# Half-yearly Financial Report

1 January - 30 June 2018

LPKF
Laser & Electronics

# Table of contents

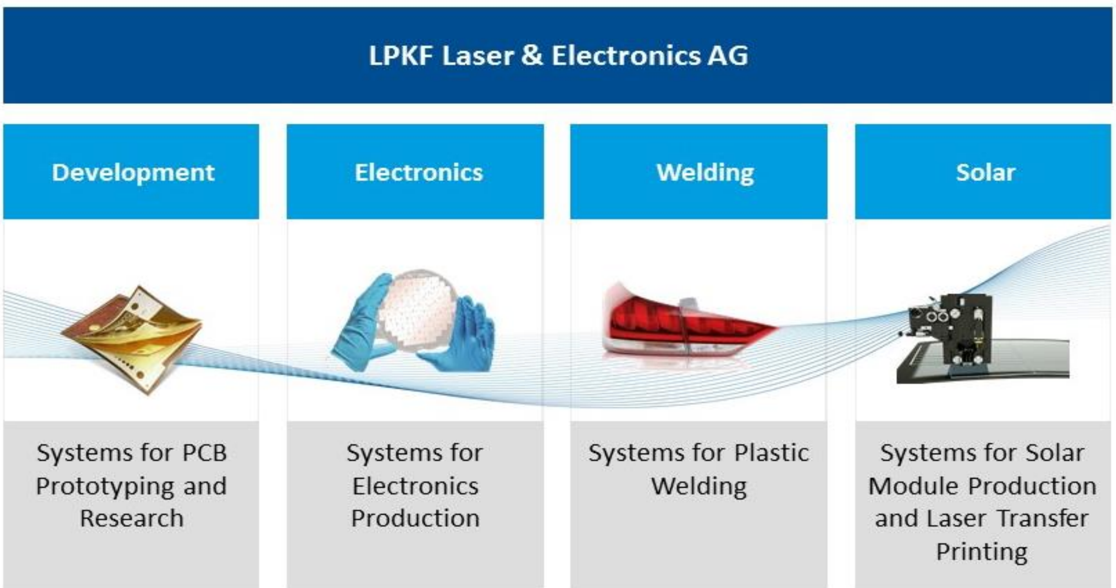
# LPKF Laser & Electronics AG at a glance

## Key Group figures after 6 months 2018

| | 6 months 2018 | 6 months 2017 |
|---|---:|---:|
| Revenue (EUR million) | 58.4 | 44.8 |
| EBIT (EUR million) | 2.3 | -2.7 |
| EBIT margin (%) | 3.9 | -6.1 |
| EPS, diluted (EUR) | 0.07 | -0.11 |
| Incoming orders (EUR million) | 71.9 | 62.8 |

| | As of 30 June 2018 | As of 30 June 2017 |
|---|---:|---:|
| Free cash flow (EUR million) | -4.8 | 3.8 |
| Net working capital (EUR million) | 43.2 | 29.3 |
| ROCE (%) | 2.2 | -3.0 |
| Cash and cash equivalents (EUR million) | -16.0 | 0.4 |
| Equity ratio (%) | 43.9 | 43.4 |
| Orders on hand (EUR million) | 52.1 | 45.7 |
| Employees | 669 | 692 |

## Segments and markets



# Chairman's Statement

Garbsen, August 15th, 2018

Ladies and gentlemen,

After a little more than three months as Chairman of the Management Board of LPKF Laser & Electronics AG, I am pleased to report the figures for the first half of the current financial year.

For the second quarter, the LPKF Group's revenue has reached EUR 38.7 million. This is significantly higher than the previous year's figure of EUR 20.3 million. This has resulted in revenue of EUR 58.4 million for the first half of the current financial year, up 30% from EUR 44.8 million during the same period last year. During the six-month period, the Electronics and Development segments have generated revenue at the previous year's level, while revenue in the Solar segment has more than tripled; the Welding segment has recorded a decline in revenue.

Incoming orders and orders on hand have shown a positive development: at EUR 71.9 million, incoming orders during the six-months period were 15% higher than in the previous year; orders on hand as of June 30, 2018 were at EUR 52.1 million, 14% higher than the previous year.

The significantly higher revenue in the second quarter has generated positive earnings before interest and taxes (EBIT) not only for the quarter, but also for the half-year: EBIT for the quarter amounts to EUR 4.6 million, and therefore to EUR 2.3 million for the first half of the year, compared to a loss (EBIT) of EUR 2.7 million for the first half of the previous year. These figures include restructuring cost of EUR 1.3 million (previous year: EUR 0.2 million).

The increase in sales includes purchased components worth approximately EUR 5.0 million, which were resold to our customers at lower margins. In July, we have raised our sales guidance for the current year 2018 due to these higher than expected component sales. We have not changed our EBIT guidance.

For 2018, assuming a stable development of the global economy, the Management Board expects consolidated revenue of between EUR 110 million and EUR 115 million (previously: EUR 103 million and EUR 108 million) and an unchanged return on capital employed (ROCE) of between 2 and 7%, corresponding to an EBIT margin of up to 6%.

The significantly stronger second quarter - actually our highest revenue quarter by far in more than three years - represents an important step on the path we have taken towards restoring LPKF to sustained profitability. However, this goal has not yet been achieved; the Management Board will continue to work hard to do so, and at the same time further accelerate our longer-term growth, particularly through our new technologies.

The Supervisory Board of LPKF Laser & Electronics AG has appointed Christian Witt as the new Chief Financial Officer on 10 July. His term of office begins on September 1, 2018, and he will then replace Kai Bentz as Chief Financial Officer. Kai Bentz will continue to advise the company until the end of his contract. In the further course of the year, the Management Board will be reduced from four to two persons.

I look forward to further improve LPKF's performance, growth and results together with our employees.

Best regards,

Goetz M. Bendele

Chief Executive Officer

# Interim Management Report as of 30 June 2018

## 1 Basic information on the Group

The basic information on the LPKF Group in the combined management report for 2017 continues to apply unchanged.

## 2 Report on economic position

### 2.1 Course of business

#### 2.1.1 Sector-specific environment

In addition to the economy, the business performance of laser technology specialist LPKF AG is also impacted by sector-specific developments. This includes the engineering, automotive, solar and electronics sectors with a focus on the consumer electronics and plastics processing industries. The following section addresses the performance of these sectors during the first half of the 2018 financial year.

According to the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau – VDMA), production in this segment rose by 4.2% in the first four months of 2018, while exports increased by 3.5%. Despite a slight fall in orders in May 2018 compared to the same month in the previous year, the Federation assesses the performance in the first half of the year positively. High capacity utilization in production led in some cases to bottlenecks. Risks arise from the trade barriers initiated by the USA, which would affect the highly export-oriented industry.

According to the overview of the German Automotive Industry Association (Verband der Automobilindustrie – VDA), 1 million more vehicles were sold in the first half of 2018 in the three largest sales markets of China, the USA and Europe than in the same period of the previous year. The major manufacturers recorded record sales. Since the duties on imported cars that are being considered by the USA are not expected to come for the time being, the good performance could continue.

On the global photovoltaics market, IHS Markit is expecting a significant increase of 113 GW for the current year. The majority is attributable to China. While some analyses expect relatively stable prices in 2018, others are anticipating further price pressure for solar modules from China.

In the smartphone segment of the consumer electronics sector, Gartner recorded an increase in sales of 1.3% in the first quarter of 2018 compared to the same quarter of the previous year. While Gartner expects smartphone sales to grow this year, IDC is anticipating a slight decline.

The German plastics processing industry is expected to continue performing well.

#### 2.1.2 Effects on the LPKF Group

As expected, the industries relevant to LPKF AG performed well in the first half of 2018. Significant effects of new trade barriers were not yet visible.

### 2.2 Net assets, financial position and results of operations of the Group

#### 2.2.1 Results of operations

With revenue of EUR 38.7 million in the second quarter, LPKF clearly outperformed the same quarter of the previous quarter (EUR 20.3 million). Revenue in the first half of the year reached EUR 58.4 million, thus exceeding the prior year’s figure by more than 30%. Development of revenue within the segments varied. The Solar segment achieved a very strong second quarter with revenue of EUR 14.5 million and was more than 200% above the same period of the previous year after six months. The Development segment more than compensated for the weakness in the first quarter and achieved a year-on-year increase of 4% in the first half of the year. The Electronics segment also recorded a strong second quarter and remained exactly at the previous year's level of EUR 15.8 million in the first half-year. Only the Welding segment was down year-on-year by 15% due to the weak first quarter. Overall, revenue in the Group after six months was well above expectations.

Development of orders also shows a clear upward trend. In the first half year, incoming orders at EUR 71.9 million were 15% above the good prior year's half-year period. The Solar segment was also far ahead with growth of 37%. Following strong revenue in the first half of the year, orders on hand remain at EUR 52.1 million, up 14% on the same period of the previous year. Orders on hand includes EUR 35.4 million of Solar orders, after EUR 30.1 million in the previous year. The book-to-bill ratio (incoming orders/revenue) at Group level is currently 1.2.

Due to the strong revenue, EBIT also developed positively in the first half of the year. While there was still a loss (EBIT) of EUR 2.3 million in the first quarter of 2018, LPKF generated an operating profit of EUR 4.6 million in the second quarter. Thus, the first half of the year has a positive EBIT of EUR 2.3 million, clearly exceeding the reported operating loss of EUR 2.7 million in the previous year.

Own work capitalized in the reporting period included development costs of EUR 1.9 million (previous year: EUR 1.6 million). Other operating income was up by EUR 0.2 million on the previous year (EUR 1.4 million), mainly due to higher exchange rate gains.

The material cost ratio increased from 33% in the previous year to 40%. This significant rise is largely due to the higher proportion of materials in solar systems. In addition, components with lower margins were negotiated (volume: EUR 5.0 million). The cost of materials for the current year includes write-downs of inventories and scrappage in the amount of EUR 0.5 million (previous year: EUR 0.4 million).

Compared to June 30, 2017, the Group's workforce decreased by 23 employees to 669. Staff costs were up slightly on the previous year's level (EUR 21.6 million) at EUR 21.9 million in the reporting period. In the current year, staff costs were negatively affected by restructuring measures totaling EUR 1.3 million (previous year: EUR 0.2 million). Restructuring expenses of EUR 1.0 million are attributable to the second quarter.

Depreciation and amortization was up EUR 0.5 million year-on-year at EUR 4.1 million in the first half of 2018. Amortization of capitalized development costs accounted for EUR 1.9 million of this figure.

Other operating expenses fell slightly from EUR 11.7 million in the previous year to EUR 11.4 million. This positive development is due chiefly to lower selling expenses (EUR -0.7 million) and reduced warranty expenses (EUR -0.3 million) and lower development costs (EUR -0.4 million). In contrast, fees for legal and consultancy services (EUR +0.3 million) and third-party work (EUR +0.3 million) rose.

The sustained high level of net debt and higher interest rates meant that interest expenses were on a par with the previous year at EUR 0.4 million.

The Group recorded a consolidated net loss of EUR 1.6 million after interest and taxes, an improvement of EUR 4.0 million compared with the same period of the previous year (EUR -2.4 million).

### 2.2.2 Financial position

The Group's cash and cash equivalents decreased from EUR -4.0 million to EUR -16.0 million in the reporting period. Despite the positive EBIT, positive cash flow from operating activities was not achieved, as it was more than offset by the significant rise in trade receivables in current assets on the reporting date. The increase in trade receivables is due to strong revenue at the end of the second quarter. Following negative cash flow from investment activities of EUR 2.7 million, there was a negative free cash flow of EUR 4.8 million. Scheduled repayments and the redemption of short-term loans resulted in a negative cash flow from financing activities of EUR 7.3 million. Taking currency-related changes into account, this ultimately led to a total reduction in cash and cash equivalents of EUR 12.1 million.

The Group's financial position remains stable. Future financial requirements can be covered by sufficient available credit facilities and liquidity at subsidiaries.

### 2.2.3 Net assets

*Analysis of net assets and capital structure*

In the reporting period, the equity ratio fell from 46.5% at the end of 2017 to 43.9%. This is primarily due to the increase in total assets due to the temporary increase in current assets.

Non-current assets declined slightly in the first six months of the year (EUR -0.8 million). This was mainly attributable to depreciation of property, plant and equipment in the amount of EUR 2.0 million, which was not offset by additions to property, plant and equipment of EUR 0.7 million. In addition, deferred taxes climbed by EUR 0.6 million.

Current assets recorded an increase of EUR 11.4 million compared to the end of the previous year. Inventories remained virtually at the same level, while trade receivables rose by EUR 11.7 million due to the strong quarterly revenue. Cash and cash equivalents remained unchanged at the end of the previous year.

Compared to the end of 2017, net working capital increased to EUR 9.9 million. This was due entirely to the sharp growth in trade receivables as of the balance sheet date. At 37%, the net working capital ratio remains outside the new target corridor of up to 33%. This indicator is expected to improve significantly in the further short-term course of the year.

Equity increased in the reporting period as a result of the consolidated net profit of EUR 1.6 million. Non-current liabilities declined by EUR 0.8 million, largely due to scheduled repayments of long-term loans. By contrast, current liabilities rose by a total of EUR 9.8 million due to the increase in current liabilities to banks (EUR +6.4 million) and trade payables (EUR +3.2 million).

With these exceptions, there has been no substantial change in the structure of the statement of financial position.

*Capital expenditures*

The Group engaged in only limited capital expenditure in the first six months of 2017. Other than additions to capitalized development costs in the amount of EUR 1.9 million, the only additions related to EUR 0.8 million in property, plant and equipment and other intangible assets.

### 2.2.4 Segment performance

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

| | External revenue | | Operating result (EBIT) | |
|---|---|---|---|---|
| EUR thsd. | 6 months 2018 | 6 months 2017 | 6 months 2018 | 6 months 2017 |
| Electronics | 15,756 | 15,792 | -234 | -1,141 |
| Development | 10,820 | 10,388 | 1,487 | 950 |
| Welding | 10,384 | 12,154 | -1,222 | 53 |
| Solar | 21,436 | 6,477 | 4,562 | -386 |
| Other | 0 | 0 | -2,337 | -2,216 |
| Total | 58,396 | 44,811 | 2,256 | -2,740 |

The operating result (EBIT) of the segments contains the operating activities of the business units and the attributable intragroup allocations. EBIT in the Other segment contains non-operating components, in particular Group management functions and exchange rate changes. The operating loss in the Welding segment is due chiefly to business performance that was lower than originally planned.

## 2.3 Employees

The following table shows the development in employee numbers in the first six months of 2018:

| Area | As of 30 June 2018 | As of 31 Dec. 2017 |
|---|---|---|
| Production | 164 | 163 |
| Sales | 118 | 120 |
| Development | 148 | 155 |
| Service | 96 | 97 |
| Administration | 143 | 148 |
| Total | 669 | 683 |

The total number of employees as of June 30, 2018 was 620 full-time equivalents (FTEs).

There were also 7 workers in marginal employment, 28 trainees and 7 students and interns as of June 30, 2018.

## 2.4 Overall assessment of the Group's economic situation

In 2017, the Group generated positive EBIT again for the first time since 2014 as a result of the restructuring measures initiated in 2016 and a surge in business.

The Group achieved incoming orders of EUR 72 million in the first six months of 2018 and has a good starting situation for the months ahead with orders on hand of EUR 52 million. The earnings situation was improved and the development of free cash flow were impacted by the balance sheet date in the reporting period, but considerably better results are expected for both key figures in the following quarters. Due to the cash receipts after the balance sheet date, the financial situation has further improved.

# 3 Report on post-balance sheet date events

No significant events with a material effect on the net assets, financial position and results of operations of LPKF have occurred since the reporting date on June 30, 2018.

On 2 May 2018, CFO Kai Bentz informed the Supervisory Board that he would not be available to extend his term of office. The Supervisory Board appointed Christian Witt as the new CFO with effect from 1 September 2018.

# 4 Opportunities and risks

In the combined management report and Group management report for 2017, the opportunities and risks of the LPKF Group are presented and explained in detail in separate reports. These explanations continue to apply unchanged. Special focus remains on Group financing in particular.

# 5 Report on expected developments

## 5.1 Management's assessment of the Group's expected development

### 5.1.1 Economic environment

As growth in the global economy developed more slowly than expected at the beginning of 2018, the economic forecasts were revised downwards slightly over the course of the year, unlike in the previous year. The Kiel Institute for World Economy (IfW) also slightly lowered its forecast and is now anticipating global gross domestic product (GDP) to rise by 3.8% in 2018 and by 3.6% in 2019. The International Monetary Fund (IMF) adjusted its forecasts for world trade growth by 0.3% to 4.8% this year and by 0.2% to 4.5% next year. According to the IMF, duties announced by the USA and its partners could lead to a 0.5% decline in global economic output by 2020.

Since the situation in developed economies was subdued at the beginning of the year, the IfW expects that economic output will increase slightly by 2.3% in 2018 and by 2.1% in 2019.

In the USA, private consumption and investment are leading to a further increase in economic output. By contrast, economic output in the euro zone is likely to be at a slightly lower level than in the previous year.

Economic development in Germany also slowed in the first half of 2018. According to the Ifo Index, indicators such as the decline in incoming orders or declining on the economic situation are dampening growth prospects. The IfW now expects Germany's GDP to increase by 2.0% this year and by 2.5% next year.

The UK economy is shaped by the uncertainties of Brexit.

Economic recovery is continuing in emerging markets. However, the risks are increasing and in some countries there have already been crises, such as Argentina or Turkey. A slowdown in economic expansion in China is expected.

### 5.1.2 Group performance

Due to the low momentum at the beginning of 2018, the economic research institutes slightly reduced their forecasts. Economic risks arise from the protectionist efforts of the USA and in the wake of other countries, the increasing political uncertainties such as in Europe, and the development of key interest rate trends and the resulting effects on the capital markets.

Trade barriers could have a direct impact on the business performance of the LPKF Group due to its high export share. However, with its eight product lines, LPKF AG has a high degree of diversification that limits its dependence on individual market segments. Due to the high proportion of the company's foreign business, business performance is also influenced by exchange rate developments.

### 5.1.3 Key financial indicators

At EUR 58.4 million, revenue in the reporting period exceeded the previous year's level of EUR 44.8 million. EBIT amounted to EUR 2.3 million after six months and was thus significantly up year-on-year. The EBIT margin came to 3.9% (previous year: -6.1%). As a result, the new key financial indicator ROCE also came to 2.2%, after -3.0% in the previous year. Net working capital climbed to EUR 43.2 million (end of 2017: EUR 33.3 million), while the net working capital ratio fell from 32.6% in 2017 to 37.3% (calculated based on the past four quarters).

As announced in the ad-hoc disclosure as of 31 July 2018, the Management Board has raised its revenue forecast for 2018 as a result of higher-than-expected component sales. The EBIT forecast remains unchanged.

Forecast for 2018

The Management Board expects the global economy to remain stable in 2018, with consolidated revenue of between EUR 110 million and EUR 115 million (previously: EUR 103 million and EUR 108 million) and return on capital employed (ROCE) between 2% and 7%. An EBIT margin of up to 6% is thus predicted. This results in planning for EBIT of up to EUR 7.0 million in 2018.

The net working capital ratio is expected to fall below 33%, which corresponds to net working capital of less than EUR 36 million for the forecast period. This would be slightly above the previous year's level. Regarding the error rate, LPKF expects it to improve slightly.

Forecast up to 2020

LPKF aims to generate a ROCE of between 10% and 15% by 2020. This improvement is expected to result from a growing business, particularly in light of new products and an optimized fixed cost base.

## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss 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, 14 August 2018

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Goetz M. Bendele

Kai Bentz

Bernd Lange

Dr.-Ing. Christian Bieniek

# Consolidated financial statements

## Consolidated statement of financial position as of 30 June 2018

**Assets**

| EUR thsd. | 30 June 2018 | 31 Dec. 2017 |
|---|---|---|
| **Non-current assets** | | |
| **Intangible assets** | | |
| Goodwill | 74 | 74 |
| Development costs | 13,577 | 13,541 |
| Other intangible assets | 1,604 | 1,826 |
| | **15,255** | **15,441** |
| **Property, plant and equipment** | | |
| Land, similar rights and buildings | 38,204 | 38,642 |
| Plant and machinery | 3,497 | 3,859 |
| Other equipment, operating and office equipment | 3,538 | 3,955 |
| | **45,239** | **46,456** |
| **Receivables and other assets** | | |
| Trade receivables | 99 | 107 |
| Other assets | 69 | 124 |
| | **168** | **231** |
| **Deferred taxes** | **2,377** | **1,731** |
| | **63,039** | **63,859** |
| **Current assets** | | |
| **Inventories** | | |
| (System) parts | 11,999 | 13,617 |
| Work in progress | 6,406 | 3,625 |
| Finished products and goods | 7,084 | 8,086 |
| Advances paid | 517 | 200 |
| | **26,006** | **25,528** |
| **Receivables and other assets** | | |
| Trade receivables | 31,139 | 19,401 |
| Income tax receivables | 307 | 198 |
| Other assets | 3,291 | 4,236 |
| | **34,737** | **23,835** |
| **Cash and cash equivalents** | **3,400** | **3,345** |
| | **64,143** | **52,708** |
| | **127,182** | **116,567** |

## Consolidated statement of financial position as of 30 June 2018

**Equity and liabilities**

| EUR thsd. | 30 June 2018 | 31 Dec. 2017 |
|---|---|---|
| **Equity** | | |
| Subscribed capital | 22,270 | 22,270 |
| Capital reserves | 1,489 | 1,489 |
| Other retained earnings | 10,932 | 10,942 |
| Cash flow hedge reserve | -189 | 0 |
| Share-based payment reserve | 490 | 490 |
| Currency translation reserve | 468 | 338 |
| Net retained profits | 20,314 | 18,703 |
| | **55,774** | **54,232** |
| **Non-current liabilities** | | |
| Provisions for pensions and similar obligations | 300 | 329 |
| Non-current liabilities to banks | 18,751 | 20,045 |
| Deferred income from grants | 602 | 627 |
| Deferred taxes | 1,154 | 568 |
| | **20,807** | **21,569** |
| **Current liabilities** | | |
| Tax provisions | 25 | 0 |
| Other provisions | 4,327 | 3,707 |
| Current liabilities to banks | 27,381 | 20,952 |
| Trade payables | 6,402 | 3,227 |
| Other liabilities | 12,466 | 12,880 |
| | **50,601** | **40,766** |
| | **127,182** | **116,567** |

## Consolidated income statement from 1 January to 30 June 2018

| EUR thsd. | 01-06 / 2018 | 01-06 / 2017 | 04-06 / 2018 | 04-06 / 2017 |
|---|---|---|---|---|
| Revenue | 58,396 | 44,811 | 38,675 | 20,271 |
| Changes in inventories of finished goods and work in progress | 1,778 | 1,543 | -706 | 190 |
| Other own work capitalized | 1,929 | 1,568 | 1,120 | 636 |
| Other operating income | 1,616 | 1,411 | 991 | 772 |
| Cost of materials | 24,056 | 15,168 | 15,764 | 6,257 |
| Staff costs | 21,905 | 21,632 | 11,103 | 11,085 |
| Depreciation and amortization | 4,119 | 3,610 | 2,205 | 1,749 |
| Other operating expenses | 11,383 | 11,663 | 6,441 | 5,661 |
| **Operating result** | **2,256** | **-2,740** | **4,567** | **-2,883** |
| Finance income | 2 | 1 | 1 | 1 |
| Finance costs | 433 | 429 | 245 | 241 |
| **Earnings before tax** | **1,825** | **-3,168** | **4,323** | **-3,123** |
| Income taxes | 214 | -786 | 506 | -775 |
| **Consolidated net profit/loss** | **1,611** | **-2,382** | **3,817** | **-2,348** |
| Earnings per share (basic, EUR) | 0.07 | -0.11 | 0.17 | -0.11 |
| Earnings per share (diluted, EUR) | 0.07 | -0.11 | 0.17 | -0.11 |
| Weighted average number of shares outstanding (basic, EUR) | 22,269,588 | 22,269,588 | 22,269,588 | 22,269,588 |
| Weighted average number of shares outstanding (diluted, EUR) | 22,269,588 | 22,269,588 | 22,269,588 | 22,269,588 |

## Consolidated statement of comprehensive income from 1 January to 30 June 2018

| EUR thsd. | 01-06 / 2018 | 01-06 / 2017 | 04-06 / 2018 | 04-06 / 2017 |
|---|---|---|---|---|
| **Consolidated net profit/loss** | **1,611** | **-2,382** | **3,817** | **-2,348** |
| Revaluations (mainly actuarial gains and losses) | -11 | 0 | 0 | 0 |
| Deferred taxes | 1 | 0 | 0 | 0 |
| **Sum total of changes which will not be reclassified to the income statement in the future** | **-10** | **0** | **0** | **0** |
| Fair value changes from cash flow hedges | -189 | 0 | -189 | 0 |
| Currency translation differences | 130 | -962 | 352 | -1,249 |
| Deferred taxes | 0 | 0 | 0 | 0 |
| **Sum total of changes which will be reclassified to the income statement in the future if certain conditions are met** | **-59** | **-962** | **163** | **-1,249** |
| **Other comprehensive income after taxes** | **-69** | **-962** | **163** | **-1,249** |
| **Total comprehensive income** | **1,542** | **-3,344** | **3,980** | **-3,597** |

## Consolidated statement of changes in equity as of 30 June 2018

| EUR thsd. | Subscribed capital | Capital reserve | Other retained earnings | Cash flow hedge reserve | Share-based payment reserve | Currency translation reserve | Net retained profits | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Balance on 01 Jan. 2018** | **22,270** | **1,489** | **10,942** | **0** | **490** | **338** | **18,703** | **54,232** |
| **Consolidated total comprehensive income** | | | | | | | | |
| Consolidated net profit/loss | 0 | 0 | 0 | 0 | 0 | 0 | 1,611 | 1,611 |
| Change from market valuation of securities | 0 | 0 | 0 | -189 | 0 | 0 | 0 | -189 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | 130 | 0 | 130 |
| **Consolidated total comprehensive income** | **0** | **0** | **-10** | **-189** | **0** | **130** | **1,611** | **1,542** |
| **Balance on 30 June 2018** | **22,270** | **1,489** | **10,932** | **-189** | **490** | **468** | **20,314** | **55,774** |
| | | | | | | | | |
| **Balance on 01 Jan. 2017** | **22,270** | **1,489** | **10,933** | **0** | **490** | **1,595** | **17,553** | **54,330** |
| **Consolidated total comprehensive income** | | | | | | | | |
| Consolidated net profit/loss | 0 | 0 | 0 | 0 | 0 | 0 | -2,382 | -2,382 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | -962 | 0 | -962 |
| **Consolidated total comprehensive income** | **0** | **0** | **0** | **0** | **0** | **-962** | **-2,382** | **-3,344** |
| **Balance on 30 June 2017** | **22,270** | **1,489** | **10,933** | **0** | **490** | **633** | **15,171** | **50,986** |

## Consolidated statement of cash flows as of 1 January to 30 June 2018

| EUR thsd. | 01-06 / 2018 | 01-06 / 2017 |
|---|---|---|
| **Operating activities** | | |
| Consolidated net profit/loss | 1,611 | -2,382 |
| Income taxes | 214 | -786 |
| Interest expense | 433 | 429 |
| Interest income | -2 | -1 |
| Depreciation and amortization | 4,119 | 3,610 |
| Gains/losses from the disposal of non-current assets including reclassification to current assets | 9 | 130 |
| Changes in inventories, receivables and other assets | -12,135 | -831 |
| Changes in provisions | 591 | 55 |
| Changes in liabilities and other equity and liabilities | 3,451 | 4,868 |
| Other non-cash expenses and income | -30 | 240 |
| Interest received | 2 | 1 |
| Income taxes paid | -366 | 595 |
| **Cash flows from operating activities** | **-2,103** | **5,928** |
| **Investing activities** | | |
| Investments in intangible assets | -1,975 | -1,647 |
| Investments in property, plant and equipment | -701 | -749 |
| Proceeds from disposal of non-current assets | 17 | 278 |
| **Cash flows from investing activities** | **-2,659** | **-2,118** |
| **Cash flows from financing activities** | | |
| Interest paid | -433 | -429 |
| Cash repayments of borrowings | -6,905 | -6,432 |
| **Cash flows from financing activities** | **-7,338** | **-6,861** |
| **Change in cash and cash equivalents** | | |
| Change in cash and cash equivalents due to changes in foreign exchange rates | 116 | -175 |
| Change in cash and cash equivalents | -12,100 | -3,051 |
| Cash and cash equivalents on 01 Jan. | -4,012 | 3,581 |
| **Cash and cash equivalents on 30 June** | **-15,996** | **355** |
| **Composition of cash and cash equivalents** | | |
| Cash and cash equivalents | 3,400 | 4,867 |
| Overdrafts | -19,396 | -4,512 |
| **Cash and cash equivalents on 30 June** | **-15,996** | **355** |

## Notes on the preparation of the quarterly financial report

This financial report as of 30 June 2018 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, 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 balance sheet 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 balance sheet date are included in the supplementary report of the interim management report.

## Basis of consolidation

The scope of consolidation shown on page 83 of the Annual Report for 2017 remains unchanged.

## Transactions with related parties

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

## Shares held by members of the Company's corporate bodies

| **Management** | **30 June 2018** | **31 December 2017** |
|---|---:|---:|
| Dr. Goetz M. Bendele (since 01 May 2018) | 0 | n/a |
| Bernd Lange | 35,000 | 35,000 |
| Kai Bentz | 17,600 | 17,600 |
| Dr.-Ing. Christian Bieniek | 1,500 | 1,500 |
| **Supervisory Board** | | |
| Dr. Heino Büsching (until 31 May 2018) | 10,000 | 10,000 |
| Dr. Markus Peters | 0 | 0 |
| Prof. Dr.-Ing. Erich Barke | 2,000 | 2,000 |
| Dr. Dirk Rothweiler | 0 | 0 |

Garbsen, 14 August 2018

LPKF Laser & Electronics Aktiengesellschaft

The Management Board

Dr. Goetz M. Bendele Kai Bentz Bernd Lange Dr.-Ing. Christian Bieniek

## Financial calendar

| | |
|---|---|
| 15 November 2018 | Publication of the nine-months report |
| 26 March 2019 | Publication of the Annual Report 2018 |
| 14 May 2019 | Publication of the three-months report |
| 6 June 2019 | Annual General Meeting 2019 |
| 15 August 2019 | Publication of the six-months report |
| 15 November 2019 | 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 in pdf format from our website.

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