

LPKF reports strategic successes and narrowly achieves forecast for 2023 financial year

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Management Board:
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Share:
Prime Standard
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Garbsen, 21 March 2024 – LPKF Laser & Electronics SE generated revenue of EUR 124.3 million in the financial year (previous year: EUR 123.7 million) and earnings before interest and tax (EBIT) of EUR 3.7 million (previous year: EUR 6.8 million), putting the EBIT margin at 3.0% (previous year: 5.5%). Despite record revenue in the fourth quarter, both of these figures are at the lower end of expectations. LPKF had forecast Group revenue of between EUR 125 million and EUR 135 million and an EBIT margin of 3–7% for the 2023 financial year.

Non-recurring effects reduced earnings by about EUR 0.7 million. These include severance costs and the change in the value of virtual share options issued in 2023. EBIT adjusted for these non-recurring effects came to EUR 4.4 million, with an adjusted EBIT margin of 3.5%.

Weak revenue growth was attributable primarily to operating factors such as delays in project and order processing, which also indirectly reduced profitability. To bring new products to market more quickly and flexibly, the company is devoting considerable efforts to advancing modular operating production scalability and standardizing the design-for-manufacturing approach.

The Management Board initiated structural measures in 2023 to improve efficiency and the fixed cost base and these will be expanded in the current financial year with external support. The measures will begin to boost LPKF's currently unsatisfactory profitability from the second half of 2024 onwards.

Order intake in the 2023 financial year came to EUR 120.2 million, down 3.3% year on year (2022: EUR 124.2 million), and the order backlog declined from EUR 63.2 million in the previous year to EUR 58.9 million as of 31 December 2023. LPKF also received a major order upwards of EUR 15 million in its solar business in the first quarter of this year, which had originally been expected at the end of 2023. The company therefore continues to see a positive trend in its order intake.

The Management Board believes that LPKF has made good progress towards achieving its strategic corporate targets in key areas in the 2023 financial year. "We have made significant progress with our integration in the semiconductor market and entered the biotech market for the first time with a new product. In the Electronics segment, we also massively stepped up our market penetration for the high-precision depaneling of printed circuit boards," said Klaus Fiedler, Chief Executive Officer of LPKF SE.

In the company's core area, business in laser systems for printed circuit board depaneling fared very well. The targets for 2023 were achieved and further growth is expected. The Development segment also again performed well in 2023 as a whole. LPKF is a market leader in Rapid PCB Prototyping. The company's first and oldest segment has enjoyed steady and very solid, profitable performance for many years.

The Welding segment fell short of expectations in the financial year. This stemmed primarily from delays in follow-up orders from various medical technology customers and the sales performance in individual regions. To address this, countermeasures were established and implemented during

the financial year. In addition, LPKF also started key collaboration projects with customers in cutting-edge markets in 2023.

Thanks to high global demand for renewable energies, the Solar segment is enjoying strong growth. The major new order in this segment announced by the company a few days ago is testimony to this. LPKF is the market leader in structuring thin-film solar modules and is also actively involved in developing and producing methods for processing new semiconductors such as perovskites.

LPKF has achieved significant progress in new technologies. Several LIDE systems (Laser Induced Deep Etching) are in operational use. "Leading chip manufacturers want and will have to use glass substrates in the future to make high-performance chips, for example for AI applications, and so they are increasingly pushing ahead with this technology," said Fiedler. "We firmly believe that our LIDE technology will play a key role here as we can offer our customers a high level of process maturity and tangible evidence of performance." The company has been working with major global players for several years to make glass usable for the semiconductor and display industry.

With ARRALYZE, LPKF once again demonstrated its commitment to disruptive innovation and pioneering work. Part of this is having the courage to tap new growth markets and serve these in the long term. ARRALYZE was developed in response to growing demand for technologies capable of studying cell populations at the single-cell level and isolating target cells. In February 2024, LPKF announced the commercial availability of CellShepherd®. This platform is now ready to revolutionize cell-based research and development across biomedical and various life science fields.

Outlook

LPKF expects Group revenue of between EUR 130 million and EUR 140 million and an adjusted EBIT margin* of between 4% and 8% for the 2024 financial year.

In the current first quarter, the Management Board anticipates Group revenue of EUR 23 – 26 million and an adjusted EBIT between EUR -6 and -3 million.

In the medium term, as already communicated, LPKF aims to achieve an attractive single-digit growth rate for its core business. In addition to the core business, the new business initiatives in the semiconductor, display and biotechnology markets are expected to contribute a total sales in the low three-digit million euro range in the medium term. Based on the growth in sales and the resulting economies of scale, the Management Board aims to achieve an attractive double-digit EBIT margin for the LPKF Group in the coming years.

The annual report is available in German and English at <https://www.lpkf.com/en/investor-relations/publications/financial-reports>

*Adjusted EBIT is EBIT adjusted for restructuring and severance costs and changes in the long-term incentive (LTI) due to fluctuations in the performance factor or the share price. LPKF expects these costs to amount to 0.5 – 1.5% of revenue in the 2024 financial year. Adjusted EBIT is reported in order to be able to compare operating profitability between periods by eliminating special items.

About LPKF

LPKF Laser & Electronics SE is a leading provider of laser-based solutions for the technology industry. LPKF laser systems are of crucial importance to the production of printed circuit boards, microchips, automotive parts, solar modules and a large number of other components. Founded in 1976, the company is headquartered in Garbsen near Hanover and operates worldwide via subsidiaries and representative offices. The shares of LPKF Laser & Electronics SE are traded in the Prime Standard segment of Deutsche Börse (ISIN 0006450000).



Headquarters of LPKF Laser & Electronics SE at Garbsen near Hannover, Germany