UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of June 2021

Commission File Number: 001-36515

Materialise NV

Technologielaan 15
3001 Leuven
Belgium
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

This Form 6-K is incorporated by reference into the registrant's Registration Statements on Form F-3 (File Nos. 333-213649 and 333-226006).

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Except as otherwise required by the context, references to (i) "Materialise," "Company," "we," "us" and "our" are to Materialise NV and its subsidiaries, (ii) "ACTech" are to ACTech Holding GmbH and its subsidiaries, which we acquired in 2017, (iii) "Engimplan" are to Engimplan Engenharia De Implante Indústria E Comércio Ltda., in which we acquired a controlling interest in 2019 and in which we acquired the remaining interest in 2020, making us Engimplan's sole shareholder (through our Brazilian subsidiary), and (iv) "RS Print" are to RSPrint NV, a joint venture we established in 2014 and in which we acquired the remaining interest in 2020, together with substantially all of the assets of RS Scan International NV, or RS Scan, making us RS Print's sole shareholder.

All references in this Report on Form 6-K to "U.S. dollars" or "$" are to the legal currency of the United States and all references to "€" or "euro" are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

The following discussion and analysis should be read in conjunction with our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the Securities and Exchange Commission, or the SEC, on April 30, 2021 (the "2020 Form 20-F"), including the information set forth therein under "Item 3. Key Information—A. Selected Financial Data," "Item 5. Operating and Financial Review and Prospects" and our consolidated financial statements and accompanying notes as of and for the years ended December 31, 2020, 2019 and 2018 included elsewhere therein, as well as with our unaudited condensed consolidated interim financial statements and accompanying notes as of March 31, 2021 and for the three month periods ended March 31, 2021 and 2020 filed as Exhibit 99.1 to this Report on Form 6-K.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those contained in forward-looking statements. Factors that could cause or contribute to such differences include, without limitation, those discussed in the 2020 Form 20-F in the sections entitled "Item 3. Key Information—D. Risk Factors," "Special Note Regarding Forward-Looking Information" and "Item 4. Information on the Company—B. Business Overview" and elsewhere in this Report on Form 6-K.

A. Operating Results

Overview

Company Overview

We are a leading provider of additive manufacturing and medical software and of sophisticated 3D printing services. With our knowledge, products and services, we empower our customers' use of additive manufacturing technology, in general, and we enable certain specific and significant applications of additive manufacturing, in particular. In both instances, we seek to empower the choice for sustainability through the use of additive manufacturing.

The customers of our general software tools and 3D printing services are active in a wide variety of industries, including healthcare, automotive, aerospace, art and design and consumer products. The significant additive manufacturing applications that we are more deeply and more directly involved in currently include applications for cranio maxillo facial, eyewear, footwear and measurement fixtures.

We operate in three principal market segments, which we refer to as Materialise Software, Materialise Medical and Materialise Manufacturing.

Seasonality

End markets such as healthcare, automotive, aerospace and consumer products may experience some seasonality. While the historical impact of seasonality on the revenue of our Materialise Medical and Materialise Manufacturing segments has not been material, the project related nature of our ACTech business, may make our Materialise Manufacturing segment more susceptible to fluctuations, although not necessarily in a seasonal pattern. Historically, the revenue of our Materialise Software segment has been greater in the fourth quarter, as compared to the revenue of each of the other quarters. A number of our customers make their initial software purchase in the fourth quarter prior to the end of their annual budget cycle and tend to renew, extend or broaden the scope of their licenses on the anniversary date of their first purchase. In addition, we have in the past often brought new releases on the market in the third quarter of the calendar year, which may also have an impact on sales in the subsequent quarter.

Growth Strategy

We believe that our existing products, such as our Magics Software Platform, our Mimics Innovation Suite and our metal 3D printing business, have significant potential to continue to grow, as the use of 3D printing in general continues to grow. In addition, in each of our segments we are currently active in key new business areas that we believe will further accelerate our longer term growth.

In our Materialise Software segment, we intend to accelerate the market penetration of our software offering (i) by expanding our product portfolio with innovative solutions that focus on volume production, including manufacturing execution systems, or MES, and automated workflows for additive manufacturing and (ii) by offering our customers cloud-based access to our integrated software platform. Our development of a cloud-based software platform may affect our revenue levels in the near term, but we believe it will ensure the continued strength of our business model going forward. Further, in order to be able to meet the demands that are associated with volume production, including mass customization, and to accelerate the development and roll out of our cloud-based software platform, where software as a service (SaaS), big data technologies, and machine learning will be key drivers, we intend to continue to invest significantly in both research and development. As part of this growth strategy, we recently acquired an option to purchase Link3D Inc., an additive workflow and MES company. See "—Recent Developments" below.

In our Materialise Medical segment, we believe that the growing trend of personalized patient care will boost the demand for digital planning tools as well as for customized medical devices. In response to that trend, we intend to continue to increase the penetration of our existing software products in the hospitals' point-of-care market and to expand our portfolio of planning tools into new areas such as cardiovascular and pulmonology. We also intend to continue to develop and grow the sales of our personalized medical device portfolio, both directly and indirectly and in existing as well as in new markets, including in particular in the CMF market.

In our Materialise Manufacturing segment, we believe that there is significant growth potential in the markets for additive manufacturing of end products. We therefore intend to continue to invest in the expansion and creation of certified 3D manufacturing environments that meet the high standards of the specialized segments of the industrial market, including the aerospace market. More particularly, we believe that our growth initiatives in the wearables market that have been incubated within Materialise Manufacturing may drive growth in the coming years. In the eyewear market, we are investing in the introduction of advanced front-end digital technologies, such as virtual try on and fitting solutions (including in collaboration with Ditto), as well as in back-end production facilities for the production of 3D printed eyewear, including customized frames. In the footwear market, we will continue to invest in the development and commercial roll out of the pressure plate technology and related applications that we acquired from RS Scan and in the worldwide commercialization of our Phits customized 3D printed insoles, in collaboration with our former joint venture partner, Superfeet.

Importantly, our applications and solutions focus on empowering our customers' and partners' choice for sustainability. In the applications that we support, additive manufacturing has the potential to not only replace traditional manufacturing technologies, but also enable the digitization of customer journeys and supply chains, to localize manufacturing, to reduce inventories and the use of raw materials and to make end customers' solutions more durable through personalization. We believe that this focus on the choice for sustainability will position us for long term sustainable growth, even if this may imply that we forego short term growth opportunities that do not fit this vision.

Our growth strategies for both our existing and new businesses and for each of our three market segments are based on our medium and long term expectations for these businesses and segments. In the short term, we expect both the 3D printing industry in general and our business will continue to be impacted by the current coronavirus pandemic. For more information, see "D. Trend Information" in this Report on Form 6-K.

Recent Developments

Link3D

On April 9, 2021, we entered into a call option agreement to acquire 100% of the equity interests of Link3D Inc., an additive workflow and manufacturing execution systems (MES) company. The option agreement entitles us to acquire all of Link3D's outstanding equity interests for an aggregate purchase price of $33.5 million, subject to certain adjustments. In addition, we have agreed to provide certain debt financing to Link3D. We expect to exercise the option before the end of 2021. However, the acquisition is subject to a number of customary closing conditions and there can be no assurances as to whether or when it may be completed. For more information, see Note 18 to unaudited condensed consolidated interim financial statements filed as Exhibit 99.1 to this Report on Form 6-K.

On June 1, 2021, we entered into a settlement agreement with Osteoplastics, LLC in connection with the patent infringement lawsuit filed by Osteoplastics, LLC on March 20, 2020, as described on page 6 of our Annual Report on Form 20-F for the year ended December 31, 2020. Pursuant to the settlement agreement, we agreed to file documents seeking to withdraw or terminate all petitions for review (the "IPR Procedure") of seven asserted patents owned by Osteoplastics, LLC with the Patent Trial and Appeal Board of the United States Patent and Trademark Office (the "PTAB"). On June 3, 2021, we filed a Motion to Dismiss with the PTAB regarding the IPR Procedure, and in a decision dated June 4, 2020, the PTAB granted our Motion to Dismiss.

Key Income Statement Items

Revenue

Revenue is generated primarily by the sale of our software and 3D printed and complex manufactured products and services.

In our Materialise Software segment, we generate revenues from software licenses, maintenance contracts and custom software development services and sales of Materialise Controller.

In our Materialise Medical segment, we generate revenue through the sale of medical devices that we print or manufacture for our customers and from the sale of licenses on our medical software packages, software maintenance contracts and custom software development and engineering services.

In our Materialise Manufacturing segment, we generate most of our revenue through the sale of parts that we print or produce for our customers.

Software. Software revenue is comprised of perpetual and time-based licenses, maintenance revenue and software development service fees. Our software products are mainly licensed pursuant to one of two payment structures: (i) perpetual licenses, for which the customer pays an initial fee for a perpetual license and subsequently pays fees for maintenance under separate maintenance contracts, generally on an annual basis, or (ii) time-based licenses (generally annual licenses), for which the customer pays equal periodic fees to keep the license active. Perpetual licenses require the payment of fees for maintenance, technical support and product updates. Time-based licenses entitle the customer to corrective maintenance and product updates without additional charge. We generally recognize revenue from our time-based licenses and our maintenance revenue ratably on a straight-line basis over the term of the applicable license or maintenance contracts. Our software revenue depends upon both incremental sales of software licenses to both new and existing customers and renewals of existing time-based licenses and maintenance contracts. Sales and renewals are also driven by our customers' usage and budget cycle. Software development services are typically charged either on a time and materials basis or on a fixed fee basis.

3D printed products and services. 3D printed products revenue is derived from our network of 3D printing service centers. Our service centers not only utilize our 3D printing technology to print products but are also full-service operations that provide support and services such as pre-production collaboration prior to printing the product. Revenue from 3D printed products depends upon the volume of products that we print for our customers. Sales of these products are linked to the number of our 3D printing machines that are installed and active worldwide. We have dedicated teams and production lines for industrial applications and medical applications. All medical products require a highly regulated production environment. Whereas both segments use the same 3D printing technologies, the complex combination of our engineering and software solutions in connection with medical applications results in higher margins for our medical applications.

Production of limited runs of highly complex casted metal parts. Casted products revenue is derived from ACTech's network, with its production unit in Freiberg, Germany. ACTech is utilizing casting technology, including 3D printing technology for mold making, and offers full-service project operations, including project and pre-production collaboration, and high-end complex finishing services.

Cost of Sales

Our cost of sales includes raw materials, external subcontracting services, labor costs, manufacturing overhead expenses, amortization and depreciation and reserves for inventory obsolescence. Our manufacturing overhead expenses include quality assurance, manufacturing engineering, material procurement, inventory control, facilities, equipment and information technology and operations supervision and management.

Research and Development ("R&D") Expenses

Our research and development activities primarily consist of engineering and research programs associated with our products under development as well as research and development activities associated with our core technologies and processes. Research and development expenses are primarily related to employee compensation, including salary, fringe benefits, share-based compensation and temporary employee expenses. We also incur expenses for software and materials, supplies, costs for facilities and equipment, depreciation, and outside design and outside research support.

Development expenditures on an individual project are recognized as an intangible asset when we can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- the intention to complete and the ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

We have determined that the conditions for recognizing internally generated intangible assets from proprietary software, guides and other product development activities are not met until shortly before the products are available for sale, unless either (i) we have strong evidence that the above criteria are met and a detailed business plan is available showing the asset will on a reasonable basis generate future economic benefits or (ii) the development is done based upon specific request of the customer, we have the intention to market the product to parties other than the customer, the development is subject to an agreement and the substance of the agreement is that the customer reimburses us for a significant portion of the development expenses incurred. As such, development expenditures not satisfying the above criteria and expenditures on the research phase of internal projects are recognized in the consolidated income statement as incurred.

Sales and Marketing Expenses

Our sales and marketing expenses primarily consist of employee compensation, including salary, fringe benefits and share-based compensation for our marketing, sales and business development functions. Other significant expenses include travel, depreciation, product demonstration samples, brochures, websites and trade show expenses.

General and Administrative Expenses

Our general and administrative expenses primarily consist of employee compensation, including salary, fringe benefits and share-based compensation for our executive, financial, human resources, information technology support and regulatory affairs and administrative functions. Other significant expenses include outside legal counsel, independent auditors and other outside consultants, insurance, facilities, depreciation and information technologies expenses.

Net Other Operating Income

Net other operating income consists primarily of withholding tax exemptions for qualifying researchers, development and government grants, partial funding of research and development projects, currency exchange results on purchase and sales transactions the amortization of intangible assets from business combinations, write-off of trade receivables, impairment of goodwill and intangible assets, and revaluation income or costs from participations.

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to development costs or another expense, it is recognized as income over the grant period necessary to match the income on a systematic basis to the costs that it is intended to compensate. When the grant relates to the construction of buildings, it is recognized as income over the depreciation period of the related building.

Such grants have been received from the federal and regional governments and from the European Union in the forms of grants linked to certain of its research and development programs, reduced payroll taxes and the financing of the construction of an office building in Leuven, Belgium and in Freiberg, Germany.

Where retention of a government grant is related to assets or to income and dependent on the Company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to other operating income in the consolidated income statement on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Financial Expenses

Our financial expenses primarily include costs associated with currency exchange differences, interest payments on our debt and fair value remeasurements of financial instruments measured at fair value through profit and loss.

Critical Accounting Policies and Accounting Estimates

For information regarding our critical accounting policies and accounting estimates, please see lease see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Critical Accounting Policies and Accounting Estimates" and "—Recent Accounting Pronouncements" of the 2020 Form 20-F.

Other Financial Information

We believe EBITDA and Adjusted EBITDA are meaningful measures to our investors to enhance their understanding of our financial performance. Although EBITDA and Adjusted EBITDA are not necessarily a measure of our ability to fund our cash needs, we understand that it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report EBITDA or Adjusted EBITDA. Management believes these non-IFRS measures to be important measures as they exclude the effects of items which primarily reflect the impact of long-term investment and financing decisions, rather than the performance of our day-to-day operations. As compared to net profit, these measures are limited in that they do not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business, or the charges associated with impairments. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. We believe that these measurements are useful to measure a company's ability to grow or as a valuation measurement. Our calculation of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

We calculate EBITDA as net profit (loss) plus income taxes, financial expenses (less financial income), depreciation and amortization, and share in loss of joint venture. We calculate Adjusted EBITDA by adding share-based compensation expenses, acquisition-related expenses of business combinations, impairments and revaluation of fair value due to business combinations to EBITDA. With respect to segment EBITDA and segment adjusted EBITDA, the same calculation methodology is applied.

Disclosure in this Report on Form 6-K of EBITDA and Adjusted EBITDA, which are non-IFRS financial measures, is intended as a supplemental measure of our performance that is not required by, or presented in accordance with, International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board. EBITDA and Adjusted EBITDA should not be considered as alternatives to net profit or any other performance measure derived in accordance with IFRS. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by unusual or non-recurring items.

Reconciliation of Net Loss to EBITDA (unaudited) and Adjusted EBITDA (unaudited) on a Consolidated Basis

in 000€	For the three months ended March 31, 2021	2020
Net profit (loss) for the period	**(3,667)**	**(2,899)**
Income tax benefit / (expense)	(155)	457
Financial expenses	4,701	1,820
Financial income	(589)	(500)
Depreciation and amortization	5,081	4,760
Share in loss of joint venture (after tax)	—	39
EBITDA	**5,371**	**3,677**
Share-based compensation expense (1)	(415)	(75)
Acquisition-related expenses business combinations (2)	385	—
Adjusted EBITDA	**5,341**	**3,603**

(1) Share-based compensation expenses represent the cost of equity-settled and cash-settled share-based payments to employees.

(2) Acquisition-related expenses of business combinations represent expenses incurred in connection with the acquisition of our option to buy Link3D.

Results of Operations

Comparison of Three Month Periods Ended March 31, 2021 and 2020 (Unaudited)
in 000€

	March 31, 2021	March 31, 2020	Change
Revenue	**45,554**	**46,245**	**-1.5%**
Cost of sales	-20,986	-21,660	-3.1%
Gross profit	**24,568**	**24,585**	**-0.1%**
Research and development expenses	-6,536	-6,527	0.1%
Sales and marketing expenses	-11,310	-12,627	-10.4%
General and administrative expenses	-7,552	-7,197	4.9%
Net other operating income	1,120	683	-99.8%
Operating profit	**290**	**-1,084**	
Financial expenses	-4,701	-1,820	158.3%
Financial income	589	500	17.8%
Share in loss of joint venture, after tax	—	-39	
Profit (loss) before taxes	**-3,822**	**-2,443**	**56.4%**
Income tax benefit / (expense)	155	-457	-133.9%
Net profit (loss) for the period	-3,667	-2,899	26.5%

Comparison of Three Month Periods Ended March 31, 2021 and 2020 by Segment (Unaudited)
in 000€

	Materialise Software	Materialise Medical	Materialise Manufacturing	Total segments	Unallocated (1)(2)	Consolidated
For the three month period ended March 31, 2021						
Revenues	10,219	16,231	19,114	45,564	(11)	45,553
Segment Adjusted EBITDA	3,429	4,541	(144)	7,826	(2,486)	5,341
Segment Adjusted EBITDA %	33.6%	28.0%	-0.8%	17.2%	—	11.7%
For the three month period ended March 31, 2020						
Revenues	9,821	15,645	20,815	46,281	(36)	46,245
Segment Adjusted EBITDA	2,645	2,455	1,118	6,218	(2,615)	3,603
Segment Adjusted EBITDA %	26.9%	15.7%	5.4%	13.4%	—	7.8%

(1) Unallocated Revenues consist of occasional one-off sales by our core competencies not allocated to any of our segments.
(2) Unallocated Segment EBITDA consists of corporate research and development, corporate headquarter costs and other operating income (expense), and the added share-based compensation expenses and acquisition related expenses of business combinations that are included in Adjusted EBITDA.

COVID-19 impact on results. During the first quarter of 2021, the global economy continued to be significantly impacted by the novel coronavirus (COVID-19) pandemic, and our consolidated results of operations also continued to be adversely impacted, particularly the results of our Materialise Manufacturing segment. In comparison, the pandemic had only a limited impact on our results for the first quarter of 2020, as a result of many of the initial quarantine and containment measures and restrictions that were implemented in response to COVID-19 having begun in March of that year.

Revenue. Revenue was €45.6 million in the three months ended March 31, 2021 compared to €46.2 million in the three months ended March 31, 2020, a decrease of €0.7 million, or 1.5%.

Revenue by geographical area is presented as follows: (unaudited)

	For the three month period ended March 31,	
in 000€	2021	2020
United States of America	13,497	11,881
Americas other than USA	980	1,517
Belgium	1,718	2,421
Germany	5,390	8,308
France	4,445	4,795
Switzerland	3,407	3,225
United Kingdom	2,358	3,417
Italy	3,237	1,747
Netherlands	1,582	1,998
Other Europe	4,116	2,519
Asia Pacific	4,824	4,416
Total	**45,554**	**46,244**

Revenue generated in Europe represented 57.6% of total revenue in the three months ended March 31, 2021, compared to 61.5% in the three months ended March 31, 2020. Revenue generated throughout the Americas represented 29.6% of total revenue in the three months ended March 31, 2021, compared to 25.7% in the comparative period 2020. Revenue generated in Asia Pacific represented 10.6% of total revenue in the three months ended March 31, 2021, compared to 9.5% in the three months ended March 31, 2020.

The relative weighting of our revenues generated from the Americas and to a lesser extent from the Asia-Pacific region increased compared to our revenues from Europe & Africa. In general, economic market conditions improved in the Americas and Asia-Pacific region, while the European region's economic activity remained at a lower level. In particular, the increase in revenues from the Americas region was mainly due to the increase of revenue from medical services and devices.

Revenue from our Materialise Software segment increased 4.1% to €10.2 million for the first quarter of 2021 compared to €9.8 million for the same period in 2020, representing an increase of €0.4 million. Recurrent revenue, consisting of limited license fees and maintenance fees, decreased 6.3% from same period in 2020. Non-recurrent revenue, mainly consisting of perpetual fees, increased 20%, driven by new perpetual licenses fees. Deferred revenue from license and maintenance fees grew an additional €0.5 million.

Revenue from our Materialise Medical segment increased 3.7% to €16.2 million for the first quarter of 2021 compared to €15.6 million for the same period in 2020, representing an increase of €0.6 million. Revenue from medical device solutions increased 3.2%, with growth from both partner and direct sales. Revenue from medical software sales grew 4.9% and accounted for 32% of the segment's revenue. Recurrent revenues from annual and renewed licenses and maintenance fees represented 87% of total medical software revenues in the three months ended March 31, 2021, compared to 75% in the three months ended March 31, 2020.

Revenue from our Materialise Manufacturing segment was €19.1 million for the first quarter of 2021, a decrease of 8.2% compared to €20.8 million for the first quarter of 2020. The first quarter of 2021 included the fully consolidated results of RS Print, which contributed €1.3 million. This segment's revenue has reported sequential, quarterly growth since the third quarter of 2020 and we saw increased order intake during the first quarter of 2021 from the automotive and industrial sector in general, and in our ACTech and fixtures business lines in particular. Despite these positive trends, revenues decreased relative to the segment's first quarter 2020 pre-pandemic levels.

For the first quarter of 2021, Materialise Software accounted for 22% of our total revenue, Materialise Medical for 36% and Materialise Manufacturing for 42%.

Cost of sales. Cost of sales was €21.0 million in the three months ended March 31, 2021, compared to €21.7 million in the three months ended March 31, 2020, a decrease of €0.7 million, or 3.1%. This decrease in cost of sales resulted from our decreased revenue and from improved productivity, mainly in our Materialise Medical segment.

Gross profit. Gross profit was €24.6 million in the three months ended March 31, 2021, compared to €24.6 million in the prior year period. Gross profit margin (gross profit divided by our revenue) grew to 53.9% from 53.2%. This margin improvement was due to both the increased revenue and improved productivity of our Materialise Medical segment, which more than offset the negative impact of our Material Manufacturing segment, where the cost of unused capacity weighed on the margin.

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 decreased, in the aggregate, €1.0 million, or 3.6%, to €25.4 million in the three months ended March 31, 2021 from €26.4 million in the three months ended March 31, 2020. This decrease was mainly attributable to a decrease in S&M expenses of €1.3 million, or 10.4%. G&A expenditures increased by 4.9% and included €1.1 million of the roll-out of our ongoing internal digital transformation project, which will include a new e-commerce portal and new customer relationship management (or CRM) and enterprise resource planning (or ERP) systems. R&D expenses amounted to €6.5 million at the same level as the 2020 first quarter, consistent with our stated strategy.

Net other operating income/(expenses). Net other operating income was €1.1 million for the first quarter of 2021 compared to €0.7 million for the first quarter of 2020. This quarter's result included income from R&D related tax credits and exemptions and development and government grants of €1.3 million in total, and amortization of intangible assets from business combinations of €0.4 million. The increase primarily reflected an improvement of €0.3 million of our provision for doubtful receivables to €0.0 million the first quarter of 2021, from €(0.3) million in the first quarter of 2020.

Net financial expense (financial expenses and financial income). The Net financial expense increased to €4.1 million in the three months ended March 31, 2021 from €1.3 million in the three months ended March 31, 2020. This quarter's result included a €3.2 million downward remeasurement of the fair value of our loan to Ditto Technologies Inc. Events and circumstances arose in the course of March and April 2021 that have caused Ditto to no longer meet the criteria to be able to draw under Ditto's credit facility with us, and that have created uncertainty about Ditto's ability to repay the previously extended loans and accrued interest. Management reflected these events and circumstances in the determination of the fair value of the convertible note receivables at March 31, 2021. Ditto is addressing this situation, but we currently have insufficient visibility on the nature and outcome of these initiatives. This fair value remeasurement does not impact our continuing belief in the technology platform that Ditto has built, and in the potential of the collaboration between Ditto and us.

Income tax benefit / (expense). The first quarter of 2021 contained income tax income of €0.2 million, compared to an income tax expense of €0.5 million in the first quarter of 2020.

Net loss for the period. As a result of the factors described above, the net loss for the quarter was €3.7 million for the three months ended March 31, 2021, compared to a net loss of €2.9 million for the comparable 2020 period.

Adjusted EBITDA. Adjusted EBITDA increased 48.2% to €5.3 million for the three months ended March 31, 2021 from €3.6 million for the three months ended March 31, 2020. The Adjusted EBITDA margin (Adjusted EBITDA divided by total revenue) for the first quarter of 2021 increased to 11.7% from 7.8% for the first quarter of 2020. This increase was due to reduced variable costs and improved productivity, as well as the many cost-saving initiatives we implemented in the course of 2020. We achieved these increases, notwithstanding our significant R&D expenses and our continued investment in our internal digital transformation program.

Our Materialise Software segment EBITDA increased 30% to €3.4 million in the three months ended March 31, 2021 compared to €2.6 million in the three months ended March 31, 2020. The increase was due to 4% revenue growth and cost containment measures resulting in a 10% decrease in S&M and G&A expenses, which were offset by an 13% increase in R&D expenses. The segment EBITDA margin (segment EBITDA divided by segment revenue) was 33.6% during the first quarter of 2021 compared to 26.9% the first quarter of 2020.

Our Materialise Medical segment EBITDA increased 85% to €4.5 million in the three months ended March 31, 2021 from €2.5 million in the three months ended March 31, 2020. The segment EBITDA margin increased to 28% from 16%, as a result of continued revenue growth, productivity improvements and lower operating expenses. We achieved these increases while continuing our investments in our R&D programs.

Our Materialise Manufacturing segment EBITDA was €(0.1) million in the three months ended March 31, 2021, compared to €1.1 million for the comparable period of 2020. Despite the positive impacts of lower variable costs and continued labor cost reduction efforts during the quarter, the gross profit of the segment was significantly negatively affected by the fixed costs of unused capacity.

Reconciliation of Net Loss to Segment EBITDA (Unaudited)

in 000€	For the three months ended March 31, 2021	2020
Net profit (loss) for the period	**(3,667)**	**(2,899)**
Income tax benefit / (expense)	(155)	457
Financial expenses	4,701	1,820
Financial income	(589)	(500)
Share in loss of joint venture after tax	—	39
Operating profit	**290**	**(1,083)**
Depreciation and amortization	5,081	4,760
Corporate research and development	692	747
Corporate headquarter costs	2,618	2,368
Net other operating (income) expense	(855)	(575)
Segment EBITDA	**7,826**	**6,218**

B. Liquidity and Capital Resources

Prior to our initial public offering, we historically funded our operations principally from cash generated from operations and borrowings. On June 30, 2014, we completed our initial public offering of 8,000,000 American depositary shares (ADSs) at a public offering price of $12.00 per ADS, and received net proceeds of approximately $88.3 million. On July 19, 2018, we completed a private placement of 1,953,125 newly issued ordinary shares to BASF Antwerpen for gross proceeds of approximately $25 million. On July 27, 2018, we sold 3,450,000 ADSs in our follow-on public offering at a public offering price of $13.00 per ADS, and received net proceeds of approximately $40.2 million. As we continue to grow our business, we envision funding our operations through multiple sources, including the remaining proceeds from our initial public offering, our private placement to BASF Antwerpen and our follow-on offering, and future earnings and cash flow from operations and borrowings. We may also seek to raise additional capital from offerings of our equity or debt securities on an opportunistic basis when we believe there are suitable opportunities for doing so.

We expect our main uses of cash in the future will be funding our business operations, capital expenditures and loan reimbursements, acquisitions and partnerships. We believe that we will have sufficient liquidity to satisfy the operating requirements of our business through the next 12 months.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of the 2020 Form 20-F titled “Item 3. Key Information—D. Risk Factors,” some of which are outside of our control. Macro-economic conditions, including the impact of the COVID-19 pandemic on the global economy, could hinder our business plans, which could, in turn, adversely affect our financing strategy.

Cash Flows

The table below summarizes our cash flows from operating activities, investing activities and financing activities for the three-month periods ended March 31, 2021 and 2020.

	For the three month period ended March 31,	
	2021	**2020**
	(unaudited)	
In 000€		
Net cash flow from operating activities	4,231	7,237
Net cash flow used in investing activities	(2,949)	(3,275)
Net cash flow used in financing activities	(5,384)	(4,381)
Net increase/(decrease) of cash and cash equivalents	**(4,102)**	**(383)**

Comparison of Three Months Ended March 31, 2021 and 2020

Cash flow from operating activities for the first quarter of 2021 was €4.2 million compared to €7.3 million for the same period in 2020. During the first quarter of 2021, our operating cash flow consisted of consolidated EBITDA of €5.1 million, while our working capital decreased €0.9 million as result of increased investment. During the first quarter of 2020, consolidated EBITDA was €3.4 million, and our working capital increased €3.9 million.

Cash flow used in investing activities for the first quarter of 2021 was €2.9 million, compared to €3.3 million for the same period in 2020. Total capital expenditures for the first quarter of 2021 amounted to €2.0 million, and were not financed. In the first quarter of 2020, total capital expenditures were €3.0 million. The decrease was primarily due to a €1.3 million decrease in capital expenditures relating to property, plant and equipment. Total loans granted during the first quarter of 2021 amounted to €1.1 million, primarily related to our collaborations with Ditto and Link3D. Proceeds from sales of assets during the first quarter of 2021 were €0.2 million.

Net cash flow used for financing activities was €5.4 million in the three months ended March 31, 2021 compared to €4.4 million in the three months ended March 31, 2020. During the first quarter of 2021, cash flow used in financing activities consisted of loans and leases reimbursements of €5.0 million, and net interest expenses of €0.4 million.

Investments in Property, Plant and Equipment and Intangible Assets

The table below describes our investments in property, plant and equipment and intangible assets for the three months ended March 31, 2021:

in 000€	**For the three month period ended March 31, 2021 (unaudited)**
Purchase of property, plant and equipment	(1,242)
Purchase of intangible assets	(768)
Total	**(2,010)**

Indebtedness

At March 31, 2021, we had cash and cash equivalents of €107.6 million compared to €111.6 million at December 31, 2020. Gross borrowing and lease debt amounted to €110.5 million at March 31, 2021, compared to €115.1 million at December 31, 2020. As a result, our net debt position (gross debt less cash and cash equivalents) was €(3.0) million at March 31, 2021, an improvement of €0.6 million compared to December 31, 2020. At March 31, 2021, €19.2 million of our loan and lease debt was classified as a current liability.

The following table sets forth our principal indebtedness as of March 31, 2021 (unaudited):

in 000€	**As of March 31 2021**
K€35,000 EIB bank loan	34,167
K€28,000 acquisition bank loan	17,869
K€18,000 secured bank loans	16,908
K€12,300 bank loans ACTech	9,893
K€9,050 other facility loans	2,512
Bank investment loans - top 20 outstanding	16,289
Bank investment loans - other	2,487
Lease liabilities	10,017
Institutional loan	235
Related party loan	150
Total loans and borrowings	**110,527**
Current	19,169
Non-Current	91,358

For a description of the terms of certain of our existing principal indebtedness, please see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Indebtedness” of the 2020 Form 20-F.

Material Unused Sources of Liquidity

At March 31, 2021, we had cash and cash equivalents of €107.6 million. We had no undrawn lines of credit at March 31, 2021.

Transfers from Subsidiaries

The amount of dividends payable by our subsidiaries to us is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. For example, China has very specific approval regulations for all capital transfers to or from the country, certain capital transfers to and from Ukraine are subject to obtaining a specific permit and current legislation in Brazil permits the Brazilian government to impose temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance in Brazil’s balance of payments. Dividends paid to us by certain of our subsidiaries may also be subject to withholding taxes in certain jurisdictions. Of our cash and cash equivalents held outside of Belgium as of March 31, 2021, the amount of cash that would have been subject to withholding taxes if transferred to us by way of dividends and the amount of cash that could not have been transferred by law, or the transfer of which would have been subject to prior approval that was beyond our control, was in each case immaterial.

C. Research and Development, Patents and Licenses

For both the three months ended March 31, 2021 and 2020, our research and development expenses amounted €6.5 million, and were 14.3% and 14.1% of our revenue, respectively. For more information regarding our research and development program, see “Item 4. Information on the Company—B. Business Overview—Research and Development” of the 2020 Form 20-F.

D. Trend Information

The COVID-19 pandemic has continued to impact our financial performance for the three months ended March 31, 2021. However, the pandemic’s continued trajectory remains highly uncertain and we cannot predict the duration and severity of the pandemic and its containment measures.

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 remaining three quarters of 2021 and beyond. In these scenarios, we take the general view, but without any certainty as we are reviewing the situation constantly, that our business will continue to be impacted during the remainder of 2021, and our revenue may gradually grow sequentially, as the COVID-19 crisis subsides. However, in the current situation, in view of the many uncertainties of this unprecedented crisis, we find it hard to gain any visibility beyond the second quarter of 2021.

In our Materialise Software segment, we believe that an important part of the software sales of this segment remain, 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, including the macro-economic market circumstances of the automotive and aerospace industries in particular, is expected to continue weighing negatively on 3D printing system sales and thus also on our software sales.

In our Materialise Medical segment, we design, produce and sell 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 and response to the pandemic. As a result, these revenues (and at least the timing thereof) remain uncertain, which may result in a limitation of sales of this segment, definitely in the second quarter of 2021, and possibly in the next quarters as well, depending on when the vaccination of the population in the countries we operate, will have relieved the hospitals.

Our Materialise Manufacturing segment 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. We now expect a slow recovery as from the second quarter of 2021, to the extent that the COVID-19 pandemic subsides and industrial sectors are faring better.

Although we were not impacted during the first quarter of 2021 by an increase of bad debt, or major delays in trade payments, we cannot exclude that some of our customers may experience liquidity problems due to the protracted pandemic, 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 negative effects of this crisis on our revenues in the first quarter of 2021. In these analyses, we considered a continued negative impact in the second quarter of 2021, 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 financial covenants of our credit facilities will not be violated in 2021. 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.

Notwithstanding our current assessment of the potential impact of the COVID-19 pandemic on our business, financial condition and results of operations, we cannot predict with certainty the impacts, trends and uncertainties involving the pandemic's effects on economic activity, the 3D printing software and services markets, our sales, the availability and price of our products, and the extent to which our business may be materially and adversely affected. For more information regarding the risks of the COVID-19 pandemic, see "Item 3. Key Information—D. Risk Factors—Risks Relating to our Business" in our 2020 Form 20-F. In addition, see "G. Safe Harbor" of this Report on Form 6-K.

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. Tabular Disclosure of Contractual Obligations

Our contractual obligations and commitments as of December 31, 2020 are summarized in the 2020 Form 20-F. For more information, please see "Item 5. Operating and Financial Review and Prospects—F. Tabular Disclosure of Contractual Obligations" of the 2020 Form 20-F.

There were no material changes in the nature of our contractual obligations and commitments between December 31, 2020 and March 31, 2021.

In addition, in relation to our property, plant and equipment, we had no committed expenditures as of March 31, 2021.

G. Safe Harbor

This Report on Form 6-K includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, concerning our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements that are not of historical facts may be deemed to be forward-looking statements. You can identify these forward-looking statements by words such as "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "aims," or other similar expressions that convey uncertainty of future events or outcomes. Forward-looking statements appear in a number of places throughout this Report on Form 6-K and include statements regarding our intentions, beliefs, assumptions, projections, outlook, analyses or current expectations concerning, among other things, our intellectual property position, research and development projects, acquisitions, results of operations, cash needs, spending of the remaining net proceeds from our initial public offering, capital expenditures, financial condition, liquidity, prospects, growth and strategies, regulatory approvals and clearances, the markets and industry in which we operate and the trends and competition that may affect the markets, industry or us. In particular, under "D. Trend Information" of this Report on Form 6-K, we discuss, based on our current assessment of COVID-19 pandemic, how our business, results of operations, and financial condition could be impacted during the remainder of the year 2021 and beyond.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics and industry change, and depend on economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Report on Form 6-K, we caution you that forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations.

Actual results could differ materially from our forward-looking statements due to a number of factors, including, without limitation, risks related to:

- our ability to enhance and adapt our software, products and services to meet changing technology and customer needs;
- fluctuations in our revenue and results of operations;
- impacts on our business, financial condition and results of operations from the current global health crisis related to the COVID-19 pandemic;
- our ability to operate in a highly competitive and rapidly changing industry;
- our ability to adequately increase demand for our products and services;
- our collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third parties;
- our ability to integrate acquired businesses or technologies effectively;
- our dependence upon sales to certain industries;
- our relationships with suppliers;
- our ability to attract and retain senior management and other key employees;
- any disruptions to our service center operations, including by accidents, natural disasters or otherwise;
- our ability to raise additional capital on attractive terms, or at all, if needed to meet our growth strategy;
- our ability to adequately protect our intellectual property and proprietary technology;
- our international operations;
- our ability to comply with applicable governmental laws and regulations to which our products, services and operations are subject; and
- other risk factors as set forth under “Item 3. Key Information—D. Risk Factors” in the 2020 Form 20-F.

Any forward-looking statements that we make in this Report on Form 6-K speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this Report on Form 6-K or to reflect the occurrence of unanticipated events. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this Report on Form 6-K.

You should also read carefully the factors described in “Item 3. Key Information—D. Risk Factors” in the 2020 Form 20-F and elsewhere in the 2020 Form 20-F to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Report on Form 6-K will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all.

EXHIBIT INDEX

Exhibit	Description
99.1	Unaudited Condensed Consolidated Interim Financial Statements of Materialise NV for the three month period ended March 31, 2021 and 2020

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MATERIALISE NV

By: /s/ Wilfried Vancraen
Name: Wilfried Vancraen
Title: Chief Executive Officer

Date: June 9, 2021

Exhibit 99.1

INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Financial Statements as of and for the three months ended March 31, 2021 and 2020

Condensed consolidated income statements (unaudited)

in 000€, except per share data	Notes	For the three month period ended March 31, 2021	2020
Revenue	14.1	45,554	46,245
Cost of sales		(20,986)	(21,660)
Gross profit		**24,568**	**24,585**
Research and development expenses		(6,536)	(6,527)
Sales and marketing expenses		(11,310)	(12,627)
General and administrative expenses		(7,552)	(7,197)
Net other operating income	14.3	1,120	683
Operating profit (loss)		**290**	**(1,084)**
Financial expenses		(4,701)	(1,820)
Financial income		589	500
Share in loss of joint venture, after tax		—	(39)
Profit (loss) before taxes		**(3,822)**	**(2,443)**
Income tax benefit / (expense)		155	(457)
Net profit (loss) for the period		**(3,667)**	**(2,899)**
Net profit (loss) attributable to:			
The owners of the parent		(3,667)	(2,841)
Non-controlling interest		—	(58)
Earnings per share attributable to the owners of the parent			
Basic	15	(0.07)	(0.05)
Diluted	15	(0.07)	(0.05)

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statements of comprehensive income (unaudited)

in 000€	For the three month period ended March 31, 2021	2020
Net profit (loss) for the period	**(3,667)**	**(2,899)**
Other comprehensive income (loss)		
Recycling		
Exchange differences on translation of foreign operations	**492**	**(4,157)**
Other comprehensive income (loss), net of taxes	**492**	**(4,157)**
Total comprehensive income (loss) for the period, net of taxes	**(3,175)**	**(7,056)**
Total comprehensive income (loss) attributable to:		
The owners of the parent	(3,175)	(6,353)
Non-controlling interest	—	(703)

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statements of financial position (unaudited)

in 000€	Notes	As of March 31, 2021	As of December 31, 2020
Assets			
Non-current assets			
Goodwill		20,572	20,342
Intangible assets	4	32,457	32,981
Property, plant & equipment	5	86,435	88,267
Right-of-use assets	5	10,436	10,996
Deferred tax assets		264	201
Investments in convertible loans	12	3,372	6,203
Investments in non-listed equity instruments	12	3,842	3,842
Other non-current assets		4,552	4,093
Total non-current assets		**161,930**	**166,925**
Current assets			
Inventories and contracts in progress		10,292	10,043
Trade receivables		31,899	30,871
Other current assets		8,472	8,290
Cash and cash equivalents	6	107,568	111,538
Total current assets		**158,231**	**160,742**
Total assets		**320,162**	**327,667**

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

in 000€	Notes	As of March 31, 2021	As of December 31, 2020
Equity and liabilities			
Equity			
Share capital		4,096	4,096
Share premium		141,306	141,274
Retained Earnings		(11,062)	(7,395)
Other reserves		(4,379)	(4,871)
Equity attributable to the owners of the parent	**7**	**129,961**	**133,104**
Total equity	**7**	**129,961**	**133,104**
Non-current liabilities			
Loans & borrowings	9	84,669	90,502
Lease liabilities	9	6,689	7,086
Deferred tax liabilities		6,450	6,805
Deferred income	10	4,948	5,327
Other non-current liabilities		604	398
Total non-current liabilities		**103,360**	**110,118**
Current liabilities			
Loans & borrowings	9	15,841	13,984
Lease liabilities	9	3,328	3,539
Trade payables		19,024	17,698
Tax payables		977	974
Deferred income	10	32,692	29,555
Other current liabilities	11	14,979	18,695
Total current liabilities		**86,841**	**84,445**
Total equity and liabilities		**320,162**	**327,667**

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statements of changes in equity (unaudited)

		Attributable to the owners of the parent						
in 000€	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
At January 1, 2021		**4,096**	**141,274**	**(7,395)**	**(4,871)**	**133,104**	**—**	**133,104**
Net loss for the period		—	—	(3,667)	—	(3,667)	—	(3,667)
Other comprehensive income / (loss)		—	—	—	492	492	—	492
Total comprehensive income (loss)		**—**	**—**	**(3,667)**	**492**	**(3,175)**	**—**	**(3,175)**
Equity-settled share-based payment expense	8	—	32	—	—	32	—	32
At March 31, 2021		**4,096**	**141,306**	**(11,062)**	**(4,379)**	**129,961**	**—**	**129,961**

		Attributable to the owners of the parent						
in 000€	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
At January 1, 2020 as reported		**3,066**	**138,090**	**(211)**	**(1,378)**	**139,567**	**3,107**	**142,675**
Restatement 2019 - Engimplan PPA*	2	—	—	(61)	—	(61)	169	107
At January 1, 2020 Restated*		**3,066**	**138,090**	**(272)**	**(1,378)**	**139,506**	**3,276**	**142,782**
Net loss for the period		—	—	(2,841)	—	(2,841)	(58)	(2,899)
Other comprehensive income / (loss)		—	—	—	(3,512)	(3,512)	(645)	(4,157)
Total comprehensive income (loss)		**—**	**—**	**(2,841)**	**(3,512)**	**(6,353)**	**(703)**	**(7,056)**
At March 31, 2020		**3,066**	**138,090**	**(3,113)**	**(4,889)**	**133,153**	**2,573**	**135,726**

* The year 2019 has been restated to reflect the completion in 2020 of the accounting for the business combination with Engimplan. See additional information on this restatement in Note 2.

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statements (unaudited)

in 000€	Notes	For the three month period ended March 31, 2021	2020
Operating activities			
Net profit (loss) for the period		(3,667)	(2,899)
Non-cash and operational adjustments			
Depreciation of property, plant & equipment	5	3,803	3,646
Amortization of intangible assets	4	1,277	1,115
Share-based payment expense	8	(415)	(75)
Loss (gain) on disposal of property, plant & equipment	5	(32)	108
Movement in provisions		—	(3)
Movement in reserve for bad debt and slow moving inventory		(2)	241
Financial income		(589)	(500)
Financial expense		4,701	1,821
Impact of foreign currencies		18	2
Share in loss of joint venture (equity method)		—	39
Income taxes and deferred taxes		(156)	457
Working capital adjustment and income tax paid			
Decrease (increase) in trade receivables and other receivables		(931)	1,581
Decrease (increase) in inventories and contracts in progress		(329)	(4)
Increase in trade payables and other payables		400	2,300
Income tax paid		—	(589)
Interest received		153	33
Net cash flow from operating activities		**4,231**	**7,273**

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim cash flow statements (unaudited)

in 000€	Notes	For the three month period ended March 31, 2021	2020
Investing activities			
Purchase of property, plant & equipment	5	(1,242)	(2,567)
Purchase of intangible assets	4	(768)	(478)
Proceeds from the sale of property, plant, equipment and intangibles (net)	5	183	70
(Convertible) loan granted		(1,122)	(300)
Net cash flow used in investing activities		**(2,949)**	**(3,275)**
Financing activities			
Repayment of loans & borrowings	9	(3,918)	(2,585)
Repayment of leases	9	(1,066)	(1,024)
Interest paid		(536)	(634)
Other financial income (expense), net		136	(138)
Net cash flow used in financing activities		**(5,384)**	**(4,381)**
Net increase/(decrease) of cash and cash equivalents		(4,102)	(383)
Cash and cash equivalents at beginning of the period	6	111,538	128,897
Exchange rate differences on cash and cash equivalents		132	(1,379)
Cash and cash equivalents at end of the period	6	107,568	127,135

Notes 1-19 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1 Corporate information

Materialise NV is a limited liability company with its registered office at Technologielaan 15, 3001 Leuven, Belgium. These condensed consolidated interim financial statements comprise Materialise NV (the "Company" or "Parent") and its subsidiaries (collectively, the "Group"). See Note 19 for a list of subsidiaries of the Company.

The Group is a leading provider of additive manufacturing (AM) software and of sophisticated 3D printing services. The products and services of the Group are organized in the three segments: Materialise Medical, Materialise Software and Materialise Manufacturing. The Group sells its products in Europe, the Americas, Africa and Asia-Pacific.

The condensed consolidated interim financial statements as of March 31, 2021 were approved and authorized for issue on June 4, 2021 in accordance with a resolution of the Parent's Board of Directors. The condensed consolidated interim financial statements should be read together with the consolidated financial statements of the Group as of and for the year ended December 31, 2020 which were approved and authorized for issue on April 28, 2021 in accordance with a resolution of the Parent's Board of Directors.

2 Basis of preparation

The condensed consolidated interim financial statements of the Group for the three month period ended March 31, 2021 were prepared in accordance with IAS 34 "Interim financial reporting" as issued by the International Accounting Standards Board (IASB). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2020, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the IASB ("IFRS"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the assets and liabilities that have been acquired as part of a business combination, which have been initially recognized at fair value, and certain financial assets such as the non-listed equity instruments and the convertible loan receivables which are both included in the other non-current assets, the share appreciation rights, and the written put option of Rapidfit which are measured at fair value.

The condensed consolidated interim financial statements are prepared on a going concern basis.

The condensed consolidated interim financial statements have been prepared on the same basis as the most recent annual financial statements, unless otherwise stated.

The condensed consolidated interim financial statements are presented in thousands of euros (K€ or thousands of €) and all "currency" values are rounded to the nearest thousand (€000), except when otherwise indicated.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgment and estimates have been made in preparing the condensed consolidated interim financial statements and their effect are disclosed in Note 3

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the condensed consolidated interim financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR); these amendments had no impact on the condensed consolidated interim financial statements of the Group.

The Group has not early adopted any standards, interpretations or amendments that have been issued but that are not yet effective.

Restatements in the reporting year 2019

As set out in Note 2 to the Group's consolidated financial statements as of and for the year ended December 31, 2020, as of July 16th, 2020, we completed the fair value analysis of the Engimplan business combination, with corresponding adjustments to goodwill, property, plant and equipment and non-controlling interest as if the accounting for the business combination had been completed at the acquisition date. The impact has been accounted for as retrospective adjustments to our consolidated statement of financial position as of December 31, 2019 and our consolidated income statement for the year ended December 31, 2019.

3 Summary of significant accounting policies

Basis for consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Group and its subsidiaries.

No changes took place during the three month period ended March 31, 2021 in the consolidation scope of the Group. Nevertheless, on 9 November 2020, the Group acquired the remaining 50% of shares of RSPrint Powered by Materialise NV (“RSPrint”). Whereas the Group accounted for its interest in RSPrint under the equity method of accounting prior to November 9, 2020, the Group fully consolidates RSPrint as from that date.

Accounting policies

For information regarding our significant accounting policies, reference is made to Note 3 of the Group’s consolidated financial statements as of and for the year ended December 31, 2020.

Significant accounting judgements, estimates and assumptions

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group’s last annual consolidated financial statements for the year ended December 31, 2020.

4 Intangible assets

The changes in the carrying value of the intangible assets can be presented as follows for the three month period ended March 31, 2020 and March 31, 2021:

in 000€	Patents and licenses	Software	Acquired customers, technology	Developed technology and software under construction	Total
Acquisition value					
At January 1, 2020	**4,436**	**10,667**	**28,681**	**1,652**	**45,436**
Additions	67	15	—	396	478
Disposals	(19)	(8)	—	—	(27)
Currency translation	(1)	(46)	(833)	—	(880)
At March 31, 2020	**4,483**	**10,628**	**27,848**	**2,048**	**45,007**
At January 1, 2021	**4,662**	**11,494**	**35,484**	**4,658**	**56,298**
Additions	357	16	—	395	768
Disposals	(10)	—	—	—	(10)
Transfer between accounts	55	—	—	(54)	1
Currency translation	2	(8)	175	(2)	167
At March 31, 2021	**5,066**	**11,502**	**35,659**	**4,997**	**57,224**

in 000€	Patents and licenses	Software	Acquired customers, technology and backlogs	Developed technology and software under construction	Total
Amortization					
At January 1, 2020	**(2,798)**	**(7,740)**	**(7,503)**	**—**	**(18,041)**
Amortization charge for the period	(60)	(561)	(494)	—	(1,115)
Disposals	12	8	—	—	20
Currency translation	1	13	208	—	222
At March 31, 2020	**(2,845)**	**(8,280)**	**(7,789)**	**—**	**(18,914)**
At January 1, 2021	**(3,051)**	**(7,721)**	**(10,433)**	**(2,112)**	**(23,317)**
Amortization charge for the period	(93)	(480)	(679)	(26)	(1,278)
Disposals	5	—	—	—	5
Transfer between accounts	—	(41)	—	—	(41)
Currency translation	—	—	(136)	—	(136)
At March 31, 2021	**(3,139)**	**(8,242)**	**(11,248)**	**(2,138)**	**(24,767)**
Net carrying value					
At March 31, 2021	1,927	3,260	24,411	2,859	32,457
At March 31, 2020	1,638	2,348	20,059	2,048	26,093

Patent and licenses include only the directly attributable external costs incurred in registering the patent and obtaining the license. Software relates to purchased software for internal use only except for software development on certain application interfaces that were almost fully funded by a third party. The remaining amortization period is 1.7 years for the main software purchases and 5.5 years for the main patents and licenses.

The ‘Acquired customers and technology’ have been recognized as part of the acquisition of RS Print, Engimplan, ACTech, E-Prototypy, OrthoView, and Cenat (see Note 4). At March 31, 2021, the remaining amortization period for the acquired customers is 14.42 years for RS Print, 8.33 years for Engimplan, 16.50 years for ACTech, 3.50 years for OrthoView, fully amortized for E-Prototypy and 4.00 years for Cenat (March 31, 2020:9.33 for Engimplan, 17.50 for ACTech, 4.50 years for OrthoView and 5.00 years for Cenat). At March 31, 2021, the remaining amortization period for the acquired technology and contracts is 6.42 years for RS Print.

The Group did not capitalize any internal development costs in the three month period ended March 31, 2021.

The total amortization charge for Q1 2021 is K€1,278 (Q1 2020: K€1,115).

5 Property, plant & equipment

The changes in the carrying value of the property, plant & equipment can be presented as follows for the three month period ended March 31, 2020 and March 31, 2021:

in 000€	Land and buildings	Plant and equipment	Right-of-use assets	Construc-tion in progress	Total
Acquisition value					
At January 1, 2020	**42,893**	**89,078**	**21,646**	**4,414**	**158,031**
Additions	19	1,073	698	1,475	3,265
Disposals	—	(931)	(1,252)	—	(2,183)
Transfers	(85)	3,724	(3,155)	(569)	(85)
Currency translation	(600)	(1,496)	(267)	(28)	(2,391)
At March 31, 2020	**42,227**	**91,448**	**17,670**	**5,292**	**156,637**
At January 1, 2021	**42,417**	**94,420**	**20,147**	**8,639**	**165,623**
Additions	—	651	456	591	1,698
Disposals	—	(1,173)	(336)	(13)	(1,522)
Transfers	31	67	(60)	(38)	—
Currency translation	(66)	(87)	8	—	(145)
At March 31, 2021	**42,382**	**93,878**	**20,215**	**9,179**	**165,654**
Depreciation					
At January 1, 2020	**(6,839)**	**(38,540)**	**(11,060)**	**—**	**(56,439)**
Depreciation charge for the period	(299)	(2,525)	(822)	—	(3,646)
Disposals	—	715	1,252	—	1,967
Transfers	(45)	(2,903)	2,960	—	12
Currency translation	97	549	56	—	702
At March 31, 2020	**(7,086)**	**(42,704)**	**(7,614)**	**—**	**(57,404)**
At January 1, 2021	**(8,007)**	**(49,202)**	**(9,151)**	**—**	**(66,360)**
Depreciation charge for the period	(325)	(2,540)	(933)	—	(3,798)
Disposals	—	1,052	324	—	1,376
Transfers	—	48	(12)	—	36
Currency translation	(11)	(18)	(7)	—	(36)
At March 31, 2021	**(8,343)**	**(50,660)**	**(9,779)**	**—**	**(68,782)**
Net book value					
At March 31, 2021	34,039	43,218	10,436	9,179	96,872
At March 31, 2020	35,141	48,744	10,056	5,292	99,233

The investments in property, plant & equipment and right-of-use assets in Q1 2021 amounted to K€1,698 (Q1 2020: K€3,265). They are mainly related to new machines and installations (K€353), land and buildings (K€517), IT equipment (K€270) and leased assets (K€455). The investments in Q1 2020 related to new machines and installations in (K€1,157), land and buildings (K€743), IT equipment (K€244) and leased assets (K€698).

The Group realized a net gain on disposal of property, plant and equipment of K€32 in Q1 2021 (Q1 2020: a net loss of K€108). No impairment on property, plant and equipment was recorded in Q1 2021 (Q1 2020: none).

The right of use assets can be presented as follows:

The carrying value of Right-of-Use assets at March 31, 2021 was K€10,436 (at December 31, 2020: K€10,996). Right-of-Use Equipment assets are mainly related to 3D printing machines with a carrying value of K€1,371 at March 31, 2021 (December 31, 2020: K€1,480) and for which depreciation of K€120 was recorded in Q1 2021 (Q1 2020: K€149). New leases in Q1 2021 amount to K€456 of which K€289 relate to leased motor vehicles (Q1 2020:K€521).

in 000€	Buildings	Vehicles	Equipment	Total
Acquisition value				
At January 1, 2021	**7,574**	**4,555**	**8,018**	**20,147**
Additions	144	289	23	456
Disposals	(264)	(68)	(4)	(336)
Currency translation	15	(1)	(7)	7
Transfers	—	(60)	—	(60)
At March 31, 2021	**7,469**	**4,715**	**8,030**	**20,214**
Depreciation				
At January 1, 2021	**(2,657)**	**(1,891)**	**(4,603)**	**(9,151)**
Depreciation charge for the period	(459)	(302)	(173)	(934)
Disposals	264	57	4	325
Currency translation	(15)	—	8	(7)
Transfers	—	50	(62)	(12)
Other	—	1	—	1
At March 31, 2021	**(2,867)**	**(2,085)**	**(4,826)**	**(9,778)**
Net book value				
At March 31, 2021	4,602	2,630	3,204	10,436

6 Cash and cash equivalents

Cash and cash equivalents include the following:

in 000€	As of March 31, 2021	As of December 31, 2020
Cash at bank	104,603	108,399
Cash equivalents	2,965	3,139
Total	**107,568**	**111,538**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Cash equivalents include short-term deposits, which are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

There were no restrictions on cash at March 31, 2021 and December 31, 2020.

7 Equity

Share capital

The share capital of the parent company Materialise NV consists of 54,169,257 ordinary nominative shares at March 31, 2021 with no nominal but par value of €0.076 for a total amount of K€4,096. This is unchanged compared to December 31, 2020.

in 000€, except share data	Total number of ordinary shares	Total share-holders' capital	Total share-premium
Outstanding at January 1, 2021	**54,169,257**	**4,096**	**141,274**
Equity settled share-based payments expense	—	—	32
Outstanding on March 31, 2021	**54,169,257**	**4,096**	**141,306**

Share premium

In Belgium, the portion of the capital increase in excess of par value is typically allocated to share premium.

The carrying value of the share premium is K€141,306 at March 31, 2021 (as at December 31, 2020 it was K€141,274). The change in the first quarter of 2021 is the result of the share-based payment expense of K€32.

Reserves

The nature and purpose of the reserves is as follows:

in 000€	As of March 31, 2021	As of December 31, 2020
Legal reserve	279	279
Other reserves	2,574	2,573
Equity-settled share-based-payment expense	72	72
Other Comprehensive Income (Loss)	(7,304)	(7,796)
Reserves	**(4,379)**	**(4,872)**

Based on the statutory result and after final result allocation approved by the annual shareholders meeting the legal reserve is increased by reserving 5% of the yearly statutory profit until the legal reserve reaches at least 10% of the shareholders' capital. The legal reserve cannot be distributed to the shareholders.

The Group did not pay any dividend during the first quarter of 2021 nor during 2020.

Other comprehensive loss

Other comprehensive loss decreased by K€492 to K€ (7,304) a result of Currency Translation Adjustments during the first quarter of 2021.

8 Share-based payment plans

Share-based payment plans of the parent

The changes of the period for the warrant plans are as follows:

	2021
Outstanding at January 1*	**407,722**
Granted	—
Forfeited / Cancelled	(1,924)
Exercised	—
Outstanding at March 31*	**405,798**
Exercisable at March 31	**121,381**

* The Group's share-based payment plans are all equity-settled except for the IPO warrants that have been granted to certain employees in certain countries due to legal requirements which are cash-settled. The outstanding amount includes number of stock appreciation rights ("SARs") issued under cash-settled share-based payment plans.

The number of outstanding warrants has been adjusted to reflect the 1-to-4 stock split decided in June 2014. The 2013 warrant plan gives a right to four shares for each warrant, whereas under all other warrant plans one warrant gives a right to one share. For presentation purposes the tables reflect the number of shares the warrants give right to across all plans.

Equity-settled share-based payment plans

The Group has several plans in place (2013 warrant plan, IPO warrant plan and 2015 warrant plan) which have similar terms except for the exercise price, except for the 2015 warrant plan.

<u>2013 warrant plan:</u> All warrants are exercised or forfeited / cancelled during 2020 or earlier.

<u>IPO warrant plan</u>

The status of the IPO warrant plan at March 31 is as follows:

	2021
Outstanding at January 1	**236,726**
Granted	—
Forfeited / Cancelled	(366)
Exercised	—
Outstanding at March 31	**236,360**
Exercisable at March 31	**95,209**

No warrants were exercised during Q1 2021.

<u>Warrant plan 2015</u>

The status of the 2015 warrant plan at March 31 is as follows:

	2021
Outstanding at January 1	**133,900**
Granted	—
Forfeited / Cancelled	(1,400)
Exercised and converted into shares	—
Outstanding at March 31	**132,500**
Exercisable at March 31	**13,700**

In Q1 2021, a number of employees exercised 1,350 warrants, representing 1,350 shares, however the funds in connection with the exercise of these warrants were received on April 15, 2021. The share capital will be raised by deed before the notary in May 2021.

Fair value

The fair value of the warrants is estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the warrants were granted.

The expense arising from share-based payment transactions for the warrants plans mentioned above was K€32 in Q1 2021 (Q1 2020: K€102)

The weighted average remaining estimated life of the warrants outstanding as of March 31, 2021 is 4.06 years (December 31, 2020: 4.31 years). The weighted average fair value for the warrants outstanding at the end of March 31, 2021 was €3.30 (December 31, 2020: €3.29). The weighted average exercise price for the warrants outstanding at the end of March 31, 2021 was €7.93 (December 31, 2020: €7.92).

Cash-settled share-based payment plans

The Group has issued 215,688 SARs in July 2014 towards certain employees in certain countries due to legal requirements with similar terms and conditions as the IPO warrant plan except that the SAR will be settled in cash. The exercise price of the SAR is €8.81.

The status of this plan is as follows:

	2021
Outstanding at January 1	**37,096**
Granted	—
Forfeited / Cancelled	(158)
Exercised	—
Outstanding at March 31	**36,938**
Exercisable at March 31	**12,472**

The fair value of the SAR is estimated at each reporting date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the warrants were granted.

The following table lists the input used for the Black-Scholes model:

	March 31, 2021	December 31, 2020
Return dividend	0%	0%
Expected volatility	96%	84%
Risk-free interest rate	0.00%	-0.34%
Expected life	0.50	0.25
Exercise price (in €)	8.81	8.81
Stock price (in €)	30.65	44.20
Fair value SAR (in €)	21.98	35.38

The profit arising from share-based payment transactions for the SAR's plan was K€447 in Q1 2021 (Q1 2020: K€1,242 as expense).

The carrying value of the liability at March 31, 2021 amounts to K€787 (December 31, 2020: K€1,223). The total intrinsic value of the liability for warrants currently exercisable at March 31, 2021 amounts K€272 (December 31, 2020: K€447).

9 Loans and borrowings and lease liabilities

The loans and borrowings include the following:

in 000€	As of March 31 2021	As of December 31 2020
K€35,000 EIB bank loan	34,167	35,000
K€28,000 acquisition bank loan	17,869	18,621
K€18,000 secured bank loans	16,908	17,013
K€12,300 bank loans ACTech	9,893	10,470
K€9,050 other facility loans	2,512	2,910
Bank investment loans - top 20 outstanding	16,289	17,280
Bank investment loans - other	2,487	2,681
Lease liabilities	10,017	10,624
Institutional loan	235	353
Related party loan	150	158
Total loans and borrowings	**110,527**	**115,110**
Current	19,169	17,523
Non-Current	91,358	97,588

K€35,000 EIB bank loan

On December 20, 2017 the Group entered into a finance contract with the European Investment Bank, or EIB, to finance future research and development programs. As part of a first tranche, an amount of K€10,000 was drawn in the course of 2018. A second tranche of K€25,000 was drawn in the course of 2019.

As set out in Note 15 to the consolidated financial statements as at and for the year ended December 31, 2020, certain of the covenants attached to the EIB bank loan have been temporary waived or adjusted for measurement periods up to December 31, 2022.

K€28,000 Acquisition loan

This bank loan has been concluded in October 2017 to finance the acquisition of ACTech.

K€18,000 secured bank loans

The K€18,000 loan has been concluded in 2016 in two agreements to finance the construction of new facilities in Leuven (Belgium) and in Poland, both maturing in 2032.

K€12,300 bank loans

In March 2018, three bank loans originating from the acquired ACTech Group were refinanced entirely for the amount of K€9,300, with adjusted maturity to May 2025 and first reimbursements in August 2020. In addition, a new investment credit of K€3,000 was obtained in June 2018, repayable as from January 2019.

K€9,050 - Other facility loans

Three facility loans were contracted in 2005, 2006 and 2012 for the construction of Leuven office and production facilities (K€2,000, K€300 and K€5,000, respectively) and another loan for the Czech Republic offices in 2008 (K€1,750). The balance of the four loans amounts to K€2,512 per March 31, 2021.

Miscellaneous investment loans

The 20 largest of these loans outstanding as at March 31, 2021 amount to a balance of K€16,289. These loans were concluded in 2021 and in prior years finance various investments in machinery, printers, equipment, and software tools. The vast majority of the loans have a reimbursement period over seven years, and are at fixed interest rates with weighted average below 1%.

K€10,017 Lease liabilities

The Group has several lease obligations mainly with financial institutions and related to the financing of buildings and various other items of plant and equipment such as 3D printers. As at March 31, 2021 the balance of these lease agreements amounts to K€10,017, and are mostly at fixed interest rates with weighted average below 2%.

K€2,000 institutional loan

This loan was contracted with a governmental institution in Germany to finance the production operations of Materialise Germany for a maximum amount of K€2,000. As at March 31, 2021 K€2,000 has been drawn with an outstanding balance of K€235.

Related party loan

Lunebeke NV has granted Materialise a fixed rate loan that matures in 2025. The purpose of the loan is to finance the purchase of a building in France. The amounts outstanding as of March 31, 2021 is K€150 (December 31, 2020: K€158). The interest expense until the three month period ended March 31, 2021 is K€2 (Q1 2020:K€3).

10 Deferred income

Deferred income consists of the following:

in 000€	March 31, 2021	December 31, 2020
Deferred maintenance & license	32,130	30,242
Deferred (project) fees	5,135	4,555
Deferred government grants	375	85
Total	**37,640**	**34,882**
current	32,692	29,555
non-current	4,948	5,327

The deferred maintenance and license revenue consist of maintenance and license fees paid up-front which are deferred and recognized in earnings over either the maintenance period or the duration of the license. With an increase of K€ 1,197, mainly deferred maintenance fees increased as at March 31, 2021 compared to December 31, 2020. The deferred (project) fees consist of one-time and advance payments received which are deferred in accordance with the revenue accounting policies. The deferred government grants are recognized as income under “Net other operating income”.

11 Other current liabilities

Other current liabilities include the following:

in 000€	March 31, 2021	December 31 2020
Payroll-related and non-income tax payables	11,426	14,169
Other current liabilities	3,553	4,526
Total	**14,979**	**18,695**

The decrease by K€ 3,716 is mainly due to covid initiatives from the government in the different countries. In Belgium the social security payables of the last two months of 2020 were paid in 2021 for K€ 2,584. In the UK there is a postponement of the VAT payables for K€ 413.

12 Fair value

Financial assets

The carrying value and fair value of the financial assets as of March 31, 2021 and December 31, 2020 can be presented as follows:

in 000€	Carrying value March 31, 2021	Carrying value December 31, 2020	Fair value March 31, 2021	Fair value December 31, 2020
Financial assets				
Debt instruments measured at amortized cost				
Trade receivables (current)	31,899	30,871	31,899	30,871
Other financial assets (non-current)	544	712	544	712
Other current non-trade receivables	1,660	1,618	1,660	1,618
Cash & cash equivalents	107,568	111,538	107,568	111,538
Loans granted	583		583	
Total debt instruments	**142,254**	**144,739**	**142,254**	**144,739**
Financial assets at fair value through profit or loss				
Derivatives	—	23	—	—
Convertible loan	3,372	6,203	—	—
Total financial assets measured at fair value	**3,372**	**6,226**	**—**	**—**
Equity instruments designated at fair value through OCI				
Non-listed equity investments	3,842	3,842	—	—
Total Equity instruments designated at fair value through OCI	**3,842**	**3,842**	**—**	**—**

The fair value of the financial assets has been determined on the basis of methods and assumptions which are consistent with those applied as at 31 December 2020:

- The carrying value of the cash and cash equivalents and the current receivables approximate their fair value due to their short term character;
- The fair value of the derivatives was determined based on a mark-to-market analysis prepared by the bank based on observable market inputs (level 2 inputs);
- Other current non-trade receivables are being evaluated on the basis of their credit risk and interest rate. Their fair values do not differ from their carrying value both as at March 31, 2021 and as at December 31, 2020;
- The non-listed equity investments, mainly representing the investment in Essentium Inc for K€3,535 and AM Flow (via an investment in AM Danube, one of the shareholders of AM Flow) for K€307, are measured at fair value. Management considers that assumptions for both investments (level 2 inputs) applied as at 31 December 2020 are still relevant as at March 31, 2021 and accordingly their carrying value as at March 31, 2021 has remained unchanged from their carrying value as at December 31, 2020;
- The convertible loan granted to Fluidda is measured at fair value and management has considered the fair value assumptions (level 3) to be still relevant as at March 31, 2021 and no fair value adjustment has been applied. The increase of the asset relates to accrued interest during Q1 2021 for an amount of K€ 62.

The Group’s judgements, estimates and assumption regarding the following convertible debt instruments for Ditto have evolved as described below compared to those made for the annual consolidated financial statements for the year ended December 31, 2020:

- Although Ditto was already loss-making during 2020, management’s analysis through year-end 2020 was that no indications existed that the convertible loan receivables would not be recoverable. However, the business environment evolved negatively during the first quarter of 2021. This led Materialise management to conclude in the course of April 2021 that due to a series of events and circumstances that arose subsequent to December 31, 2020, it is no longer likely that Ditto will be able to achieve its business plans, based on which Materialise had initially granted the convertible loan.
- Because the business objectives that were defined as a condition for Ditto to continue to draw under the facility were no longer met in 2021, Materialise decided in April 2021 to only extend a portion (USD 0.5 million) of the remaining amount that was available under the credit facility to Ditto. For the reasons set out above, Materialise currently does not intend to extend further financing to Ditto.
- Despite the matters set out above, Materialise continues to believe in the potential of the technology platform that Ditto has built, and in the potential of the collaboration between Ditto and Materialise.

Taking into account the events and circumstances that have arisen since December 31, 2020 as set out above, Materialise noted the following in performing its fair value analysis:

- The criteria for recognition of revenue from royalties owed by Ditto and services rendered to Ditto are no longer met and consequently, Materialise did not recognize any such revenue during the three month period ended March 31, 2021.

- As at March 31st, 2021, we recognized an impairment on trade accounts receivable versus Ditto in the amount of EUR K€326. This amount is included within Net other operating income in the condensed consolidated interim income statement for the three month period ended March 31, 2021.
- We estimate that, as a result of the combination of the lower than forecasted revenues and the unavailability of the remaining credit facility, Ditto may need additional funding to finance its operations and we currently have no clear visibility as to whether Ditto will be able to access such additional financing. As a result, uncertainty has arisen about Ditto's capacity to reimburse the previously extended loans and accrued interest according to the terms of our agreement with them. Therefore, a downward remeasurement of fair value has been accounted for as at March 31, 2021 for an aggregate amount of K€ 3,201, representing the outstanding principal amount of the convertible loans, the accrued interests, and other receivables that had previously been converted to convertible notes. This charge has been included within Financial expenses in the condensded consolidated interim income statement for the three month period ended March 31, 2021.

In February 2021, Materialise granted a working capital loan to Link3D, Inc. ("Link3D") in the amount of k€ 583. This loan receivable is measured at amortized cost. We also refer to Note 18 which discussed further agreements concluded between Materialise and Link3D subsequent to March 31, 2021, which also affect the terms and conditions of this loan.

Financial liabilities:

The carrying value and fair value of the financial liabilities as of March 31, 2021 and December 31, 2020 can be presented as follows:

	Carrying value		Fair value	
in 000€	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Financial liabilities measured at amortized cost				
Loans & Borrowings and lease liabilities	110,527	115,110	111,929	116,843
Trade payables	19,024	17,698	19,024	17,698
Other liabilities excl. written put option on NCI	1,013	1,275	1,013	1,275
Total financial liabilities measured at amortized cost	**130,564**	**134,083**	**131,966**	**135,816**
Financial liabilities measured at fair value				
Cash settled share based payments	787	1,223	—	—
Written put option on NCI	875	875	—	—
Derivatives	113	140	—	—
Total financial liability measured at fair value	**1,775**	**2,238**	**—**	**—**
Total non-current	92,314	98,543	—	—
Total current	40,025	37,778	—	—

The fair value of the financial liabilities have been determined on the basis of the following methods and assumptions which are consistent with those applied as at 31 December 2020:

- The carrying value of current liabilities approximates their fair value due to the short term character of these instruments;
- Loans and borrowings are evaluated based on their interest rates and maturity date. Most interest bearing debts have fixed interest rates and their fair value is subject to changes in interest rates and individual creditworthiness. Their carrying value approximates their fair value;
- The fair value of the derivatives has been determined based on a mark-to-market analysis prepared by the bank based on observable market inputs (level 2 inputs);
- The fair value of the written put option on non-controlling interest has been determined based on the present value of the redemption amount (level 3 inputs). The fair value of this written put option was determined to be unchanged as at March 31, 2021 compared to December 31, 2020.;
- The fair value of the cash-settled share based payments has been determined based on a Black-Scholes model using inputs that are level 1 (stock-price and risk-free interest rate) as well as level 2 (e.g. volatility).

Fair value hierarchy 3 evolution

Convertible Loans to Ditto & Fluidda in 000€	**Fair Value Evolution** **Q1 2021**
As at 1 January 2021	**6,203**
Addition	247
Remeasurement	(3,201)
Capitalized interests	123
As at 31 March 2021	**3,372**

Written Put Option on NCI RapdFit+ in 000€	**Fair Value Evolution** **Q1 2021**
As at 1 January 2021	**875**
Remeasurement	—
As at 31 March 2021	**875**

13 Segment information

For management purposes, the Group is organized into segments based on their products, services and industry and has the following three reportable segments:

- The Materialise Medical segment, which develops and delivers medical software solutions, medical devices and other related products and services;
- The Materialise Manufacturing segment, which delivers 3D printed products and related services; and
- The Materialise Software segment, which develops and delivers additive manufacturing software solutions and related services.

The measurement principles used by the Group in preparing this segment reporting are also the basis for segment performance assessment and are in conformity with IFRS. The Chief Executive Officer of the Group acts as the chief operating decision maker. As a performance indicator, the chief operating decision maker monitors the performance by the Group's revenue and adjusted EBITDA.

The following table summarizes the segment reporting for each of the reportable periods. Corporate research and development, headquarters' function, financing and income taxes are managed on a Group basis and are not allocated to operating segments. As management's controlling instrument is mainly revenue-based, the reporting information does not include assets and liabilities by segment and is as such not available per segment.

in 000€	Materialise Software	Materialise Medical	Materialise Manufacturing	Total segments	Unallocated	Consolidated
For the three month period ended March 31, 2021						
Revenues	10,219	16,231	19,114	45,564	(11)	45,553
Segment Adjusted EBITDA	3,429	4,541	(144)	7,826	(2,486)	5,341
Segment Adjusted EBITDA %	33.6%	28.0%	-0.8%	17.2%	—	11.7%
For the three month period ended March 31, 2020						
Revenues	9,821	15,645	20,815	46,281	(36)	46,245
Segment Adjusted EBITDA	2,645	2,455	1,118	6,218	(2,615)	3,603
Segment Adjusted EBITDA %	26.9%	15.7%	5.4%	13.4%	—	7.8%

The segment Adjusted EBITDA is reconciled with the consolidated net profit (loss) for the period as follows:

in 000€	For the three month period ended March 31, 2021	2020
Segment Adjusted EBITDA	**7,826**	**6,218**
Depreciation, amortization and impairment	(5,081)	(4,760)
Corporate research and development	(692)	(747)
Corporate headquarter costs	(2,648)	(2,293)
Other operating income (expense)	855	575
Share based payments	415	(75)
M&A	(385)	—
Operating profit	**290**	**(1,084)**
Financial expenses	(4,701)	(1,820)
Financial income	589	500
Income taxes	155	(457)
Share in loss of joint venture	—	(39)
Net (loss) profit	**(3,667)**	**(2,899)**

The Group has no customers with individual sales larger than 10% of the total revenue in Q1 2021 (Q1 2020: none).

Entity-wide disclosures

The revenue by geographical area is as follows:

in 000€	For the three month period ended March 31, 2021	2020
United States of America	13,497	11,881
Americas other than USA	980	1,517
Belgium	1,718	2,421
Germany	5,390	8,308
France	4,445	4,795
Switzerland	3,407	3,225
United Kingdom	2,358	3,417
Italy	3,237	1,747
Netherlands	1,582	1,998
Other Europe	4,116	2,519
Asia Pacific	4,824	4,416
Total	**45,554**	**46,244**

The total revenue realized in the country of domicile (Belgium) in Q1 2021 amounts to K€1,718 (Q1 2020: K€2,421).

The total non-current assets, other than financial instruments, deferred tax assets, by geographical area is as follows:

in 000€	March 31, 2021	December 31, 2020
United States of America (USA)	3,479	3,441
Americas other than USA	3,145	3,454
Belgium	61,444	62,810
Germany	57,817	58,305
Poland	12,822	13,437
Rest of Europe	9,307	9,087
Asia-Pacific	1,886	2,052
Total	**149,900**	**152,586**

The totals of the above table includes goodwill, intangible assets and property, plant & equipment and Right-of-Use Assets as disclosed in the condensed consolidated interim statements of financial position.

14 Income and expenses

14.1 Revenue

14.1.1 Disaggregated revenue information

	For the three month period ended March 31, 2021					
in 000€	Materialise Software	Materialise Medical	Materialise Manufacturing	Total segments	Unallocated	Consolidated
Geographical markets						
United States of America (USA)	2,727	8,568	2,202	13,497	—	13,497
Americas other than USA	100	860	20	980	—	980
Europe (without Belgium) & Africa	4,425	4,944	15,164	24,533	—	24,533
Belgium	145	348	1,236	1,729	(9)	1,720
Asia Pacific	2,822	1,510	492	4,824	—	4,824
Total revenue from contracts with customers	10,219	16,230	19,114	45,563	(9)	45,554
Type of goods or service						
Software revenue (non-medical)	10,219	—	—	10,219	—	10,219
Software revenue (medical)	—	5,250	—	5,250	—	5,250
Medical devices and services	—	10,980	—	10,980	—	10,980
Manufacturing	—	—	19,114	19,114	—	19,114
Other	—	—	—	—	(9)	(9)
Total revenue from contracts with customers	10,219	16,230	19,114	45,563	(9)	45,554
Timing of revenue recognition						
Goods/Services transferred at a point in time	4,636	11,640	18,161	34,437	(9)	34,428
Goods/Services transferred over time	5,583	4,590	953	11,126	—	11,126
Total revenue from contracts with customers	10,219	16,230	19,114	45,563	(9)	45,554

	For the three month period ended March 31, 2020					
in 000€	Materialise Software	Materialise Medical	Materialise Manufacturing	Total segments	Unallocated	Consolidated
Geographical markets						
United States of America (USA)	3,267	7,329	1,285	11,881	—	11,881
Americas other than USA	141	1,187	190	1,518	—	1,518
Europe (without Belgium) & Africa	3,652	4,329	18,028	26,009	—	26,009
Belgium	36	1,355	1,066	2,457	(36)	2,421
Asia Pacific	2,725	1,445	245	4,415	—	4,415
Total revenue from contracts with customers	9,821	15,645	20,814	46,280	(36)	46,244
Type of goods or service						
Software revenue (non-medical)	9,821	—	—	9,821	—	9,821
Software revenue (medical)	—	5,007	—	5,007	—	5,007
Medical devices and services	—	10,638	—	10,638	—	10,638
Manufacturing	—	—	20,814	20,814	—	20,814
Other	—	—	—	—	(36)	(36)
Total revenue from contracts with customers	9,821	15,645	20,814	46,280	(36)	46,244
Timing of revenue recognition						
Goods/Services transferred at a point in time	3,865	11,889	20,212	35,966	(36)	35,930
Goods/Services transferred over time	5,956	3,756	602	10,314	—	10,314
Total revenue from contracts with customers	9,821	15,645	20,814	46,280	(36)	46,244

The revenue per type of good or service is as follows:

in 000€	For the three month period ended March 31	
	2021	2020
Software revenue (non-medical)	10,219	9,821
Software revenue (medical)	5,250	5,007
Medical devices and services	10,980	10,638
Manufacturing	19,114	20,814
Other	(9)	(36)
Total	**45,554**	**46,244**

14.1.2 Contract balances

The following table provides information about receivables, contracts in progress (contract assets) and deferred income (contract liabilities) from contracts with customers.

in 000€	As of March 31, 2021	As of December 31, 2020
Trade receivables, included in 'trade and other receivables'	33,446	32,345
Contract assets / contracts in progress	920	749
Contract liabilities / deferred income	37,640	34,797

Non-current deferred income, representing mainly maintenance contracts with terms more than one year and certain contracts with up-front fees which are allocated to performance obligations that will be satisfied over more than one year, may be recognized as revenue between one to three years.

14.2 Payroll expenses

The following table shows the breakdown of payroll expenses for the three months ending March 31, 2021 and 2020:

in 000€	For the three month period ended March 31,	
	2021	2020
Short-term employee benefits	(21,159)	(23,201)
Social security expenses	(4,304)	(3,821)
Expenses defined contribution plans	(317)	(328)
Other employee expenses	(949)	(2,532)
Total	**(26,729)**	**(29,882)**
Total registered employees at the end of the period	2,205	2,196

14.3 Net other operating income

in 000€	For the three month period ended March 31, 2021	2020
Grants	1,103	1,036
Other income	509	523
Doubtful debt expense	29	(250)
Depreciation PPA intangibles	(396)	(490)
Other operating charges	(125)	(140)
Total	**1,120**	**679**

At March 31, 2021, management performed its quarterly update of the expected credit losses on trade receivables, resulting in a favorable impact on the doubtful debt expense for the period.

15 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit (loss) for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit (loss) attributable to ordinary equity holder of the parent company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all warrants and the weighted average number of ordinary shares that would be issued on conversion of the convertible debt. If there is a net loss after taxes, the number of diluted shares is equal to the basic shares.

The net profit (loss) attributable to holders of ordinary shares used in the calculation of basic and diluted earnings per share for Q1 2021 was k€ (3,667) (Q1 2020: k€ (2,841).

All outstanding warrants are non-dilutive as per March 31, 2021 given the net loss for the period. There were no other potential shares outstanding as at March 31, 2021. The following reflects the share data used in the basic and diluted earnings per share computations:

	For the three month period ended March 31,	
in 000	2021	2020
Weighted average number of ordinary shares for basic earnings per share	**54,169**	**53,172**
Effect of dilution:		
Share options	—	—
Convertible loan	—	—
Weighted average number of ordinary shares adjusted for effect of dilution	**54,169**	**53,172**

The earnings per share are as follows:

	For the three month period ended March 31,	
	2021	2020
Earnings per share attributable to the owners of the parent		
Basic	(0.07)	(0.05)
Diluted	(0.07)	(0.05)

16 Commitments and contingent liabilities

No significant changes occurred during the first 3 months of 2021 relating to the mortgages and pledges nor in respect of litigations and commitments which have been disclosed in Note 24 to the 2020 consolidated financial statements.

17 Related party transactions

During the quarter ended March, 31 2021, Materialise entered into arrangements with a number of its subsidiaries and affiliated companies in the ordinary course of its business. These arrangements relate to service transactions and financing agreements and were concluded at market prices. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24, 'Related party disclosures'. We refer to Note 19 of these condensed consolidated interim financial statements for an overview of the subsidiaries.

18 Events subsequent to the statement of financial position date

Ditto

As set out in Note 12, events and circumstances arose in the course of March and April 2021 that have caused Ditto to no longer meet the criteria associated with the loan agreement with Materialise, and that have created uncertainty about Ditto's capacity to reimburse the previously extended loans and accrued interest according to the terms of Materialise's agreement with them. Management determined that these events and circumstances provided additional evidence with respect to conditions that existed at March 31, 2021. Management therefore determined that these events and circumstances needed to be reflected in the determination of the fair value of the convertible note receivables for purposes of the interim financial information as at and for the three month period ended March 31, 2021 as detailed in Note 12.

Warrant exercises

In connection with the exercise of 1,350 warrants, representing 1,350 shares, from the 2015 warrant plan in the course of March 2021, the share capital was raised for the amount of €102.09 and the share premium was raised for the amount of €8,605.41 by deed before the notary on May 5th, 2021.

Impact of coronavirus

As of the date of this report, 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 during 2021 and beyond.

Link3D

On April 9, 2021 Materialise entered into a call option agreement to acquire 100% of equity interests of US based Link3D Inc., an additive workflow and manufacturing execution systems (MES) company. An acquisition would extend Materialise's ability to help companies gain control of their manufacturing floor as they scale up their additive manufacturing (AM) capability into volume production and would allow Materialise to accelerate its roadmap to offer cloud-based access to its integrated software platform. An acquisition would also broaden Materialise's industrial customer base across North America, Europe and Asia Pacific, and offer Link3D customers a seamless connection to Materialise's Magics 3D print suite.

Under the terms of the agreement, the call option purchase price amounts to US$ 2 million. The call option can be exercised during the month of November of 2021. The call option exercise price in exchange for the 100% of the Link3D equity interests, equals the maximum amount of US$ 33.50 million against which the call option purchase price of US$ 2.0 million will be credited. In case Materialise elects not to exercise the call option, the option purchase price is not reimbursable.

Simultaneously with the call option agreement, Materialise and Link3D entered in an interim loan agreement, allowing Link3D to borrow additional funds up to US$ 1.8 million. Furthermore on basis of this interim loan agreement, the Working Capital Loan Agreement Materialise and Link3D entered into on February 4, 2021 pursuant to which Materialise loaned an aggregated amount of US$ 0.7 million to Link3D in the first quarter of 2021 has been extended together with the accrued interest up to April 9, 2021.

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

19 Overview of consolidated entities

Name	Country of incorporation	% equity interest* 2021
Materialise NV	Belgium	100%
Materialise France SAS	France	100%
Materialise GmbH	Germany	100%
Materialise Japan K.K.	Japan	100%
Materialise Czech Republic SRO	Czech Republic	100%
Materialise USA, LLC	United States	99%
Materialise UK Limited	United Kingdom	100%
OBL SAS	France	100%
Materialise Austria GmbH	Austria	100%
Materialise Malaysia SDN. Bhd.	Malaysia	100%
Materialise Ukraine LLC	Ukraine	100%
RapidFit NV	Belgium	83%
Meridian Technique Limited	United Kingdom	100%
OrthoView Holdings Limited	United Kingdom	100%
Materialise SA	Poland	100%
Materialise Colombia SAS	Colombia	100%
RSPRINT powered by Materialise NV	Belgium	100%
Materialise Shanghai Co.Ltd	China	100%
Engimplan Engenharia de Implante Industria & Comércio Ltda	Brazil	100%
Engimplan Holding Ltda	Brazil	100%
Materialise Limited	South-Korea	100%
Materialise Australia PTY Ltd	Australia	100%
Materialise S.R.L.	Italy	100%
ACTech GmbH	Germany	100%
ACTech Holding GmbH	Germany	100%
ACTech, Inc	United States	100%

* The overview provides the equity interest held as of 31 March 2021.

Materialise Limited (South Korea) was newly established October 30th, 2020.