

TRANS- FORMATION

FOR OUR CUSTOMERS

Quarterly Financial Report
First Quarter 2021



Quarterly Financial Report / First Quarter 2021

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Key Figures

		Q1 2021	Q1 2020	Change
Sales and profit				
Net sales	K€	191,664	153,328	25.0%
Operating profit	K€	22,615	12,817	76.4%
EBIT margin	%	11.8	8.4	3.4 Pp
Net income	K€	15,932	8,855	79.9%
Return on sales	%	8.3	5.8	2.5 Pp
Operating cash flow	K€	13,701	2,285	499.6%
Capital expenditures	K€	5,116	7,585	-32.6%
Earnings per share	€	1.61	0.90	78.9%
Workforce				
Workforce (average)		3,303	3,298	0.2%
Germany		1,097	1,119	-2.0%
Other countries		2,206	2,179	1.2%
Sales per employee	K€	58	46	26.1%
		March 31, 2021	December 31, 2020	Change
Balance sheet				
Balance sheet total	K€	708,269	661,845	7.0%
Cash and cash equivalents	K€	130,219	122,883	6.0%
Number of shares issued		9,867,659	9,867,659	-
Shareholders' equity	K€	414,769	391,734	5.9%
Equity ratio	%	58.6	59.2	-0.6 Pp

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This quarterly financial report has been prepared in accordance with International Financial Reporting Standards (IFRS). Throughout this report, all percentages are calculated based on amounts in thousands €.

The quarterly financial report as of March 31, 2021 is unaudited.

Corporate Profile

Pfeiffer Vacuum – a name that stands for innovative solutions, high technology and dependable products, along with first class service. For more than 130 years, we have been setting standards in vacuum technology with these attributes. One very special milestone was the invention of the turbopump at our Company more than 50 years ago. Thanks to our knowhow, we continue to be the technology and world market leader in this field. To no small degree, this also manifests itself in our strong profitability.

Our extensive line of solutions, products and services ranges from vacuum pumps, measurement and analysis equipment right through to complex vacuum systems. And quality always plays a key role in this connection: Products from Pfeiffer Vacuum are constantly being optimized through close collaboration with customers from a wide variety of industries, through ongoing development work and through the enormous enthusiasm and commitment of our people. These are virtues that we will continue to embrace!

Pfeiffer Vacuum

Headquarters	Aslar
Established	1890
Purpose of the Company	To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
Manufacturing sites	Aslar, Germany; Göttingen, Germany; Dresden, Germany; Annecy, France; Asan, Republic of Korea; Cluj, Romania; Indianapolis, USA; Yreka, USA; Ho-Chi-Minh-City, Vietnam; Wuxi, China
Workforce (March 31, 2021)	3,303
Sales and service	31 Group companies and a multitude of agencies worldwide
Quality management	Certified under ISO 9001
Environmental management	Certified under ISO 14001
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS

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For more information please visit group.pfeiffer-vacuum.com.

Share Performance

Pfeiffer Vacuum shares have been traded on the Deutsche Börse Stock Exchange in Frankfurt since April 15, 1998. Pfeiffer Vacuum satisfies the high transparency requirements of the Prime Standard and has been included without interruption in the TecDAX, the index of the 30 most important technology issues traded on the stock exchange in Frankfurt, since its inception.

Basic information about Pfeiffer Vacuum shares

Deutsche Börse Symbol	PFV
ISIN	DE0006916604
Bloomberg Symbol	PFV.GY
Reuters Symbol	PV.DE
Number of shares issued	9,867,659
Freefloat as at March 31, 2021	37.04 %
Market capitalization as at March 31, 2021	1,529.5 Mio. €

In the first quarter 2021 Pfeiffer Vacuum shares developed somewhat weaker than the TecDAX. An opening share price of € 158.80 on January 4, 2021 and closing price of € 155.00 on March 31, 2021 represented a decrease by 2.4 %. The high for the first quarter 2021 was € 192.80 and was recorded on January 14, 2021. On March 30, 2021 the share price was € 151.40 and represented the low for the first three months of current fiscal 2021. In the same period the TecDAX, starting at 3,229 points on January 4, 2021 and closing at 3,395 points on March 31, 2021, increased by 5.1 %.

Also, in 2020 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time (€ 1.25 per share for fiscal year 2019). For fiscal year 2020, Management Board and Supervisory Board will propose a dividend of € 1.60 per share at the forthcoming Annual General Meeting on May 12, 2021. This would represent a payout ratio of 50.0 % of consolidated net income.

Unchanged compared to December 31, 2020, the freefloat according to our knowledge is 37.04 % as of March 31, 2021.

Interim Management Report

With sales revenues of € 191.7 million in the first quarter 2021, the Company achieved the record high in the entire Company's history and thus exceeded the sales volume of the comparable prior year period of € 153.3 million significantly. This is an outstanding result compared to other branches of mechanical engineering and was made possible primarily by sales with our customers from the semiconductor industry. Though, other market areas were contributing to this development in principle, too. The positive development of the fourth quarter 2020 thus continued with an even increased dynamic. In the first quarter Pfeiffer Vacuum additionally recorded a very strong order intake of € 233.9 million which – despite the record sales volume – resulted in a high book-to-bill ratio of 1.22. The strong sales development and the resulting scale effects, lost productivity as a result of the COVID-19 situation, the shift between customers and products and the impact from the strong Euro compared to the other currencies relevant for the Company, particularly with regard to the US dollar, have determined the development of gross profit and gross profit margin. Gross profit increased by € 11.9 million to € 65.2 million (previous year: € 53.3 million). The corresponding gross margin in the first three months of 2021 was 34.0 %, compared to a gross margin of 34.7 % in the previous year. Compared to the sales growth operating costs showed a disproportionate increase and partly were only marginally above the prior year levels. The net result of other operating income and expenses was € 2.6 million, up by € 2.0 million compared to previous year (previous year: € 0.6 million). With € 22.6 million overall, operating profit in the first quarter of 2021 significantly increased by € 9.8 million compared to the previous year's level of € 12.8 million. The operating profit margin, the ratio of operating profit to sales, improved likewise clearly from 8.4 % in 2020 to 11.8 % in the first quarter of 2021 – despite the impacts from currency changes that burdened the operating profit margin by 2 percentage points. With stable net financial expenses and a slightly lower tax rate, net income increased from € 8.9 million to € 15.9 million. Earnings per share of € 1.61 in the first quarter of 2021 were also above the previous year's figure of € 0.90.

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COVID-19, overall economic environment and situation at Pfeiffer Vacuum

The impacts of COVID-19 are still a global challenge. Unchanged global economic development is severely affected by the consequences of restrictions in public life. Despite the very pleasing trend in the first quarter of 2021, the final effects of this recession cannot yet be estimated, and we watch any change in demand very closely.

Whereas in Asia and in the USA the way back to normality is almost taken due to the extensive Pandemic control, uncertainty still appears about the further development in continental Europe. The vacuum industry is also affected by these various conditions.

Interim Management Report

Pfeiffer Vacuum's top priorities in this environment are the health and safety of the employees and to meet the customers' needs. The measures taken are successful. As of today, all 10 production sites are producing and shipping products and our service organization is in place at customer sites with a high level of safety measures. While Pfeiffer Vacuum was able to manage through supply chain challenges, the Company will continue to diligently evaluate and plan for the potential future disruptions.

What further helps the Company in this challenging situation is the very solid financial position. Already for a long time the Group showed strong balance sheet structures with a high equity ratio and has adopted conservative financing approaches for daily business and necessary investments. We thus currently still do not see any liquidity risks from the COVID-19 situation.

Business

Our business operations include the development, manufacture, sale and service of vacuum pumps, vacuum measurement, components and analysis equipment and instruments, as well as vacuum systems and leak detection systems.

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Sales

Presented below are net sales by segment, by region and by market for the periods ended March 31, 2021 and 2020.

Sales by Segment

The subsidiaries in the individual countries are independent legal entities with their own management, which distribute products and provide services. Some entities within the Group additionally execute production functions. The entire product portfolio is offered by all sales subsidiaries. Controlling of business development by corporate management is carried out on the level of the legal entities. Accordingly, the Company identifies its primary operating segments by legal entity. Due to the similarity of their economic environment, the same product portfolio sold, same sales markets, same cost structures and same sales channels, the Company basically aggregates its European and Asian subsidiaries into one reporting segment, "Rest of Europe" and "Rest of Asia". In contrast, the production companies in Germany, France, the USA and the Republic of Korea were presented separately each as an individual segment. This was caused by the different functions of these entities, predominantly resulting from the existing production function. For this reason the prerequisites for an aggregation with the other segments are not given. The purely sales-oriented entity in the US is thus also presented separately. All operating segments that individually or as a group do not have to be reported separately are included in the segment „All Others“.

Interim Management Report

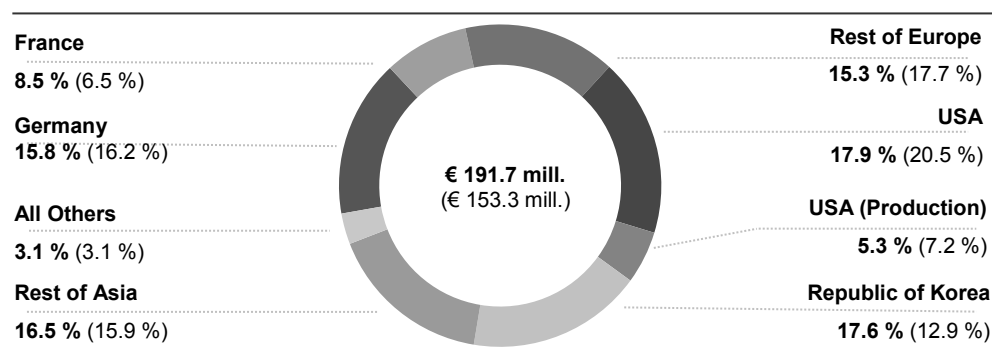
Sales by Segment

	Three months ended March 31,	
	2021 in K€	2020 in K€
USA	34,253	31,412
Republic of Korea	33,685	19,709
Rest of Asia	31,569	24,404
Germany	30,343	24,815
Rest of Europe	29,315	27,141
France	16,256	9,969
USA (Production)	10,166	10,998
All Others	6,077	4,880
Total	191,664	153,328

Analysis of sales in the first three months 2021 shows a pleasing trend reflected in all segments and therefore is broadly based. The main driver of the development was the demand dynamic of the semiconductor industry. With respect to the development of sales in segments USA and USA (Production) it has to be considered that this was significantly burdened by the weakness of the US dollar exchange rate.

The following graphic shows the still balanced split of group sales by segments.

Sales by Segment 3M/2021 (3M/2020)



Interim Management Report

Sales by Region

To provide additional information, we are also presenting sales by region in the following table. It includes all sales in a given region, regardless of which company in the Pfeiffer Vacuum Group actually generated these sales.

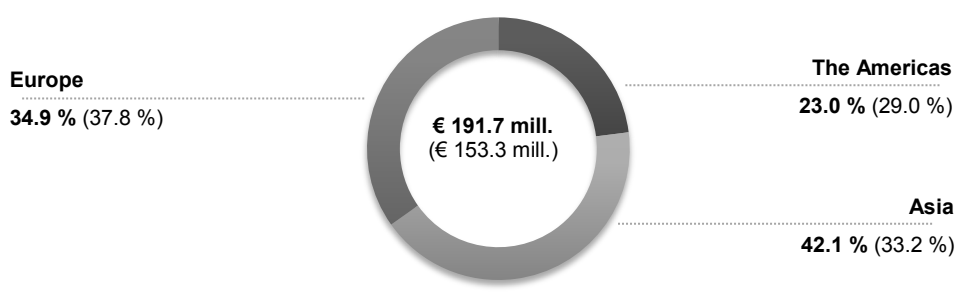
Sales by Region

	Three months ended March 31,	
	2021 in K€	2020 in K€
Asia	80,703	50,913
Europe	66,707	57,968
The Americas	44,093	44,430
Rest of the world	161	17
Total	191,664	153,328

The high dynamic in demand from the semiconductor industry impacted in particular the Asia region and so clearly determined the sales increase of € 29.8 million or 58.5 %. Within Europe, too, the demand from the semiconductor industry was decisive for the sales trend, but here accompanied by a solid growth in the other markets. On the other hand, sales in the Americas decreased slightly. Though it has to be considered that the development of US dollar exchange rate is decisive for this region. This exchange rate was noticeably weaker in the first three months of 2021 compared to the first three months of 2020 and therefore burdened the development with € 4.4 million. In US dollar, the sales in this region increased, too.

The following graphic shows the still balanced split of sales by region.

Sales by Region 3M/2021 (3M/2020)



Interim Management Report

Sales by Market

Sales by Market

	Three months ended March 31,	
	2021 in K€	2020* in K€
Semiconductors and Emerging Technologies	99,609	71,704
Analytics, Industry and R & D	92,055	81,624
Total	191,664	153,328

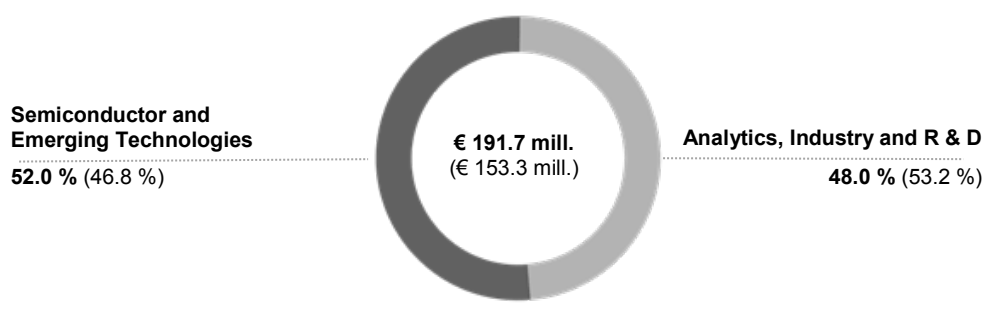
* adjusted

In order to bundle resources as well as the dedicated know-how and to gain further growth in particular areas the previous market segment structure in the areas Industry, Coating and Semiconductor has been transferred into the two new areas „Industry“ and „Semiconductor and Emerging Technologies“. In this context, a reclassification of the respective customers and sales has been done. This new classification has been reflected in the presentation of sales by market. For comparability reasons, the prior year figures were retroactively adjusted accordingly.

The already mentioned sales growth in the semiconductor industry had a direct positive impact and therefore determined the trend in the new segment Semiconductor and Emerging Technologies. Overall, there has however also been a pleasant sales growth recorded with customers of the market segment Analytics, Industry and R & D in the first three months of 2021.

The sales split by markets was as follows:

Sales by Market 3M/2021 (3M/2020)



Interim Management Report

Order Intake and Order Backlog

Order intake in the first quarter 2021 showed pleasant € 233.9 million and this also represents a record number in the Company's history. Following € 172.9 million in the first three months of 2020, this equaled an increase by € 61.0 million, or 35.3 %. In comparison to the immediately preceding fourth quarter 2020 (€ 170.0 million), this represented an increase of € 63.9 million. The book-to-bill ratio, the ratio between new orders and sales, stood at 1.22 as at March 31, 2021 (1.13 as at March 31, 2020).

Order backlog increased from € 123.3 million at the end of December 2020 to € 165.5 million as at March 31, 2021, an increase by € 42.2 million.

Contracts are only recorded as orders when they are based upon binding agreements. The value of orders on hand should not be used to predict future sales and order volumes.

Cost of Sales, Gross Profit and Gross Margin

Following cost of sales of € 100.1 million in the first quarter 2020, cost of sales in the first three months of 2021 totaled € 126.5 million. This represents an increase by € 26.4 million, or 26.4 %. Gross profit was € 65.2 million in the first quarter 2021. This means an improvement by € 11.9 million, or 22.3 %, compared to the first quarter of 2020 (€ 53.3 million). Gross margin, the ratio between gross profit and sales, decreased from 34.7 % to 34.0 % mainly due to the customer and product mix as well as the compared to prior year clearly stronger Euro exchange rate, especially towards the US dollar. With this, the positive scale effects from the sales trend were slightly overcompensated.

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Selling and Marketing Expenses

Selling and marketing expenses totaled € 20.6 million in the first three months of the current fiscal year and thus increased by € 2.6 million compared to the previous year's quarter (€ 18.0 million). The ratio of sales and marketing expenses and sales was 10.7 % (2020: 11.8 %).

General and Administrative Expenses

After € 15.3 million in the first quarter 2020, general and administrative expenses increased to € 15.6 million in fiscal 2021. General and administrative expenses relative to sales were 8.1 % in 2021 after 10.0 % in 2020.

Interim Management Report

Research and Development Expenses

With € 9.0 million in the first quarter of 2021, research and development expenses increased by € 1.3 million compared to prior year's level (€ 7.7 million). The R&D ratio, the ratio between R & D expenses and sales, slightly decreased from 5.0 % to 4.7 % accordingly.

We will maintain the expenses allocated for research and development at a high level and invest in order to be able to continue to sustain our position on the world market, to expand market shares and to open up new markets. All expenditures for research and development are expensed as they are incurred.

Other Operating Income/Other Operating Expenses

The result of other operating income and expenses was € 2.6 million in the first quarter of 2021 (2020: € 0.6 million). The amounts in 2021 included predominantly expense subsidies affecting net income of € 1.0 million (2020: € 0.8 million) and net foreign exchange gains of € 1.4 million (2020: € 0.1 million). In the previous year, the result of other operating income and expenses was additionally affected by goodwill impairment losses allocated to the Italy region amounting to € 0.4 million.

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Operating Profit

Following € 12.8 million in the first quarter of 2020, operating profit in the first three months of 2021 increased by € 9.8 million to € 22.6 million. This represents an increase of 76.4 %. The EBIT margin, the ratio between operating profit and sales, grew from 8.4 % in the first three months of 2020 to 11.8 % in the first quarter of 2021. Considering a slightly lower gross margin, positive scale effects from disproportionately increasing selling and administrative as well as research and development expenses were decisive for this pleasant development. Moreover, better currency results contributed to this development, whereas the notably stronger Euro significantly burdened the operating profit margin by 2 percentage points compared to the prior year.

Financial Results

With € -0.2 million in the first quarter 2021 the financial results were on the same level as the same period in the previous financial year (€ -0.2 million).

Interim Management Report

Income Taxes

With 29.0 % the tax rate for the first three months of the current fiscal year was slightly 0.9 percent points below the prior year's level (29.9 %). The decrease results in particular from the non-taxable impairment losses.

Net income / Earnings per share

Net income for the first three months of 2021 totaled € 15.9 million and was up by € 7.0 million or 79.9 % from the comparable prior period number (€ 8.9 million). Return on sales (after taxes) stood – after 5.8 % in the first quarter of 2020 – at 8.2 %. With € 1.61 earnings per share increased by 78.9 % compared to the prior year (€ 0.90).

Financial Position

Pfeiffer Vacuum's balance sheet total slightly increased by € 46.5 million, or 7.0 %, from € 661.8 million as at December 31, 2020, to € 708.3 million as at March 31, 2021. On the assets side of the balance sheet, this was predominantly attributable to the increase of inventories from € 133.3 million to € 136.8 million, the sales-related noticeable increase of trade accounts receivable from € 83.6 million to € 114.8 million and the increase from € 122.9 million to € 130.2 million in cash and cash equivalents.

As at March 31, 2021, shareholders' equity totaled € 414.8 million, up € 23.1 million from the level on December 31, 2020 (€ 391.7 million). Equity ratio stood at 58.6 % on March 31, 2021 (December 31, 2020, 59.2 %).

Cash Flow

Totalling € 13.7 million, operating cash flow was up by € 11.4 million from the comparable prior year period (€ 2.3 million). Particularly the higher net income (+€ 7.0 million) and higher payables determined this development. In contrast, the sales related increase of receivables had a negative impact on the operating cash flow in the first three months of 2021.

Net cash used in investing activities totaled € 5.1 million in the first three months of 2021. Sole driver for the decrease by € 2.4 million compared to the level of previous year (€ 7.5 million) was the reduced net cash used for capital expenditures in the first quarter of 2021.

Interim Management Report

Same as in prior year, the redemption portion of leasing liabilities (€ 1.6 million) was the fundamental determinant for the net cash outflow from financing activities totaling € 1.6 million in the first quarter of 2021 (previous year: € 1.4 million).

Considering exchange rate impacts of € 0.3 million, total cash inflow thus amounted to € 7.3 million (2020: cash outflow € 7.3 million) and resulted in an increase in cash and cash equivalents to € 130.2 million.

Workforce

As of March 31, 2021, the Company employed a workforce of 3,303 people, 1,097 of them in Germany and 2,206 in other countries.

Workforce

	Germany		Other countries		Total	
	March 31,					
	2021	2020	2021	2020	2021	2020
Manufacturing and Service	640	691	1,459	1,447	2,099	2,138
Research and Development	102	103	152	158	254	261
Sales and Marketing	227	189	401	375	628	564
Administration	128	136	194	199	322	335
Total	1,097	1,119	2,206	2,179	3,303	3,298

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Risk and Opportunities Report

During the first three months of the 2021 fiscal year, there were no changes in the scope of risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2020. The Annual Report is available on our homepage group.pfeiffer-vacuum.com.

However, the possible effects of the described risks and opportunities have changed due to the COVID-19 situation already in the year 2020, and the consequences on the Pfeiffer Vacuum Group can still not be yet conclusively measured. Overall the situation remains uncertain, particularly regarding the length of governmental restrictions on public life, even if cautious easing has already been taken. As a result, the economic situation worldwide remains very tense, even if first signs of an economic recovery can be noticed. One of our goals is to continue our economic activities worldwide as best as we can. Safety and emergency plans were established at an early stage at all Pfeiffer Vacuum locations. The group currently has sufficient production capacities to meet customer demand. Due to the extensive security measures and the unchanged high level of commitment and discipline of our employees in dealing with security precautions, we have so far been able to produce and thus provide our customers with solutions. We aim to continue to ensure this condition.

Interim Management Report

Major Events after the Balance Sheet Date

After the end of the first quarter of 2021, there were no significant changes in the Company situation or industry environment situation.

Outlook

Based on the strong results for the first quarter 2021, the record order intake, as well as the continuing recovery in all market segments, Pfeiffer Vacuum expects that annual sales growth as well as the EBIT margin performance will significantly improve in 2021 compared to the same period in 2020. Both sales growth and EBIT margin are expected to be above 10 % (fiscal year 2020: sales growth -2.2 %; EBIT margin 7.3 %). The Management Board expects a strong first half of 2021 and a slight slowing in demand in the second half of 2021 due to quarterly fluctuations and a more normalized demand environment.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended March 31,	
	2021 in K€	2020 in K€
Net sales	191,664	153,328
Cost of sales	-126,498	-100,056
Gross profit	65,166	53,272
Selling and marketing expenses	-20,553	-18,033
General and administrative expenses	-15,607	-15,318
Research and development expenses	-8,995	-7,699
Other operating income	3,573	2,721
Other operating expenses	-969	-2,126
Operating profit	22,615	12,817
Financial expenses	-229	-231
Financial income	54	39
Earnings before taxes	22,440	12,625
Income taxes	-6,508	-3,770
Net income	15,932	8,855
Earnings per share (in €):		
Basic	1.61	0.90
Diluted	1.61	0.90

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended March 31,	
	2021 in K€	2020 in K€
Net income	15,932	8,855
Other comprehensive income		
Amounts to be reclassified to income statement in future periods (if applicable)		
Currency changes	7,230	193
Results from cash flow hedges	-79	-11
Related deferred income tax effects	23	-5
	7,174	177
Amounts not to be reclassified to income statement in future periods		
Valuation of defined benefit plans	-93	6
Related deferred income tax effects	22	-
	-71	6
Other comprehensive income net of tax	7,103	183
Total comprehensive income net of tax	23,035	9,038

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	March 31, 2021	December 31, 2020
	in K€	in K€
Assets		
Intangible assets	103,039	100,736
Property, plant and equipment	158,987	158,191
Investment properties	374	376
Other financial assets	3,232	2,198
Other assets	830	829
Deferred tax assets	31,480	31,306
Total non-current assets	297,942	293,636
Inventories	136,776	133,254
Trade accounts receivable	114,078	83,601
Contract assets	1,898	1,501
Income tax receivables	11,232	10,848
Prepaid expenses	4,830	4,260
Other financial assets	176	1,597
Other accounts receivable	11,118	10,265
Cash and cash equivalents	130,219	122,883
Total current assets	410,327	368,209
Total assets	708,269	661,845
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	339,740	323,808
Other equity components	-46,477	-53,580
Equity of Pfeiffer Vacuum Technology AG shareholders	414,769	391,734
Financial liabilities	69,246	69,614
Provisions for pensions	71,558	70,348
Deferred tax liabilities	6,265	4,477
Contract liabilities	1,050	804
Total non-current liabilities	148,119	145,243
Trade accounts payable	52,683	44,937
Contract liabilities	10,031	7,296
Other accounts payable	25,688	21,478
Provisions	44,029	39,502
Income tax liabilities	9,221	8,154
Financial liabilities	3,729	3,501
Total current liabilities	145,381	124,868
Total shareholders' equity and liabilities	708,269	661,845

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See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Shareholders' Equity (unaudited)

	Share Capital in K€	Additional Paid-in Capital in K€	Retained Earnings in K€	Other Equity Com- ponents in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2020	25,261	96,245	304,552	-32,613	393,445
Net income	-	-	8,855	-	8,855
Other comprehensive income	-	-	-	183	183
Total comprehensive income	-	-	8,855	183	9,038
Balance on March 31, 2020	25,261	96,245	313,407	-32,430	402,483
Balance on Jan. 01, 2021	25,261	96,245	323,808	-53,580	391,734
Net income	-	-	15,932	-	15,932
Other comprehensive income	-	-	-	7,103	7,103
Total comprehensive income	-	-	15,932	7,103	23,035
Balance on March 31, 2021	25,261	96,245	339,740	-46,477	414,769

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Three months ended March 31,	
	2021 in K€	2020 in K€
Cash flow from operating activities:		
Net income	15,932	8,855
Depreciation/amortization	6,233	6,801
Other non-cash income/expenses	5,130	868
Effects of changes of assets and liabilities:		
Inventories	-4,550	-7,221
Receivables and other assets	-29,753	-6,841
Provisions, including pensions, and income tax liabilities	6,289	-1,063
Payables, other liabilities	14,420	886
Net cash provided by operating activities	13,701	2,285
Cash flow from investing activities:		
Capital expenditures	-5,116	-7,585
Proceeds from disposals of fixed assets	65	109
Net cash used in investing activities	-5,051	-7,476
Cash flow from financing activities:		
Principal elements of lease payments	-1,570	-1,298
Redemptions of financial liabilities	-62	-120
Net cash used in financing activities	-1,632	-1,418
Effects of foreign exchange rate changes on cash and cash equivalents	318	-719
Net change in cash and cash equivalents	7,336	-7,328
Cash and cash equivalents at beginning of period	122,883	111,980
Cash and cash equivalents at end of period	130,219	104,652

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See accompanying notes to the interim financial statements.

Notes to the Consolidated Interim Financial Statements (unaudited)

1. The Company and Basis of Presentation

The parent company within the Pfeiffer Vacuum Group (“the Company” or “Pfeiffer Vacuum”) is Pfeiffer Vacuum Technology AG, domiciled at Berliner Strasse 43, 35614 Asslar, Germany. Pfeiffer Vacuum Technology AG is a stock corporation organized under German law and recorded in the Register of Companies at the Local Court of Wetzlar under Number HRB 44. The Company is listed on the Prime Standard of the Deutsche Börse Stock Exchange in Frankfurt am Main, Germany, where it is included in the TecDAX index.

Pfeiffer Vacuum is one of the leading full-line vacuum technology manufacturers, offering custom solutions for a wide range of needs in connection with the generation, control and measurement of vacuum. The product portfolio includes turbopumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as custom vacuum systems, vacuum chambers and components.

Pfeiffer Vacuum markets and distributes its products through its own network of sales companies and independent marketing agents. Moreover, there are service support centers in all major industrial locations throughout the world. The Company’s primary markets are located in Europe, the United States and Asia.

The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU). This includes the International Accounting Standards (IAS), which continue to retain their validity, the interpretations of the Standing Interpretations Committee (SIC) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Pfeiffer Vacuum prepares its Consolidated Interim Report (“Interim Report”) in euros (€). Unless otherwise indicated, the presentation is in thousands of euros (K€). For mathematical reasons, the numbers presented in this Interim Report may include rounding differences

2. Accounting and Valuation Methods

In preparing this interim report as of March 31, 2021, IAS 34 “Interim Financial Reporting” was applied. In doing so, basically the same accounting and valuation methods as in the Consolidated Financial Statements for the fiscal year ended December 31, 2019 were used. Please refer to the detailed description of these methods in the Notes to the Consolidated Financial Statements 2020, which are available in the internet at group.pfeiffer-vacuum.com.

The estimates and management judgements underlying the accounting and valuation can affect the amounts and reporting of assets and liabilities at the balance sheet date and the amounts of income and expense reported for the period. Due to the currently unforeseeable global consequences of the COVID-19 situation, these

Notes to the Consolidated Interim Financial Statements (unaudited)

accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Consolidated Financial Statements. With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental measures have been included especially in the analysis of the recoverability and collectability of trade accounts receivables and contract assets on the balance sheet date. Furthermore, the measurement of provisions and the measurement of the net realizable value of inventories have been updated to include the expected consequences of the covid-19 pandemic. There were no significant effects on the consolidated interim financial statements

The use of various government measures related to the COVID-19 situation (for example short-time work, reimbursement of social security contributions, grants) resulted in a total effect on operating profit of € 0.2 million and is included in various lines of the profit and loss account.

3. Intangible Assets

Intangible assets consisted of the following:

Intangible assets

	March 31, 2021	December 31, 2020
	in K€	in K€
Goodwill	73,814	72,176
Customer base	13,954	13,728
Software	2,712	2,964
Software before implementation	10,593	9,452
Other intangible assets	1,966	2,417
Total intangible assets	103,039	110,736

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Property, Plant and Equipment

Property, plant and equipment (including right-of-use assets) comprised the following:

Property, Plant and Equipment

	March 31, 2021	December 31, 2020
	in K€	in K€
Land and buildings	74,261	74,450
Technical equipment and machinery	49,505	50,676
Other equipment, factory and office equipment	16,366	16,771
Construction in progress	18,855	16,296
Total property, plant and equipment (excl. right-of-use assets)	158,987	158,191

5. Inventories

Inventories consisted of the following:

Inventories

	March 31, 2021	December 31, 2020
	in K€	in K€
Raw materials	43,723	43,446
Work-in-process	35,276	31,610
Finished products	57,777	58,198
Total inventories, net	136,776	133,254

Notes to the Consolidated Interim Financial Statements (unaudited)

6. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	March 31, 2021	December 31, 2020
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	9,246	9,614
Non-current financial liabilities	69,246	69,614
Lease liabilities	3,729	3,437
Other financial liabilities	-	64
Current financial liabilities	3,729	3,501
Total financial liabilities	72,975	73,115

7. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended March 31,	
	2021	2020
	in K€	in K€
Service cost	993	899
Net interest cost	128	183
Net pension cost	1,121	1,082

Notes to the Consolidated Interim Financial Statements (unaudited)

8. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Three months ended March 31,	
	2021	2020
	in K€	in K€
Balance on January 1	13,441	15,342
Currency changes	86	-48
Additions	2,964	1,335
Utilization	-699	-1,019
Balance on March 31	15,792	15,610

9. Income taxes

The Company's effective tax rate for the first quarter 2021 amounted to 29.0 % and was slightly above the tax rate of the comparative period (Q1 2020 29.9 %).

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10. Proposed Dividend Appropriation

The Management and Supervisory Board's common proposal on the dividend appropriation suggests a dividend of € 1.60 per share to be resolved by the Annual Shareholders' Meeting on May 12, 2021. This would lead to a total dividend distribution to the shareholders of € 15.8 million.

11. Earnings per Share

The following table sets forth the computation of basic and diluted earnings per share:

Earnings per Share

	Three months ended March 31,	
	2021	2020
Net income (in K€)	15,932	8,855
Weighted average number of shares	9,867,659	9,867,659
Number of conversion rights	-	-
Adjusted weighted average number of shares	9,867,659	9,867,659
Earnings per share in € (basic/diluted)	1.61	0.90

Notes to the Consolidated Interim Financial Statements (unaudited)

12. Segment Reporting

Segment Reporting as at March 31, 2021 (in K €)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	64,789	65,798	29,370	34,565	12,237	35,127	35,290	13,212	-98,724	191,664
Third party	30,343	16,256	29,315	34,253	10,166	33,685	31,569	6,077	-	191,664
Intercompany	34,446	49,542	55	312	2,071	1,442	3,721	7,135	-98,724	0
Operating profit	6,969	3,768	2,407	1,534	-2,039	5,283	2,929	1,764	-	22,615
Financial income	-320	-54	25	288	-70	29	-18	-54	-	-175
Earnings before taxes	6,649	3,714	2,432	1,822	-2,109	5,312	2,911	1,710	-	22,440
Segment assets	175,182	141,272	45,493	78,067	66,657	66,937	89,010	45,651	-	708,269
Thereof assets according to IFRS 8.33 (b) ¹	58,512	74,428	1,466	22,650	40,741	15,915	13,789	23,599	-	251,100
Segment liabilities	143,640	83,213	11,863	13,000	6,819	13,380	14,887	6,698	-	293,500
Capital expenditures:										
Property, plant and equipment ²	935	1,776	81	191	124	124	312	352	-	3,895
Intangible assets	1,181	-	-	12	-	-	12	16	-	1,221
Depreciation ³	1,303	1,311	296	454	196	379	805	646	-	5,390
Amortization	219	109	2	60	397	1	9	46	-	843

¹ Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost

² Including investment properties and excluding additions of right-of-use assets from leases

³ Including right-of-use assets from leases and investment properties

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Segment Reporting as at March 31, 2020 (in K €)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	56,940	52,398	27,166	31,792	13,257	19,899	26,351	9,907	-84,383	153,328
Third party	24,815	9,969	27,141	31,412	10,998	19,709	24,404	4,881	-	153,328
Intercompany	32,125	42,429	25	380	2,259	190	1,948	5,026	-84,383	-
Operating profit	5,085	1,238	1,998	404	368	2,237	475	1,012	-	12,817
Financial income	7	-59	-4	235	-203	18	-85	-102	-	-192
Earnings before taxes	5,092	1,179	1,994	639	165	2,256	391	910	-	12,625
Segment assets	147,740	140,766	51,353	71,018	73,272	53,295	83,756	45,832	-	667,032
Thereof assets according to IFRS 8.33 (b) ¹	54,168	68,352	3,419	25,632	45,690	16,464	20,919	25,086	-	259,730
Segment liabilities	131,404	71,770	15,575	10,818	5,535	11,638	12,401	5,408	-	264,549
Capital expenditures:										
Property, plant and equipment ²	1,382	2,309	68	193	1,273	68	234	127	-	5,654
Intangible assets	1,847	-	13	-	-	-	43	28	-	1,931
Depreciation ³	1,263	1,220	282	480	201	413	793	653	-	5,305
Amortization	220	217	3	139	433	1	23	61	-	1,096

¹ Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost

² Including investment properties and excluding additions of right-of-use assets from leases

³ Including right-of-use assets from leases and investment properties

Notes to the Consolidated Interim Financial Statements (unaudited)

13. Major Related Party Transactions

All transactions between the subsidiaries are eliminated during the consolidation process. All other transactions with related parties are circumstantial for the presentation of profitability, financial position or liquidity.

Aslar, May 4, 2021

Pfeiffer Vacuum Technology AG

Management Board

Dr. Britta Giesen

Dr. Britta Giesen

Wolfgang Ehrk

Wolfgang Ehrk

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Additional Information

Financial Calendar 2021

- Annual Shareholders Meeting
Wednesday, May 12, 2021
- 2nd Quarter 2021 (1st Half Year) Results
Tuesday, August 3, 2021
- 3rd Quarter 2021 (9-Months) Results
Thursday, November 4, 2021

Contacts

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