

TRANS FORMA TION

FOR OUR
CUSTOMERS

Quarterly
Financial Report

Third Quarter 2020

Quarterly Financial Report / Third Quarter 2020

Contents

	Page
Key Figures	3
The Company	4
Share Performance	5
Interim Management Report	6
Consolidated Interim Financial Statements	16
Consolidated Statements of Income	16
Consolidated Statements of Comprehensive Income	17
Consolidated Balance Sheets	18
Consolidated Statements of Shareholders' Equity	19
Consolidated Statements of Cash Flows	20
Notes to the Consolidated Interim Financial Statements	21
Additional Information	29

Key Figures

		Q3 2020	Q3 2019	Change	Q1-Q3 2020	Q1-Q3 2019	Change
Sales and profit							
Total sales	K€	152,007	156,225	-2.7%	453,861	467,330	-2.9%
Germany	K€	24,196	25,056	-3.4%	70,565	72,664	-2.9%
Other countries	K€	127,811	131,169	-2.6%	383,296	394,669	-2.9%
Operating profit	K€	16,138	16,059	0.5%	35,686	48,904	-27.0%
EBIT margin	%	10.6	10.3	0.3 Pp	7.9	10.5	-2.6 Pp
Net income	K€	11,279	11,427	-1.3%	24,810	34,736	-28.6%
Return on sales	%	7.4	7.3	0.1 Pp	5.5	7.4	-1.9 Pp
Operating cash flow	K€	14,070	12,471	12.8%	36,957	35,513	4.1%
Capital expenditures	K€	6,403	6,273	2.1%	19,675	19,307	1.9%
Earnings per share	€	1.14	1.16	-1.7%	2.51	3.52	-28.4%
Workforce							
Workforce (average)		3,334	3,243	2.8%	3,317	3,244	2.3%
Germany		1,124	1,092	2.9%	1,119	1,072	4.4%
Other countries		2,210	2,152	2.7%	2,198	2,172	1.2%
Sales per employee	K€	46	48	-4.8%	137	144	-5.5%
Balance sheet							
				Sept. 30, 2020		December 31, 2019	Change
Balance sheet total	K€			659,111		659,575	-0.1%
Cash and cash equivalents	K€			112,217		111,980	0.2%
Number of shares issued				9,867,659		9,867,659	-
Shareholders' equity	K€			396,377		393,445	-0.9%
Equity ratio	%			60.1		59.6	0.5 Pp

3

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 September 30, 2020, is unaudited.

The Company

Pfeiffer Vacuum – a name that stands for innovative solutions, high technology and dependable products, along with first class service. For more than 125 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 know-how, 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 being constantly 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 (September 30, 2019)	3,333
Sales and service	31 subsidiaries 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

For more information please visit www.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 September 30, 2020	39.78 %
Market capitalization as at September 30, 2020	€ 1,746.6 million

In the first three quarters 2020 the share price performance of Pfeiffer Vacuum was slightly stronger than the performance of the TecDax index in the same period. On January 2, 2020, the opening price of Pfeiffer Vacuum shares was € 160.00 and the closing price was € 177.00 on September 30, 2020. This represents an increase by 10.6 %. On July 22, 2020 the high for the first nine months of 2020 was reached with € 180.60. The low for the first nine months in 2020 was € 104.40 on March 16, 2020. In the same period the TecDAX, starting at 3,023 points on January 2, 2020 and closing at 3,070 points on September 30, 2020, increased by 1.6 %.

Also in 2020 Pfeiffer Vacuum distributed a dividend to its shareholders for a repeated time. At the Annual General Meeting on May 20, 2020, a vast majority of shareholders followed the common proposal of Management and Supervisory Boards and resolved a dividend of € 1.25 per share for the fiscal year 2019. Thus, the payout ratio amounted to around 25.5 % of consolidated net income 2019. A total of € 12.3 million was paid to the shareholders.

Unchanged compared to December 31, 2019, the freefloat according to our knowledge is 39.78 % as of September 30, 2020.

Interim Management Report

Sales in the first three quarters of 2020 totaled € 453.9 million. Following € 467.3 million in the first nine months of 2019, this represents a decrease by € 13.5 million, or 2.9 %, respectively. Based on a somewhat weaker overall demand situation sales in the third quarter of the current fiscal year totaled € 152.0 million and were thus slightly below the level of Q3/2019 (€ 156.2 million). The strongest sales development in the first three quarters 2020 was recorded in the market segment semiconductors, which was able to almost fully compensate the downtrend in the other segments. In total, the gross profit decreased by € 3.4 million, or 2.1 %, respectively, to € 158.0 million (2019: € 161.4 million). Particularly changes in product mix improved the gross margin slightly from 34.5% to 34.8 %. Due to the Group's focus on further growth general and administrative expenses recorded an increase by € 2.5 million to € 43.5 compared to the first three quarters of 2019 (€ 40.9 million). The R & D expenses increased by € 4.3 million to € 25.5 million for the first three quarters of 2020 compared to € 21.2 million for the first three quarters of 2019. Selling and marketing expenses on the contrary only showed slight increases in the first nine months of 2020 compared to the previous year. The balance of other operating income and expenses declined by € 4.8 million to € 0.6 million compared to previous year. In total, an operating profit of € 35.7 million was generated in the first three quarters of the current fiscal year, down by € 13.2 million, or 27.5 %, compared to previous year's value of € 48.9 million. As a consequence the EBIT margin, the ratio between operating profit and sales, decreased from 10.5 % in 2019 to 7.9 %. With virtually constant net financial expenses and a slightly increased tax rate, net income decreased from € 34.7 million to € 24.8 million. This led to earnings per share of € 2.51 (2019: € 3.52).

6

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

The impacts of COVID-19 are now and will remain a global challenge. Worldwide economic development is severely affected by the consequences of restrictions in public life. The final effects of this recession cannot yet be estimated, as the economic downturn is not regionally limited and hit virtually all economic sectors at the same time. In addition, against the background of actually strongly increasing infection numbers shows that many countries and regions impose new restraints to public life, which currently make a valid prognosis of future trends highly unreliable. Accordingly the impact for the vacuum industry is unpredictable as well.

Pfeiffer Vacuum's top priorities in this environment remain the health and safety of the employees and to meet the customers' needs. Our goals are to assure that none of our employees will be infected by COVID-19 because of their work at Pfeiffer Vacuum and that we meet the commitments to our customers, particularly in these challenging times. Our customers tell us that Pfeiffer Vacuum stands for quality and reliability of products, and services. This is a reputation that we are proud of and that we protect. We are tirelessly working on meeting and exceeding the expectations of our customers. This is essential as we are pursuing our goal to increase market share. Despite challenges in the first nine months of the year, we managed to fulfil our customers' requirements.

What further helps the Company in this challenging situation is the very solid financial position. For many years the Group has shown strong balance sheet structures with a

Interim Management Report

high equity ratio and has adopted conservative financing approaches for daily business and necessary investments. Together with the solid earnings development - in comparison to the global economic development - in the first nine month of the year we therefore 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.

Sales

Presented below are net sales by segment, by region, by product and by market for the periods ended September 30, 2020 and 2019.

Sales by Segment (Companies)

The subsidiaries in the individual countries are independent legal entities with their own management, which distribute products and provide services. 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.

7

Sales by Segment

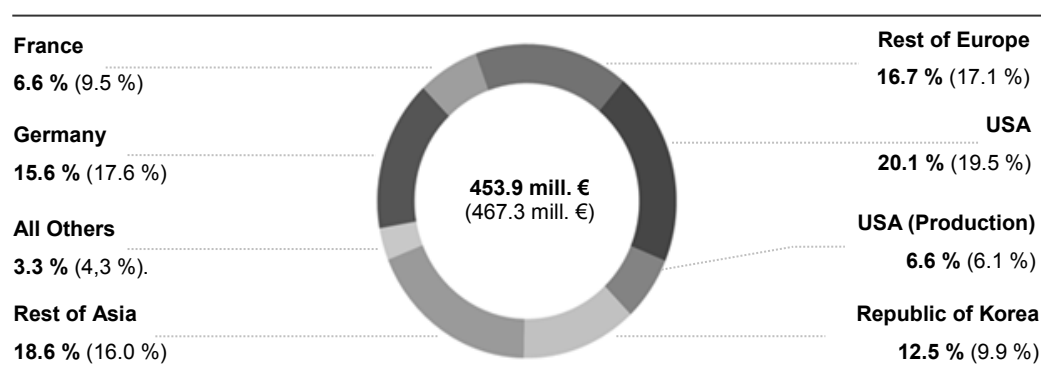
	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	in K€	in K€	in K€	in K€
USA	32,719	31,873	91,558	91,183
Rest of Asia	29,850	24,761	84,475	74,781
Rest of Europe	24,447	26,257	75,791	80,130
Germany	24,196	26,809	70,565	81,807
Republic of Korea	15,597	16,780	56,946	46,418
USA (Production)	9,283	9,519	29,837	28,407
France	11,353	12,706	29,816	44,685
All Others	4,562	7,520	14,873	19,922
Total	152,007	156,225	453,861	467,333

Interim Management Report

Analysis of sales by Segment in the first nine months 2020 show a heterogeneous development. Increases were achieved in the segments Republic of Korea and rest of Asia, while sales in the further USA and USA (Production) showed similar sales results as in 2019. Sales in the other segments declined versus previous year. The biggest drop was recorded in France.

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

Sales by Segment 9M/2020 (9M/2019)



Sales by Region

In the following table we are also summarizing sales by region. The table includes all sales in a given region, regardless of which company in the Pfeiffer Vacuum Group actually generated these sales.

Sales by Region

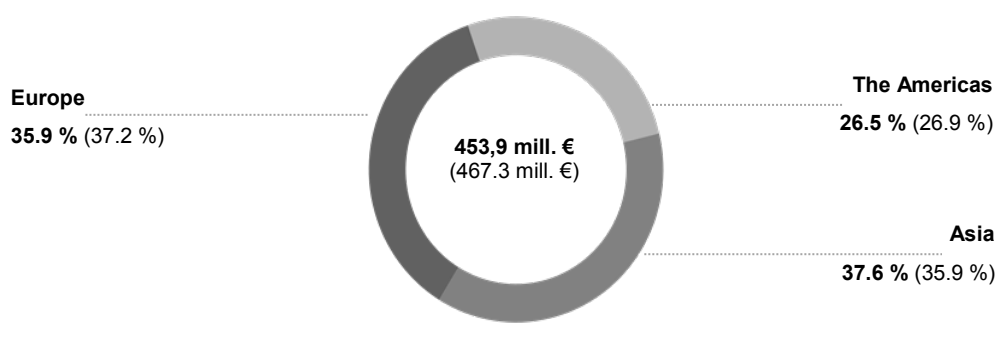
	Three months ended September 30,		Nine months ended September 30,	
	2020 in K€	2019 in K€	2020 in K€	2019 in K€
Asia	61,957	54,225	170,532	167,626
Europe	53,593	58,852	162,285	173,791
The Americas	36,175	43,107	120,702	125,810
Rest of the world	282	41	342	106
Total	152,007	156,225	453,861	467,333

From a regional point of view the sales in Q3 2020 showed that only region Asia recorded sales growth with 1.7% compared to the same quarter in the year before, which is largely due to the development of the semiconductor-customers. On the other hand Europe recorded a sales decrease of 6.6 % mainly because the semiconductor business couldn't countervail the impact of COVID-19.

Interim Management Report

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

Sales by Region 9M/2020 (9M/2019)



Sales by Market

Sales by Market

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
	in K€	in K€	in K€	in K€
Semiconductors + Coating	75,022	70,729	233,500	218,047
Industry + Analytics + R & D	76,985	85,496	220,361	249,286
Total	152,007	156,225	453,861	467,333

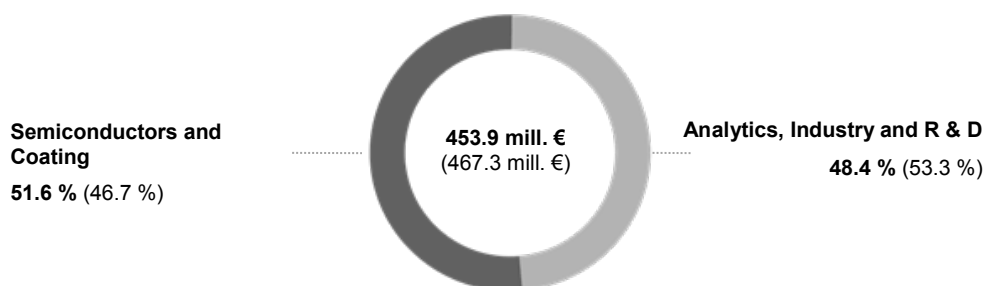
As mentioned before sales in the market semiconductors showed a positive trend and therefore influenced the development in the category semiconductors and coating. In contrast the demand in the coating market stayed quite challenging. Due to the COVID-19 situation the sales with customers from analytics, industry and R&D declined compared to previous year.

For competitive reasons we decided to carry out our sales analysis by market on a more consolidated level from financial year 2020 on. The previous year's figures have been adjusted accordingly. For the same reason, we refrain from disclosing sales by product.

Interim Management Report

The sales split by markets was as follows:

Sales by Market 9M/2020 (9M/2019)



Order Intake and Order Backlog

Following an order intake of € 450.0 million in the first nine months of 2019 this number was € 461.3 million in the first three quarters of 2020. This represents an increase by € 11.3 million, or 2.5 %, which was mainly caused by the development in the semiconductor markets. In the third quarter order intake of € 144.7 million saw a somewhat stronger trend compared to the immediately preceding second quarter (€ 143.7 million). The book-to-bill-ratio, the ratio between order intake and sales, was 1.02 for the year 2020 to date (2019: 0.96) and 0.95 for Q3/2020 (Q3/2019: 1.00).

Order backlog increased from € 110.7 million as at December 31, 2019 to € 118.2 million as at September 30, 2020. Resulting from the book-to-bill ratio of 0.95 in the third quarter, the order backlog was just below the value of € 125.4 million as per June 30, 2020.

Orders are only recorded in order backlog when they are based upon binding contracts. The value of order backlog should not be used to predict future sales and order volumes.

Cost of Sales and Gross Profit

In the first nine months of 2020 cost of sales totaled € 295.9 million and thus decreased compared to the prior year period (€ 306.0 million). Accounting for € 158.0 million, gross profit was € 3.4 million below previous year's number (€ 161.4 million). Accordingly, gross margin improved slightly from 34.5 % to 34.8 %. This development was predominantly caused by a more favourable product and customer mix.

Interim Management Report

Selling and Marketing Expenses

Selling and marketing expenses totaled € 54.1 million of the first nine months of the current fiscal year and thus were € 0.8 million higher compared to the number in the previous fiscal year (€ 53.3 million). Due to the decreased sales the selling and marketing expenses relative to sales increased by 0.5 percentage points to 11.9 % (2019: 11.4 %).

General and Administrative Expenses

With € 43.5 million in the year 2020 to date, general and administrative expenses increased compared to the first three quarters in 2019 (€ 40.9 million). Relative to sales, this ratio increased from 8.8 % to 9.6 %.

Research and Development Expenses

Research and development expenses totaled € 25.5 million in current period and thus increased by € 4.3 million, or 20.1 %, compared to the first three quarters of 2019 (€ 21.2 million). The R&D ratio, the ratio between R&D expenses and sales, increased from 4.5 % to 5.6 % due to the decrease in sales.

We will maintain the expenses allocated for research and development at a high level and continue to invest in order to be able to sustain our position in 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

Balance of other operating income and expenses totaled € +0.7 million in the first three quarters of 2020 after a net gain of € 2.9 million was recorded in the prior year period. The amounts in 2020 included predominantly net foreign exchange losses of € 1.5 million (2019: net foreign exchange gains € 0.6 million) and expense subsidies affecting net income of € 2.4 million (2019: € 2.3 million).

Operating Profit

Following € 48.9 million in 2019, operating profit in the first nine months of 2020 decreased by € 13.2 million, or 27.0 %, to € 35.7 million. The EBIT margin, the ratio between operating profit and sales, declined from 10.5 % in the first nine months of 2019 to 7.9 % in 2020. The expanded cost basis due to additional investments to implement the Group's growth strategy burdened the earnings development.

Interim Management Report

Financial Results

With € -0.6 million the net financial result in 2020 was virtually on the prior year's level. Thus, there were no material changes.

Income Taxes

With 29.0 % in the first nine months 2020 the tax rate was 0.8 percentage points above the prior year level (28.2 %). There were no structural changes.

Net income / Earnings per share

Totaling € 24.8 million net income for the first three quarters of 2020 was down by € 9.9 million from the prior year results of € 34.7 million. This represented a decrease by 28.6 %. Return on sales (after taxes) stood – after 7.4 % in 2019 – at 5.5 % in 2020. Earnings per share developed parallel to the net income. After € 3.52 in the first nine months of 2019 an amount of € 2.51 was recorded for the current fiscal year – a decline by € 1.01, or 28.4 %.

Financial Position

Pfeiffer Vacuum's balance sheet total decreased by € 0.5 million, or 0.1 %, from € 659.6 million as at December 31, 2019, to € 659.1 million, as at September 30, 2020. On the assets side of the balance sheet, the movement results from various and to some extent opposing trends, whereas the increase of inventories by 6.5 million and the decrease of income tax receivables by 3.9 million as well as the other financial assets by 2.2 million are the main drivers.

As at September 30, 2020, shareholders' equity totaled € 396.4 million. This represents an increase of € 2.9 million from the level on December 31, 2019 (€ 393.4 million). This development was mainly due to the dividend payment of € 12.3 million and contrary to the net income recorded for the first nine months of 2020 (€ 24.8 million). Beyond that the other equity positions decreased in total by 9.5 million. This was mainly caused by the valuation of pension liability not effecting net income and the exchange-differences. The equity ratio was 60.1 % after 59.7 % at the end of fiscal 2019. Other main drivers which have impacted the liabilities are the reduction of trade payables by 4.7 million and the income tax liabilities by 3.7 million along with the increase of other provisions by 3.0 million.

Interim Management Report

Cash Flow

At € 37.0 million, operating cash flow in the first nine months of 2020 was slightly higher (+ € 1.5 million) than in the comparable prior-year period (€ 35.5 million). Despite the lower profit after tax (-28.5 %), the higher depreciation, the increase in provisions and the decrease in receivables and other assets had a positive impact on operating cash flow in the first nine months of 2020. On the other hand, the development of inventories and liabilities, including prepayments, had a negative impact on operating cash flow.

As in the same period of 2019, investments in property, plant and equipment and intangible assets were the main determinants of cash outflow from investing activities in the first nine month 2020 (€ 19.9 million in 2020 and € 19.0 million in the previous year).

The principal element of leasing payments amounting to € 3.6 million (previous year: € 3.4 million) and the repayment of financial debt amounting to € 0.1 million, together with the dividend payment of € 12.3 million (previous year: € 22.7 million), resulted in an outflow of funds from financing activities totaling € 16.0 million in the first nine month of 2020 (previous year: € 25.5 million).

Taking currency effects into account, the total cash inflow amounted to € 0.2 million (previous year: € -8.8 million) and led to an increase in cash and cash equivalents to € 112.2 million.

13

Workforce

As of September 30, 2020, the company employed a workforce of 3,333 people, 1,123 of them in Germany and 2,210 in other countries.

Workforce

	Germany		Other countries		Total	
	September 30,					
	2020	2019	2020	2019	2020	2019
Manufacturing and Service	670	645	1,455	1,441	2,125	2,086
Research and Development	107	89	158	137	265	226
Sales and Marketing	219	224	394	384	613	608
Administration	127	134	203	190	330	324
Total	1,123	1,092	2,210	2,152	3,333	3,244

Interim Management Report

Risk and Opportunities Report

During the first nine months of the 2020 fiscal year, there were no changes in the risks and opportunities as described in our Annual Report (Geschäftsbericht) for the year ended December 31, 2019. The Annual Report is available on our homepage at www.group.pfeiffer-vacuum.com.

However, the possible effects of the described risks and opportunities have changed due to the COVID-19 situation, but 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. 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, some of which play an important role in the fight against COVID-19. We aim to continue to ensure this condition.

14

Changes in the Management Board / Events after the Balance Sheet Date

With effect from October 1, 2020, the Supervisory Board has appointed Dr. Britta Giesen as a member of the Board of Management. She is the designated CEO and will take up this role with the scheduled departure of the current CEO Dr. Eric Taberlet in his retirement on January 1, 2021.

Nathalie Benedikt, Member of the Board of Management and Chief Financial Officer of Pfeiffer Vacuum Technology AG, has resigned in agreement with the Supervisory Board on September 30, 2020.

The areas Nathalie Benedikt was responsible for, i.e. Finance, Controlling, IT, Human Resources, Investor Relations, Communications, Compliance and CSR, were assumed effective October 1, 2020, by Dr. Britta Giesen, except for Investor Relations, for which Dr. Eric Taberlet, CEO, will initially take responsibility.

No further changes in the company situation or the industry environment have occurred since the end of the first three-quarters of 2020.

Interim Management Report

Outlook

Due to the impact of COVID-19 on the global economy and further pressures due to the arrival of the second wave of increased infections, Pfeiffer Vacuum is currently not able to make a reliable forecast concerning the further business development. Critical semiconductor customers currently remain committed to their expansion. However, economic activity in other markets served could come under increased pressure. The Company currently expects sales in the fourth quarter 2020 to be similar to third quarter 2020 levels, while the EBIT margin for the full year 2020 is expected to be around 7 percent.

Consolidated Interim Financial Statements

Consolidated Statements of Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	in K€	in K€	in K€	in K€
Net sales	152,007	156,225	453,861	467,333
Cost of sales	-96,672	-103,805	-295,891	-305,909
Gross profit	55,335	52,420	157,970	161,424
Selling and marketing expenses	-17,955	-16,965	-54,055	-53,267
General and administrative expenses	-12,697	-14,579	-43,456	-40,906
Research and development expenses	-7,980	-6,423	-25,499	-21,235
Other operating income	2,486	2,315	7,131	5,800
Other operating expenses	-3,051	-709	-6,405	-2,912
Operating profit	16,138	16,059	35,686	48,904
Financial expenses	-276	-205	-729	-648
Financial income	29	59	123	121
Earnings before taxes	15,891	15,913	35,080	48,377
Income taxes	-4,612	-4,486	-10,270	-13,641
Net income	11,279	11,427	24,810	34,736
Earnings per share (in €):				
Basic	1.14	1.16	2.51	3.52
Diluted	1.14	1.16	2.51	3.52

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Comprehensive Income (unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	in K€	in K€	in K€	in K€
Net income	11,279	11,427	24,810	34,736
Other comprehensive income				
Amounts to be reclassified to income statement in future periods (if applicable)				
Currency changes	-6,549	6,537	-9,063	6,053
Results from cash flow hedges	0	-37	-30	-24
Related deferred income tax effects	0	12	0	8
	-6,549	6,512	-9,093	6,037
Amounts not to be reclassified to income statement in future periods				
Valuation of defined benefit plans	81	-53	-642	-8,589
Related deferred income tax effects	-20	13	192	2,486
	61	-40	-450	-6,103
Other comprehensive income net of tax	-6,488	6,472	-9,543	-66
Total comprehensive income net of tax	4,790	17,899	15,266	34,670

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Balance Sheets (unaudited)

	September 30, 2020	December 31, 2019
	in K€	in K€
Assets		
Intangible assets	111,927	112,244
Property, plant and equipment	152,944	154,701
Investment properties	386	400
Other financial assets	1,851	4,031
Other assets	616	2,034
Deferred tax assets	27,617	27,377
Total non-current assets	295,341	300,787
Inventories	135,006	128,484
Trade accounts receivable	86,872	87,867
Contract assets	2,285	2,860
Income tax receivables	6,099	9,962
Prepaid expenses	6,319	4,308
Other financial assets	2,925	3,161
Other accounts receivable	12,047	10,166
Cash and cash equivalents	112,217	111,980
Total current assets	363,770	358,788
Total assets	659,111	659,575
Shareholders' equity and liabilities		
Share capital	25,261	25,261
Additional paid-in capital	96,245	96,245
Retained earnings	317,027	304,552
Other equity components	-42,156	-32,613
Equity of Pfeiffer Vacuum Technology AG shareholders	396,377	393,445
Financial liabilities	69,007	69,729
Provisions for pensions	66,558	64,103
Deferred tax liabilities	4,502	5,041
Contract liabilities	804	584
Total non-current liabilities	140,871	139,457
Trade accounts payable	36,422	41,137
Contract liabilities	13,747	12,259
Other accounts payable	22,899	23,406
Provisions	41,739	38,735
Income tax liabilities	3,514	7,248
Financial liabilities	3,542	3,888
Total current liabilities	121,863	126,673
Total shareholders' equity and liabilities	659,111	659,575

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 Components in K€	Equity of Pfeiffer Vacuum Technology AG Shareholders in K€
Balance on Jan. 01, 2019	25,261	96,245	278,891	-28,172	372,225
Net income	-	-	34,736	-	34,736
Other comprehensive income	-	-	-	-66	-66
Total comprehensive income	-	-	34,736	-66	34,670
Dividend payment	-	-	-22,696	-	-22,696
Balance on Sept. 30, 2019	25,261	96,245	290,931	-28,238	384,199
Balance on Jan. 01, 2020	25,261	96,245	304,552	-32,613	393,445
Net income	-	-	24,810	-	24,810
Other comprehensive income	-	-	-	-9,543	-9,543
Total comprehensive income	-	-	24,810	-9,543	15,266
Dividend payment	-	-	-12,335	-	-12,335
Balance on Sept. 30, 2020	25,261	96,245	317,027	-42,156	396,377

See accompanying notes to the interim financial statements.

Consolidated Interim Financial Statements

Consolidated Statements of Cash Flows (unaudited)

	Nine months ended September 30,	
	2020	2019
	in K€	in K€
Cash flow from operating activities:		
Net income	24,810	34,736
Depreciation/amortization	19,760	17,487
Other non-cash income/expenses	4,066	3,455
Effects of changes of assets and liabilities:		
Inventories	-13,079	-11,038
Receivables and other assets	1,989	6,389
Provisions, including pensions, and income tax liabilities	2,263	-3,566
Payables, other liabilities	-2,852	-11,950
Net cash provided by operating activities	36,957	35,513
Cash flow from investing activities:		
Capital expenditures	-19,675	-19,307
Proceeds from disposals of fixed assets	-204	293
Net cash used in investing activities	-19,879	-19,014
Cash flow from financing activities:		
Principal elements of lease payments	-3,636	-3,448
Proceeds from increase of financial liabilities	-	632
Dividend payment	-12,335	-22,696
Redemption of financial liabilities	-56	-
Net cash provided by/used in financing activities	-16,027	-25,512
Effects of foreign exchange rate changes on cash and cash equivalents	-814	255
Net changes in cash and cash equivalents	237	-8,758
Cash and cash equivalents at beginning of period	111,980	108,380
Cash and cash equivalents at end of period	112,217	99,622

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 September 30, 2020, 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 2019, which are available in the internet at www.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 accounting estimates and management judgements are subject to increased

Notes to the Consolidated Interim Financial Statements (unaudited)

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 € 1.3 million and is included in various lines of the profit and loss account.

3. Intangible Assets

Intangible assets consist of the following:

Intangible assets

	September 30, 2020	December 31, 2019
	in K€	in K€
Goodwill	79,327	81,373
Customer Base	14,818	16,719
Software	2,911	3,260
Software before implementation	8,621	4,222
Other intangible assets	6,250	6,670
Total intangible assets	111,927	112,244

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Property, Plant and Equipment

Property, plant and equipment comprise the following:

Property, Plant and Equipment

	September 30, 2020	December 31, 2019
	in K€	in K€
Land and buildings	74,510	78,805
Technical equipment and machinery	50,749	51,281
Other equipment, factory and office equipment	15,970	16,371
Construction in progress	11,715	8,245
Total property, plant and equipment	152,944	154,701

5. Inventories

Inventories consist of the following:

Inventories

	September 30, 2020	December 31, 2019
	in K€	in K€
Raw materials	43,417	42,256
Work-in-process	33,762	31,571
Finished products	57,827	54,657
Total inventories, net	135,006	128,484

Notes to the Consolidated Interim Financial Statements (unaudited)

6. Financial Liabilities

Financial liabilities were comprised as follows:

Financial Liabilities

	September 30, 2020	December 31, 2019
	in K€	in K€
Loans	60,000	60,000
Lease liabilities	9,007	9,729
Non-current financial liabilities	69,007	69,729
Lease liabilities	3,478	3,766
Other financial liabilities	64	122
Current financial liabilities	3,542	3,888
Total financial liabilities	72,549	73,617

7. Paid Dividends

At the Annual Shareholders' Meeting on May 20, 2020, the shareholders resolved a dividend of € 1.25 per share for the year 2019. Thus, a total of € 12,334,573.75 was paid to the shareholders.

8. Pension Benefits

Pension expense for all plans included the following components:

Pension Expense for All Plans

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	in K€	in K€	in K€	in K€
Service cost	872	901	2,667	2,725
Interest cost	180	249	546	745
Net pension cost	1,052	1,150	3,213	3,470

Notes to the Consolidated Interim Financial Statements (unaudited)

9. Warranty

Warranty provisions developed as follows:

Warranty provisions

	Nine months ended September 30,	
	2020	2019
	in K€	in K€
Balance on January 1	15,343	15,939
Currency changes	-168	20
Additions	3,614	6,475
Utilization	-4,015	-5,955
Balance on September 30	14,774	16,479

10. Earnings per Share

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

Earnings per Share

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (in K€)	11,279	11,424	24,810	34,733
Weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Number of conversion rights	-	-	-	-
Adjusted weighted average number of shares	9,867,659	9,867,659	9,867,659	9,867,659
Earnings per share in € (basic/diluted)	1.14	1.16	2.51	3.52

Notes to the Consolidated Interim Financial Statements (unaudited)

11. Segment Reporting

Segment Reporting as at September 30, 2020 (in K €)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	161,824	153,560	75,803	92,896	36,370	60,620	92,185	30,726	-250,123	453,861
Third party	70,565	29,816	75,791	91,558	29,837	56,946	84,475	14,873	-	453,861
Intercompany	91,259	123,744	12	1,338	6,533	3,674	7,710	15,853	-250,123	0
Operating profit	11,898	2,865	5,484	2,977	-888	6,396	5,531	1,423	-	35,686
Financial income	-47	-164	-5	701	-578	51	-256	-308	-	-606
Earnings before taxes	11,851	2,701	5,479	3,678	-1,466	6,447	5,275	1,115	-	35,080
Segment assets	147,681	134,485	50,704	71,012	66,688	57,034	84,332	47,175	-	659,111
Thereof assets according to IFRS 8.33 (b) ¹	57,791	68,745	3,403	23,595	41,844	15,652	18,057	24,355	-	253,442
Segment liabilities	130,845	65,413	17,682	9,882	5,984	13,156	12,554	7,218	-	262,734
Capital expenditures:										
Property, plant and equipment ²	4,378	5,259	301	314	1,922	197	733	813	-	13,917
Intangible assets	5,454	209	12	2	-	-	40	40	-	5,757
Depreciation ³	3,695	3,293	329	866	535	859	1,227	1,666	-	12,470
Amortization	639	695	7	410	1,275	2	37	146	-	3,211

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

26

Segment Reporting as at September 30, 2019 (in K €)

	Germany	France	Rest of Europe	USA	USA Production	Republic of Korea	Rest of Asia	All Others	Consolidation	Group
Net sales	177,258	151,952	80,185	91,383	31,367	50,347	81,116	37,283	-233,558	467,333
Third party	81,807	44,685	80,130	91,183	28,407	46,418	74,781	19,922	-	467,333
Intercompany	95,451	107,267	55	200	2,960	3,929	6,335	17,361	-233,558	-
Operating profit	24,682	5,309	5,755	5,425	490	2,602	5,328	-687	-	48,904
Financial income	-35	-154	-17	708	-611	36	-208	-246	-	-527
Earnings before taxes	24,647	5,155	5,738	6,133	-121	2,638	5,120	-933	-	48,377
Segment assets	142,164	124,936	53,132	70,024	73,976	47,059	80,106	52,191	-	643,588
Thereof assets according to IFRS 8.33 (b) ¹	49,808	66,817	6,995	22,685	46,574	18,224	24,024	30,151	-	265,276
Segment liabilities	129,570	61,064	19,521	10,848	6,166	10,828	14,018	7,374	-	259,389
Capital expenditures:										
Property, plant and equipment ²	4,903	4,261	408	406	152	2,273	3,018	3,100	-	18,521
Intangible assets	486	128	4	-	-	-	60	108	-	786
Depreciation ³	3,695	3,199	839	1,231	582	983	2,006	1,719	-	14,254
Amortization	522	607	4	3	1,276	5	10	570	-	2,997

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)

12. Income Tax Expense

Under German corporate tax law, taxes on income are composed of corporate taxes, trade taxes and an additional surtax.

The Company's effective tax rate was 29.3 % for the first nine months of 2020 and thus slightly above the tax rate for the third quarter 2019 (28.2 %).

13. Independent Auditor

At the Annual General Meeting on May 20, 2020, the Supervisory Board proposed and the Shareholders elected PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, as the independent auditor of both the accounts of the Company and the consolidated accounts for the 2020 fiscal year.

14. Major Related Party Transactions

Besides the transactions between the subsidiaries that are eliminated during the consolidation process, the regular compensation of Management and Supervisory Board members and the reception of purchases based unchanged on arm's length conditions of a very low single digit million Euro amount from an operating company of the Busch group there were no major related party transactions in the first three quarters of 2020.

Notes to the Consolidated Interim Financial Statements (unaudited)

15. Changes in the Management Board

With effect from October 1, 2020, the Supervisory Board has appointed Dr. Britta Giesen as a member of the Board of Management. She is the designated CEO and will take up this role with the scheduled departure of the current CEO Dr. Eric Taberlet in his retirement on January 1, 2021.

Ms. Nathalie Benedikt, Member of the Board of Management and Chief Financial Officer of Pfeiffer Vacuum Technology AG, has resigned in agreement with the Supervisory Board on September 30, 2020.

Asslar, November 3, 2020

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet

Dr. Eric Taberlet

Wolfgang Ehrk

Wolfgang Ehrk

Dr. Britta Giesen

Dr. Britta Giesen

Additional Information

Financial Calendar 2020/2021

- 3rd Quarter 2020 (9-Months) Results
Tuesday, November 3, 2020
- Financial Results 2020, Annual Report 2020
Thursday, March 25, 2021
- 1st Quarter 2021 (3-Month) Results
Tuesday, May 4, 2021
- Annual General Meeting
Wednesday, May 12, 2021
- 2nd Quarter 2021 (Half Year) Results
Tuesday, August 3, 2021
- 3rd Quarter 2021 (9-Months) Results
Thursday, November 4, 2021

Contact

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*This version of the Quarterly Financial Report is a translation of the German version.
Only the German version is binding.*