



Phone: +32 (0)2 778 01 00  
Fax: +32 (0)2 771 56 56  
www.bdo.be

The Corporate Village  
Da Vincilaan 9, Box E.6  
Elsinore Building  
B-1930 Zaventem

MATERIALISE NV

Statutory auditor's report  
to the general meeting  
for the year ended 31 December 2019

*Free translation*

*Free translation*

## STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF MATERIALISE NV FOR THE YEAR ENDED 31 DECEMBER 2019

In the context of the statutory audit of the annual accounts of Materialise NV ("the Company"), we hereby present our statutory auditor's report. It includes our report on the audit of the annual accounts and the other legal and regulatory requirements. This report is an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting of June 4, 2019, following the proposal formulated by the board of directors issued upon recommendation of the Audit Committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on December 31, 2021. We have performed the statutory audit of the annual accounts of the Company for four consecutive years.

### REPORT ON THE ANNUAL ACCOUNTS

#### *Unqualified opinion*

We have audited the annual accounts of the Company, which comprise the balance sheet as at December 31, 2019, the profit and loss account for the year then ended and the notes to the annual accounts, characterised by a balance sheet total of 289.045.742 EUR and a profit and loss account showing a loss for the year of 5.514.591 EUR.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at December 31, 2019, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

#### *Basis for unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the '*Statutory auditor's responsibilities for the audit of the annual accounts*' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the administrative body and the officials of the Company the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### ► *Ineffective Controls Related to Risk Assessment and Financial Reporting*

##### *Description of the Matter*

We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. This resulted in the identification of several deficiencies in relation to (i) ineffective control environment and control design, (ii) revenue recognition (iii) the financial reporting and closing process and (iv) access management controls. The deficiency in relation to access management controls prevented us from placing any reliance on underlying data and system reports used during our audit. We considered this issue as a key audit matter because the design and execution of extended substantive procedures to overcome the identified deficiencies in the internal control system, requires a high degree of auditor's judgment and efforts.

##### *Procedures performed*

- We tested the design and operating effectiveness of the IT General controls, assisted by our IT

specialists who analysed the impact of the different systems affected by the identified deficiencies on our audit.

- We used a lower level of thresholds for investigating differences between recorded amounts and independent expectations developed by us.
- The number of selections in our substantive testing we would have otherwise made if the Company's controls were designed and operating effectively have been increased.
- Original source documents for audit evidence have been used, rather than system reports or other information generated by the Company's IT systems and where this was not possible, we performed in depth substantive procedures on the system information, tracing it back to external source documents.

#### ► *Revenue recognition*

##### *Description of the Matter*

As described in VOL 6.19 in the annual accounts, the Company's contracts with customers often contain multiple performance obligations, or promises to transfer multiple products and services to a customer. To account for promised goods and services in accordance with BEGAAP, the Company needs to perform certain significant assumptions and judgement. For example, the Company recognizes software license revenue at the time of delivery of the license and recognizes subscription and support revenue over time as the services are performed.

Auditing the Company's recognition of revenue in relation to contracts with multiple performance obligations is complex due to the effort required to analyze the Company's diverse product range and variety of agreements. This involved assessing the terms and conditions of new or amended contracts with customers for new product or service offerings, assessing the Company's estimate of the considerations and the timing of recognition of revenue.

#### *Procedures performed-*

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's internal controls in relation to revenue recognition of non-standardized contracts with customers.

- For a sample of sales transactions we obtained the sales contracts and performed following audit procedures:
  - We read through executed contracts for a sample of sales transactions.
  - We evaluated the Company's identification and determination of the distinct performance obligations for these contracts as well as their determination of the transaction price.
  - We assessed the Company's calculation of the consideration expected to be received in exchange for the performance obligations.
- We have tested the Company's allocation of the different components within the overall transaction price, by assessing the appropriateness of the methodology applied, testing mathematical

accuracy of the underlying data and calculations, and testing selections to corroborate the data underlying the calculations.

- We evaluated the consistent application of the revenue recognition policy to the transactions.
- We assessed the appropriateness and completeness of the related disclosures in the annual accounts.

#### ► *Impairment of the financial fixed assets*

##### *Description of the Matter*

The Company's evaluation on the valuation of the financial fixed assets, and possible losses to be recognized in case of sustainable impairment in accordance with BEGAAP, as disclosed in VOL 6.19, includes the comparison between the fair value of the financial fixed asset and its net book value. The Company uses the discounted cash flow model to estimate the fair value, which requires management to make significant estimates and assumptions related to forecasts of future revenue, operating margins, discount and perpetual growth rates. Changes in these assumptions could have a significant impact on the fair value and potentially the amount of possible impairments on the financial fixed assets.

Given the significant judgments made by management to estimate the fair value, including management's judgments in selecting significant business assumptions to forecast future revenue, a perpetual growth rate, and operating margin for a 5 year period as well as the determination of an appropriate discount rate, performing audit procedures to

evaluate the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased extent of effort.

#### *Procedures performed*

Our audit procedures related to the determination of forecasts of future revenue and operating margin used by management to estimate the fair value, included the following:

- We tested the effectiveness of controls over management's valuation of the financial fixed assets, including those over the determination of the fair value, such as controls related to management's review of forecasts of future revenue and operating margin.
- We verified the arithmetic accuracy of the underlying calculations.
- We evaluated management's ability to accurately forecast future revenue and operating margin by comparing actual results to management's historical forecasts.
- We also evaluated the reasonableness of management's revenue and operating margin forecasts by comparing the forecasts to (1) the historical operating results of the underlying subsidiaries, (2) internal communications to management and the board of directors and (3) external communications made by management to analysts and investors.
- We verified the appropriateness and completeness of the disclosures in relation to the valuation and

possible impairment of the financial fixed assets in the Company's financial statements.

#### *Responsibilities of administrative body for the drafting of the annual accounts*

The administrative body is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the administrative body determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the administrative body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the administrative body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### *Statutory auditor's responsibilities for the audit of the annual accounts*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

When executing our audit, we respect the legal, regulatory and normative framework applicable for the audit of annual accounts in Belgium. However, a statutory audit does not guarantee the future viability of the Company, neither the efficiency and effectiveness of the management of the Company by the administrative body.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the administrative body;
- Conclude on the appropriateness of the administrative body's use of the going

concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the administrative body and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

#### OTHER LEGAL AND REGULATORY REQUIREMENTS

##### *Responsibilities of the administrative body*

The administrative body is responsible for the preparation and the content of the management report, as well as for the compliance with the legal and regulatory requirements regarding bookkeeping, with the Code of companies and associations and with the Company's by-laws.

### *Responsibilities of the statutory auditor*

In the context of our mandate and in accordance with the Belgian standard (version revised in 2020) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report and compliance with certain provisions of the Code of Companies and Associations and of the Company's by-laws, as well as to report on these elements.

### *Aspects related to the management report*

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the annual accounts for the same financial year, and it is prepared in accordance with articles 3:5 and 3:6 of the Code of Companies and Associations.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report contains any material misstatement, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

### *Statement related to the social balance sheet*

The social balance sheet, to be deposited at the National Bank of Belgium in accordance with article 3:12, §1, 8° of the Code of companies and associations,

includes, both in terms of form and content, the information required by the said Code, and does not present any material inconsistencies with the information that we have at our disposition during the performance of our mission.

### *Statement related to independence*

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of annual accounts and our audit firm remained independent of the Company during the terms of our mandate.
- The fees related to additional services which are compatible with the statutory audit of annual accounts as referred to in article 3:65 of the Code of companies and associations, were duly itemised and valued in the notes to the annual accounts.

### *Other statements*

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the Company's by-laws.
- The Company has not complied with the provisions of Article 120 of the Belgium Company Code in relation to the filing of the consolidated accounts for the accounting year 2018 within seven months after the end of the financial year. Except for this violation of the

Belgium Company Code, we do not have to report to you any transactions undertaken or decisions taken in breach of the by-laws or of the Company Code, or from January 1, 2020, in breach of the Code of companies and associations.

Zaventem, April 30, 2020

BDO Bedrijfsrevisoren CVBA  
Statutory auditor  
Represented by Veerle Catry

<b>40</b>				<b>1</b>	<b>EUR</b>	
NAT.	Filing date	Nr.	P.	U.	D.	F 1

**ANNUAL ACCOUNTS AND OTHER DOCUMENTS TO BE FILED UNDER  
BELGIAN COMPANY LAW**

**IDENTIFICATION DETAILS (on date of deposit)**

NAME: *Materialise*

Legal form: *Public limited company*

Address: *Technologieaan* Nr.: *15* Box: .....

Postal code: *3000* Municipality: *Leuven*

Country: *Belgium*

Register of legal persons – Business court of: *Leuven*

Website address<sup>1</sup>: .....

Company identification number *BE 0441.131.254*

DATE *09 / 12 / 2019* of filing the memorandum of association OR of the most recent document mentioning the date of publication of the memorandum of association and of the act amending the articles of association.

ANNUAL ACCOUNTS *ANNUAL ACCOUNTS IN EUROS (2 decimals)*

approved by the general meeting of *02 / 06 / 2020*

Regarding the financial year from *01 / 01 / 2019* to *31 / 12 / 2019*

Preceding financial year from *01 / 01 / 2018* to *31 / 12 / 2018*

The amounts for the preceding period are / ~~are not~~<sup>2</sup> identical to the ones previously published.

Total number of pages filed: .....<sup>56</sup>..... Numbers of sections of the standard form not filed because they serve no useful purpose: .....*6.2.5, 6.3.5, 6.5.2, 6.7.2, 6.8, 6.18.2, 6.20, 8, 9, 11, 12, 13, 14, 15, 16*.....

*Signature*  
(name and position)

*Signature*  
(name and position)

<sup>1</sup> Optional information.  
<sup>2</sup> Strike out what is not applicable.

**THE SITUATION OF THE COMPANY**

**Does this annual account concern a company subject to the provisions of the new Code of Companies and Associations of March 23, 2019 ? no**

**LIST OF DIRECTORS, BUSINESS MANAGERS AND AUDITORS  
AND DECLARATION REGARDING A COMPLIMENTARY REVIEW  
OR CORRECTION ASSIGNMENT**

**LIST OF THE DIRECTORS, BUSINESS MANAGERS AND AUDITORS**

COMPLETE LIST with surname, first names, profession, place of residence (address, number, postal code and municipality) and position within the company

<i>A TREC</i> <i>Nr.: BE 0456.384.307</i> <i>Timmermansstraat 32, 8340 Damme, Belgium</i>	<i>Director</i> <i>03/06/2008 - 02/06/2020</i>
<i>Represented by:</i>	
<i>Johan De Lille</i> <i>Gaversesteeweg 604, 9820 Merelbeke, Belgium</i>	
<i>Wilfried, Frans, Isidoor Vancraen</i> <i>Jan Van der Vorstlaan 19, 3040 Huldenberg, Belgium</i>	<i>Managing director</i> <i>18/11/2003 - 02/06/2020</i>
<i>Jos Van der Sloten</i> <i>Langestraat 62, 3190 Boortmeerbeek, Belgium</i>	<i>Director</i> <i>03/06/2008 - 02/06/2020</i>
<i>Pol Ingelaere</i> <i>Hazegoedweg 13, 8800 Roeselaere, Belgium</i>	<i>Director</i> <i>07/06/2011 - 02/06/2020</i>
<i>Peter Leys</i> <i>Strooistraat 57, 1860 Meise, Belgium</i>	<i>Director</i> <i>28/11/2013 - 02/06/2020</i>
<i>Jurgen Gino Ingels</i> <i>Clemenceaustraat 177 box A, 2860 Sint-Katelijne-Waver, Belgium</i>	<i>Director</i> <i>28/11/2013 - 02/06/2020</i>
<i>Lieve Verplancke</i> <i>Dikkemeerweg 54, 1653 Dworp, Belgium</i>	<i>Director</i> <i>02/06/2015 - 02/06/2020</i>
<i>Hilde Ingelaere</i> <i>Jan Van der Vorstlaan 19, 3040 Huldenberg, Belgium</i>	<i>Director</i> <i>18/11/2003 - 02/06/2020</i>
<i>Bart Luyten</i> <i>Hanswijkstraat 37 box A, 2820 Bonheiden, Belgium</i>	<i>Director</i> <i>06/06/2017 - 02/06/2020</i>
<i>Volker Hammes</i> <i>Altbachstrasse 25, 67435 Neustadt An der Weinstrasse, Germany</i>	<i>Director</i> <i>28/11/2018 - 02/06/2020</i>
<i>BDO Bedrijfsrevisoren CVBA</i> <i>Nr.: BE 0431.088.289</i> <i>Da Vincilaan 9 box E 6, 1930 Zaventem, Belgium</i> <i>Membership nr.: B00023</i>	<i>Auditor</i> <i>07/06/2016 - 07/06/2022</i>
<i>Represented by:</i>	
<i>Veerle Catry</i> <i>Da Vincilaan 9 box E 6, 1930 Zaventem, Belgium</i> <i>Membership nr.: A01868</i>	

**DECLARATION REGARDING A COMPLIMENTARY REVIEW OR CORRECTION ASSIGNMENT**

The managing board declares that no audit or correction assignment has been given to a person who was not authorised to do so by law, pursuant to art. 34 and 37 of the law of 22th April 1999 concerning accounting and tax professions.

The annual accounts ~~were~~ / **were not**\* audited or corrected by an external accountant or by a company auditor who is not the statutory auditor.

If affirmative, mention hereafter: surname, first names, profession and address of each external accountant or company auditor and his membership number with his Institute as well as the nature of his assignment:

- A. Bookkeeping of the enterprise \*\*,
- B. Preparing the annual accounts \*\*,
- C. Auditing the annual accounts and/or
- D. Correcting the annual accounts.

If the tasks mentioned under A. or B. are executed by certified accountants or certified bookkeepers - tax specialists, you can mention hereafter: surname, first names, profession and address of each certified accountant or certified bookkeeper - tax specialist and his/her affiliation number with the Institute of Accounting Professional and Tax Experts and the nature of his/her assignment.

Surname, first names, profession and address	Affiliation number	Nature of the assignment (A, B, C and/or D)

\* Strike out what is not applicable.

\*\* Optional information.

## ANNUAL ACCOUNTS

## BALANCE SHEET AFTER APPROPRIATION

	Discl.	Codes	Period	Preceding period
<b>ASSETS</b>				
Formation expenses .....	6.1	20	.....	492.085,23
<b>FIXED ASSETS</b> .....		21/28	140.550.201,99	126.699.467,33
<b>Intangible fixed assets</b> .....	6.2	21	6.680.229,15	7.327.235,61
<b>Tangible fixed assets</b> .....	6.3	22/27	40.821.183,05	40.932.046,67
Land and buildings .....		22	14.736.461,47	15.428.458,84
Plant, machinery and equipment .....		23	17.933.861,78	15.907.233,82
Furniture and vehicles .....		24	1.842.433,79	1.898.625,96
Leasing and similar rights .....		25	3.550.684,06	5.070.846,22
Other tangible fixed assets .....		26	.....	.....
Assets under construction and advance payments .....		27	2.757.741,95	2.626.881,83
<b>Financial fixed assets</b> .....	6.4/6.5.1	28	93.048.789,79	78.440.185,05
Affiliated enterprises .....	6.15	280/1	89.998.227,97	75.652.574,13
Participating interests .....		280	34.399.044,43	20.099.662,14
Amounts receivable .....		281	55.599.183,54	55.552.911,99
Enterprises linked by participating interests .....	6.15	282/3	.....	.....
Participating interests .....		282	.....	.....
Amounts receivable .....		283	.....	.....
Other financial assets .....		284/8	3.050.561,82	2.787.610,92
Shares .....		284	2.982.420,36	2.701.173,09
Amounts receivable and cash guarantees .....		285/8	68.141,46	86.437,83

	Discl.	Codes	Period	Preceding period
<b>CURRENT ASSETS</b> .....		29/58	148.495.539,75	149.382.019,99
<b>Amounts receivable after more than one year</b> .....		29	5.667.489,14	3.670.143,60
Trade debtors .....		290	2.779.338,42	2.574.007,59
Other amounts receivable .....		291	2.888.150,72	1.096.136,01
<b>Stocks and contracts in progress</b> .....		3	5.180.787,25	4.966.221,47
Stocks .....		30/36	4.505.531,83	4.556.989,96
Raw materials and consumables .....		30/31	3.945.159,68	3.965.637,88
Work in progress .....		32	.....	.....
Finished goods .....		33	289.541,24	302.527,59
Goods purchased for resale .....		34	270.830,91	288.824,49
Immovable property intended for sale .....		35	.....	.....
Advance payments .....		36	.....	.....
Contracts in progress .....		37	675.255,42	409.231,51
<b>Amounts receivable within one year</b> .....		40/41	31.002.279,06	43.965.381,37
Trade debtors .....		40	27.306.508,75	39.401.187,94
Other amounts receivable .....		41	3.695.770,31	4.564.193,43
<b>Current investments</b> ..... 6.5.1/6.6		50/53	1.944,22	9.047.643,09
Own shares .....		50	.....	.....
Other investments .....		51/53	1.944,22	9.047.643,09
<b>Cash at bank and in hand</b> .....		54/58	105.011.027,63	86.299.763,63
<b>Deferred charges and accrued income</b> ..... 6.6		490/1	1.632.012,45	1.432.866,83
<b>TOTAL ASSETS</b> .....		20/58	289.045.741,74	276.573.572,55

	Discl.	Codes	Period	Preceding period
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b> .....		10/15	124.340.768,75	128.588.959,70
<b>Capital</b> .....	6.7.1	10	3.066.444,62	3.050.196,04
Issued capital .....		100	3.066.444,62	3.050.196,04
Uncalled capital .....		101	.....	.....
<b>Share premium account</b> .....		11	144.301.320,80	143.049.358,84
<b>Revaluation surpluses</b> .....		12	.....	.....
<b>Reserves</b> .....		13	284.846,73	279.861,33
Legal reserve .....		130	278.833,08	278.833,08
Reserves not available .....		131	.....	.....
In respect of own shares held .....		1310	.....	.....
Other .....		1311	.....	.....
Untaxed reserves .....		132	6.013,65	1.028,25
Available reserves .....		133	.....	.....
<b>Accumulated profits (losses)</b> .....(+)/(-)		14	-23.345.496,64	-17.825.919,92
<b>Investment grants</b> .....		15	33.653,24	35.463,41
<b>Advance to associates on the sharing out of the assets</b> .....		19	.....	.....
<b>PROVISIONS AND DEFERRED TAXES</b> .....		16	14.136,09	18.260,89
<b>Provisions for liabilities and charges</b> .....		160/5	.....	.....
Pensions and similar obligations .....		160	.....	.....
Taxation .....		161	.....	.....
Major repairs and maintenance .....		162	.....	.....
Environmental obligations .....		163	.....	.....
Other liabilities and charges .....	6.8	164/5	.....	.....
<b>Deferred taxes</b> .....		168	14.136,09	18.260,89

	Discl.	Codes	Period	Preceding period
<b>AMOUNTS PAYABLE</b> .....		17/49	164.690.836,90	147.966.351,96
<b>Amounts payable after more than one year</b> .....	6.9	17	97.956.853,01	79.268.142,93
Financial debts .....		170/4	93.244.058,88	75.208.806,43
Subordinated loans .....		170	.....	.....
Unsubordinated debentures .....		171	.....	1.000.000,00
Leasing and other similar obligations .....		172	1.646.484,72	2.123.362,83
Credit institutions .....		173	91.597.574,16	72.085.443,60
Other loans .....		174	.....	.....
Trade debts .....		175	.....	.....
Suppliers .....		1750	.....	.....
Bills of exchange payable .....		1751	.....	.....
Advances received on contracts in progress .....		176	.....	.....
Other amounts payable .....		178/9	4.712.794,13	4.059.336,50
<b>Amounts payable within one year</b> .....	6.9	42/48	41.235.554,97	48.167.248,03
Current portion of amounts payable after more than one year falling due within one year .....		42	10.227.924,17	10.804.692,84
Financial debts .....		43	1.000.000,00	.....
Credit institutions .....		430/8	.....	.....
Other loans .....		439	1.000.000,00	.....
Trade debts .....		44	19.182.005,13	26.235.370,85
Suppliers .....		440/4	19.182.005,13	26.235.370,85
Bills of exchange payable .....		441	.....	.....
Advances received on contracts in progress .....		46	.....	.....
Taxes, remuneration and social security .....	6.9	45	7.953.008,30	6.672.783,07
Taxes .....		450/3	1.033.178,58	798.232,81
Remuneration and social security .....		454/9	6.919.829,72	5.874.550,26
Other amounts payable .....		47/48	2.872.617,37	4.454.401,27
<b>Accruals and deferred income</b> .....	6.9	492/3	25.498.428,92	20.530.961,00
<b>TOTAL LIABILITIES</b> .....		10/49	289.045.741,74	276.573.572,55

## INCOME STATEMENT

	Discl.	Codes	Period	Preceding period
<b>Operating income</b> .....		70/76A	136.989.648,36	130.212.112,11
Turnover .....	6.10	70	111.489.966,01	106.411.302,40
Stocks of finished goods and work and contracts in progress: increase (decrease) .....		71	253.037,56	93.541,68
.....(+)/(-)		72	19.599.434,80	18.519.700,66
Own work capitalised .....		74	5.629.588,55	5.187.567,37
Other operating income .....	6.10	76A	17.621,44	.....
Non-recurring operating income .....	6.12			
<b>Operating charges</b> .....		60/66A	143.153.538,60	137.861.571,48
Raw materials, consumables .....		60	29.501.439,00	28.651.760,69
Purchases .....		600/8	29.784.166,01	28.987.912,22
Stocks: decrease (increase) .....		609	-282.727,01	-336.151,53
.....(+)/(-)		61	41.708.722,65	38.147.470,39
Services and other goods .....		62	44.457.876,04	39.867.318,10
Remuneration, social security costs and pensions .....	6.10			
.....(+)/(-)		630	26.875.902,30	30.013.011,60
Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets .....				
Amounts written off stocks, contracts in progress and trade debtors: Appropriations (write-backs) .....	6.10	631/4	-108.747,92	444.516,69
.....(+)/(-)		635/8	.....	-20.659,97
Provisions for liabilities and charges: Appropriations (uses and write-backs) .....	6.10	640/8	664.344,65	517.971,70
.....(+)/(-)		649	.....	.....
Other operating charges .....	6.10			
Operating charges carried to assets as restructuring costs (-)		66A	54.001,88	240.182,28
Non-recurring operating charges .....	6.12			
<b>Operating profit (loss)</b> .....		9901	-6.163.890,24	-7.649.459,37

	Discl.	Codes	Period	Preceding period
<b>Financial income</b> .....		75/76B	4.445.110,44	5.586.560,73
Recurring financial income .....		75	4.445.110,44	5.586.560,73
Income from financial fixed assets .....		750	2.720.633,00	2.541.067,09
Income from current assets .....		751	4.176,64	152.181,93
Other financial income .....	6.11	752/9	1.720.300,80	2.893.311,71
Non-recurring financial income .....	6.12	76B	.....	.....
<b>Financial charges</b> .....		65/66B	3.526.350,91	12.812.178,26
Recurring financial charges .....	6.11	65	3.526.350,91	5.858.109,82
Debt charges .....		650	1.623.820,91	1.220.834,08
Amounts written off current assets except stocks, contracts in progress and trade debtors: appropriations (write-backs) .....(+)/(-)		651	.....	.....
Other financial charges .....		652/9	1.902.530,00	4.637.275,74
Non-recurring financial charges .....	6.12	66B	.....	6.954.068,44
<b>Gain (loss) for the period before taxes</b> .....		9903	-5.245.130,71	-14.875.076,90
<b>Transfer from deferred taxes</b> .....		780	4.124,80	2.194,45
<b>Transfer to deferred taxes</b> .....		680	.....	.....
<b>Income taxes</b> .....	6.13	67/77	273.585,41	-232.362,90
Taxes .....		670/3	284.940,51	95.395,49
Adjustment of income taxes and write-back of tax provisions		77	11.355,10	327.758,39
<b>Gain (loss) of the period</b> .....		9904	-5.514.591,32	-14.640.519,55
<b>Transfer from untaxed reserves</b> .....		789	.....	.....
<b>Transfer to untaxed reserves</b> .....		689	4.985,40	1.028,25
<b>Gain (loss) of the period available for appropriation</b> ..(+)/(-)		9905	-5.519.576,72	-14.641.547,80

**APPROPRIATION ACCOUNT**

	Codes	Period	Preceding period
<b>Profit (loss) to be appropriated</b> .....(+)/(-)	9906	-23.345.496,64	-17.825.919,92
Gain (loss) of the period available for appropriation .....(+)/(-)	(9905)	-5.519.576,72	-14.641.547,80
Profit (loss) brought forward .....(+)/(-)	14P	-17.825.919,92	-3.184.372,12
<b>Withdrawals from capital and reserves</b> .....	791/2	.....	.....
from capital and share premium account .....	791	.....	.....
from reserves .....	792	.....	.....
<b>Transfer to capital and reserves</b> .....	691/2	.....	.....
to capital and share premium account .....	691	.....	.....
to legal reserve .....	6920	.....	.....
to other reserves .....	6921	.....	.....
<b>Accumulated profits (losses)</b> .....(+)/(-)	(14)	-23.345.496,64	-17.825.919,92
<b>Owners' contribution in respect of losses</b> .....	794	.....	.....
<b>Profit to be distributed</b> .....	694/7	.....	.....
Dividends .....	694	.....	.....
Directors' or managers' entitlements .....	695	.....	.....
Employees .....	696	.....	.....
Other beneficiaries .....	697	.....	.....

**EXPLANATORY DISCLOSURES**

**STATEMENT OF FORMATION EXPENSES**

	Codes	Period	Preceding period
<b>Net book value at the end of the period</b> .....	20P	xxxxxxxxxxxxxxxx	492.085,23
<b>Movements during the period</b>			
New expenses incurred .....	8002	.....	
Depreciation .....	8003	492.085,23	
Other .....(+)/(-)	8004	.....	
<b>Net book value at the end of the period</b> .....	(20)	.....	
<b>Of which</b>			
Formation or capital increase expenses, loan issue expenses and other formation expenses .....	200/2	.....	
Restructuring costs .....	204	.....	

**STATEMENT OF INTANGIBLE FIXED ASSETS**

	Codes	Period	Preceding period
<b>DEVELOPMENT COSTS</b>			
<b>Acquisition value at the end of the period</b> .....	8051P	xxxxxxxxxxxxxxxx	17.435.418,00
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8021	17.880.342,06	
Sales and disposals .....	8031	17.435.418,45	
Transfers from one heading to another .....(+)/(-)	8041	.....	
<b>Acquisition value at the end of the period</b> .....	8051	17.880.341,61	
<b>Depreciations and amounts written down at the end of the period</b> .....	8121P	xxxxxxxxxxxxxxxx	17.435.418,00
<b>Movements during the period</b>			
Recorded .....	8071	17.880.342,06	
Written back .....	8081	.....	
Acquisitions from third parties .....	8091	.....	
Cancelled owing to sales and disposals .....	8101	17.435.418,45	
Transferred from one heading to another .....(+)/(-)	8111	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8121	17.880.341,61	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	81311	.....	

**RESEARCH COSTS INCURRED IN A FINANCIAL YEAR BEGINNING BEFORE 1 JANUARY 2016**

**Acquisition value at the end of the period** .....

**Movements during the period**  
 Acquisitions, including produced fixed assets .....

Sales and disposals .....

Transfers from one heading to another .....(+)/(-)

**Acquisition value at the end of the period** .....

**Depreciations and amounts written down at the end of the period** .....

**Movements during the period**  
 Recorded .....

Written back .....

Acquisitions from third parties .....

Cancelled owing to sales and disposals .....

Transferred from one heading to another .....(+)/(-)

**Depreciations and amounts written down at the end of the period** .....

**NET BOOK VALUE AT THE END OF THE PERIOD** .....

Codes	Period	Preceding period
8055P	xxxxxxxxxxxxxxxx	14.643.926,86
8025	.....	
8035	.....	
8045	.....	
8055	14.643.926,86	
8125P	xxxxxxxxxxxxxxxx	14.424.140,44
8075	166.183,69	
8085	.....	
8095	.....	
8105	.....	
8115	.....	
8125	14.590.324,13	
81312	53.602,73	

**RESEARCH COSTS INCURRED IN A FINANCIAL YEAR BEGINNING AFTER 31 DECEMBER 2015**

**Acquisition value at the end of the period** .....

**Depreciations and amounts written down at the end of the period** .....

**NET BOOK VALUE AT THE END OF THE PERIOD** .....

Codes	Period
8056	46.182.083,62
8126	46.182.083,62
81313	0,00

	Codes	Period	Preceding period
<b>CONCESSIONS, PATENTS, LICENCES, KNOW-HOW, BRANDS AND SIMILAR RIGHTS</b>			
<b>Acquisition value at the end of the period</b> .....	8052P	xxxxxxxxxxxxxxxx	11.063.197,25
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8022	2.311.746,27	
Sales and disposals .....	8032	.....	
Transfers from one heading to another .....(+)/(-)	8042	893.459,31	
<b>Acquisition value at the end of the period</b> .....	8052	14.268.402,83	
<b>Depreciations and amounts written down at the end of the period</b> .....	8122P	xxxxxxxxxxxxxxxx	6.444.260,45
<b>Movements during the period</b>			
Recorded .....	8072	2.499.061,34	
Written back .....	8082	.....	
Acquisitions from third parties .....	8092	113.893,69	
Cancelled owing to sales and disposals .....	8102	.....	
Transferred from one heading to another .....(+)/(-)	8112	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8122	9.057.215,48	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	211	5.211.187,35	

	Codes	Period	Preceding period
<b>GOODWILL</b>			
<b>Acquisition value at the end of the period</b> .....	8053P	xxxxxxxxxxxxxxxx	5.400.674,57
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8023	.....	
Sales and disposals .....	8033	.....	
Transfers from one heading to another .....(+)/(-)	8043	.....	
<b>Acquisition value at the end of the period</b> .....	8053	5.400.674,57	
<b>Depreciations and amounts written down at the end of the period</b> .....	8123P	xxxxxxxxxxxxxxxx	2.912.162,18
<b>Movements during the period</b>			
Recorded .....	8073	1.073.073,32	
Written back .....	8083	.....	
Acquisitions from third parties .....	8093	.....	
Cancelled owing to sales and disposals .....	8103	.....	
Transferred from one heading to another .....(+)/(-)	8113	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8123	3.985.235,50	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	212	1.415.439,07	

**STATEMENT OF TANGIBLE FIXED ASSETS**

	Codes	Period	Preceding period
<b>LAND AND BUILDINGS</b>			
<b>Acquisition value at the end of the period</b> .....	8191P	xxxxxxxxxxxxxxxx	19.096.030,35
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8161	54.349,61	
Sales and disposals .....	8171	11.170,26	
Transfers from one heading to another .....(+)/(-)	8181	-476.039,99	
<b>Acquisition value at the end of the period</b> .....	8191	18.663.169,71	
<b>Revaluation surpluses at the end of the period</b> .....	8251P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8211	.....	
Acquisitions from third parties .....	8221	.....	
Cancelled .....	8231	.....	
Transferred from one heading to another .....(+)/(-)	8241	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8251	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8321P	xxxxxxxxxxxxxxxx	3.667.571,51
<b>Movements during the period</b>			
Recorded .....	8271	465.524,73	
Written back .....	8281	.....	
Acquisitions from third parties .....	8291	.....	
Cancelled owing to sales and disposals .....	8301	6.200,94	
Transferred from one heading to another .....(+)/(-)	8311	-200.187,06	
<b>Depreciations and amounts written down at the end of the period</b> .....	8321	3.926.708,24	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(22)	14.736.461,47	

	Codes	Period	Preceding period
<b>PLANT, MACHINERY AND EQUIPMENT</b>			
<b>Acquisition value at the end of the period</b> .....	8192P	xxxxxxxxxxxxxxxx	33.054.307,66
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8162	1.653.316,86	
Sales and disposals .....	8172	1.996.669,91	
Transfers from one heading to another .....(+)/(-)	8182	5.311.263,88	
<b>Acquisition value at the end of the period</b> .....	8192	38.022.218,49	
<b>Revaluation surpluses at the end of the period</b> .....	8252P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8212	.....	
Acquisitions from third parties .....	8222	.....	
Cancelled .....	8232	.....	
Transferred from one heading to another .....(+)/(-)	8242	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8252	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8322P	xxxxxxxxxxxxxxxx	17.147.073,84
<b>Movements during the period</b>			
Recorded .....	8272	2.490.932,15	
Written back .....	8282	.....	
Acquisitions from third parties .....	8292	.....	
Cancelled owing to sales and disposals .....	8302	1.477.446,29	
Transferred from one heading to another .....(+)/(-)	8312	1.927.797,01	
<b>Depreciations and amounts written down at the end of the period</b> .....	8322	20.088.356,71	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(23)	17.933.861,78	

	Codes	Period	Preceding period
<b>FURNITURE AND VEHICLES</b>			
<b>Acquisition value at the end of the period</b> .....	8193P	xxxxxxxxxxxxxxxx	5.024.673,89
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8163	703.824,57	
Sales and disposals .....	8173	512.160,07	
Transfers from one heading to another .....(+)/(-)	8183	268.775,68	
<b>Acquisition value at the end of the period</b> .....	8193	5.485.114,07	
<b>Revaluation surpluses at the end of the period</b> .....	8253P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8213	.....	
Acquisitions from third parties .....	8223	.....	
Cancelled .....	8233	.....	
Transferred from one heading to another .....(+)/(-)	8243	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8253	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8323P	xxxxxxxxxxxxxxxx	3.126.047,93
<b>Movements during the period</b>			
Recorded .....	8273	638.986,80	
Written back .....	8283	.....	
Acquisitions from third parties .....	8293	.....	
Cancelled owing to sales and disposals .....	8303	209.476,33	
Transferred from one heading to another .....(+)/(-)	8313	87.121,88	
<b>Depreciations and amounts written down at the end of the period</b> .....	8323	3.642.680,28	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(24)	1.842.433,79	

	Codes	Period	Preceding period
<b>LEASING AND SIMILAR RIGHTS</b>			
<b>Acquisition value at the end of the period</b> .....	8194P	xxxxxxxxxxxxxxxx	11.650.390,53
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8164	588.474,81	
Sales and disposals .....	8174	290.370,25	
Transfers from one heading to another .....(+)/(-)	8184	-2.552.556,59	
<b>Acquisition value at the end of the period</b> .....	8194	9.395.938,50	
<b>Revaluation surpluses at the end of the period</b> .....	8254P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8214	.....	
Acquisitions from third parties .....	8224	.....	
Cancelled .....	8234	.....	
Transferred from one heading to another .....(+)/(-)	8244	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8254	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8324P	xxxxxxxxxxxxxxxx	6.579.544,31
<b>Movements during the period</b>			
Recorded .....	8274	1.169.712,98	
Written back .....	8284	.....	
Acquisitions from third parties .....	8294	.....	
Cancelled owing to sales and disposals .....	8304	89.271,02	
Transferred from one heading to another .....(+)/(-)	8314	-1.814.731,83	
<b>Depreciations and amounts written down at the end of the period</b> .....	8324	5.845.254,44	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(25)	3.550.684,06	
<b>OF WHICH</b>			
<b>Land and buildings</b> .....	250	.....	
<b>Plant, machinery and equipment</b> .....	251	2.286.881,27	
<b>Furniture and vehicles</b> .....	252	1.263.802,79	

	Codes	Period	Preceding period
<b>ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS</b>			
<b>Acquisition value at the end of the period</b> .....	8196P	xxxxxxxxxxxxxxxx	2.626.881,83
<b>Movements during the period</b>			
Acquisitions, including produced fixed assets .....	8166	3.638.903,91	
Sales and disposals .....	8176	63.141,50	
Transfers from one heading to another .....(+)/(-)	8186	-3.444.902,29	
<b>Acquisition value at the end of the period</b> .....	8196	2.757.741,95	
<b>Revaluation surpluses at the end of the period</b> .....	8256P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8216	.....	
Acquisitions from third parties .....	8226	.....	
Cancelled .....	8236	.....	
Transferred from one heading to another .....(+)/(-)	8246	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8256	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8326P	xxxxxxxxxxxxxxxx	.....
<b>Movements during the period</b>			
Recorded .....	8276	.....	
Written back .....	8286	.....	
Acquisitions from third parties .....	8296	.....	
Cancelled owing to sales and disposals .....	8306	.....	
Transferred from one heading to another .....(+)/(-)	8316	.....	
<b>Depreciations and amounts written down at the end of the period</b> .....	8326	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(27)	2.757.741,95	

**STATEMENT OF FINANCIAL FIXED ASSETS**

	Codes	Period	Preceding period
<b>AFFILIATED ENTERPRISES - PARTICIPATING INTERESTS AND SHARES</b>			
<b>Acquisition value at the end of the period</b> .....	8391P	XXXXXXXXXXXXXXXX	27.008.134,58
<b>Movements during the period</b>			
Acquisitions .....	8361	14.299.382,29	
Sales and disposals .....	8371	.....	
Transfers from one heading to another .....(+)/(-)	8381	.....	
<b>Acquisition value at the end of the period</b> .....	8391	41.307.516,87	
<b>Revaluation surpluses at the end of the period</b> .....	8451P	XXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8411	.....	
Acquisitions from third parties .....	8421	.....	
Cancelled .....	8431	.....	
Transferred from one heading to another .....(+)/(-)	8441	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8451	.....	
<b>Amounts written down at the end of the period</b> .....	8521P	XXXXXXXXXXXXXXXX	6.908.472,44
<b>Movements during the period</b>			
Recorded .....	8471	.....	
Written back .....	8481	.....	
Acquisitions from third parties .....	8491	.....	
Cancelled owing to sales and disposals .....	8501	.....	
Transferred from one heading to another .....(+)/(-)	8511	.....	
<b>Amounts written down at the end of the period</b> .....	8521	6.908.472,44	
<b>Uncalled amounts at the end of the period</b> .....	8551P	XXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b> .....(+)/(-)			
<b>Uncalled amounts at the end of the period</b> .....	8551	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(280)	34.399.044,43	
<b>AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE</b>			
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	281P	XXXXXXXXXXXXXXXX	55.552.911,99
<b>Movements during the period</b>			
Additions .....	8581	4.786.557,28	
Repayments .....	8591	1.310.574,14	
Amounts written down .....	8601	.....	
Amounts written back .....	8611	.....	
Exchange differences .....(+)/(-)	8621	-105.574,08	
Other movements .....(+)/(-)	8631	-3.324.137,51	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(281)	55.599.183,54	
<b>ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD</b> .....	8651	.....	

	Codes	Period	Preceding period
<b>ENTERPRISES LINKED BY A PARTICIPATING INTEREST - PARTICIPATING INTERESTS AND SHARES</b>			
<b>Acquisition value at the end of the period</b> .....	8392P	XXXXXXXXXXXXXXXXXX	36.000,00
<b>Movements during the period</b>			
Acquisitions .....	8362	.....	
Sales and disposals .....	8372	.....	
Transfers from one heading to another .....(+)/(-)	8382	.....	
<b>Acquisition value at the end of the period</b> .....	8392	36.000,00	
<b>Revaluation surpluses at the end of the period</b> .....	8452P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8412	.....	
Acquisitions from third parties .....	8422	.....	
Cancelled .....	8432	.....	
Transferred from one heading to another .....(+)/(-)	8442	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8452	.....	
<b>Amounts written down at the end of the period</b> .....	8522P	XXXXXXXXXXXXXXXXXX	36.000,00
<b>Movements during the period</b>			
Recorded .....	8472	.....	
Written back .....	8482	.....	
Acquisitions from third parties .....	8492	.....	
Cancelled owing to sales and disposals .....	8502	.....	
Transferred from one heading to another .....(+)/(-)	8512	.....	
<b>Amounts written down at the end of the period</b> .....	8522	36.000,00	
<b>Uncalled amounts at the end of the period</b> .....	8552P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b> .....(+)/(-)	8542	.....	
<b>Uncalled amounts at the end of the period</b> .....	8552	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(282)	.....	
<b>ENTERPRISES LINKED BY A PARTICIPATING INTEREST - AMOUNTS RECEIVABLE</b>			
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	283P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Additions .....	8582	.....	
Repayments .....	8592	.....	
Amounts written down .....	8602	.....	
Amounts written back .....	8612	.....	
Exchange differences .....(+)/(-)	8622	.....	
Other movements .....(+)/(-)	8632	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(283)	.....	
<b>ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD</b> .....	8652	.....	

	Codes	Period	Preceding period
<b>OTHER ENTERPRISES - PARTICIPATING INTERESTS AND SHARES</b>			
<b>Acquisition value at the end of the period</b> .....	8393P	XXXXXXXXXXXXXXXXXX	2.701.173,09
<b>Movements during the period</b>			
Acquisitions .....	8363	281.247,27	
Sales and disposals .....	8373	.....	
Transfers from one heading to another .....(+)/(-)	8383	.....	
<b>Acquisition value at the end of the period</b> .....	8393	2.982.420,36	
<b>Revaluation surpluses at the end of the period</b> .....	8453P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8413	.....	
Acquisitions from third parties .....	8423	.....	
Cancelled .....	8433	.....	
Transferred from one heading to another .....(+)/(-)	8443	.....	
<b>Revaluation surpluses at the end of the period</b> .....	8453	.....	
<b>Amounts written down at the end of the period</b> .....	8523P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b>			
Recorded .....	8473	.....	
Written back .....	8483	.....	
Acquisitions from third parties .....	8493	.....	
Cancelled owing to sales and disposals .....	8503	.....	
Transferred from one heading to another .....(+)/(-)	8513	.....	
<b>Amounts written down at the end of the period</b> .....	8523	.....	
<b>Uncalled amounts at the end of the period</b> .....	8553P	XXXXXXXXXXXXXXXXXX	.....
<b>Movements during the period</b> .....(+)/(-)			
<b>Uncalled amounts at the end of the period</b> .....	8553	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(284)	2.982.420,36	
<b>OTHERS ENTERPRISES - AMOUNTS RECEIVABLE</b>			
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	285/8P	XXXXXXXXXXXXXXXXXX	86.437,83
<b>Movements during the period</b>			
Additions .....	8583	1.500,00	
Repayments .....	8593	19.796,37	
Amounts written down .....	8603	.....	
Amounts written back .....	8613	.....	
Exchange differences .....(+)/(-)	8623	.....	
Other movements .....(+)/(-)	8633	.....	
<b>NET BOOK VALUE AT THE END OF THE PERIOD</b> .....	(285/8)	68.141,46	
<b>ACCUMULATED AMOUNTS WRITTEN OFF AMOUNTS RECEIVABLE AT END OF THE PERIOD</b> .....	8653	.....	

**PARTICIPATING INTERESTS INFORMATION****PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES**

List of the enterprises in which the enterprise holds a participating interest, (recorded in heading 280 and 282 of assets) and the other enterprises in which the enterprise holds rights (recorded in headings 284 and 51/53 of assets) for an amount of at least 10 % of the capital issued.

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held			Data extracted from the most recent annual accounts				
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%	%			(+) or (-) (in units)	
<i>Materialise GmbH DE812903991 Foreign company Friedrichshafen Strrasse 3 82205 Gilching Germany</i>		1	100,0	0,0	31/12/2018	EUR	5.487.780,55	4.108.060,71
<i>OBL FR62410081517 Foreign company Avenue de la République 70-86 92320 Chatillon France</i>		8.892	100,0	0,0	31/12/2018	EUR	1.581.252,07	152.263,77
<i>Materialise UK GB728321540 Foreign company Brunel Way, Catcliffe 27 box A S60 5WG Sheffield South Yorkshire United Kingdom</i>		300.000	100,0	0,0	31/12/2018	GBP	1.294.538,00	152.511,00
<i>Materialise SRO CZ27102262 Foreign company Predlicka 460 box 22 400 02 Usti Nad Labem Czech Republic</i>		0	100,0	0,0	31/12/2018	CZK	52.063.000,00	4.223.000,00
<i>Materialise Japan KK Foreign company Yokohama Portside Bldg Sackacho 8 221005 Yokohama Japan</i>		1.000	100,0	0,0	31/12/2018	JPY	96.413.346,00	20.212.026,00

## PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES (CONTINUED)

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held			Data extracted from the most recent annual accounts				
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%	%			(+) or (-) (in units)	
<i>Materialise France</i> FR71417676814 Foreign company ZAE 2000 - Allée Germinal 26320 Saint Marcel Les Valence France		13.000	100,0	0,0	31/12/2018	EUR	990.541,00	213.344,00
<i>Materialise USA</i> Foreign company Helm Court 44650 MI48170 Plymouth United States		1.000	99,0	0,0	31/12/2018	USD	4.221.781,77	518.640,99
<i>Materialise Austria</i> ATU63852129 Foreign company Gutheil-Schoder-Gasse 17 1230 Vienna Austria		1	100,0	0,0	31/12/2018	EUR	363.870,52	40.055,69
<i>Materialise SDN. HBD</i> Foreign company Jalan PJU 8/8A, Damansara Perdana Unit 5-02 box 4 47820 Petaling Jaya Selangor Darul Ehsan Malaysia		500.000	100,0	0,0	31/12/2018	MYR	9.211.961,00	1.351.310,00
<i>Materialise Ukraine</i> Foreign company Raisy Okypnoi Street 8 box A 02002 Kyiv Ukraine		5.254.963	100,0	0,0	31/12/2018	UAH	8.872.504,07	1.011.853,07
<i>RapidFit</i> BE 0521.673.324 Public limited company Technologielaan 15 3001 Heverlee Belgium		8.033	83,33	0,0	31/12/2018	EUR	-2.051.064,97	-1.424.535,19
<i>Materialise Colombia</i> Foreign company Calle 29 N° 41-105 - Edif. Soho Interior 401 Medellin Colombia		1.040.604.081	100,0	0,0	31/12/2018	COP	253.625.890,00	87.312.576,00

## PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES (CONTINUED)

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held			Data extracted from the most recent annual accounts				
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%	%			(+) or (-) (in units)	
<i>Materialise Poland</i> PL8982097613 Foreign company Bielany Wroclawskie Ul. Belgijska 1 54-413 Wroclaw Poland		1.684.600	100,0	0,0	31/12/2018	PLN	11.297.524,84	368.381,53
<i>RS PRINT</i> BE 0551.855.071 Public limited company De Weven 7 3883 Paal Belgium		2.000	50,0	0,0	31/12/2018	EUR	-343.226,99	-1.315.440,89
<i>Meridian Technique Ltd</i> GB733328346 Foreign company Venture Road - Southampton Science Park 2 SO16 7NP Southampton - Hampshire United Kingdom		1	100,0	0,0	31/12/2018	GBP	5.029.988,00	717.467,00
<i>Materialise Shangai LTD</i> Baoshan District Hutai road 2999 box 1F 1 200080 Shangai China		1	100,0	0,0	31/12/2018	CNY	5.776.683,53	1.414.300,41
<i>Materialise Italy</i> IT09606100965 Foreign company Foro Buonaparte 20121 Milaan Italy		1	100,0	0,0	31/12/2018	EUR	61.964,00	18.088,00
<i>Materialise Australia</i> Foreign company Suite 23, Regus Crows Nest Pacific Highway 246 NSW 2065 CROWS NEST Australia		1	100,0	0,0	31/12/2018	AUD	114.674,60	48.442,45

## PARTICIPATING INTERESTS AND SHARES IN OTHER ENTERPRISES (CONTINUED)

NAME, full address of the REGISTERED OFFICE and for an enterprise governed by Belgian law, the COMPANY IDENTIFICATION NUMBER	Rights held				Data extracted from the most recent annual accounts			
	Nature	directly		subsidiaries	Annual accounts as per	Currency code	Capita land reserves	Net result
		Number	%	%			(+) or (-) (in units)	
<i>Engimplan Holding Ltda</i> <i>Foreign company</i> <i>Avenida Bernardino de Campos,</i> <i>98, 12th floor, Office 51 box side a</i> <i>04004-40 sao paulo</i> <i>Colombia</i>		0	99,99	0,0		EUR	0,00	0,00

**OTHER INVESTMENTS AND DEPOSITS, ALLOCATION DEFERRED CHARGES AND ACCRUED INCOME**

	Codes	Period	Preceding period
<b>INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS</b>			
<b>Shares and current investments other than fixed income investments</b> ....	51	.....	.....
Shares - Book value increased with the uncalled amount .....	8681	.....	.....
Shares - Uncalled amount .....	8682	.....	.....
Precious metals and works of art .....	8683	.....	.....
<b>Fixed income securities</b> .....	52	.....	.....
Fixed income securities issued by credit institutions .....	8684	.....	.....
<b>Fixed term accounts with credit institutions</b> .....	53	1.944,22	9.047.643,09
With residual term or notice of withdrawal			
up to one month .....	8686	.....	.....
between one month and one year .....	8687	1.944,22	9.047.643,09
over one year .....	8688	.....	.....
<b>Other investments not mentioned above</b> .....	8689	.....	.....

	Period
<b>DEFERRED CHARGES AND ACCRUED INCOME</b>	
<b>Allocation of heading 490/1 of assets if the amount is significant</b>	
<i>Deferred charges</i> .....	1.350.668,11
<i>Income Obtained</i> .....	281.196,06
.....	.....
.....	.....

**STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE**

**STATEMENT OF CAPITAL**

**Social capital**

Issued capital at the end of the period .....  
 Issued capital at the end of the period .....

Codes	Period	Preceding period
100P	xxxxxxxxxxxxxxx	3.050.196,04
(100)	3.066.444,62	

Changes during the period  
*warrants* .....  
*warrants* .....  
 .....  
 .....  
 Structure of the capital  
 Different categories of shares  
*nominal shares* .....  
 .....  
 .....  
 .....  
 Registered shares .....  
 Shares dematerialized .....

Codes	Value	Number of shares
	5.973,90	178.164
	10.274,68	103.588
	3.066.444,62	53.172.513
8702	xxxxxxxxxxxxxxx	53.172.513
8703	xxxxxxxxxxxxxxx	

**Capital not paid**

Uncalled capital .....  
 Called up capital, unpaid .....  
 Shareholders having yet to pay up in full  
 .....  
 .....  
 .....

Codes	Uncalled amount	Capital called but not paid
(101)	.....	xxxxxxxxxxxxxxx
8712	xxxxxxxxxxxxxxx	.....

**Own shares**

Held by the company itself  
 Amount of capital held .....  
 Corresponding number of shares .....  
 Held by the subsidiaries  
 Amount of capital held .....  
 Corresponding number of shares .....  
**Commitments to issue shares**  
 Owing to the exercise of conversion rights  
 Amount of outstanding convertible loans .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....  
 Owing to the exercise of subscription rights  
 Number of outstanding subscription rights .....  
 Amount of capital to be subscribed .....  
 Corresponding maximum number of shares to be issued .....

Codes	Period
8721	.....
8722	.....
8731	.....
8732	.....
8740	1.000.000,00
8741	1.000.000,00
8742	508.904
8745	804.890
8746	6.350.546,52
8747	893.672
8751	3.066.446,40

**Authorized capital not issued** .....

**Shares issued, non representing capital**

Distribution

Number of shares .....  
Number of voting rights attached thereto .....

Allocation by shareholder

Number of shares held by the company itself .....  
Number of shares held by its subsidiaries .....

Codes	Period
8761	.....
8762	.....
8771	.....
8781	.....

## STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	Codes	Period
<b>BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM</b>		
<b>Current portion of amounts payable after more than one year falling due within one year</b>		
Financial debts .....	8801	10.227.924,17
Subordinated loans .....	8811	.....
Unsubordinated debentures .....	8821	.....
Leasing and other similar obligations .....	8831	1.032.909,73
Credit institutions .....	8841	9.195.014,44
Other loans .....	8851	.....
Trade debts .....	8861	.....
Suppliers .....	8871	.....
Bills of exchange payable .....	8881	.....
Advance payments received on contract in progress .....	8891	.....
Other amounts payable .....	8901	.....
<b>Total current portion of amounts payable after more than one year falling due within one year ..</b>	<b>(42)</b>	<b>10.227.924,17</b>
<b>Amounts payable with a remaining term of more than one but not more than five years</b>		
Financial debts .....	8802	61.639.294,03
Subordinated loans .....	8812	.....
Unsubordinated debentures .....	8822	.....
Leasing and other similar obligations .....	8832	1.646.484,72
Credit institutions .....	8842	59.992.809,31
Other loans .....	8852	.....
Trade debts .....	8862	.....
Suppliers .....	8872	.....
Bills of exchange payable .....	8882	.....
Advance payments received on contracts in progress .....	8892	.....
Other amounts payable .....	8902	4.712.794,13
<b>Total amounts payable with a remaining term of more than one but not more than five years ....</b>	<b>8912</b>	<b>66.352.088,16</b>
<b>Amounts payable with a remaining term of more than five years</b>		
Financial debts .....	8803	31.604.764,85
Subordinated loans .....	8813	.....
Unsubordinated debentures .....	8823	.....
Leasing and other similar obligations .....	8833	.....
Credit institutions .....	8843	31.604.764,85
Other loans .....	8853	.....
Trade debts .....	8863	.....
Suppliers .....	8873	.....
Bills of exchange payable .....	8883	.....
Advance payments received on contracts in progress .....	8893	.....
Other amounts payable .....	8903	.....
<b>Total amounts payable with a remaining term of more than five years .....</b>	<b>8913</b>	<b>31.604.764,85</b>

**GUARANTEED AMOUNTS PAYABLE** (included in headings 17 and 42/48 of the liabilities)

**Amounts payable guaranteed by Belgian public authorities**

	Codes	Period
Financial debts .....	8921	.....
Subordinated loans .....	8931	.....
Unsubordinated debentures .....	8941	.....
Leasing and similar obligations .....	8951	.....
Credit institutions .....	8961	.....
Other loans .....	8971	.....
Trade debts .....	8981	.....
Suppliers .....	8991	.....
Bills of exchange payable .....	9001	.....
Advance payments received on contracts in progress .....	9011	.....
Remuneration and social security .....	9021	.....
Other amounts payable .....	9051	.....

**Total amounts payable guaranteed by Belgian public authorities** .....

9061 .....

**Amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets**

Financial debts .....	8922	100.792.588,60
Subordinated loans .....	8932	.....
Unsubordinated debentures .....	8942	.....
Leasing and similar obligations .....	8952	.....
Credit institutions .....	8962	100.792.588,60
Other loans .....	8972	.....
Trade debts .....	8982	.....
Suppliers .....	8992	.....
Bills of exchange payable .....	9002	.....
Advance payments received on contracts in progress .....	9012	.....
Taxes, remuneration and social security .....	9022	.....
Taxes .....	9032	.....
Remuneration and social security .....	9042	.....
Other amounts payable .....	9052	.....

**Total amounts payable guaranteed by real securities or irrevocably promised by the enterprise on its own assets** .....

9062 100.792.588,60

**TAXES, REMUNERATION AND SOCIAL SECURITY**

**Taxes** (heading 450/3 of the liabilities)

Outstanding tax debts .....	9072	.....
Accruing taxes payable .....	9073	1.005.928,58
Estimated taxes payable .....	450	27.250,00

**Remuneration and social security** (heading 454/9 of the liabilities)

Amounts due to the National Social Security Office .....	9076	.....
Other amounts payable in respect of remuneration and social security .....	9077	6.919.829,72

**ACCRUALS AND DEFERRED INCOME**

**Allocation of heading 492/3 of liabilities if the amount is significant**

	Period
<i>Deferred income</i> .....	24.628.262,32
<i>Accrued charges</i> .....	510.640,32
<i>Deferred income grants</i> .....	359.526,28
.....	.....

**OPERATING RESULTS**

	Codes	Period	Preceding period
<b>OPERATING INCOME</b>			
<b>Net turnover</b>			
Allocation by categories of activity			
.....			
.....			
.....			
Allocation into geographical markets			
.....			
.....			
.....			
<b>Other operating income</b>			
Operating subsidies and compensatory amounts received from public authorities	740	2.271.153,00	1.641.702,88
<b>OPERATING CHARGES</b>			
<b>Employees for whom the enterprise submitted a DIMONA declaration or who are recorded in the general personnel register</b>			
Total number at the closing date	9086	629	583
Average number of employees calculated in full-time equivalents	9087	586,8	567,5
Number of actual worked hours	9088	978.163	944.403
<b>Personnel costs</b>			
Remuneration and direct social benefits	620	31.600.092,84	28.090.293,64
Employers' contribution for social security	621	8.268.835,90	7.549.041,91
Employers' premiums for extra statutory insurance	622	735.457,07	670.152,47
Other personnel costs	623	3.853.490,23	3.557.830,08
Retirement and survivors' pensions	624		

	Codes	Period	Preceding period
<b>Provisions for pensions and other similar rights</b>			
Appropriations (uses and write-backs) .....(+)/(-)	635	.....	.....
<b>Amounts written off</b>			
Stocks and contracts in progress			
Recorded .....	9110	321.198,79	.....
Written back .....	9111	.....	.....
Trade debts			
Recorded .....	9112	230.724,57	647.407,24
Written back .....	9113	660.671,28	202.890,55
<b>Provisions for liabilities and charges</b>			
Additions .....	9115	.....	.....
Uses and write-backs .....	9116	.....	20.659,97
<b>Other operating charges</b>			
Taxes related to operation .....	640	494.804,52	514.186,90
Other costs .....	641/8	169.540,13	3.784,80
<b>Hired temporary staff and personnel placed at the enterprise's disposal</b>			
Total number at the closing date .....	9096	.....	.....
Average number calculated in full-time equivalents .....	9097	22,7	18,2
Number of actual worked hours .....	9098	44.939	35.796
Costs to the enterprise .....	617	1.152.096,01	1.089.140,84

**FINANCIAL RESULTS**

	Codes	Period	Preceding period
<b>RECURRING FINANCIAL INCOME</b>			
<b>Other financial income</b>			
Subsidies granted by public authorities and recorded as income for the period			
Capital subsidies .....	9125	1.810,17	4.261,72
Interest subsidies .....	9126	.....	.....
Allocation of other financial income			
<i>positive exchange difference</i> .....		1.690.024,26	2.828.588,50
<i>positive payment differences</i> .....		28.466,37	60.461,49
<i>allowed discounts</i> .....		0,00	0,00
<b>RECURRING FINANCIAL CHARGES</b>			
<b>Depreciation of loan issue expenses</b> .....	6501	.....	.....
<b>Capitalized Interests</b> .....	6503	.....	.....
<b>Amounts written off current assets</b>			
Recorded .....	6510	.....	.....
Written back .....	6511	.....	.....
<b>Other financial charges</b>			
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable .....	653	.....	.....
<b>Provisions of a financial nature</b>			
Appropriations .....	6560	.....	.....
Uses and write-backs .....	6561	.....	.....
<b>Allocation of other financial charges</b>			
<i>negative exchange difference</i> .....		1.673.473,03	1.971.544,08
<i>bankcharges</i> .....		135.251,09	133.087,05
<i>Payment differences</i> .....		22.294,10	9.068,63
<i>expenses capital increase</i> .....		0,00	2.523.567,68

**INCOME AND CHARGE OF EXCEPTIONAL SIZE OR INCIDENCE**

	Codes	Period	Preceding period
<b>NON RECURRING INCOME</b> .....	76	17.621,44	.....
<b>Non-recurring operating income</b> .....	(76A)	17.621,44	.....
Write-back of depreciation and of amounts written off intangible and tangible fixed assets .....	760	.....	.....
Write-back of provisions for extraordinary operating liabilities and charges ...	7620	.....	.....
Capital gains on disposal of intangible and tangible fixed asset .....	7630	17.621,44	.....
Other non-recurring operating income .....	764/8	.....	.....
<b>Non-recurring financial income</b> .....	(76B)	.....	.....
Write-back of amounts written down financial fixed assets .....	761	.....	.....
Write-back of provisions for extraordinary financial liabilities and charges ....	7621	.....	.....
Capital gains on disposal of financial fixed assets .....	7631	.....	.....
Other non-recurring financial income .....	769	.....	.....
<b>NON-RECURRING EXPENSES</b> .....	66	54.001,88	7.194.250,72
<b>Non-recurring operating charges</b> .....	(66A)	54.001,88	240.182,28
Non-recurring depreciation of and amounts written off formation expenses, intangible and tangible fixed assets .....	660	.....	.....
Provisions for extraordinary operating liabilities and charges: Appropriations (uses) .....	6620	.....	.....
Capital losses on disposal of intangible and tangible fixed assets .....	6630	54.001,88	240.182,28
Other non-recurring operating charges .....	664/7	.....	.....
Non-recurring operating charges carried to assets as restructuring costs .(-)	6690	.....	.....
<b>Non-recurring financial charges</b> .....	(66B)	.....	6.954.068,44
Amounts written off financial fixed assets .....	661	.....	6.954.068,44
Provisions for extraordinary financial liabilities and charges - Appropriations (uses) .....	6621	.....	.....
Capital losses on disposal of financial fixed assets .....	6631	.....	.....
Other non-recurring financial charges .....	668	.....	.....
Non-recurring financial charges carried to assets as restructuring costs ...(-)	6691	.....	.....

**INCOME TAXES AND OTHER TAXES**

**INCOME TAXES**

	Codes	Period
<b>Income taxes on the result of the period</b> .....	9134	284.940,51
Income taxes paid and withholding taxes due or paid .....	9135	284.940,51
Excess of income tax prepayments and withholding taxes paid recorded under assets .....	9136	.....
Estimated additional taxes .....	9137	.....
<b>Income taxes on the result of prior periods</b> .....	9138	.....
Additional income taxes due or paid .....	9139	.....
Additional income taxes estimated or provided for .....	9140	.....
<b>In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit</b>		
<i>Dissalowed expenses</i> .....		5.926.045,40
.....		.....
.....		.....
.....		.....

**Impact of non recurring results on the amount of the income taxes relating to the current period**

	Period
.....	.....
.....	.....
.....	.....
.....	.....

**Status of deferred taxes**

	Codes	Period
Deferred taxes representing assets .....	9141	25.330.033,95
Accumulated tax losses deductible from future taxable profits .....	9142	8.404.478,10
Other deferred taxes representing assets		
<i>Innovation Income tax deduction</i> .....		9.474.441,45
<i>Patent income deduction</i> .....		7.451.114,40
.....		.....
Deferred taxes representing liabilities .....	9144	.....
Allocation of deferred taxes representing liabilities		
.....		.....
.....		.....
.....		.....

**VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES**

**Value added taxes charged**

	Codes	Period	Preceding period
To the enterprise (deductible) .....	9145	14.619.413,05	15.829.593,39
By the enterprise .....	9146	12.924.025,32	13.749.138,25
<b>Amounts withheld on behalf of third party</b>			
For payroll withholding taxes .....	9147	8.231.041,56	7.445.067,48
For withholding taxes on investment income .....	9148	28.803,73	26.527,75

**RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET**

	Codes	Period
<b>PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES</b> .....	9149	.....
<b>Of which</b>		
Bills of exchange in circulation endorsed by the enterprise .....	9150	.....
Bills of exchange in circulation drawn or guaranteed by the enterprise .....	9151	.....
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise .....	9153	.....
<b>REAL GUARANTEES</b>		
<b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9161	14.736.844,00
Amount of registration .....	9171	25.367.013,00
Pledging of goodwill - Amount of the registration .....	9181	36.992.373,00
Pledging of other assets - Book value of other assets pledged .....	9191	.....
Guarantees provided on future assets - Amount of assets involved .....	9201	.....
<b>Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties</b>		
Mortgages		
Book value of the immovable properties mortgaged .....	9162	.....
Amount of registration .....	9172	.....
Pledging of goodwill - Amount of the registration .....	9182	.....
Pledging of other assets - Book value of other assets pledged .....	9192	.....
Guarantees provided on future assets - Amount of assets involved .....	9202	.....

**GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE**

.....  
 .....  
 .....

**SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS**

.....  
 .....  
 .....

**SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS**

.....  
 .....  
 .....

**FORWARD TRANSACTIONS**

**Goods purchased (to be received)** .....  
**Goods sold (to be delivered)** .....  
**Currencies purchased (to be received)** .....  
**Currencies sold (to be delivered)** .....

Codes	Period
	..... ..... .....
	..... ..... .....
	..... ..... .....
	..... ..... .....
9213	.....
9214	.....
9215	.....
9216	.....

**COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES**

.....  
 .....  
 .....

Period
.....
.....
.....

**AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS**

.....  
 .....  
 .....

Period
.....
.....
.....

**SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE**

**Brief description**

**Measures taken by the enterprise to cover the resulting charges**

**PENSIONS FUNDED BY THE ENTERPRISE**

**Estimated amount of the commitments resulting from past services** .....

Methods of estimation

.....  
 .....  
 .....

Codes	Period
9220	.....

**NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT**

.....  
 .....  
 .....

Period
.....
.....
.....

**COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE**

.....  
 .....  
 .....

Period
.....
.....
.....
.....

**NATURE, COMMERCIAL OBJECTIVE AND FINANCIAL CONSEQUENCES OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET**

**Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company**

.....  
 .....  
 .....

Period
.....
.....
.....
.....

**OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)**

*purchase obligation raw materials* .....  
*purchase obligation machinery* .....  
*contacts utilities* .....  
 .....  
 .....

Period
10.406.000,00
0,00
876.500,00
37.725,00
4.531.000,00

**RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS**

	Codes	Period	Preceding period
<b>AFFILIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	(280/1)	89.998.227,97	75.652.574,13
Participating interests .....	(280)	34.399.044,43	20.099.662,14
Subordinated amounts receivable .....	9271	.....	.....
Other amounts receivable .....	9281	55.599.183,54	55.552.911,99
<b>Amounts receivable</b> .....	9291	16.612.103,62	19.722.719,05
Over one year .....	9301	2.888.150,72	1.096.136,01
Within one year .....	9311	13.723.952,90	18.626.583,04
<b>Current investments</b> .....	9321	.....	.....
Shares .....	9331	.....	.....
Amounts receivable .....	9341	.....	.....
<b>Amounts payable</b> .....	9351	9.177.776,50	6.924.884,57
Over one year .....	9361	.....	.....
Within one year .....	9371	9.177.776,50	6.924.884,57
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises .....	9381	.....	.....
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise .....	9391	.....	.....
<b>Other significant financial commitments</b> .....	9401	.....	.....
<b>Financial results</b>			
Income from financial fixed assets .....	9421	2.433.539,68	2.395.765,63
Income from current assets .....	9431	.....	.....
Other financial income .....	9441	.....	.....
Debt charges .....	9461	.....	.....
Other financial charges .....	9471	.....	.....
<b>Disposal of fixed assets</b>			
Capital gains obtained .....	9481	.....	.....
Capital losses suffered .....	9491	.....	.....

	Codes	Period	Preceding period
<b>ASSOCIATED ENTERPRISES</b>			
<b>Financial fixed assets</b> .....	9253	.....	.....
Participating interests .....	9263	.....	.....
Subordinated amounts receivable .....	9273	.....	.....
Other amounts receivable .....	9283	.....	.....
<b>Amounts receivable</b> .....	9293	.....	.....
Over one year .....	9303	.....	.....
Within one year .....	9313	.....	.....
<b>Amounts payable</b> .....	9353	.....	.....
Over one year .....	9363	.....	.....
Within one year .....	9373	.....	.....
<b>Personal and real guarantees</b>			
Provided or irrevocably promised by the enterprise as security for debts or commitments of associated enterprises .....	9383	.....	.....
Provided or irrevocably promised by associated enterprises as security for debts or commitments of the enterprise .....	9393	.....	.....
<b>Other significant financial commitments</b> .....	9403	.....	.....
<b>OTHER ENTERPRISES LINKED BY PARTICIPATING INTERESTS</b>			
<b>Financial fixed assets</b> .....	9252	.....	.....
Participating interests .....	9262	.....	.....
Subordinated amounts receivable .....	9272	.....	.....
Other amounts receivable .....	9282	.....	.....
<b>Amounts receivable</b> .....	9292	.....	.....
Over one year .....	9302	.....	.....
Within one year .....	9312	.....	.....
<b>Amounts payable</b> .....	9352	.....	.....
Over one year .....	9362	.....	.....
Within one year .....	9372	.....	.....

**TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS**

**Mention of these transactions if they are significant, including the amount of the transactions, the nature of the link, and all information about the transactions which should be necessary to get a better understanding of the situation of the company**

*In the absence of legal criteria allowing the transactions with related parties to be inventoried outside normal market conditions, no transaction was included.* .....

.....  
 .....  
 .....

Period
0,00
.....
.....
.....

**FINANCIAL RELATIONSHIPS WITH**

**DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS**

	Codes	Period
<b>Amounts receivable from these persons</b> .....	9500	.....
Conditions on amounts receivable, rate, duration, possibly reimbursed amounts, canceled amounts or renounced amounts .....		
.....		
<b>Guarantees provided in their favour</b> .....	9501	.....
<b>Other significant commitments undertaken in their favour</b> .....	9502	.....
<b>Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person</b>		
To directors and managers .....	9503	.....
To former directors and former managers .....	9504	.....

**AUDITORS OR PEOPLE THEY ARE LINKED TO**

	Codes	Period
<b>Auditor's fees</b> .....	9505	300.000,00
<b>Fees for exceptional services or special missions executed in the company by the auditor</b>		
Other attestation missions .....	95061	1.827,00
Tax consultancy .....	95062	.....
Other missions external to the audit .....	95063	.....
<b>Fees for exceptional services or special missions executed in the company by people they are linked to</b>		
Other attestation missions .....	95081	.....
Tax consultancy .....	95082	.....
Other missions external to the audit .....	95083	.....

**Mentions related to article 134 from the Companies Code**

**DERIVATIVES NOT MEASURED AT FAIR VALUE**

**FOR EACH CATEGORY OF FINANCIAL DERIVATIVES NOT MEASURED AT FAIR VALUE**

Category derivative financial instruments	Hedged risk	Speculation / hedging	Scope	Period: Booked value	Period: Real value	Preceding period: Booked value	Preceding period: Real value
<i>IRS</i>	<i>Intrest</i>	<i>Hedging</i>	<i>15107138</i>	<i>-325.431,18</i>	<i>-325.431,18</i>	<i>244.845,86</i>	<i>244.845,86</i>
<i>Floor</i>	<i>FX</i>	<i>Hedging</i>	<i>15107138</i>	<i>157.317,61</i>	<i>157.317,61</i>	<i>155.452,23</i>	<i>155.452,23</i>
<i>Forward Contracts</i>	<i>FX</i>	<i>Hedging</i>	<i>8197972</i>	<i>-278.144,35</i>	<i>-278.144,35</i>	<i>78.327,88</i>	<i>78.327,88</i>
.....	.....	.....	.....	.....	.....	.....	.....

**FINANCIAL FIXED ASSETS CARRIED AT AN AMOUNT IN EXCESS OF FAIR VALUE**

**Amount of individual assets or appropriate groupings of those assets**

.....  
 .....  
 .....  
 .....

Booked value	Real value
.....	.....
.....	.....
.....	.....
.....	.....

**Reasons for not reducing the book value**

**Informations that suggest than the book value will be recovered**

**INFORMATION RELATING TO CONSOLIDATED ACCOUNTS**

**INFORMATION TO DISCLOSE BY EACH ENTERPRISE THAT IS SUBJECT TO COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES**

**The enterprise has prepared and published consolidated accounts and a consolidated report**

## VALUATION RULES

### SUMMARY OF VALUATION RULES AND ADDITIONAL INFORMATION

#### Principles

The valuation rules have been prepared in accordance with the requirements of the Royal Decree of 30 January 2001 on the enforcement of the Commercial Code.

The accounting principles used have been changed from those applied to the accounts for 2015 as follows : from 2016 onwards, Research and development costs made in 2017 (15.985 KEuro) are capitalized en fully depreciated in the accounting year. Capitalization costs from 2015 (12.475 KEuro) are further depreciated over 3 years.

Although we have recorded a loss in 2 consecutive years, we see no reason to adjust our valuation rules, other than those listed here, and we see no reason to doubt the continuity of our business.

The income statement is not significantly affected by income and expenses that must be allocated to a previous financial year

For comparability, the figures for the previous financial year are adjusted on the following points: the 2016 figures presented in 2017 were reclassified on the basis of presentation but had no effect on the result of 2016.

#### Special rules

##### Assets

##### Formation expenses

Formation expenses are capitalized and depreciated over 5 years.

Restructuring costs are not capitalised.

##### Intangible fixed Assets

Intangible fixed assets and Goodwill are depreciated over maximum 10 years.

- Software : depreciation 20,00 % - 33,33 % on a straight-line basis.
- Patents and licenses : depreciation 20,00 % - 33,33 % on a straight-line basis
- Research and Development :
  - R&D costs made in 2017 (15,985 KEuro) are capitalized en fully depreciated in the accounting year. R&D costs have been capitalized for the first time in 2015 (12.475 KEuro) and have been depreciated over 3 years.

##### Tangible assets

Tangible assets are recorded at their acquisition cost or production cost. The following depreciation percentages are applied:

- Land: land is not depreciated
- Buildings : depreciation 3,33 % - 11,76 % on a straight-line basis
- Plant, machinery and equipment : 6,67 % - 33,33 % on a straight-line basis
- Leased machines : 14,29 % - 20,00 % on a straight-line basis
- Vehicles : depreciation 20,00 % - 50,00 % on a straight-line basis
- Computers and hardware : 33,33 % -50,00 % on a straight-line basis
- Furniture and Office equipment : depreciation 10,00 % - 33,33 % on a straight-line basis
- Other assets : depreciation 10,00 % - 50,00 % on a straight-line basis

##### Financial assets

No participations were revaluated during the current fiscal year.

With regard to the subsidiary RSPrint (2017) a depreciation of 2.000.000 euro has been booked.

With regard to the subsidiary RapitFit (2018) a depreciation of 6.954.068 euro has been booked.

The Board of Directors considers there's are sufficient ground to believe that the companies will be profitable in the long term. In the meantime theu believe enough internal or external financing will be available.

#### Inventory

Raw materials and consumables: purchase cost on a first in, first out basis. Stocks in the stereolithography machine are recognised and valued at the acquisition cost

#### Products :

- The manufacturing price of the products [includes] [does not include] the indirect production costs.

- The manufacturing price of the products whose production covers more than one year does not include any financial costs associated with the capital borrowed to finance their production

#### Orders in progress :

Orders in progress are revalued at the manufacturing price increased with a part of the result depending on the progress of the works.

#### Liabilities

There are no long-term loan that carries no interest or an interest below market.

#### Foreign currency

Assets and liabilities are converted into euros at the year-end exchange rate.

Foreign exchange gains and losses from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement

#### Leasing agreements

With regard to the non-capitalized rights of use under leasing agreements (Article 102, para. 1 of the Royal Decree of 30 January 2001), the fees and rents relating to the financial year for the leasing of real estate were: ... thousand EUR

#### Turnover

The revenue is primarily generated by the sale of our software and 3D printed products and services. Software revenue is comprised of perpetual and periodic licenses, maintenance revenue and software development service fees. Perpetual license holders may opt to take an annual maintenance contract, which leads to annual fees. Periodic licenses entitle the customer to maintenance, support and product updates without additional charge. 3D printed product revenue is derived from our network of 3D printing service centers and may include support and services such as pre-production collaboration prior to printing the product.

#### Impact of coronavirus

While we expect we will suffer adverse effects, the more severe the outbreak is and the longer it lasts, the effects on us and our business will be more materially adverse.

Based on our current assessment of the COVID-19 pandemic, we have considered various hypothetical scenarios on how our business, results of operations, and financial condition could be impacted during the year 2020. In these scenarios we take the general view, but without any certainty as we are reviewing the situation constantly, that our business will be impacted very significantly in the second quarter of 2020, and will subsequently continue to be weak for the rest of the year, although that our current assessment of the situation is that our business may gradually improve during the remainder of 2020. However, in the current situation, in view of the many uncertainties of this unprecedented crisis, we find it very hard to gain any visibility beyond the second quarter.

The Materialise software segment, represented 24% of the total sales exiting 2019 and had an EBITDA margin of 33.2% in 2019. We believe that an important part of the software sales of our Materialise software segment are, at least temporarily, at risk. A significant portion of the sales of this segment comes from parties that either sell or use 3D printing systems. The weakness of the 3D printing industry in general is expected to weigh very negatively on 3D printing system sales and thus also on our software sales, definitely in the second quarter of 2020 with a possible extension into the second half of 2020.

The Materialise medical segment, which represented 34% of the total sales exiting 2019 and had an EBITDA margin of 17.7% in 2019, designs, produces and sells customized implants, surgical guides and models as well as visualization and planning software to research institutes, universities, medical device companies and hospitals. A significant percentage of this segment's revenue stems, directly or indirectly, from elective surgeries, almost all of which are now being postponed due to the U.S. Centers for Disease Control and Prevention, or CDC, guidelines, which require hospitals to prioritize preparation for and response to the pandemic. As a result, these revenues (and at least the timing thereof) become uncertain, which will result in a significant reduction of sales of our Materialise medical segment, definitely in the second quarter of 2020, and possibly in the next quarters as well, depending on how the pandemic evolves.

The remaining 42% of the total sales exiting 2019 comes from the Materialise manufacturing segment, which operates as part of the overall manufacturing sector in Europe, which includes subsectors such as automotive, aviation, machine parts and consumer products, all of which are heavily impacted by the coronavirus crisis. The European automotive market was particularly weak before the COVID-19 outbreak, and we now expect an even slower recovery than previously estimated. Other European industrial subsectors are not faring much better in this market and will likely face larger declines than previously expected. Order intake within the Materialise manufacturing segment has been slowing down, which will significantly impact the segment's second quarter results and which may impact the results beyond this quarter, as a function of how the crisis develops in general and how the industry as a whole, and our customers in particular, subsequently recover from the situation.

We also expect an increase of bad debt, delay in trade payments, and that we will not be able to adjust and align all of our costs according to the expected decrease of revenue. We experienced the first negative effects of this crisis on our revenues in the first quarter of 2020. In these analyses, we considered a major negative impact in the second quarter, and only a gradual and partial recovery in the third and fourth quarter of this year. From these analyses, we conclude that (according to the currently most likely scenarios), the going concern principle should be maintained, and that the principle covenants of our credit facilities (at EIB and KBC), 'minimum cash' and 'Net Debt / Adjusted EBITDA', will not be violated. We believe that the expected situation does not impact the current valuation of our inventories, investments, intangible assets (including goodwill), long-lived assets, or our debt.

While we continue to monitor the situation regularly, we believe that eventually the 3D printing industry will recover and may even come out of this crisis stronger, as the crisis appears to be underscoring certain advantages of the 3D printing technology, in particular its flexibility in terms of part design, speed, production of smaller strategic batches and localization. Therefore, while we try to adjust our costs and capital spending in proportion to the short term reduction of our revenues, we currently take the view that these cost and spending reductions should, where possible, be as moderate and temporary as possible, since we believe that continued innovation during the current crisis may give us a competitive advantage going forward. This strategy involves significant risks, including risks in terms of its impact on our cash position, and as the crisis lasts longer, we may not be able to sustain this strategy and it might have negative implications for our long term competitive position.

**OTHER DOCUMENTS TO BE FILED UNDER BELGIAN  
COMPANY LAW**

**MANAGEMENT REPORT**

**SOCIAL BALANCE SHEET**

Number of joint industrial committee: 209 111 ..... ..

**STATEMENT OF THE PERSONS EMPLOYED**

**EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER**

**During the current period**

**Average number of employees**

Full-time .....  
 Part-time .....  
 Total in full-time equivalents .....

**Number of hours actually worked**

Full-time .....  
 Part-time .....  
 Total .....

**Personnel costs**

Full-time .....  
 Part-time .....  
 Total .....

**Advantages in addition to wages** .....

Codes	Total	1. Men	2. Women
1001	511,5	340,4	171,1
1002	98,5	35,9	62,6
1003	586,8	367,5	219,3
<b>Number of hours actually worked</b>			
1011	855.010	577.958	277.052
1012	123.153	45.206	77.947
1013	978.163	623.164	354.999
<b>Personnel costs</b>			
1021	38.974.958,20	25.102.515,45	13.872.442,75
1022	5.482.917,84	2.099.216,20	3.383.701,64
1023	44.457.876,04	27.201.731,65	17.256.144,39
1033	733.424,16	448.748,54	284.675,62

**During the preceding period**

Average number of employees in FTE .....  
 Number of hours actually worked .....  
 Personnel costs .....  
 Advantages in addition to wages .....

Codes	P. Total	1P. Men	2P. Women
1003	567,5	360,6	206,9
1013	944.403	612.714	331.689
1023	39.867.318,10	26.220.593,69	13.646.724,41
1033	701.001,84	451.225,32	249.776,52

**EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER (continued)**

<b>At the closing date of the period</b>		Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
<b>Number of employees</b> .....		105	531	98	605,7
<b>By nature of the employment contract</b>					
Contract for an indefinite period .....		110	531	98	605,7
Contract for a definite period .....		111	.....	.....	.....
Contract for the execution of a specifically assigned work .....		112	.....	.....	.....
Replacement contract .....		113	.....	.....	.....
<b>According to gender and study level</b>					
Men .....		120	342	38	370,6
primary education .....		1200	18	1	18,8
secondary education .....		1201	76	8	81,3
higher non-university education .....		1202	51	7	56,3
university education .....		1203	197	22	214,2
Women .....		121	189	60	235,1
primary education .....		1210	10	2	11,6
secondary education .....		1211	26	5	29,6
higher non-university education .....		1212	26	16	38,3
university education .....		1213	127	37	155,6
<b>By professional category</b>					
Management staff .....		130	.....	.....	.....
Employees .....		134	444	86	510,6
Workers .....		132	87	12	95,1
Others .....		133	.....	.....	.....

**HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL**

<b>During the period</b>		Codes	1. Hired temporary staff	2. Persons placed at the enterprise's disposal
Average number of persons employed .....		150	22,7	.....
Number of hours actually worked .....		151	44.939	.....
Costs for the enterprise .....		152	1.152.096,01	.....

**LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD**

**ENTRIES**

**Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year .....**

**By nature of employment contract**

- Contract for an indefinite period .....
- Contract for a definite period .....
- Contract for the execution of a specifically assigned work .....
- Replacement contract .....

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
205	116	10	122,1
210	115	9	120,6
211	1	1	1,5
212	.....	.....	.....
213	.....	.....	.....

**DEPARTURES**

**Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year .....**

**By nature of employment contract**

- Contract for an indefinite period .....
- Contract for a definite period .....
- Contract for the execution of a specifically assigned work .....
- Replacement contract .....

**By reason of termination of contract**

- Retirement .....
- Unemployment with extra allowance from enterprise .....
- Dismissal .....
- Other reason .....
- the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis ..

Codes	1. Full-time	2. Part-time	3. Total full-time equivalents
305	68	12	76,7
310	65	11	73,2
311	3	1	3,5
312	.....	.....	.....
313	.....	.....	.....
340	1	1	1,5
341	.....	.....	.....
342	12	1	12,8
343	55	10	62,4
350	.....	.....	.....

**INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD**

	Codes	Men	Codes	Women
<b>Total of initiatives of formal professional training at the expense of the employer</b>				
Number of employees involved .....	5801	28	5811	24
Number of actual training hours .....	5802	1.660	5812	1.141
Net costs for the enterprise .....	5803	54.740,89	5813	40.347,53
of which gross costs directly linked to training .....	58031	45.434,36	58131	35.341,73
of which fees paid and payments to collective funds .....	58032	9.306,53	58132	5.005,80
of which grants and other financial advantages received (to deduct) .....	58033	.....	58133	.....
<b>Total of initiatives of less formal or informal professional training at the expense of the employer</b>				
Number of employees involved .....	5821	.....	5831	.....
Number of actual training hours .....	5822	.....	5832	.....
Net costs for the enterprise .....	5823	.....	5833	.....
<b>Total of initiatives of initial professional training at the expense of the employer</b>				
Number of employees involved .....	5841	.....	5851	.....
Number of actual training hours .....	5842	.....	5852	.....
Net costs for the enterprise .....	5843	.....	5853	.....

**MATERIALISE NV**  
Company subject to the Belgian Code of Companies and Associations

Technologielaan 15  
B-3001 Leuven  
enterprise number 0441.131.254  
RPR/RPM Leuven

(the "**Company**")

**MANAGEMENT REPORT  
TO THE ANNUAL GENERAL MEETING  
TO BE HELD ON 2 JUNE 2020**

---

Ladies and Gentlemen,

In accordance with the requirements laid down by law and the statutes of the Company, we are pleased to report to you about the activities of the Company and its subsidiaries (the "**Group**") for the financial year starting on January 1, 2019 and ending on December 31, 2019, and to present to you both the statutory annual accounts as well as the consolidated annual accounts as at December 31, 2019. This report has been prepared in accordance with articles 3:5 and 3:32 of the Belgian Code of Companies and Associations. For additional information, we also refer to our annual report on Form 20-F which has been filed with the SEC and is available on our website.

**1. ANALYSIS OF THE OPERATING RESULTS ON A CONSOLIDATED BASIS**

On a consolidated basis, the results of our operations, as derived from our consolidated annual accounts prepared in accordance with IFRS as issued by IASB and adopted by the European Union, can be summarised as follows:

Comparison of the Years Ended December 31, 2019 and 2018

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
	<i>(in thousands of €)</i>		<i>(%)</i>
Revenue.....	196,679	184,721	6.5%
Cost of sales .....	(86,972)	(82,299)	5.7%
<b>Gross profit</b> .....	<b>109,707</b>	<b>102,422</b>	<b>7.1%</b>
Research and development expenses .....	(23,348)	(22,416)	4.2%
Sales and marketing expenses .....	(52,989)	(46,303)	14.4%
General and administrative expenses .....	(31,786)	(32,310)	-1.6%
Net other operating income (expenses).....	5,432	3,771	44.0%
<b>Operating (loss) profit</b> .....	<b>7,016</b>	<b>5,164</b>	<b>35.9%</b>
Financial expenses.....	(3,682)	(4,864)	
Financial income .....	1,377	3,627	
Share in loss of joint venture .....	(392)	(475)	
<b>(Loss) profit before taxes</b> .....	<b>4,319</b>	<b>3,452</b>	

	<b>Year Ended December 31,</b>		
	<b>2019</b>	<b>2018</b>	<b>% Change</b>
	<i>(in thousands of €)</i>		<i>(%)</i>
Income taxes.....	(2,595)	(425)	
<b>Net (loss) profit for the year.....</b>	<b>1,724</b>	<b>3,027</b>	<b>-43.0%</b>

### Comparison for the Years Ended December 31, 2019 and 2018 by Segment

	<b>Materialise Software</b>	<b>Materialise Medical</b>	<b>Materialise Manufacturing</b>	<b>Total Segments</b>	<b>Unallocated<sup>(1)</sup></b>	<b>Consolidated</b>
	<i>(in thousands of €, except percentages)</i>					
<b>For the year ended December 31, 2019</b>						
Revenues .....	41,654	60,808	94,156	196,618	61	196,679
Segment Adjusted EBITDA .....	13,812	10,774	12,154	36,740	(10,084)	26,656
Segment Adjusted EBITDA % .....	33.2%	17.7%	12.9%	18.7%		13.6%
<b>For the year ended December 31, 2018</b>						
Revenues .....	37,374	52,252	94,956	184,582	139	184,721
Segment Adjusted EBITDA .....	11,536	10,252	10,785	32,573	(9,047)	23,526
Segment Adjusted EBITDA % .....	30.9%	19.6%	11.4%	17.6%		12.7%

(1) Unallocated related Revenues consist of occasional one-off sales by our core competencies not allocated to any of our segments. Unallocated related Segment EBITDA consist of corporate research and development, corporate headquarter costs and other operating income (expense).

### Comparison for the Years Ended December 31, 2019 and 2018

in 000€	<b>As of December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Non-current assets	158,108	143,906
Current assets	191,186	169,319
<b>Total assets</b>	<b>349,29</b>	<b>313,23</b>
<b>Equity and liabilities</b>		
<i>Equity attributable to the owners of the parent</i>	139,57	135,99
<i>Non-controlling interest</i>	3,107	–
Equity	142,675	135,989
Non-current liabilities	122,574	104,121
Current liabilities	84,045	73,115
<b>Total equity and liabilities</b>	<b>349,29</b>	<b>313,23</b>

## Analysis

*Revenue.* Revenue was €196.7 million in the year ended December 31, 2019 compared to €184.7 million in the year ended December 31, 2018, an increase of €12 million, or 6.5 %.

Revenue from our Materialise Software segment increased 11.4% from €37.4 million in the year ended December 31, 2018 to €41.7 million in the year ended December 31, 2019. Recurrent revenue, consisting of limited license fees and maintenance fees, grew 20.0%. Non-recurrent revenue, mainly consisting of perpetual fees, increased 4.3%. Deferred revenue from license and maintenance fees increased to €3.1 million, compared to €2.8 million in the year ended December 31, 2018.

Revenue from our Materialise Medical segment increased €8.6 million, or 16.4%, from €52.3 million in the year ended December 31, 2018 to €60.8 million in the year ended December 31, 2019, including €2.4 million from Engimplan Engenharia De Implante Indústria E Comércio Ltda., or Engimplan. Medical software revenue grew by 18.3% from 2018 to 2019. Within our medical software department recurrent revenue from annual and renewed licenses and maintenance fees increased by 20.0%, reflecting the implementation of our strategy focused on products with defined contractual periods. Our revenue from perpetual licenses and services decreased by 3.3%. These recurrent revenues represented 77.7% of all medical software revenues in the year ended December 31, 2019, compared to 73.7% in the year ended December 31, 2018. Revenues from medical devices and services grew 17.6% in the year ended December 31, 2019, due to the revenue increase from partner sales business lines, (especially in our Cranio- maxillofacial, or CMF), and Engimplan. As of December 31, 2019, our Materialise Medical segment operated 32 3D printers, as compared to 32 as of December 31, 2018.

Revenue from our Materialise Manufacturing segment decreased from €95.0 million in the year ended December 31, 2018 to €94.2 million in the year ended December 31, 2019, representing a decrease of €0.8 million. During 2019, we had moderate single digit revenue growth of the first three quarters, which was offset by a decrease of 11% in the fourth quarter, reflecting lower activity in both our traditional manufacturing and ACTech business lines, which were affected by the softened macro-economic environment. As of December 31, 2019, Materialise Manufacturing operated 149 3D printers, six vacuum casting machines and 20 CNC machines, as compared to 149, six and 19 as of December 31, 2018, respectively. Although the total number of 3D printers did not change from the year ended December 31, 2018 to the year ended December 31, 2019, we replaced certain printers with printers we believe to be more efficient. Four metal 3D printers were added, while four older plastic 3D printers were put out of operation during the year ended December 31, 2019.

*Cost of sales.* Cost of sales was €87.0 million in the year ended December 31, 2019, compared to €82.3 million in the year ended December 31, 2018, representing an increase of €4.7 million, or 5.7%. This increase in cost of sales was mainly due to

increased payroll expenses and the inclusion of Engimplan's cost of sales as of August 1, 2019.

*Gross profit.* The overall gross profit margin (gross profit divided by our revenue) amounted to 55.8% in the year ended December 31, 2019, compared to 55.4% in the year ended December 31, 2018. The improved margin reflected a combination of the following factors: a change in sales mix, which was positively affected by growing importance of software revenues and negatively affected by the growing cost of sales from medical devices (specifically, our Engimplan and CMF business lines); and improvements in efficiency in general in all of our business lines.

*Research and development, or R&D, sales and marketing, or S&M, and general and administrative, or G&A, expenses.* R&D, S&M and G&A expenses increased, in the aggregate, to €108.1 million in the year ended December 31, 2019, compared to €101.0 million in the year ended December 31, 2018. R&D expenses increased from €22.4 million to €23.3 million, S&M expenses increased from €46.3 million to €53.0 million and G&A expenses decreased from €32.3 million to €31.8 million. The R&D cost increase excludes €0.9 million of expenditures in 2019 that were capitalized as intangible assets and related to our tracheal splint project. In total, the intangible assets related to this development project amounted to K€1,651 on our balance sheet at December 31, 2019.

*Net other operating income.* Net other operating income increased from €3.8 million in the year ended December 31, 2018 to €5.4 million in the year ended December 31, 2019. The variance was mainly due to higher grant income and an improvement of our bad debt position.

*Financial result (financial expenses and financial income).* In each of 2018 and 2019, the net financial result mainly related to the net interest expense from loans and deposits of financial institutions. The net financial result decreased from € -1.2 million in the year ended December 31, 2018 to € -2.3 million in the year ended December 31, 2019. This variance was due to an increase of net interest expense and bank charges.

*Income taxes.* Income taxes in the year ended December 31, 2019 resulted in an expense of €2.6 million, which was a combination of deferred tax bookings and income taxes due over the result for the period.

*Net profit.* As a result of the factors described above, net profit was €1.7 million in the year ended December 31, 2019 compared to a net profit of €3.0 million in the year ended December 31, 2018, or a decrease of €1.3 million.

*EBITDA.* As a result of the factors described above, our consolidated EBITDA increased from €22.5 million in the year ended December 31, 2018 to €26.2 million in the year ended December 31, 2019, an increase of €3.8 million, or 16.8%, and our total segment EBITDA increased from €32.6 million in the year ended December 31, 2018 to €36.7 million in the year ended December 31, 2019, an increase of €4.2 million, or 12.8%. The 2019 EBITDA includes Engimplan's contribution of €0.7 million.

Our Materialise Software segment's EBITDA increased from €11.5 million in the year ended December 31, 2018 to €13.8 million in the year ended December 31, 2019, an increase of €2.3 million, or 19.7%. This segment's EBITDA margin (the segment's EBITDA divided by the segment's revenue) increased from 30.9 % for the year ended December 31, 2018 to 33.2 % in the year ended December 31, 2019. The increase in the EBITDA margin was due to revenue growth of 11.4% (which was affected positively by sales mix with a higher portion of recurrent sales), partly offset by an increase in operating expenses by 11.7%, reflecting continued investments in S&M. R&D cost was flat, while G&A expenses decreased.

Our Materialise Medical segment's EBITDA increased from €10.3 million in the year ended December 31, 2018 to €10.8 million in the year ended December 31, 2019. The segment's EBITDA margin decreased from 19.6 % in the year ended December 31, 2018 to 17.7% in the year ended December 31, 2019. Excluding Engimplan's contribution, the margin was 17.4% in 2019. The EBITDA margin was affected negatively by a changed sales mix in our medical devices business (CMF's production revenue grew significantly requiring higher cost of sales), and our operating expenses, which grew in the aggregate by 16.4%. The increase of our operating expenses was mainly due to an increase of remuneration expenses.

Our Materialise Manufacturing segment's EBITDA increased from €10.8 million in the year ended December 31, 2018 to €12.2 million in the year ended December 31, 2019. The EBITDA margin of this segment increased from 11.4% in the year ended December 31, 2018 to 12.9% in the year ended December 31, 2019. While the gross margin remained stable, the operating expenses (Sales and Marketing, Research and Development, and G&A) decreased slightly, and Net Other Operating income (including grants) increased.

The total balance sheet amounted to €349.3 million in the year ended December 31, 2019, compared to €313.2 million in the year ended December 31, 2018.

Non-current assets increased €14.2 million to €158.1 million in the year ended December 31, 2019. Our goodwill increased by €2.7 million, mainly as a result of our participation in Engimplan. Our intangible assets, property, plant & equipment and right-of-use assets increased by €9.4 million to €128.3 million. Our other non-current assets increased €2.2 million to €9.4 million, including a convertible loan to Fluida NV of €2.5 million.

Our cash at bank increased €13.4 million to €128.9 million per December 31, 2019.

Our loans & borrowings increased €12.0 million to €118.1 million per December 31, 2019. Of the total debt, €13.4 million is related to short term debt. This variance includes a second drawing of €25.0 million of our credit facility agreement with the European Investment Bank, new bank loans, and capital reimbursements of existing loans.

Total equity per December 31, 2019 amounts to €142.7 million compared to €136.0 million last year.

## 2. ANALYSIS OF THE OPERATING RESULTS AT THE LEVEL OF THE COMPANY

At the level of the Company, the results of our operations, as derived from our statutory annual accounts prepared in accordance with Belgian GAAP, can be summarized as follows:

### Comparison of the Years Ended December 31, 2019 and 2018

	Year Ended December 31,		
	2019	2018	% Change
	<i>(in thousands of€)</i>		<i>(%)</i>
<b>Operating income</b>	<b>136.990</b>	<b>130.212</b>	<b>5,2%</b>
70 Turnover	111.490	106.411	4,8%
71 Stocks of finished goods and WIP increase	253	94	
72 Own work capitalized	19.600	18.519	5,8%
74 Other operating income	5.629	5.188	8,5%
76 Non-recurring operating income	18	-	
<b>Operating charges</b>	<b>143.154</b>	<b>137.862</b>	<b>3,8%</b>
60 Raw materials-consumables	29.502	28.652	3,0%
61 Services and other goods	41.709	38.147	9,3%
62 Remuneration, social security and pensions	44.458	39.867	11,5%
63 Depreciations and other amounts written off	26.767	30.458	-12,1%
64 Other operating charges	664	518	28,2%
66 Non-recurring operating charges	54	240	
<b>Operating profit (loss)</b>	<b>-6.164</b>	<b>-7.650</b>	<b>-19,4%</b>
Financial income	4.445	5.587	
Financial charges	3.526	12.812	
<b>Gain (loss) on ordinary activities before taxes</b>	<b>-5.245</b>	<b>-14.875</b>	
Transfer from deferred taxes and tax free reserves	4	2	
Taxes on result	274	-232	
<b>Net profit</b>	<b>-5.515</b>	<b>-14.641</b>	

	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<i>(in thousands of €)</i>	
<b>Assets</b>	<b>289.046</b>	<b>276.573</b>
Formation expenses		492
Fixed assets	140.550	126.699
Current assets	148.496	149.382
<b>Equity and Liabilities</b>	<b>289.046</b>	<b>276.573</b>
Equity	124.341	128.589
Provisions and deferred taxes	14	18
Amounts payable	164.691	147.966

### *Analysis*

The evolution of the operations of the Company is in line with the operations of the Group. Reference is made to Section 1 in this respect.

Operating income was €137.0 million in the year ended December 31, 2019 compared to €130.2 million in the year ended December 31, 2018, an increase of €6.8 million, or 5.2%.

Operating charges amounted to €143.2 million in the year ended December 31, 2019, compared to €137.9 million in the year ended December 31, 2018. This increase of 3.8% was mainly due to:

- an increase in purchases of raw materials & consumables of €0.8 million;
- an increase in purchases of services & other goods of €3.6 million mainly due to higher cost of 3<sup>rd</sup> party service providers;
- remuneration cost increased €4.6 million or 11.5% as a combined result of increased number of employees and salary adjustments;
- depreciation decreased €3.1 million to €26.9 million. The €26.9 million includes the 100% depreciation of in 2019 capitalized development expenses of €17.8 million in 2019, allowing the company to keep benefiting from tax credits ;
- a positive variance of bad debt provisions of €0.5 million in 2019 compared to 2018.

As a result, the operating loss in 2019 amounted to €6.2 million, compared to €7.6 million in 2018.

Financial income amounted to €4.4 million in the year ended December 31, 2019, compared to €5.6 million in the year ended December 31, 2018.

Financial charges amounted to €3.5 million in the year ended December 31, 2019, compared to €12.8 million in the year ended December 31, 2018. In 2018, financial

charges included an impairment of €7.0 million on our investment in Rapidfit NV, and a €2.5 million bank cost, related to the capital increases in July 2018.

The net loss for 2019 amounted to €5.5 million, compared to a loss of €14.6 million last year.

The total balance sheet amounted to €289.0 million in the year ended December 31, 2019, compared to €276.6 million in the year ended December 31, 2018.

Fixed assets increased €13.9 million to €140.6 million in the year ended December 31, 2019. Our tangible and intangible fixed assets decreased slightly to €47.5 million from €48.3 million last year. Our participating interests increased €14.3 million to €34.4 million, including our participation in Engimplan of €12.3 million.

Our other long term receivables of €2.9 million per December 31, 2019 included a convertible loan to Fluida NV of €2.5 million.

Our cash at bank increased €18.7 million to €105.0 million per December 31, 2019.

Our financial debt increased €18.5 million to €104.5 million per December 31, 2019. Of the total debt of €104.5 million, €11.2 million is related to short term debt. This variance includes a second drawing of €25.0 million of our credit facility agreement with the European Investment Bank, new bank loans, and capital reimbursements of existing loans.

Total equity per December 31, 2019 amounts to €124.3 million compared to €128.6 million last year. This variance is the result of the net loss of the year of €5.5 million, and the capital increase of €1.3 million from the exercise of warrants.

Although we have losses for the fourth consecutive year, we maintain our valuation rules in the company, based on going concern. Such presumption is justified by the Company's equity position of €124.3 million end 2019, and the outcome of the sensitivity testing that we have performed on our projected income statement and balance sheet KPI's, in the context of the COVID-19 pandemic circumstances.

#### *Appropriation of loss*

The net loss for 2019, to be appropriated, amounted to €5,519,577.

Together with the carried forward loss of the previous financial year €17,825,920, the total amount to be appropriated amounts to €23,345,497 which we propose to carry forward in its entirety.

### 3. **STRUCTURE AND DEVELOPMENT OF THE GROUP**

On December 31, 2019, we had 24 (direct and indirect) subsidiaries (in Belgium (2), Brazil (2), France (2), England (3), Germany (3), Czech Republic, Austria, Poland, the United States (2), Columbia, Japan, Malaysia, China, Italy, Australia and Ukraine).

With regard to the joint-venture company RS Print NV, Materialise NV has a participation of €2.9 million fully paid up as per end 2019.

On July 18, 2018, we and BASF New Business GmbH, or BASF New Business, a subsidiary of BASF SE, the German chemical conglomerate (FWB: BAS), entered into a Strategic Alliance Partnership Agreement. The Strategic Alliance Partnership Agreement establishes a framework for collaboration to leverage the parties' existing strengths and expertise to develop new materials for the 3D printing industry.

In connection with the entry into the Strategic Alliance Partnership Agreement, we and BASF Antwerpen NV, or BASF Antwerpen, a subsidiary of BASF SE, entered into a Subscription Agreement pursuant to which BASF Antwerpen subscribed for 1,953,125 of our newly issued ordinary shares in a private placement, for an aggregate subscription price of approximately \$25 million. The ordinary shares subscribed for were delivered to BASF Antwerpen on July 19, 2018.

On July 27, 2018, we sold 3,450,000 ADSs in a follow-on public offering at a public offering price of \$13.00 per ADS, and received net proceeds of approximately \$40.2 million.

In December 2018, we filed for dissolution of Meridian Corporate Trustees Limited and Orthoview Limited, subsidiaries of Orthoview Holdings Limited.

On August 6, 2019, we acquired 75% shares of Engimplan through a combined acquisition of existing and new shares through our Brazilian subsidiary Engimplan Holding Ltda., or Engimplan Holding. Engimplan is a Brazil-based manufacturer of orthopaedic and CMF implants and instruments.

As of October 1, 2019, all the assets and liabilities of Materialise UK Ltd., our wholly owned subsidiary, were transferred to Meridian Technique Ltd., also our wholly owned subsidiary as part of a global restructuring to enable us to operate as one legal entity in the United Kingdom.

### 4. **MATERIAL EVENTS SINCE THE END OF THE FINANCIAL YEAR**

#### *Impact of coronavirus*

The outbreak of a novel coronavirus, was first identified in December 2019 in Wuhan, China, and has since spread globally. In response to the pandemic, governments worldwide have closed business, restricted travel and implemented emergency

quarantines, and businesses and individuals have reduced travel, cancelled meetings and events and implemented of work-from-home policies, which have caused significant disruption to the global economy and normal business operations. The coronavirus public health crisis is expected to have broader macroeconomic implications, including a decrease in or halt to economic growth, the effects of which could be long lasting.

In an effort to protect the health and safety of employees, we, and many of our customers, partners, suppliers and other counterparties, currently require that employees work from home and restrict travel as much as possible, which affects, amongst other things, their ability to attend industry events and to engage in commercial visits. In the event we or our customers, partners, suppliers and other counterparties maintain or expand these restrictions, we may suffer disruptions to business operations including the closure of manufacturing facilities, warehouses and logistics supply chains worldwide. Furthermore, the coronavirus and the responses thereto could have a range of other effects on us. For example, the implementation of business continuity plans in a fast-moving public health emergency could have an adverse effect on our internal controls (potentially giving rise to significant deficiencies or material weaknesses) and increase our vulnerability to information technology and other systems disruptions.

As of April 30, 2020, we are unable to predict the duration and severity of the spread of the coronavirus and the political and economic responses thereto and as a result, we are unable to assess with certainty its impact on our business and operations, results of operations, financial condition, cash flows and liquidity. The coronavirus and related responses are developing rapidly, making their impact highly uncertain, and are subject to many factors beyond our control, such as the speed of contagion, the implementation of effective preventative and containment measures, the development of effective medical solutions, the timing and scope of governmental restrictions on public gatherings, mobility and other activities, financial and other market reactions, and reactions and responses of the public. While we expect we will suffer adverse effects, the more severe the outbreak is and the longer it lasts, the effects on us and our business will be more materially adverse.

Based on our current assessment of the COVID-19 pandemic, we have considered various hypothetical scenarios on how our business, results of operations, and financial condition could be impacted during the year 2020. In these scenarios we take the general view, but without any certainty as we are reviewing the situation constantly, that our business will be impacted very significantly in the second quarter of 2020, and will subsequently continue to be weak for the rest of the year, although that our current assessment of the situation is that our business may gradually improve during the remainder of 2020. However, in the current situation, in view of the many uncertainties of this unprecedented crisis, we find it very hard to gain any visibility beyond the second quarter.

The Materialise software segment, represented 24% of the total sales exiting 2019 and had an EBITDA margin of 33.2% in 2019. We believe that an important part of the software sales of our Materialise software segment are, at least temporarily, at risk. A

significant portion of the sales of this segment comes from parties that either sell or use 3D printing systems. The weakness of the 3D printing industry in general is expected to weigh very negatively on 3D printing system sales and thus also on our software sales, definitely in the second quarter of 2020 with a possible extension into the second half of 2020.

The Materialise medical segment, which represented 34% of the total sales exiting 2019 and had an EBITDA margin of 17.7% in 2019, designs, produces and sells customized implants, surgical guides and models as well as visualization and planning software to research institutes, universities, medical device companies and hospitals. A significant percentage of this segment's revenue stems, directly or indirectly, from elective surgeries, almost all of which are now being postponed due to the U.S. Centers for Disease Control and Prevention, or CDC, guidelines, which require hospitals to prioritize preparation for and response to the pandemic. As a result, these revenues (and at least the timing thereof) become uncertain, which will result in a significant reduction of sales of our Materialise medical segment, definitely in the second quarter of 2020, and possibly in the next quarters as well, depending on how the pandemic evolves.

The remaining 42% of the total sales exiting 2019 comes from the Materialise manufacturing segment, which operates as part of the overall manufacturing sector in Europe, which includes subsectors such as automotive, aviation, machine parts and consumer products, all of which are heavily impacted by the coronavirus crisis. The European automotive market was particularly weak before the COVID-19 outbreak, and we now expect an even slower recovery than previously estimated. Other European industrial subsectors are not faring much better in this market and will likely face larger declines than previously expected. Order intake within the Materialise manufacturing segment has been slowing down, which will significantly impact the segment's second quarter results and which may impact the results beyond this quarter, as a function of how the crisis develops in general and how the industry as a whole, and our customers in particular, subsequently recover from the situation.

We also expect an increase of bad debt, delay in trade payments, and that we will not be able to adjust and align all of our costs according to the expected decrease of revenue. We experienced the first negative effects of this crisis on our revenues in the first quarter of 2020. In these analyses, we considered a major negative impact in the second quarter, and only a gradual and partial recovery in the third and fourth quarter of this year. From these analyses, we conclude that (according to the currently most likely scenarios), the going concern principle should be maintained, and that the principle covenants of our credit facilities (at EIB and KBC), 'minimum cash' and 'Net Debt / Adjusted EBITDA', will not be violated. We believe that the expected situation does not impact the current valuation of our inventories, investments, intangible assets (including goodwill), long-lived assets, or our debt.

While we continue to monitor the situation regularly, we believe that eventually the 3D printing industry will recover and may even come out of this crisis stronger, as the crisis appears to be underscoring certain advantages of the 3D printing technology, in particular its flexibility in terms of part design, speed, production of smaller strategic batches and localization. Therefore, while we try to adjust our costs and capital

spending in proportion to the short term reduction of our revenues, we currently take the view that these cost and spending reductions should, where possible, be as moderate and temporary as possible, since we believe that continued innovation during the current crisis may give us a competitive advantage going forward. This strategy involves significant risks, including risks in terms of its impact on our cash position, and as the crisis lasts longer, we may not be able to sustain this strategy and it might have negative implications for our long term competitive position.

#### *Warrant exercises*

In connection with the exercise of 21,750 warrants, representing 21,750 shares, from the 2015 warrant plan in the course of March 2020, the share capital was raised for the amount of K€1 and the share premium was raised for the amount of K€140 by deed before the notary on April 16, 2020 (we refer to Note 14 of the consolidated financial statements for further information about the share based payment plans). As per April 16, 2020 the funds received in connection with the exercise of the warrants (K€140) were accounted for on a restricted bank account classified under the Cash and Cash Equivalents.

There are no other significant events subsequent to the statement of financial position date that would require adjustments or disclosures to the financial statements.

## 5. RISKS AND UNCERTAINTIES

The risks and uncertainties, with which both the Group and the Company are faced, can be summarized as follows. However, other than those risks and uncertainties, we are not aware of any circumstances that are likely to have a material influence on the development of the Company.

- We may not be able to maintain or increase the market share or reputation of our software and other products and services that they need to remain or become a market standard.
- We may not be successful in continuing to enhance and adapt our software, products and services in line with developments in market technologies and demands.
- The research and development programs that we are currently engaged in, or that we may establish in the future, may not be successful and our significant investments in these programs may be lost.
- Existing and increased competition may reduce our revenue and profits.
- We rely on collaborations with users of our additive manufacturing solutions to be present in certain large scale markets and, indirectly, to expand into potentially high-growth specialty markets. Our inability to continue to develop or maintain these relationships in the future could harm our ability to remain competitive in existing markets and expand into other markets.
- Our revenue and results of operations may fluctuate.
- Demand for additive manufacturing generally and our additive manufacturing software solutions, products and services in particular may not increase adequately.
- We are dependent upon sales to certain industries.
- If our relationships with suppliers, including with limited source suppliers of consumables, were to terminate or our manufacturing arrangements were to be disrupted, our business could be adversely affected.
- We depend on the knowledge and skills of our senior management and other key personnel, and if we are unable to retain and motivate them or recruit additional qualified personnel, our operations could suffer.
- We may need to raise additional capital from time to time in order to meet our growth strategy and may be unable to do so on attractive terms, or at all.
- Our international operations subject us to various risks, and our failure to manage these risks could adversely affect our results of operations.

- Our international operations pose currency risks, which may adversely affect our results of operations and net income.
- Changes in tax laws, treaties or regulations could adversely affect our financial results.
- We may engage in acquisitions or investments that could disrupt our business, cause dilution to our shareholders and harm our financial condition and results of operations.
- We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third parties that may not result in the development of commercially viable products or the generation of significant future revenue.
- Failure to comply with the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation could result in fines, criminal penalties and an adverse effect on our business.
- Errors or defects in our software or other products could cause us to incur additional costs, lose revenue and business opportunities, damage our reputation and expose us to potential liability.
- We rely on our information technology systems to manage numerous aspects of our business and customer and supplier relationships, and a disruption of these systems could adversely affect our results of operations.
- A breach of security in our products or computer systems may compromise the integrity of our products, harm our reputation, create additional liability and adversely impact our financial results.
- We rely on third party technology, platform, carriers, server and hardware providers, and a failure of service by these providers could adversely affect our business and reputation.
- Workplace accidents or environmental damage could result in substantial remedial obligations and damage to our reputation.
- Our operations are subject to environmental laws and other government regulations that could result in liabilities in the future.
- If our service center operations are disrupted, sales of our 3D printing services, including the medical devices that we print, may be affected, which could have an adverse effect on our results of operations.
- We could experience unforeseen difficulties in building and operating key portions of our 3D printing infrastructure.

- We may not have adequate insurance for potential liabilities, including liabilities arising from litigation.
- Current and future global economic uncertainties and political conditions may adversely affect our results of operations.
- The coronavirus global health crisis could have a material adverse impact on our business, results of operations, financial condition, cash flows or liquidity.
- We face potential liability related to the privacy and security of personal information we collect.
- Our medical business, financial condition, results of operations and cash flows could be significantly and negatively affected by substantial government regulations.
- Modifications to our medical products marketed in the United States may require new 510(k) clearances or premarket approvals, or may require us to cease marketing or recall the modified products until clearances are obtained.
- Healthcare policy changes, including legislation to reform the U.S. healthcare system and legislation to reform the EU medical Device legislation, could adversely affect us.
- The use, including the misuse or off-label use, of our medical services and products may be deemed unauthorized use or improper promotion, which could harm our image in the marketplace or result in injuries that lead to product liability suits and could be costly to our business or result in regulatory sanctions.
- If our marketed medical devices are defective or otherwise pose safety risks, the relevant governmental authorities could require their recall, or we may initiate a recall of our products voluntarily.
- If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.
- Our Materialise Medical segment's 3D printing operations are required to operate within a quality management system that is compliant with the regulations of various jurisdictions, including the requirements of ISO 13485, and the U.S. Quality System Regulation, which is costly and could subject us to enforcement action.
- We may be subject to or otherwise affected by U.S. federal and state, European or other healthcare laws, including fraud and abuse and health information privacy and security laws, and could face substantial penalties if we are unable to fully comply with such laws.

- If we are unable to obtain patent protection for our products or otherwise protect our intellectual property rights, our business could suffer.
- We may not be able to protect our trade secrets and intellectual property.
- We may incur substantial costs enforcing or acquiring intellectual property rights and defending against third-party claims as a result of litigation or other proceedings.
- Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.
- We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- If disputes arise, we could lose rights that are important to our business or be subject to restrictions on the conduct of our business.
- Certain technologies and patents have been developed with collaboration partners and we may face restrictions on this jointly developed intellectual property.
- Our use of open source software may expose us to additional risks and harm our intellectual property.
- The implementation of the recent reform of the Belgian Companies Code that entered into force on May 01, 2019, may adversely affect the rights of our shareholders.

## 6. **RESEARCH AND DEVELOPMENT**

We have an ongoing research and development program to improve and expand the capabilities of our existing technology portfolio, which reflects our continued investments in a range of disciplines, including software development, industrial, mechanical and biomedical engineering, physics and chemistry.

We have a long history of research and development through collaborations, which augment our internal development efforts. Our earliest joint research projects date from the early 1990s with market leading collaboration partners such as Siemens AG, Zeneca and the University of Leuven (Katholieke Universiteit Leuven), or KU Leuven. Many of our innovations are based on industrial collaborations such as those with Phonak Staefa Switzerland, Zimmer Biomet, DePuy Synthes, and BASF SE and its subsidiaries.

As of December 2019, we were active in 28 government funded research projects and we also employed two researchers with a publicly funded scholarship. With our platform technologies and strong track record in successful commercialization of scientific innovations, we receive many requests for participation in new development projects. While we strongly protect our intellectual property in our core competencies, many of our products require collaborations in order to create healthy ecosystems for their successful implementation.

As of December 31, 2019, we had approximately 80 active research and development projects in various stages of completion and approximately 380 FTEs and fully dedicated consultants working on research and development in our facilities in Belgium, France, Germany, the United Kingdom, the United States, Ukraine, China and Malaysia.

For the year ended December 31, 2019, our research and development expenses were €23.3 million, or 11.9% of our revenue (15.1% excluding ACTech), as compared to €22.4 million, or 12.1% (15.9% excluding ACTech) of our revenue, in 2018.

In addition, our strategic partnership with BASF New Business focuses on collaboration for research and development activities in multiple areas, primarily focusing on the introduction of new plastic materials in additive processes. One of the new products developed by the partnership was TPU material for HP Multi Jet Fusion.

We also regularly apply for research and development grants and subsidies under European, Belgian, British, French and German, grant rules. The majority of these grants and subsidies are non-refundable. We have received grants and subsidies from different authorities, including the Flemish government (VLAIO, or Vlaams Agentschap Innoveren en Ondernemen), the European Union (FP7 and H2020 framework programs) and BMBF, the German Federal Ministry of Education and Research.

We expect to continue to invest significantly in research and development in the future.

## **7. FINANCIAL INSTRUMENTS**

The Company has used interest rate and foreign currency swaps as financial instruments in the course of the financial period. A more detailed information is included in our notes to the consolidated financial statements, more specifically in note 25 for foreign exchange, liquidity, interest rate and credit risk.

## 8. MISCELLEANOUS

### 8.1 Internal audit and risk management

We have implemented an internal control system based on the COSO framework. Our management has made an assessment regarding the framework's 17 principles in respect of the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring). All components are being actively addressed by our management.

During the year ended December 31, 2020, we plan to continue to enhance our internal control over financial reporting in an effort to remediate any weaknesses identified and to enhance our overall control environment. We are committed to ensuring that our internal control over financial reporting is designed and operating effectively.

Notwithstanding any identified material weaknesses and management's assessment that internal control over financial reporting was not entirely effective as of December 31, 2019, management believes that the audited consolidated financial statements fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal years presented in conformity with IFRS.

We further refer to Item 15 included in our annual report on Form 20-F which has been filed with the SEC and is available on our website.

### 8.2 Exceptional tasks performed by the auditor

The fees for services provided by BDO Bedrijfsrevisoren CVBA and BDO member firms in relation to the financial audit of the Group amounted to €565,031.

€610,082 has been paid for the audit opinion on the internal control over financial reporting in connection with SEC reporting obligations, €35,364 and €1,702 for other control services including legal engagements and tax related services respectively.

### 8.3 Conflicts of interest

Not applicable

### 8.4 Use of authorised capital

By resolution of the extraordinary shareholders' meeting of April 23, 2014, which entered into force on June 30, 2014, our shareholders authorized the board of directors, for a period of five years from August 18, 2014, to increase the Company's share capital, in one or more transactions, up to a maximum amount of €2,714,634.83 (the so-called authorised capital).

On July 18, 2018, the Board of Directors of the company decided to increase the company's registered capital within the framework of the authorized capital, which on July 26, 2018 was fixed at an amount for the capital increase of one hundred and seventy-three thousand and nine euros and nineteen cents (173,009.19 EUR), which

resulted in a decrease in the available amount of the authorized capital to two million four hundred and fifty-six thousand two hundred and sixty-thirds euros and fourteen cents (2,456,261.14 EUR).

On July 19, 2018, the Board of Directors of the company decided to increase the company's registered capital within the framework of the authorized capital for an amount of one hundred and twelve thousand six hundred and thirty-six euros twenty cents (EUR 112,636.20), which resulted in a decrease in the available amount of the authorized capital to two million three hundred and forty-three thousand six hundred and twenty-four euros and ninety-four cents (2,343,624.94 EUR).

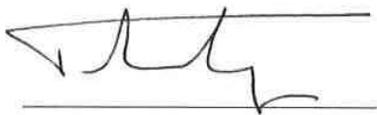
On July 18, 2018, the Board of Directors of the company decided to increase the company's registered capital within the framework of the authorized capital, which on July 27, 2018 was fixed at an amount for the capital increase of twenty-five thousand nine hundred and fifty-three euros and thirty-eight cents (25,951.38 EUR), which resulted in a decrease in the available amount of the authorized capital to two million three hundred and seventeen thousand six hundred and seventy-three euros and fifty-six cents (2,317,673.56 EUR).

#### **8.5 Acquisition or disposal of own shares**

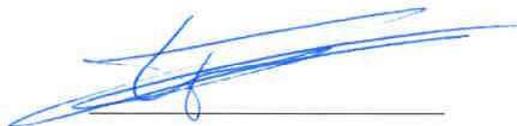
Not applicable

*[Signature Page Follows]*

Done in Leuven on April 30, 2020

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a thin horizontal line.

Peter Leys  
Chairman

A handwritten signature in blue ink, featuring a large, sweeping horizontal stroke with a loop in the middle, positioned above a thin horizontal line.

Wilfried Vancraen  
Director