an EBIT margin also at the lower end of the forecast of 10 - 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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 SEPTEMBER 2021

in EUR thousand	**01-09 / 2021**	01-09 / 2020
Revenue	60,236	75,207
Changes in inventories of finished goods and work in progress	6,306	-722
Other own work capitalized	4,502	4,123
Other income	2,335	1,966
Cost of materials	-24,812	-25,220
Staff costs	-33,229	-30,442
Depreciation and amortization	-5,651	-5,503
Impairment expenses (including reversals) on financial assets and contract assets	-96	-206
Other expenses	-14,789	-12,359
Operating Result (EBIT)	**-5,198**	6,844
Finance income	4	7
Finance costs	-176	-185
Earnings before tax	**-5,370**	6,666
Income taxes	1,568	-1,813
Consolidated net profit/loss	**-3,802**	4,853
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	1,238	-446
Other comprehensive income after taxes	**1,238**	-441
Total comprehensive income	**-2,564**	4,412

in EUR thousand		
Earning per share (basic)	-0.15	0.20
Earning per share (diluted)	-0.15	0.20

FROM 1 JULY TO 30 SEPTEMBER 2021

in EUR thousand	**07-09 / 2021**	07-09 / 2020
Revenue	23,876	25,206
Changes in inventories of finished goods and work in progress	1,635	-3,178
Other own work capitalized	1,332	1,199
Other income	495	643
Cost of materials	-9,127	-5,241
Staff costs	-10,171	-9,113
Depreciation and amortization	-1,883	-1,803
Impairment expenses (including reversals) on financial assets and contract assets	30	9
Other expenses	-5,492	-3,725
Operating Result (EBIT)	**695**	3,997
Finance income	1	2
Finance costs	-60	-67
Earnings before tax	**636**	3,932
Income taxes	-186	-1,070
Consolidated net profit/loss	**450**	2,862
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	496	-561
Other comprehensive income after taxes	**496**	-561
Total comprehensive income	**946**	2,301

in EUR thousand		
Earning per share (basic)	0.02	0.12
Earning per share (diluted)	0.02	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2021

in EUR thousand	**09/30/ 2021**	12/31/ 2020
ASSETS		
Intangible assets and goodwill	18,707	17,340
Property, plant and equipment	46,123	45,986
Trade receivables	750	262
Other non-financial assets	36	32
Deferred tax assets	5,176	2,627
Non-current assets	**70,792**	66,247
Inventories	29,361	19,845
Trade receivables	16,071	12,937
Income tax receivables	1,388	98
Other financial assets	0	33
Other non-financial assets	2,027	2,422
Cash and cash equivalents	4,938	20,074
Current assets	**53,785**	55,409
Total assets	**124,577**	121,656

in EUR thousand	**09/30/ 2021**	12/31/ 2020
EQUITY		
Subscribed capital	24,497	24,497
Capital reserve	15,463	15,463
Other reserves	11,403	10,166
Net retained profits	36,535	42,786
Equity	**87,898**	92,912
LIABILITIES		
Provisions for pensions and similar obligations	351	358
Other financial liabilities	3,397	4,434
Deferred income	547	492
Contract liabilities	154	215
Other provisions	151	339
Deferred tax liabilities	1,500	1,101
Non-current liabilites	**6,100**	6,939
Other provisions	2,636	2,506
Other financial liabilities	2,512	2,509
Trade payables	5,033	7,629
Contract liabilites	15,148	4,733
Other non-financial liabilities	5,250	4,428
Current liabilities	**30,579**	21,805
Liabilities	**36,679**	28,744
Total equity and liabilities	**124,577**	121,656

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF 30 SEPTEMBER 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 09/30/2021	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 09/30/2020	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
				-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

	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
				4,853	4,853
	5		-446		-441
	5	0	-446	4,853	4,412
				-2,451	-2,451
	-330	490	-146	42,295	92,798

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM 1 JANUARY TO 30 SEPTEMBER 2021

in EUR thousand	**01-09 / 2021**	01-09 / 2020
Cash flow from operating activities		
Consolidated net profit/loss	-3,802	4,853
Adjustments:		
Tax expenses	-1,568	1,813
Financial expenses	176	185
Financial income	-4	-7
Depreciation/amortization of non-current assets	5,651	5,503
Gains/losses on the disposal of property, plant and equipment	-5	-13
Impairment losses/reversals	707	-274
Other non-cash expenses and income	-1	908
Changes:		
Inventories	-9,766	-221
Trade receivables	-3,491	-5,784
Other assets	448	466
Provisions	-97	-700
Trade payables	-2,638	-3,607
Other liabilities	11,086	-6,387
Other:		
Interest received	4	7
Income taxes refund (paid)	-1,836	-1,676
Cash flow from operating activities	**-5,136**	-4,934
Cash flow from investing activities		
Investments in intangible assets	-4,144	-4,626
Investments in property, plant and equipment	-2,025	-3,617
Revenue from the disposal of assets	14	13
Cash flow from investing activities	**-6,155**	-8,230

in EUR thousand	**01-09 / 2021**	01-09 / 2020
Cash flow from financing activities		
Dividends paid	-2,450	-2,450
Interest paid	-175	-158
Payments of lease liabilities	-549	-562
Payments for repaying loans	-1,363	-1,512
Cash flow from financing activities	**-4,537**	-4,682
Change in cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	**-15,828**	-17,845
Cash and cash equivalents as of 1 January	20,074	31,343
Effects of exchange rate changes on cash and cash equivalents	692	-206
Cash and cash equivalents as of end of reporting period	**4,938**	13,292

NOTES ON THE PREPARATION OF THE QUARTERLY FINANCIAL REPORT

This financial report as of 30 September 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, 28th October 2021

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Christian Witt

Britta Schulz

FINANCIAL CALENDAR

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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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 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.

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