



Half-yearly Financial Report

1 JANUARY - 30 JUNE 2022

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AT A GLANCE

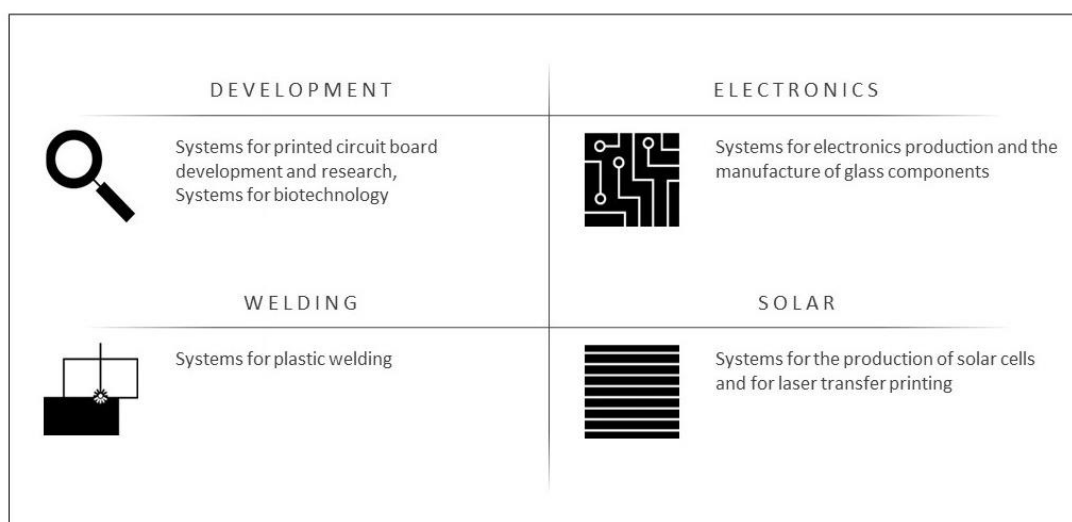
LPKF Laser & Electronics AG

Key Group figures after 6 months 2022

	6 Months 2022	6 Months 2021
Revenue (Mio. EUR)	55.5	36.4
EBIT (Mio. EUR)	1.7	-5.9
EBIT margin (%)	3.1	-16.2
Free Cash Flow (Mio. EUR)	-14.8	-8.3
EPS, diluted (EUR)	0.05	-0.17
Incoming orders (Mio. EUR)	47.9	51.7

	As of 06/30/2022	As of 06/30/2021
Net working capital (Mio. EUR)	36.9	22.9
Equity ratio (%)	69.4	72.0
Orders on hand (Mio. EUR)	54.9	53.6
Employees	740	716

Segments and markets



LETTER FROM THE MANAGEMENT BOARD

Garbsen, July 28th, 2022

Ladies and Gentlemen,

The LPKF Group's business performance in the first half of the year was significantly better than in the previous year despite the high volatility in the economic environment. We were able to increase revenue by 52.4% to EUR 55.5 million, and our earnings were also in line with the upper end of our expectations. Earnings before interest and taxes (EBIT) reached EUR 1.7 million in the first half of the year, compared with a loss of EUR 5.9 million in the previous year. This positive development was driven by the high demand for our technology and products and by the already communicated project delays from last year. In the second quarter, sales increased by 13% year-over-year to EUR 29.8 million and was in the upper range of our guidance, as well as our EBIT of EUR 0.7 million.

Despite all market uncertainties and the continuing challenges in the supply chain, our business development remains solid. Overall, we expect an increase in sales for the second half of 2022 compared to the first half of the year and remain highly confident that we will achieve our full-year guidance.

The order intake in the first half of 2022 at EUR 47.9 million was roughly on par with previous year's figures, which we see as encouraging in view of the long Covid lockdown in China. On June 30, 2022, the order backlog amounted to EUR 54.9 million, of which more than EUR 45 million is due for delivery in the current financial year. This positive development is an important prerequisite for the expected growth in the full year.

In the Solar segment, we benefited from deliveries of various larger orders and were able to complete all delayed projects from 2021, resulting in a high overall revenue contribution in the first half of the year. Welding also increased its sales year-over-year, but was slowed down by supply chain challenges. The strong order intake, especially in growth markets such as battery technology and medical applications, underpins the positive outlook for the further business development. The Electronics business so far is behind last year's results due to a cautious overall market environment, partly offset by successful new product launches and higher LIDE sales. The Development business, with its PCB prototyping and micromachining applications, is benefiting from the redesign of a large number of products at our customers due to the current general shortage of materials. As a result, there has been a strong increase in interest and order intake for our fully integrated rapid prototyping solutions.

We made further progress in the development of our innovative key technologies LIDE (Laser Induced Deep Etching) and ARRALYZE. The LIDE systems delivered in previous quarters for wafer level packaging applications are now being used in volume production. We also plan to deliver our LIDE systems for a new customer in Asia this year. At the same time, we are continuing our project activities with major lead customers from the semiconductor and display sectors as planned to realize the strong growth potential identified here. At ARRALYZE, we were able to win various valuable partners for the validation of our new technology. These include an industrial customer as well as several renowned medical and

biological research institutes. With this technology, we are addressing the fast-growing life science market. In the second half of the year, we will focus on delivering and testing our product with selected beta customers.

We are also continuously developing our business in other key areas. We have launched several initiatives for the sustainable development of the company, which we continued in the second quarter. Our sustainable initiatives are being rewarded: In May, the U.S. rating agency MSCI ESG Research improved our ESG rating from BBB to A.

Looking ahead, we must keep in mind that the economic environment continues to be characterized by high uncertainties. In addition to the ongoing Corona pandemic, geopolitical tensions are having a negative impact on the global economy, resulting in supply chain issues and high inflation. We continue to secure access to materials required for our production as far as possible by acting with foresight on the procurement market, replacing components and selectively increasing our inventories. This enables us to mostly meet the increased demand for our products. As in the past, we can pass on cost increases to our customers on the price side. Generating superior customer value through innovative technologies remains the key to our success.

We confirm our guidance for the full year 2022 and will continue our investments in future technologies like LIDE and ARRALYZE as planned. For the third quarter of 2022, we expect sales between EUR 25 and 30 million and an EBIT in the range of EUR -2.5 to +2 million. For the current fiscal year, we continue to expect sales growth to consolidated sales of EUR 110 - 130 million. The EBIT margin is expected to remain between 2 - 7 %.

As part of our ongoing business monitoring and continuous strategic planning, the Management Board decided in July 2022 to remove the current medium-term forecast for 2024 in view of the economic and political developments over the last years and the increased risk of a recession. However, based on the analysis of the market potential of our technologies in the recent months, we reaffirm the company's very good growth prospects in both the established business and the new LIDE and ARRALYZE segments.

In the medium-term, given the strong capabilities of the company, we continue to aim at delivering an attractive growth rate for the core business, a low three-digit million euro revenue for the new business areas, and an attractive double digit EBIT-margin. We will provide further details on our updated medium-term operating model at the end of September 2022, when we will hold our Capital Markets Day. The task now is to develop initial high-volume applications through further intensive cooperation with our key customers.

Best regards,



Dr. Klaus Fiedler
Chief Executive Officer



Christian Witt
Chief Financial Officer

INTERIM MANAGEMENT REPORT AS OF 30 JUNE 2022

1 BASIC INFORMATION ON THE GROUP

The basic information on the LPKF Group in the combined management and Group management report for 2021 continues to apply unchanged. Changes in the scope of consolidation are presented in the notes to this interim report under "Notes on the preparation of the half-yearly financial report".

2 REPORT ON ECONOMIC POSITION

2.1 COURSE OF BUSINESS

Sector-specific environment

LPKF Laser & Electronics AG's business is influenced not only by the macroeconomic environment but also by developments in the industry. These include the electronics industry and consumer electronics in particular, the automotive industry, the solar industry and the plastics sector. Their developments in the first half of 2022 are outlined below.

In the electronics industry, global smartphone sales have been subdued so far this year due to a lack of availability of electronic components, the impact of the Ukraine war, supply chain bottlenecks and the Corona impact, especially in China. According to Gartner's recently updated forecast, 1.46 billion smartphones will be manufactured in 2022 as a whole, down 7.1% year-on-year.

The automotive markets also showed restrained development in the first half of 2022. According to the German Association of the Automotive Industry (VDA), new registrations in Germany were down 11% year-on-year in the first six months of the current year. Compared with the pre-coronavirus year of 2019, the decline was as much as 33%. For the full year, the VDA expects a slight decline of 1% to 70.2 million passenger cars on the global market.

As a key component of renewable energies, the solar industry is benefiting from the increasing importance of non-fossil fuel energy sources, particularly as a result of the war in Ukraine. Despite rising product costs, the International Energy Agency (IEA) expects a significant increase in global investment in solar energy of 25% in 2022 compared to the previous year. According to calculations by the German Mechanical Engineering Industry Association (VDMA), German manufacturers of photovoltaic machines and systems recorded a significant increase in orders in the first quarter of 2022. However, revenue declined due to supply chain problems. The further development of new technologies and products will play an important role here.

According to the VDMA, the German plastics sector expects at best a slight increase in revenue in the current year due to the lack of availability of supplier parts in some cases. 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.

According to the VDMA, incoming orders in the German mechanical and plant engineering sector dropped by 1% year-on-year between March and May 2022 due to the war in Ukraine and supply chain problems. The association has lowered its production forecast for the current year several times, most recently to plus 1%.

Effects on the LPKF Group

The current geopolitical tensions and uncertainties in the economic environment are causing a negative impact on the global economy. This is resulting in supply bottlenecks, inflation and fears of recession. The energy supply in Europe in particular is fueling economic uncertainty. LPKF is not directly affected by the demand for gas, but indirectly as various primary products require process heat. Fears of recession are causing our customers to be cautious in placing orders, which is particularly affecting our Electronics segment.

However, despite the uncertainties, orders on hand and the pipeline of sales projects in the other segments of the LPKF Group show a measurable upturn in demand, indicating a sought-after product portfolio. It is particularly difficult to assess the timing regarding incoming orders due to the aforementioned challenges.

The supply and logistics bottlenecks will continue in the second half of the year. LPKF made an early start in procuring the components that will be needed up to the end of the year, resulting in an increased inventory. Thanks to these countermeasures, we have so far seen only a minor impact on our ability to deliver.

Although the coronavirus situation improved significantly in many areas in the second quarter of the current year, the effects of the pandemic continue to be felt, particularly in China. The Management Board continues to monitor the situation very closely and is doing everything in its power to protect employees, serve customers as best as possible and minimize the financial impact.

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 will continue to implement the measures taken to prepare for this in the best possible way.

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

Results of operations

The LPKF Group generated revenue of EUR 55.5 million in the first half of 2022, up 52.5 % year-on-year (H1 2021: EUR 36.4 million). The increase mainly results from the Solar segment (+ EUR 16.7 million). The Development segment increased its sales by EUR 2.9 million, while the Welding segment remained at the previous year's level (EUR + 0.3 million). The Electronics segment (- EUR 0.7 million) is 5.1 % below the prior-year period.

The strong solar business is also evident when looking at the second quarter. Sales revenues for solar were EUR 11.1 million higher than in the previous year. The Development segment also reported an increase in sales (+ 22.4 %). Electronics (- 19.3 %) and Welding (- 13.8 %) segments reported a decline in sales. Sales of the Group were 47.9 % higher than in the second quarter of the previous year.

The higher sales in the first six months resulted in positive EBIT (earnings before interest and taxes) of EUR 1.3 million (previous year: EUR -5.9 million). EBIT in the second quarter was EUR 0.7 million (previous year: EUR -1.7 million). This corresponds to an improvement of EUR 2.4 million compared to the previous quarter.

The order backlog reached a value of EUR 54.9 million as of June 30, 2022, which is 2.4% above the previous year's value of EUR 53.6 million.

At EUR 47.9 million, order intake was slightly below the previous year's level of EUR 51.7 million.

Own work capitalized included EUR 3.0 million in development services for products and software (previous year: EUR 2.7 million). At EUR 1.6 million, other income was down on the previous year (previous year: EUR 1.8 million). The decrease compared with the same period of the previous year was mainly due to lower income from the reversal of provisions (EUR - 0.1 million) and effects from the use of short-time working (EUR - 0.1 million). This was offset by higher grants for development services (EUR + 0.1 million).

At 32%, the cost of materials ratio was up on the previous year's figure of 30%, mainly due to the product mix.

As of June 30, 2022, the LPKF Group employed 740 people, 24 more than on June 30, 2021. The increase in headcount is mainly attributable to the LIDE and ARRALYZE divisions. At EUR 25.2 million, personnel expenses in the reporting period were up on the previous year (EUR 23.1 million). The increase is due to the expansion of the workforce and additions to personnel provisions.

At EUR 4.0 million, depreciation and amortization in the reporting period was higher than in the previous year (EUR 3.8 million). Of this amount, EUR 2.0 million was attributable to depreciation and amortization from own work capitalized (previous year: EUR 1.8 million). At EUR 11.2 million, other operating expenses were up on the previous year's figure of EUR 9.3 million. This increase was mainly due to higher expenses for research and development (EUR + 0.4 million), travel and entertainment expenses (EUR + 0.4 million), advertising and sales expenses (EUR + 0.3 million) and trade fair costs (EUR + 0.2 million). These expenses are designed to support growth momentum. Other miscellaneous expenses, including those for external and temporary labor, repairs and maintenance, and expenses arising from exchange rate losses, also showed an increase compared with the previous year.

Interest expenses for short-term loans were incurred to a minor extent due to a utilization of overdraft facilities. After interest and taxes, the consolidated result was EUR 1.1 million (previous year: EUR -4.3 million).

Financial position

The Group's cash and cash equivalents decreased from EUR 15.2 million on December 31, 2021 to EUR 7.9 million in the reporting period.

Cash flow from operating activities was negative at EUR -10.7 million in the first half of the year and below the figure for the same period of the previous year (EUR -4.0 million). The negative cash flow from operating activities for the reporting period results mainly from the increase in net working capital. In the second quarter, the Group continued to make targeted investments in inventory build-up to ensure the greatest possible readiness to deliver for customer orders given the ongoing challenges in the supply chain. Advance payments received decreased because of deliveries made by the Solar segment in the second quarter. These deliveries also increased the Group's receivables as of the reporting date of June 30. From these movements, the net working capital effect amounts to EUR 13.9 million.

In the second quarter, the cash outflow from operating activities amounted to EUR 3.8 million. As in the year, this is attributable to higher net working capital. At EUR 2.0 million, capital expenditure was on a par with the previous quarter.

After a cash outflow from investing activities of EUR -4.1 million in the first half of the year (previous year: EUR -4.2 million), free cash flow amounted to EUR -14.8 million (previous year: EUR -8.3 million). Scheduled repayments of long-term loans and repayments of lease liabilities continued in the second quarter. At the same time, the Group utilized short-term credit facilities to strengthen liquidity. This resulted in a cash inflow from financing activities of EUR 7.1 million (previous year: EUR -3.8 million).

The LPKF Group has the necessary funds for investments and further growth, consisting of cash and cash equivalents and the available credit lines. In the first six months of 2022, as in the 2021 financial year, no public funds from the German government's support packages were drawn down. Nor is this planned for the remainder of the financial year and beyond.

Net assets

Analysis of net assets and capital structure

Compared with December 31, 2021, non-current assets increased by EUR 0.9 million to EUR 69.9 million. The increase is mainly due to capitalized development costs (EUR + 1.0 million). The increase in non-current receivables by EUR + 0.5 million is offset by a decrease in property, plant and equipment of EUR - 0.6 million.

Current trade receivables increased by EUR 3.6 million to EUR 20.1 million during the reporting period. Inventories increased by EUR 5.4 million to EUR 34.0 million. This is due to a targeted build-up of inventories to secure upcoming deliveries. Cash and cash equivalents decreased by EUR 7.2 million and amounted to EUR 7.9 million as of June 30, 2022. Overall, current assets increased by EUR 2.6 million to EUR 65.8 million.

Net working capital increased from EUR 19.3 million at Dec. 31, 2021 to EUR 36.9 million at June 30, 2022. Inventories increased by EUR 5.4 million, while receivables rose by EUR 4.1 million. Liabilities fell by EUR 3.2 million, while advance payments received for customer projects decreased by EUR 4.9 million.

The equity ratio of 69.4% as of June 30, 2022 is on par with the ratio as of year-end 2021 of 69.7%.

Non-current liabilities decreased by EUR 0.9 million, mainly due to the scheduled repayment of loans. Current liabilities increased by EUR 2.3 million to EUR 38.2 million. Current financial liabilities increased by EUR 8.3 million, due to the utilization of overdraft facilities. Trade payables decreased by EUR 3.2 million and advance payments received by EUR 5.0 million compared with December 31, 2021. In addition, other liabilities increased by EUR 1.5 million and other provisions by EUR 0.7 million.

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

Capital expenditure

In the first six months, capital expenditure in the Group was at the level of the previous year. Investments in property, plant and equipment amounted to EUR 0.8 million (compared to previous year: EUR -0.5 million), while additions to capitalized development costs totaled EUR 3.3 million (compared to previous year: EUR +0.6 million).

Segment performance

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

in Mio. EUR	Revenue		EBIT	
	6 Months 2022	6 Months 2021	6 Months 2022	6 Months 2021
Electronics	13.7	14.4	-1.8	-1.0
Development	12.5	9.6	1.3	0.0
Welding	9.6	9.3	-1.1	-1.3
Solar	19.7	3.1	3.3	-3.6
Total	55.5	36.4	1.7	-5.9

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 2022:

Area	06/30/ 2022	12/31 2021
Development	213	207
Production	132	136
Service	97	100
Sales	138	141
Administration	160	162
Total	740	746

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 and Software segments.

2.4 OVERALL ASSESSMENT OF THE GROUP'S ECONOMIC SITUATION

The first half of 2022 was also largely dominated by external influences for LPKF. COVID-19 case numbers remained at a constant level. Due to the lockdown in China in the second quarter of 2022, this key sales market for LPKF was accessible only to a very limited extent, and this also led to global bottlenecks in materials supply and logistics. There are ongoing global challenges relating to the availability of electronic components. In addition, the war in Ukraine and the supply situation of energy sources are giving rise to further economic uncertainties. LPKF is closely monitoring these developments as they could have a significant impact on the future supply and demand situation.

The company recognized the challenge early on and countered it with targeted measures. The health and safety of employees and business partners remains a top priority in the second half of 2022. LPKF also has responsibly ensured that business continues.

From the Management Board's point of view, the company successfully pressed ahead with crucial areas for long-term growth such as LIDE, AMP, the new Tensor technology and ARRALYZE, as well as the expansion of the customer and technology base in the Solar segment. A number of orders have already been received since the Tensor technology was launched in the spring. In the ARRALYZE segment, work will begin in the second half of the year with three beta customers to further validate the technology.

Despite the economic challenges, LPKF closed the first half of 2022 with a 51.6% increase in revenue and a positive result of EUR 0.9 million.

The consistently strong situation of forward-looking order figures is very encouraging. As of 30 June 2022, orders on hand amounted to EUR 54.9 million and were thus slightly above the previous year's figure of EUR 53.6 million. At EUR 51.7 million, incoming orders were at a similar level to the previous year.

The Management Board is monitoring the current order situation and the performance of the individual market segments very carefully, especially considering the unclear overall economic outlook resulting from the changed market environment and supply situation. The solid level of incoming orders shows that there is still high interest in LPKF's solutions.

3 SUPPLEMENTARY REPORT

No other significant events with a material effect on the net assets, financial position or results of operations of LPKF have occurred since the reporting date on 30 June 2022.

4 OPPORTUNITIES AND RISKS

In the combined management report and Group management report for 2021, 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 consider there to be any risks that jeopardize its continued existence at present, and no such risks for the future can currently be identified. However, we are carefully monitoring the geopolitical situation. Ongoing regional lockdowns in China and the war in Ukraine are weighing on the general global economic situation. LPKF is also affected by supply chain issues and disrupted outgoing freight, which leads to changes in revenue between quarters. The increase in inflation and consequently higher material costs can generally be compensated for. LPKF itself is not directly affected by the shortage of energy sources due to its lower depth of production and low-energy production processes. But there is an indirect risk because many suppliers require process heat for the production of components.

5 REPORT ON EXPECTED DEVELOPMENTS

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

Economic environment

The war in Ukraine and coronavirus-related restrictions in China have led to uncertainties worldwide. There are also still supply bottlenecks for products, as well as issues in the supply chains. Forecasts for the development of the global economy were therefore downgraded in the course of the year. The Kiel Institute for the World Economy (IfW) now expects only moderate growth of 3% in 2022. In 2023, growth is expected to reach 3.2%.

Following a slight decline in GDP in the main advanced economies in the first quarter of 2022, the IfW expects economic output to increase by only 2.5% in 2022 and 2.0% in 2023. For the largest economy – the US – growth is expected to be 2.4% in the current year and 1.9% in

the coming year. The figures for the eurozone look somewhat better, with the IfW forecasting 3.1% growth for 2022 and 2.7% for 2023.

For Germany, the economic experts expect a similar development in the current year, with the economy then expected to perform better in 2023. Specifically, the IfW is anticipating growth of 2.1% in 2022 and 3.3% in 2023. The forecast was recently scaled back, partly due to the impact of inflation on private consumption.

For the emerging economies, the IfW anticipates growth of 3.4% in 2022 and 4.1% in 2023. At 4.2% and 5.8%, however, the expectations for China – the key country here – are below the average of recent years.

Despite the positive forecasts, LPKF's Management Board sees a significant risk of recession due to the uncertain economic situation, supply bottlenecks and the pandemic situation.

Group performance

Looking to the future, LPKF does not expect COVID-19 to have a lasting impact on the global economy. However, fluctuations and a corresponding impact on the economy are usually particularly observed in the colder months of the year.

The consequences of the Ukraine war on the global economy, which remain unforeseeable at the time of publishing this report, may lead to further bottlenecks in the procurement of electronic components and in logistics before the situation eases again. On the whole, the Management Board anticipates moderate overall economic growth in global GDP in the current year. The company is expecting that key customer industries will continue to face challenges and general economic uncertainty. Nevertheless, LPKF does expect conditions to improve in the 2022 financial year compared to previous years, also based on the order situation and the future order pipeline. This applies in particular to business areas that are benefiting from 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 bring about lasting changes to products, components and production in the electronics and semiconductor industries and beyond.

Due to the strategic and operational measures that the Management Board has successfully implemented over the past three years, the company is financially stable and demonstrating sustained profitability. LPKF is able to expand its operating activities further through a stronger focus on customer needs. Investments in the development of new technologies and applications are being fully implemented. The Group's increased diversification in recent years has significantly reduced its dependence on individual market segments and customers.

The Management Board still sees 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. Today, however, it is difficult to predict the development of individual areas and solutions in terms of both time and money. Different industries and regions of the world are exposed to a variety of challenges, which creates uncertainty when it comes to investment behavior.

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 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 become permanently established 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 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. In particular, solutions such as the innovative Tensor technology will enable the laser to be used in the future in areas that are currently dominated by mechanical solutions. This business is expected to take place as planned or, in the worst-case scenario, with delays. Pure customer capacity expansions, however, are dependent on short- and medium-term demand from end customers as well as general economic conditions.

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 economic success for its customers, thereby creating a tangible competitive advantage for them.
- LPKF will specifically drive the development of technologies that help customers to conserve resources and make their production operations more energy-efficient.
- LIDE technology will be expanded further and its establishment in various application areas will be ramped up.
- The ARRALYZE technology platform is being evaluated with beta customers from biological and medical research and industry.
- 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 is planning a strategy and efficiency program to help achieve the targets set even faster and to deploy the resources needed to achieve them more efficiently.

- The Management Board will also target potential growth through M&A activities, but only where the value enhancement generated by these activities is clearly identifiable.

LPKF as a company will retain its agility and flexibility so that it remains capable of responding 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

Third quarter of 2022

For the third quarter of 2022, the Management Board is anticipating revenue of between EUR 25 million and EUR 30 million and EBIT of EUR -2.5 million to EUR +2 million.

2022 financial year

Against the backdrop of the current political and economic environment, the ability to plan and predict the development of LPKF's business is significantly limited in most of its divisions. In the current uncertain environment, LPKF expects consolidated revenue of EUR 110 - 130 million and an EBIT margin of between 2% - 7% for the 2022 financial year.

Subsequent years

In the medium term, given the strong capabilities of the company, the Management Board continues to aim at delivering an attractive average growth rate for the core business, a low three-digit million-euro revenue for the new business areas, and an attractive double digit EBIT margin.

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, 28 July 2022

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Dr. Klaus Fiedler



Christian Witt



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 JUNE 2022

in EUR thousand	01-06 / 2022	01-06 / 2021
Revenue	55,544	36,360
Changes in inventories of finished goods and work in progress	-329	4,671
Other own work capitalized	3,107	3,171
Other income	1,560	1,840
Cost of materials	-17,664	-15,685
Staff costs	-25,230	-23,058
Depreciation and amortization	-4,041	-3,769
Impairment expenses (including reversals) on financial assets and contract assets	-29	-125
Other expenses	-11,219	-9,298
Operating Result (EBIT)	1,699	-5,893
Finance income	17	3
Finance costs	-148	-116
Earnings before tax	1,568	-6,006
Income taxes	-460	1,755
Consolidated net profit/loss	1,108	-4,251
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	905	741
Other comprehensive income after taxes	905	741
Total comprehensive income	2,013	-3,510
in EUR thousand		
Earning per share (basic)	0.05	-0.17
Earning per share (diluted)	0.05	-0.17

FROM 1 APRIL TO 30 JUNE 2022

in EUR thousand	04-06 / 2022	04-06 / 2021
Revenue	29,750	20,105
Changes in inventories of finished goods and work in progress	-1,177	2,296
Other own work capitalized	1,520	2,083
Other income	938	852
Cost of materials	-10,116	-8,323
Staff costs	-12,333	-11,603
Depreciation and amortization	-2,094	-1,901
Impairment expenses (including reversals) on financial assets and contract assets	75	-106
Other expenses	-5,888	-5,150
Operating Result (EBIT)	675	-1,747
Finance income	10	1
Finance costs	-88	18
Earnings before tax	597	-1,728
Income taxes	-198	503
Consolidated net profit/loss	399	-1,225
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	454	-39
Other comprehensive income after taxes	454	-39
Total comprehensive income	853	-1,264
in EUR thousand		
Earning per share (basic)	0.02	-0.05
Earning per share (diluted)	0.02	-0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF 30 JUNE 2022

in EUR thousand	06/30/ 2022	12/31/ 2021
ASSETS		
Intangible assets and goodwill	20,262	19,072
Property, plant and equipment	45,687	46,317
Trade receivables	1,186	696
Other non-financial assets	179	181
Deferred tax assets	2,573	2,766
Non-current assets	69,887	69,032
Inventories	33,975	28,536
Trade receivables	20,055	16,486
Income tax receivables	496	1,511
Other financial assets	0	13
Other non-financial assets	3,318	1,495
Cash and cash equivalents	7,941	15,167
Current assets	65,785	63,208
Total assets	135,672	132,240

in EUR thousand	06/30/ 2022	12/31/ 2021
EQUITY		
Subscribed capital	24,497	24,497
Capital reserve	15,463	15,463
Other reserves	12,926	12,021
Net retained profits	41,330	40,222
Equity	94,216	92,203
LIABILITIES		
Provisions for pensions and similar obligations	368	370
Other financial liabilities	1,911	2,630
Deferred income	574	676
Contract liabilities	160	141
Other provisions	85	68
Deferred tax liabilities	200	327
Non-current liabilities	3,298	4,212
Other provisions	2,984	2,270
Other financial liabilities	10,842	2,568
Trade payables	4,049	7,213
Contract liabilities	14,148	19,081
Other non-financial liabilities	6,135	4,693
Current liabilities	38,158	35,825
Liabilities	41,456	40,037
Total equity and liabilities	135,672	132,240

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS OF 30 JUNE 2022

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

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

Other
reserves

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM 1 JANUARY TO 30 JUNE 2022

in EUR thousand	01-06 / 2022	01-06 / 2021
Cash flow from operating activities		
Consolidated net profit/loss	1,108	-4,251
Adjustments:		
Tax expenses	461	-1,754
Financial expenses	148	116
Financial income	-17	-3
Depreciation/amortization of non-current assets	4,041	3,769
Gains/losses on the disposal of property, plant and equipment	0	-5
Impairment losses/reversals	191	833
Other non-cash expenses and income	-79	1
Changes:		
Inventories	-5,349	-7,463
Trade receivables	-3,799	678
Other assets	-1,807	-729
Provisions	705	187
Trade payables	-3,186	-2,737
Other liabilities	-3,816	7,765
Other:		
Interest received	17	3
Income taxes refund (paid)	645	-451
Cash flow from operating activities	-10,737	-4,041
Cash flow from investing activities		
Investments in intangible assets	-3,327	-2,800
Investments in property, plant and equipment	-838	-1,426
Revenue from the disposal of assets	71	12
Cash flow from investing activities	-4,094	-4,214

in EUR thousand	01-06 / 2022	01-06 / 2021
Cash flow from financing activities		
Dividends paid	0	-2,450
Interest paid	-147	-115
Payments of lease liabilities	-376	-365
Payments for repaying loans	-1,278	-908
Cash flow from financing activities	7,070	-3,838
Change in cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	-7,761	-12,093
Cash and cash equivalents as of 1 January	15,167	20,074
Effects of exchange rate changes on cash and cash equivalents	535	467
Cash and cash equivalents as of end of reporting period	7,941	8,448

NOTES ON THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

This financial report as of 30 June 2022 complies in full with the rules set out in IAS 34. The interpretations of the International Financial Interpretations Committee (IFRIC) are observed. The figures of the previous period were calculated according to the same principles, provided that new standards did not require any changes. The same applies to the accounting and valuation methods and the calculation methods used in the interim financial statements.

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

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

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

Basis of consolidation

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

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

LPKF Laser & Electronics (Hong Kong) Ltd. was closed to streamline and simplify the Group's structures. The operating business had already been transferred to other Group companies in previous years. The company was finally deleted from the local register with the

announcement on March 25, 2022. In January 2022, LPKF (Shanghai) Trading Co., Ltd. was founded with its registered office in Shanghai, China, and will replace the company LPKF (Tianjin) Co. Ltd. in the medium term.

Transactions with related parties

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

Garbsen, 28th July 2022

LPKF Laser & Electronics Aktiengesellschaft

The Management Board



Dr. Klaus Fiedler

CEO



Christian Witt

CFO

FINANCIAL CALENDAR

28 September 2022	Capital Markets Day for Analysts and institutional Investors
27 October 2022	Publication of the nine-months report

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

Disclaimer

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

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

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