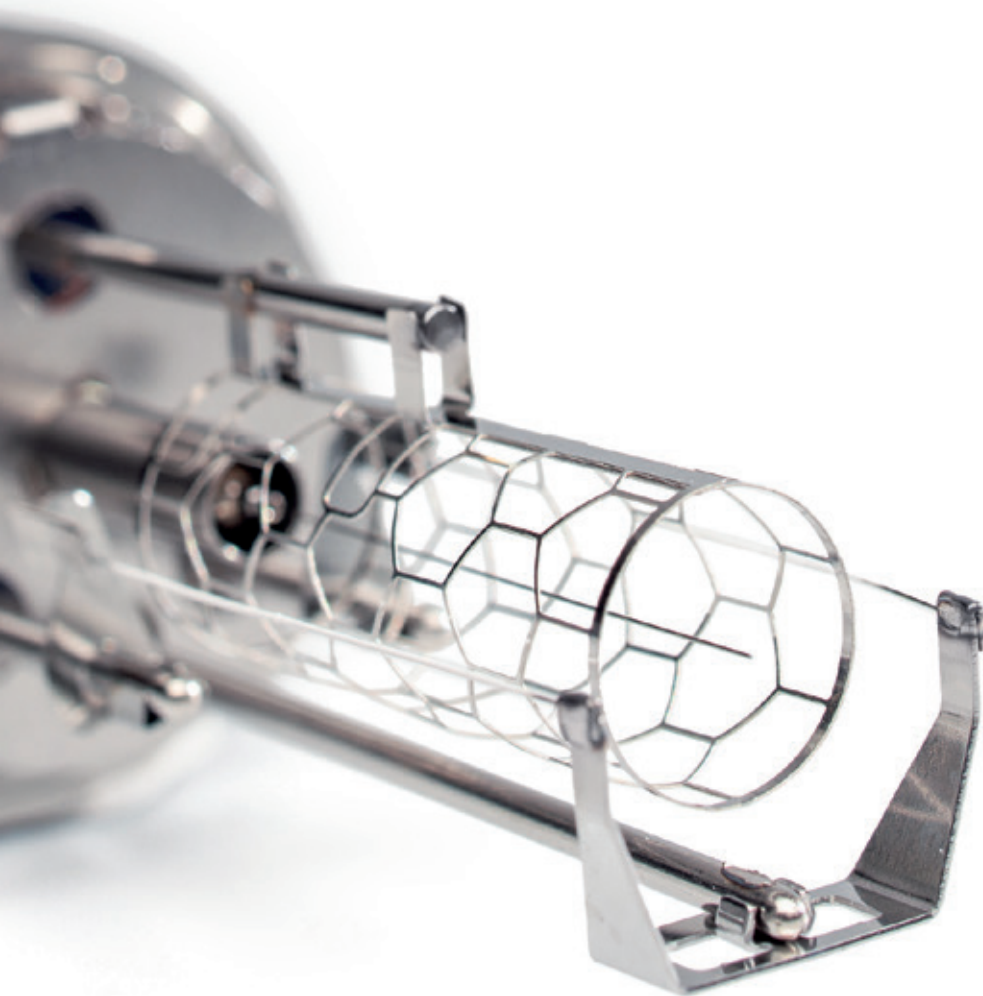


ANNUAL REPORT  
**2019**



Inspired by visions. Proven by success.

# Company Overview

INFICON provides world-class instruments for gas analysis, measurement and control.

These analysis, measurement and control products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells, LED lighting, and industrial vacuum coating applications.

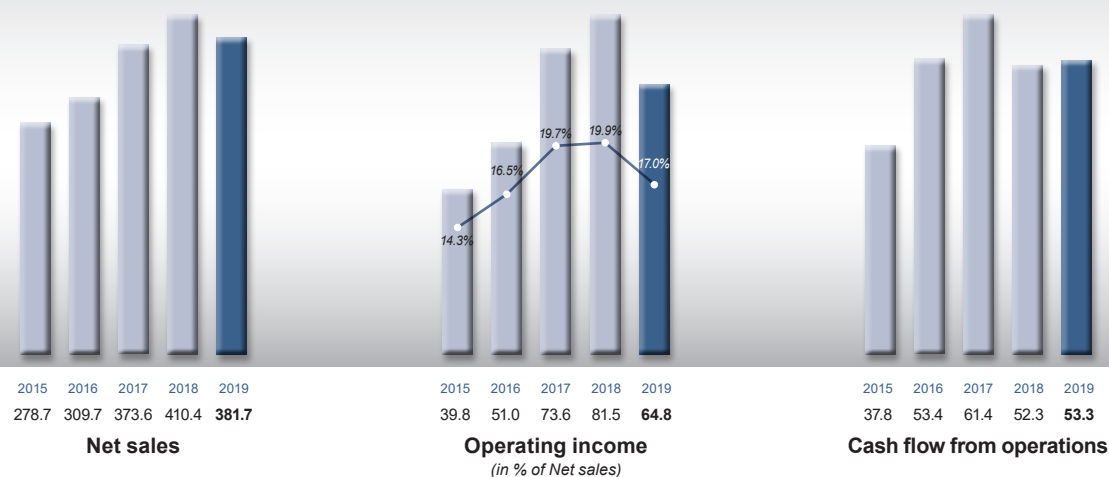
Other users of vacuum based processes include the life sciences, research, aerospace, food and general packaging, heat treatment, laser cutting, oil and gas transportation and processing, alternative energy, utilities, and many other industrial processes.

We also leverage our expertise to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring as well as instruments for energy and petrochemical applications.

|                                                                             |    |
|-----------------------------------------------------------------------------|----|
| Company Overview                                                            | 1  |
| Key Figures                                                                 | 2  |
| Recent Milestones and Achievements                                          | 4  |
| Target Markets                                                              | 6  |
| Letter to our Shareholders                                                  | 8  |
| Investor Relations                                                          | 14 |
| Global Presence                                                             | 15 |
| Group Organization                                                          | 16 |
| Corporate Governance                                                        | 18 |
| Compensation Report                                                         | 28 |
| Report of the Statutory Auditor<br>on the Compensation Report               | 33 |
| Environmental Protection, Safety<br>and Product Stewardship                 | 34 |
| <b>Financial Report Group</b>                                               |    |
| Financial Review                                                            | 38 |
| Consolidated Balance Sheet                                                  | 40 |
| Consolidated Statement of Income                                            | 41 |
| Consolidated Statement of Shareholders' Equity                              | 42 |
| Consolidated Statement of Cash Flows                                        | 43 |
| Notes to Consolidated Financial Statements                                  | 44 |
| Report of the Statutory Auditor<br>on the Consolidated Financial Statements | 58 |
| <b>Financial Report INFICON Holding AG</b>                                  |    |
| Balance Sheet                                                               | 62 |
| Statement of Income                                                         | 63 |
| Notes to the Financial Statements                                           | 66 |
| Appropriation of Available Earnings                                         | 69 |
| Report of the Statutory Auditor<br>on the Financial Statements              | 70 |

INFICON publishes its annual report online.  
This edition has been optimized for easy  
reading on your computer and mobile devices.  
Additional copies of this report may be downloaded  
from the Investors section of our website,  
[www.inficon.com](http://www.inficon.com), Investor section

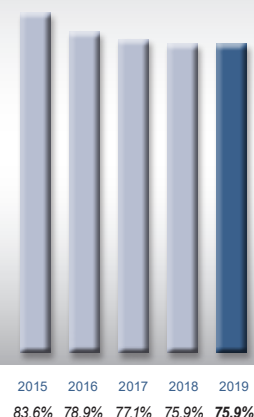
## Key Figures – At a Glance



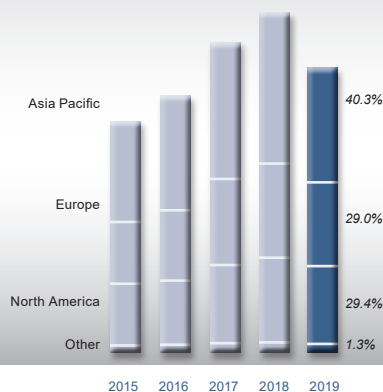
According to Swiss GAAP FER  
(US Dollars in Millions, except per share amounts)

|                                             | 2015  | 2016  | 2017  | 2018  | 2019  |
|---------------------------------------------|-------|-------|-------|-------|-------|
| Net sales                                   | 278.7 | 309.7 | 373.6 | 410.4 | 381.7 |
| Research and development                    | 24.6  | 26.8  | 28.2  | 31.7  | 34.4  |
| Selling, general and administrative expense | 71.4  | 78.4  | 86.8  | 91.7  | 89.1  |
| Operating result                            | 39.8  | 51.0  | 73.6  | 81.5  | 64.8  |
| <i>in % of net sales</i>                    | 14.3% | 16.5% | 19.7% | 19.9% | 17.0% |
| EBITDA                                      | 44.5  | 58.4  | 81.8  | 90.3  | 73.2  |
| <i>in % of net sales</i>                    | 16.0% | 18.8% | 21.9% | 22.0% | 19.2% |
| Net result                                  | 30.1  | 40.3  | 59.5  | 64.2  | 52.8  |
| <i>in % of net sales</i>                    | 10.8% | 13.0% | 15.9% | 15.6% | 13.8% |
| Cash and short-term investments             | 60.9  | 63.9  | 85.0  | 62.3  | 57.4  |
| Cash flow from operations                   | 37.8  | 53.4  | 61.4  | 52.3  | 53.3  |
| Capital expenditures                        | 22.7  | 5.3   | 14.3  | 20.3  | 18.4  |
| Total assets                                | 204.5 | 213.4 | 268.6 | 271.2 | 275.0 |
| Long-term debt                              | –     | –     | –     | –     | –     |
| Stockholders' equity                        | 171.0 | 168.3 | 207.0 | 205.8 | 208.8 |
| <i>Equity Ratio in %</i>                    | 83.6% | 78.9% | 77.1% | 75.9% | 75.9% |
| Employees                                   | 959   | 990   | 1,028 | 1,118 | 1,183 |

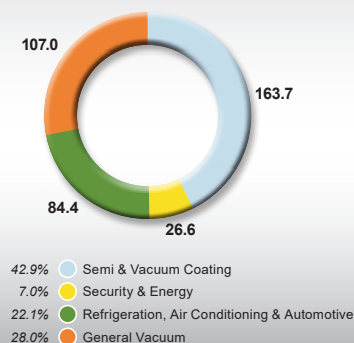
## Key Figures – At a Glance



**Equity Ratio**



**Direct Sales by Geographic Region**



**2019 Sales by End Market**

According to Swiss GAAP FER  
(US Dollars in Millions, except per share amounts)

|                                              | 2015   | 2016   | 2017   | 2018   | 2019          |
|----------------------------------------------|--------|--------|--------|--------|---------------|
| <b>Ratios per Share</b>                      |        |        |        |        |               |
| Earnings per share – diluted                 | 12.72  | 16.94  | 24.57  | 26.40  | <b>21.66</b>  |
| Shareholders' equity per share – diluted     | 72.34  | 70.71  | 85.49  | 84.65  | <b>85.66</b>  |
| Free cash flow per share – diluted           | 5.97   | 19.89  | 19.07  | 12.99  | <b>13.93</b>  |
| Return on equity %                           | 17.6%  | 24.0%  | 31.7%  | 31.1%  | <b>25.5%</b>  |
| <b>Dividend/Distribution per share (CHF)</b> |        |        |        |        |               |
| Share price (CHF) at December 31,            | 13.00  | 16.00  | 20.00  | 22.00  | <b>18.00</b>  |
|                                              | 320.25 | 367.00 | 608.50 | 497.60 | <b>768.50</b> |

### Direct Sales by Geographic Region

|               | 2015  | 2016  | 2017  | 2018  | 2019         |
|---------------|-------|-------|-------|-------|--------------|
| Asia-Pacific  | 102.6 | 130.7 | 174.2 | 183.5 | <b>153.8</b> |
| Europe        | 84.9  | 79.0  | 95.7  | 113.6 | <b>110.6</b> |
| North America | 87.3  | 96.1  | 99.2  | 106.1 | <b>112.5</b> |
| Other         | 3.9   | 3.9   | 4.5   | 7.2   | <b>4.8</b>   |

### Sales by End Market

|                                              | 2015  | 2016  | 2017  | 2018  | 2019         |
|----------------------------------------------|-------|-------|-------|-------|--------------|
| Semi & Vacuum Coating                        | 97.2  | 120.6 | 167.0 | 184.6 | <b>163.7</b> |
| Security & Energy                            | 22.1  | 33.1  | 25.5  | 29.0  | <b>26.6</b>  |
| Refrigeration, Air Conditioning & Automotive | 57.6  | 68.1  | 76.2  | 81.5  | <b>84.4</b>  |
| General Vacuum                               | 101.8 | 87.9  | 104.9 | 115.3 | <b>107.0</b> |

\* The proposed distribution is to be paid out from available earnings.

## Recent Milestones and Achievements

INFICON was formed in June 2000 from the instrumentation businesses of three well-known international vacuum technology companies which were merged in 1996 under the Swiss Company OC Oerlikon.

Our initial public offering was November 9, 2000, both on SIX Swiss Exchange and NASDAQ. In 2005, INFICON delisted its stock from NASDAQ. INFICON started to pay out dividends in 2006. Since our inception, we have acquired and integrated various companies and technologies.

### Corporate

|                                                                                          |                                                                                          |                                                                                          |                                                                                          |                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHF 15.00 distribution per share for 2014 from legal reserves from capital contributions | CHF 13.00 distribution per share for 2015 from legal reserves from capital contributions | CHF 16.00 distribution per share for 2016 from legal reserves from capital contributions | CHF 20.00 distribution per share for 2017 from legal reserves from capital contributions | CHF 22.00 distribution per share for 2018 from legal reserves from capital contributions and from retained earnings<br>CHF 18.00 proposed distribution per share for 2019 from available earnings |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Acquisitions / Divestments

|  |                                                                           |  |                                                                                                                                                                          |  |
|--|---------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | + InstruTech, Inc.<br>Assets of vacuum process specialist,<br>Feb 1, 2016 |  | + Final Phase Systems LLC, Assets of a Software Developer,<br>Oct 1, 2018<br>+ Techno-Tools Corp.,<br>Assets of a manufacturer of hand-held leak detectors, Oct 10, 2018 |  |
|--|---------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

### Sales / Marketing / Achievements

|                                                                     |                                                                                                                                                                                                             |                                                               |                                                                                                                                                                                                                                                                              |                                                                                                                                                                      |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2015<br>Inauguration of new production facility at Syracuse/NY, USA | 2016<br>Chief Sales Officer hired; focus on growth and sales excellence<br>Technology Day for Analysts, Investors and Media, Nov 9, 2016, in Balzers/FL<br>Launched rollout for fully integrated CRM system | 2017<br>CRM go live<br>Implementation of a collaboration tool | 2018<br>Moving into new and larger premises for sales, application, service, and logistics in Kawasaki and Chubu, Japan<br>Launch of CONTURA® S400 for food packaging industry in North America after successful launch in Europe<br>R&D 100 Finalist Award for Contura S400 | 2019<br>ON Semiconductor Supplier of the Year Award for FabGuard®<br>Launch of "myRGA" Linxon® RGA<br>MPH Transpector® Variant "MSolo" for NASA's moonlander mission |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Recent Milestones and Achievements

Innovation is key at INFICON. In our 20 years of existence we have developed and launched over 70 new products.

### Technology Leadership

|                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Contura S400 Leak Detector for packaging to detect any leak without tracer gas and without damage to the packages used in various industries</p> <p>Wey-Tek HD Wireless Refrigerant Charging Scale</p> <p>Design study Helios UL3000 Fab Leak Detector, designed together with our key customers especially to meet the high precision requirements of semiconductor applications</p> | <p>Micro GC Fusion® 4-Module System Gas Analyzer</p> <p>UL3000Fab Leak Detector finalized and launched</p> <p>Expansion of IRwin® Methane Leak Detector family with IRwin SX* range intended for use in potentially explosive atmospheres (ATEX)</p> <p>INFICON Porter™ CDG020D Capacitance Diaphragm Gauge for Ultra High Purity Applications</p> | <p>Transceptor® SPS RGA is a residual gas analyzer (RGA) especially developed for single pressure sampling (SPS). This low-risk and high-reward solution is ideal for Semi and display manufacturing</p> <p>LDS 3000 AQ leak detector to use forming gas or helium in a simple accumulation chamber</p> <p>Stripe® high-speed, 200°C heated Capacitance Diaphragm Gauge with EtherCAT interface</p> | <p>Transceptor XPR 3+ RGA integrates a new generation of miniaturized quadrupole mass spectrometer for rapid gas change monitoring</p> <p>SPOT CDS500 featuring two measuring cells for wide range pressure measurement</p> <p>IRwin Variants G, the world's most compact methane analyzer with integrated gas chromatography for ethane analysis</p> <p>XL3000, the world's most powerful sniffer leak detector for H<sub>2</sub> and Helium</p> | <p>Launch of a compact Self Plasma Optical Emission System for contamination control of &lt;10nm front end processes</p> <p>Fusion LNE certification for Biomethane Application in France</p> <p>Successful FabGuard® solution for Subfab.</p> <p>Launch of INFICON D-TEK Stratus®, the first refrigerant leak detector that pinpoints leaks and guides to leaks with the innovative cloud hunting mode</p> |
| 2015                                                                                                                                                                                                                                                                                                                                                                                     | 2016                                                                                                                                                                                                                                                                                                                                               | 2017                                                                                                                                                                                                                                                                                                                                                                                                | 2018                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2019                                                                                                                                                                                                                                                                                                                                                                                                        |

## Target Markets

| Semi & Vacuum Coating | Security & Energy | Refrigeration, Air Conditioning & Automotive | General Vacuum |
|-----------------------|-------------------|----------------------------------------------|----------------|
|-----------------------|-------------------|----------------------------------------------|----------------|

### Market

|                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In situ metrology and process control for semiconductor manufacturers, manufacturers of capital equipment for semiconductor devices (OEMs), and for thin film coating applications including flat panel displays (LCD and OLED), solar cells, LED lighting systems, data storage media, scientific and consumer optics, and architectural glass coatings.</p> | <p>Analysis of chemical agents and toxic industrial chemicals in air, water or soil for military, emergency response and environmental events.</p> <p>Gas analysis for petrochemical industry, including oil and gas production and refining, alternative energy sources.</p> <p>Leak detection and monitoring of landfills, industrial processes, and utilities.</p> | <p>Leak detection for quality control in the manufacturing of commercial and consumer air conditioners and appliances.</p> <p>Technologies for air conditioners and airbags, fuel tanks, lithium-ion batteries, and other components in the automotive industry.</p> <p>After-sale service for repair.</p> | <p>Vacuum technology applications such as aerospace, heat treating, analytical instrumentation, food packaging, vacuum furnace and metallurgy, and research reached through private-label partners who are global manufacturers of vacuum pumps. INFICON also serves a growing portion of this market directly.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Growth Drivers

|                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Growing demand for electronic content in consumer products.</p> <p>Increasing manufacturing complexity.</p> <p>Miniaturization for portability and mobile communication.</p> <p>Rising demand for intelligent sensors (MEMS, optical, etc.).</p> <p>Strong growth of new applications (Big Data, IoT, Virtual/Augmented reality, artificial intelligence, 5G and autonomous driving).</p> | <p>Imminent threats to national and global political and economic stability.</p> <p>Fear of terror, leads governments to allocate resources to homeland security.</p> <p>Government agencies (military, police, etc.) faced with more and new tasks for national emergencies.</p> <p>Growing environmental concerns and increase needs for alternative energy technologies.</p> | <p>Regulations to reduce environmental pollution and increase energy efficiency.</p> <p>Rising demand for air conditioning and new refrigerants.</p> <p>Growing demand for household appliances in emerging economies.</p> <p>Lithium-ion battery and fuel cell technologies, E-mobility.</p> <p>Increasing demand for leak tight automotive parts.</p> | <p>Life Science.</p> <p>R&amp;D budgets.</p> <p>Easier use of vacuum for industrial and research applications.</p> <p>Rising quality standards.</p> <p>Global GDP growth.</p> <p>New energy and fuel applications.</p> <p>Food packaging, extended shelf life.</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Long-term market trends

|                        |                        |                    |                      |
|------------------------|------------------------|--------------------|----------------------|
| Ambient Intelligence   |                        |                    | Ambient Intelligence |
| Sustainability         | Sustainability         | Sustainability     |                      |
| Wealth/consumption     |                        | Wealth/consumption | Wealth/consumption   |
| International Security | International Security |                    |                      |

# Target Markets

|                       |                   |                                              |                |
|-----------------------|-------------------|----------------------------------------------|----------------|
| Semi & Vacuum Coating | Security & Energy | Refrigeration, Air Conditioning & Automotive | General Vacuum |
|-----------------------|-------------------|----------------------------------------------|----------------|

## Products

|                                                                            |                                 |                                                          |                                                                            |
|----------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|
| Industrial gas analyzers, mass spectrometers, and process control sensors. |                                 |                                                          | Industrial gas analyzers, mass spectrometers, and process control sensors. |
| Vacuum gauges, controllers, components and feedthroughs.                   |                                 | Vacuum gauges, controllers, components and feedthroughs. | Vacuum gauges, controllers, components and feedthroughs.                   |
| Leak detectors                                                             | Leak detectors                  | Leak detectors                                           | Leak detectors                                                             |
| Thin film controllers                                                      |                                 |                                                          |                                                                            |
|                                                                            | Chemical detectors and monitors |                                                          |                                                                            |
|                                                                            | Micro gas chromatography        |                                                          | Micro gas chromatography                                                   |
| Application-based software solutions                                       |                                 |                                                          |                                                                            |
| Quartz crystal technologies                                                |                                 |                                                          | Quartz crystal technologies                                                |
| RF sensing technology                                                      |                                 |                                                          |                                                                            |
|                                                                            |                                 | Service tools                                            |                                                                            |

## Letter to our Shareholders

INFICON's business in the year 2019 was overall rather solid. Certain developments, however, called for special attention: After two booming years, the OLED market was clearly in decline. The international trade disputes led to new import taxes in key markets for INFICON. Especially in China, the market conditions became more competitive. Further the private label business was confronted by unexpected low demand in one area. At year-end, INFICON's annual sales of USD 381.7 million were 7% below the previous year's result.

The robustness of INFICON's business model shows in its capability to generate remarkable earnings and strong cash flows even in rather difficult times. INFICON closed the year with an operating income of USD 64.8 million, a net profit of USD 52.8 million and an operative cash flow of USD 53.3 million.

The Board of Directors is convinced that INFICON is well positioned in its various target markets and operationally in good shape to master the challenges that lie ahead. Although the global situation is quite fragile, INFICON assesses the new business year cautiously optimistic. The Board of Directors therefore proposes to its shareholders a dividend payment of CHF 18.00 per share for the fiscal year 2019.

2019 marked an important anniversary for our Group: In late 1969, a tiny company was founded in Syracuse, New York in the USA, named INFICON. This brand was later chosen for our newly formed Group that went public in the year 2000. Today, Syracuse is still home to the largest unit of the INFICON Group.

## Letter to our Shareholders

INFICON serves four target markets which typically follow their own specific business cycles. In one of these, INFICON achieved rising sales figures, while three markets did not meet the previous year's figures. Organically, Group sales declined by 6.5% to USD 381.7 million. Including the contribution from acquisitions (plus 1.1 percentage points) and the negative currency impacts (minus 1.7 percentage points), the nominal decline was 7%.

**Semi & Vacuum Coating** remained the most important target market. With sales of USD 163.7 million, INFICON generated 42.9% of the overall Group sales in this market. Yet this market closed the year with some USD 21 million of sales or 11 % less than in 2018, and thus accounted for a large part of the 7% decline of USD 28.7 million in global sales. The decline was largely attributable to the sluggish market in vacuum coating. While the OEM and end-user demand had boomed in the OLED market in the last two years, 2019 saw only very little additional manufacturing capacities added. The current demand from end consumers for handheld devices including an OLED display can currently be met with the existing capacities. Market breakthroughs of new categories of devices such as smart phones with foldable displays are likely to stimulate this market anew in the future. Large OLED screens are still luxury products and customers hesitate to upgrade to this new technology. The trade dispute between the USA and China also negatively impacted the market dynamics with the levy of new import taxes. Chip makers were rather reluctant to invest in new manufacturing capacities in the first quarters of the reporting year. Only in the fourth quarter did the OEM market start again to gain momentum. INFICON's state-of-the-art process control software FabGuard remains the benchmark for accurate online

process control in the manufacture of semiconductors. This continually updated software that integrates all INFICON instruments saw increasing demand in 2019. Business cycles in the Semi & Vacuum Coating market are not a new phenomenon. INFICON is used to dealing with them. Its flexible manufacturing model helps to cope with oscillating business trends. Overall, INFICON remains optimistic for this key target market for the future.

The contribution from the **General Vacuum** market to Group sales remained stable at 28%. With USD 107 million, the sales volume was, however, 7.2% lower than in 2018. This business serves many different industries and applications globally. In 2019, it was negatively impacted by the rising international trade uncertainties and a certain economic cautiousness. In recent years, INFICON has successfully launched a couple of interesting product and marketing initiatives in this market. Contura®, a non-destructive leak testing machine especially developed for the food packaging industry, was warmly welcomed in the market. First introduced to European customers, this novel leak testing technology is now also sold in America. INFICON supplies the General Vacuum market both indirectly with private label products specially developed and manufactured for large customers and to a rising extent also directly. Sales in one area of the private label business were surprisingly low in 2019. Apart from supplying customers with complex INFICON products through its technical sales representatives worldwide, U.S. research and academic clients in particular continue to be addressed with the well-known standard vacuum gauge and measurement product families of the InstruTech brand, acquired in 2016. To better address the global needs of self-sufficient customers who look for high performance tools at an unbeatable price, INFICON has launched its LINXON® brand of vacuum instruments



*The LINXON myRGA Residual Gas Analyzer provides simple, easy and affordable gas analysis.*



*LINXON LX218 Helium Leak Detector impresses with its powerful and reliable technology combined with low investment costs.*

## Letter to our Shareholders

including a helium leak detector and a residual gas analyzer. These products are exclusively sold via internet or selected local distributors.

INFICON reports 8.3% lower sales of USD 26.6 million generated with customers of the **Security & Energy** market. Although INFICON successfully broadened its customer base in 2019, this market continues to be largely dependent on public sector clients, especially in the security business. HAPSITE®, the person-portable VOC analysis units are recognized as the technological benchmark when it comes to speedily and accurately identifying hazardous organic compounds. This technology is not only used in military contexts but also for identifying dangerous emissions in emergency situations. In the energy business, INFICON offers a range of gas analysis and leak detection devices for safety and quality control, biomethane applications and gas distribution.

The only target market that closed the year with higher sales figures in 2019 was **Refrigeration, Air Conditioning & Automotive**. With an increase of 3.6%, INFICON reached a new annual sales record in this market of USD 84.4 million. Year over year, the refrigeration and air conditioning business remained stable, showing some typical seasonal fluctuations in the various quarters. Globally, the traditional automotive business faced a challenging year. In this area, investments into quality control equipment became rather hesitant while leak-testing of e-mobility battery components and large battery stacks continued to be a growing source of demand for INFICON devices.

Looking at the sales development from a geographic point of view, INFICON's sales in Asia declined strongly by 16.2%. This is on the one hand due to the sluggish trend in the memory chip business and the downturn in the vacuum coating market and reflects – on the other hand – a considerable price pressure in China where competition has become very fierce. Europe witnessed a smaller decline of 2.6%, whereas INFICON achieved 6% higher sales in America.

### Focus on marketing excellence and R&D

In 2019, INFICON pushed ahead with numerous marketing initiatives. As mentioned earlier, the leak-testing equipment Contura is now being marketed in Europe and North America and INFICON has introduced a standard product range for self-sufficient customers. This range is sold exclusively over the internet or through selected partners. Our main focus, however, remains on first-class technical customer service. Our technical sales specialists assist our customers across the globe in the shortest response times possible. One customer, ON Semiconductor, recognized INFICON as their 2018 Front End Site Supplier of the Year and acknowledges the contributions the INFICON FabGuard® Process Control System provides in meeting the quality and consistency challenges of today's semiconductor manufacturing. This prestigious award highlights the excellence of INFICON's continuously updated process control software – an important sales contributor in the semiconductor market.



ON Semiconductor Supplier of the Year Award for FabGuard®.

## Letter to our Shareholders

Research and Development continues to be a main focus. INFICON invested USD 34.4 million – or 9% of sales – into R&D and thus into its future. While sales declined in 2019, the means devoted to R&D increased by 9%, not least driven by the 2018 acquisition of Final Phase Systems – a developer of industrial engineering software and process control tools for the semiconductor manufacturing industry. In 2019, INFICON introduced a world-first: The D-TEK Stratus® Refrigerant Leak Detector operates in two modes. The cloud-hunting mode directs a service specialist to an area where the ambient concentration of a refrigerant is higher and then the device can be switched to pin-point mode to help the technician find the actual leak.

Newly developed products or upgraded next generation versions of tried and tested INFICON equipment or enhanced devices that target new applications include a new vacuum quality indicator. This instrument was specifically developed to provide both semiconductor OEM and end-user manufacturers with an easy-to-operate early warning system for their vacuum processes. Another new development is a Compact Process Monitor that can cope with very aggressive gases. Targeting especially the semiconductor industry, INFICON is planning to launch this new instrument soon.



*D-TEK Stratus combines the superior leak detection of INFICON D-TEK leak detectors with the cloud hunting capability of a portable monitor all in one hand-held unit. Quickly locate the area containing the leak using the large, easy-to-read LCD display, and then pinpoint the leak all with one instrument! D-TEK Stratus is the next big thing in refrigerant leak detection.*

### Strong performance in challenging markets

The continuous stream of new and enhanced products secures INFICON's technological leadership in its target markets and helps defend and expand its market shares. Despite the fierce competition and newly introduced import taxes, INFICON managed to keep its gross margin almost unchanged: After 49.9% in 2018, the gross margin reached 49.3% for the year under review. Due to the higher R&D costs and – given the 7% sales decline – somewhat under-proportionately contained general selling, general and administrative costs, INFICON closed the year with an operating profit of USD 64.8 million. This represents a solid margin of 17.0%, down, however, from the high 19.9% achieved in 2018. After taxes, INFICON's net profit resulted at USD 52.8 million, yielding a net profit margin of 13.8%, after 15.6% a year ago.

Over the full year, INFICON achieved an operating cash flow of USD 53.3 million. This is almost a million more than in 2018 and highlights INFICON's ability to generate strong cash flows thanks to its sound business model. The high cash flow and successfully managed accounts receivable lowered the working capital to USD 108.8 million or 28.2% of sales. The balance sheet remains strong as evidenced by a net cash position of USD 50.1 million and a robust equity margin of 75.9%, the same level as in 2018.

Based on current trading and order backlog as well as forward-looking indicators for its various markets, INFICON remains in general cautiously optimistic for the quarters ahead. The current economic situation, however, is fragile. What is more, the Coronavirus (Covid-19) outbreak leads to new global uncertainties with possible market impacts and potential knock-on effects that are still hard to fathom, although we see first signs of a stabilization in INFICON's business in China. INFICON therefore refrains from publishing an outlook for 2020.

Based on the full-year results, INFICON's excellent market position, and the assessment of the upcoming months, the Board of Directors proposes to the shareholders to pay out a dividend of CHF 18.00 for the fiscal year 2019.

INFICON would like to thank all shareholders for their loyal and continued support. Board and Management also thank all of INFICON's business partners – customers and suppliers alike – for their trust and cooperation.

In the last quarter, Board and Management had the privilege to celebrate INFICON's 50<sup>th</sup> Anniversary with all staff around the globe. The small, yet heart-felt festivities started off in Syracuse and reached over the course of the following weeks all INFICON locations. It made us all proud to look back on the many important contributions the people at INFICON made over the past 50 years. At the same time, we all know that continuing to write INFICON's success story would not be possible without the support and the commitment of all colleagues on all levels throughout the Group and across the globe.

Thank you all and best regards,  
Yours sincerely



Dr. Beat E. Lüthi  
Chairman



Lukas Winkler  
CEO



Matthias Tröndle  
CFO

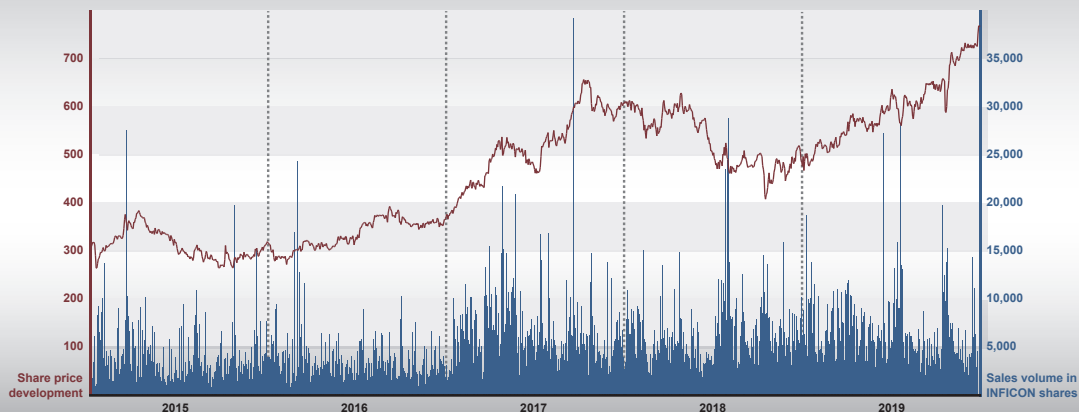


from left to right:  
Dr. Beat E. Lüthi, Lukas Winkler, Matthias Tröndle

## INFICON is celebrating its 50th Anniversary



## Investor Relations



### Company Capital

The share capital of INFICON Holding AG consists of 2,437,331 registered shares with a nominal value of CHF 5 each.

### Stock Market Trading

The registered shares are listed on SIX Swiss Exchange under

- the SIX Security Number 1102994
- ISIN CH0011029946
- the symbol IFCN

### Important Dates\*

\*Subject to change

April 3, 2020: Annual General Meeting of Shareholders, Bad Ragaz, Switzerland

April 22, 2020: First quarter 2020 results

July 29, 2020: Second quarter 2020 results/half-year results 2020

October 21, 2020: Third quarter 2020 results

March 2021: Fourth quarter 2020 results/Year-end results 2020

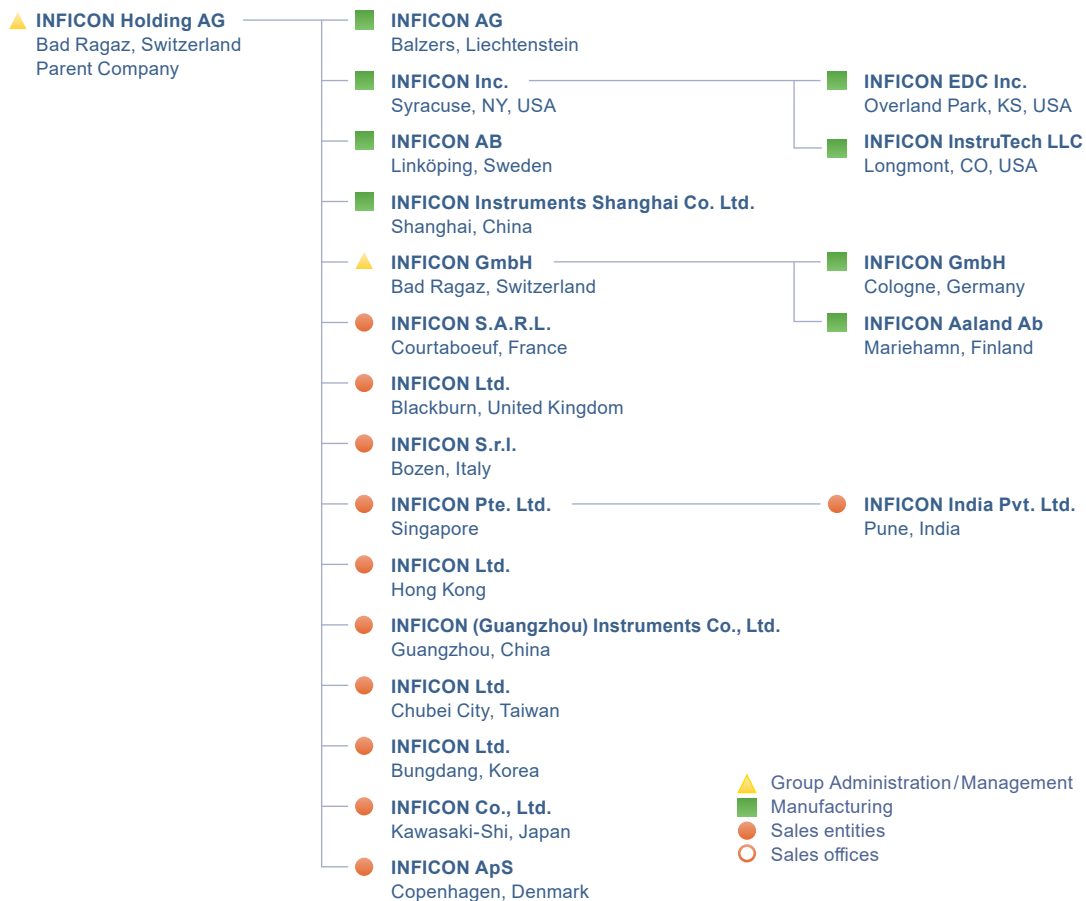
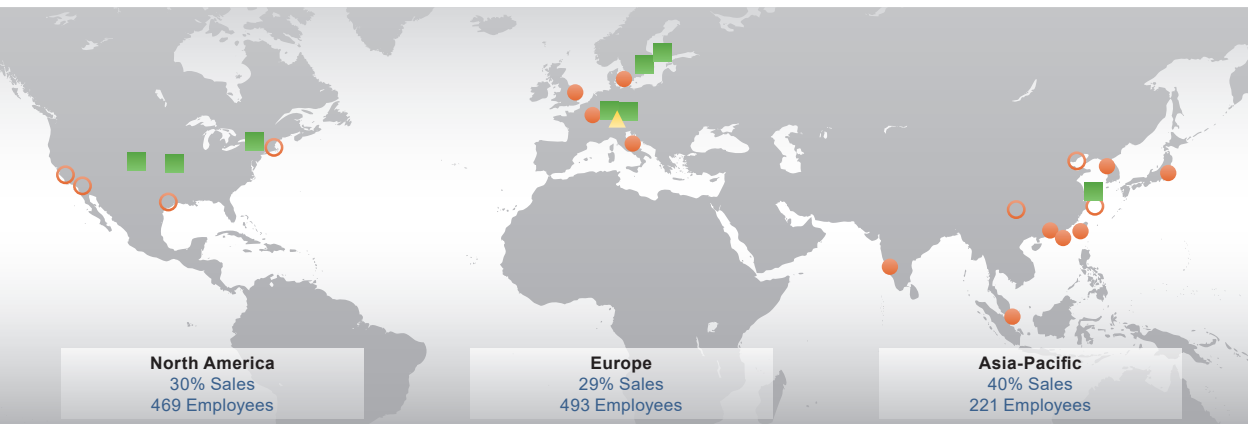
### Internet/E-mail Alerts

E-mail alerts: The latest financial information from INFICON can automatically be sent via E-mail alert; sign up is available in the Investors section of the INFICON website [www.inficon.com](http://www.inficon.com)

|                                    | 2015           | 2016           | 2017           | 2018           | 2019                  |
|------------------------------------|----------------|----------------|----------------|----------------|-----------------------|
| <b>Key figures per share (CHF)</b> |                |                |                |                |                       |
| Price at year-end                  | 320.25         | 367.00         | 608.50         | 497.60         | <b>768.50</b>         |
| Highest price                      | 391.00         | 396.25         | 660.50         | 636.00         | <b>779.50</b>         |
| <i>Date</i>                        | <i>Apr. 14</i> | <i>Sep. 06</i> | <i>Oct. 13</i> | <i>Apr. 23</i> | <b><i>Dec. 23</i></b> |
| Lowest price                       | 252.00         | 270.50         | 371.50         | 403.80         | <b>468.40</b>         |
| <i>Date</i>                        | <i>Oct. 21</i> | <i>Feb. 09</i> | <i>Jan. 03</i> | <i>Oct. 11</i> | <b><i>Jan. 03</i></b> |
| Earnings per share (basic)         | 12.72          | 16.94          | 24.57          | 26.40          | <b>21.66</b>          |
| Equity per share                   | 72.34          | 70.71          | 85.49          | 84.65          | <b>85.66</b>          |
| Dividend/Distribution per share    | 13.00          | 16.00          | 20.00          | 22.00          | <b>18.00</b>          |

\* The proposed distribution is to be paid out from available earnings.

## Global Presence



# Group Organization

(as of March 4, 2020)

## Board of Directors and Group Management



*Back row from left to right: Matthias Tröndle (CFO), Lukas Winkler (CEO), Dr. Beat E. Lüthi (Chairman)*

*Front row from left to right: Beat Siegrist, Vanessa Frey, Dr. Thomas Staehelin, Dr. Richard Fischer*

# Group Organization

(as of March 4, 2020)



## Board and Executive Secretary

Elisabeth Kühne, General Secretary to the Board of Directors  
INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland  
Tel. +41 81 300 4980  
Fax +41 81 300 4988  
E-mail: [elisabeth.kuehne@inficon.com](mailto:elisabeth.kuehne@inficon.com)

# Corporate Governance

## Introduction

This Corporate Governance Report explains the principles of management and control of INFICON Holding AG at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive) issued by the SIX Swiss Exchange on March 20, 2018.

Corporate governance of INFICON Holding AG complies with the principles and recommendations of the "Corporate Governance – Swiss Code of Best Practice."

INFICON Holding AG is committed to continually reviewing its corporate governance framework, with a view to related developments.

The Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (hereinafter referred to as "Ordinance"), subject to transitional provisions, has caused certain changes in our corporate governance.

All elements of the Ordinance have been fully introduced with the amendment of the Articles of Incorporation of INFICON Holding AG.

Information on Board of Directors and Company Management compensation is outlined in our Compensation Report, beginning on page 28.

Furthermore, the Company's internal guidelines regarding corporate governance are provided in its Articles of Incorporation, Organizational Regulations, Board Committee Charters, Code of Business Conduct and Ethics, as well as internal policies.

The following Corporate Governance Report follows the structure of SIX Swiss Exchange.

## 1 Group Structure and Shareholders

### 1.1 Group Structure

#### Operational Group Structure

See page 17.

INFICON Holding AG is the parent company of the INFICON group which operates from 16 countries and consists of a parent company, 8 manufacturing companies, 11 sales and service subsidiaries, and a management company located in Bad Ragaz, Switzerland which performs administrative, inter-company financing, and intellectual property management functions. The legal entity structure of the INFICON group is seen on page 15.

#### Listed Corporation: INFICON Holding AG

INFICON Holding AG is based in Bad Ragaz, Switzerland. It has a share capital of TCHF 12,187 made up of 2,437,331 shares with a nominal value of CHF 5 each. Registered shares are listed on SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

Since January 3, 2012, the registered shares of INFICON Holding AG are traded on SIX Swiss Exchange's Domestic Standard.

Market capitalization at December 31, 2019 was CHF 1,873,088.87 based on shares outstanding.

# Corporate Governance

## Share Capital and Percentage of Shares Held by Subsidiaries

See statutory financial statements, Note 2.1, "Investments."

### 1.2 Significant Shareholders

#### Shareholder Structure

Based on number of registered shareholders as of December 31, 2019.

| Number of shares | Number of shareholders |
|------------------|------------------------|
| > 50,000         | 4                      |
| 10,000–50,000    | 15                     |
| 1–9,999          | 4,151                  |
| <b>Total</b>     | <b>4,170</b>           |

#### Shareholders by Country

Based upon number of registered shareholders as of December 31, 2019.

| Country                  | Number of shareholders |
|--------------------------|------------------------|
| Switzerland              | 3,785                  |
| Germany                  | 217                    |
| United States of America | 10                     |
| Liechtenstein            | 15                     |
| Rest of Europe           | 119                    |
| Rest of World            | 24                     |
| <b>Total</b>             | <b>4,170</b>           |

#### Major Shareholders

See statutory financial statements, Note 3.2, "Significant Shareholders."

### 1.3 Cross-shareholdings

INFICON Holding AG has no cross-shareholdings.

## 2 Capital Structure

### 2.1 Capital (Issued, Authorized & Conditional)

Registered shares of CHF 5 each at December 31, 2019:

|                           |           |             |
|---------------------------|-----------|-------------|
| Issued share capital      | 2,437,331 | TCHF 12,187 |
| Conditional share capital | 17,524    | TCHF 88     |

The issued share capital comprises 2,437,331 registered shares of CHF 5 each. Each share entitles the registered owner to one vote at the General Meeting of Shareholders, as well as a share of dividends or distribution from capital contribution reserve, if any, declared by the Company and proceeds from liquidation, corresponding to its nominal value as a percentage of the total nominal value of issued share capital.

### 2.2 Authorized and Conditional Share Capital

The Board of Directors is currently not authorized to issue new registered shares.

The Articles of Incorporation provide for a conditional capital (according to Art. 653 of the Swiss Code of Obligations) of a maximum of TCHF 166 through the issuance of 33,172 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. During 2019 a total of 15,648 (2018: 8,600) options have been exercised reducing the available conditional shares to 17,524 and the conditional share capital to TCHF 88.

### 2.3 Changes in Shareholders' Equity

Changes in shareholders' equity are presented in the consolidated statements of shareholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2019 and 2018.

### 2.4 Shares

For further information refer to Note 2.1, "Capital" as above. No participation certificates are issued.

### 2.5 Profit Sharing Certificates

The Company currently has no profit sharing certificates.

# Corporate Governance

## 2.6 Limitations on Transferability and Nominee Registrations

The Articles of Incorporation contain no special regulations regarding limitations on transferability and nominee registrations.

## 2.7 Convertible Bonds and Warrants/Options

By December 31, 2015, both the Directors' Stock Option Plan as well as the Management & Key Employee Stock Option Plan have been terminated. As of December 31, 2019 a total of 8,230 exercisable options are held by current and former employees. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, Note 12, "Share-based Plans".

The Company currently has no convertible bonds or bonds with warrants.

## 3 Board of Directors

### 3.1 Members of the Board of Directors, other Activities and Vested Interests, and Internal Organizational Structure

#### Board of Directors and Management Board

Our Articles of Incorporation provide that the Board of Directors may consist of three or more members at any time. Directors are elected and removed by shareholder resolution. Members of our Board of Directors serve one-year terms and may be re-elected upon completion of their term of office. The shareholders may remove the directors without cause. Our five directors currently in office were elected by shareholder resolution.

All members of the Board of Directors are non-executive Board members.

According to the law, the Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG. The Board of Directors has delegated the conduct of the day-to-day business operations to the Company's Group Management comprising the Chief Executive Officer and Chief Financial Officer. Group Management is responsible for the management of INFICON Holding AG and for all other matters except for those reserved by law and the Articles of Incorporation.

The Board of Directors is required to resolve all matters, which are not defined by the law, Articles of Incorporation, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations and to the Articles of Incorporation the following non-transferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate management of the Corporation and the issuance of the necessary directives;
- Determination of the organization;
- Structuring of the accounting system and of the financial controls, as well as the financial planning insofar as this is necessary to manage the Corporation;
- Appointment and the removal of the persons entrusted with the management and representation of the Corporation and the granting of the signatory power;
- Ultimate supervision of the persons entrusted with the management, particularly with regard to compliance with the law, the Articles of Incorporation and regulations and directives;
- The preparation of the business report as well as the General Meeting of Shareholders, and the implementation of the latter's resolutions;
- Notification of the judge in the case of over-indebtedness;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in the share capital and regarding the amendments to the Articles of Incorporation entailed thereby;
- Examination of the professional qualifications of the specially qualified auditors in those cases in which the law foresees the use of such auditors.

The Board of Directors, as of the date of this report, has established an Audit Committee and a Compensation and Human Resources Committee. Each of these committees has regulations, which outline its duties and responsibilities. The Board of Directors elects the Chairman for each committee. The committees meet regularly carrying out preparatory work to provide the Board of Directors with updates and recommendations at its regular meetings. Their respective chairperson sets the agendas for the committee meetings. The length of the meetings range from an hour up to an entire day, depending on the agenda as decided by the chairman.

# Corporate Governance

## The Audit Committee

The Audit Committee consists of three non-executive members of the Board of Directors. Currently, the Audit Committee is comprised of the following members:

Dr. Thomas Staehelin, Chairman  
Vanessa Frey  
Beat Siegrist

The responsibilities of the Audit Committee include:

- Recommending to the Board of Directors the independent public accountants to be selected to conduct the annual audit of our books and records;
- Reviewing the proposed scope of such audit and approving the audit fees to be paid;
- Reviewing the adequacy and effectiveness of our accounting and internal financial controls with the independent public accountants and our financial and accounting staff;
- Reviewing and approving transactions between the Company, its directors, officers and affiliates; and
- Reviewing and reassessing, on an annual basis, the adequacy of our audit committee charter.

## The Compensation and Human Resources Committee

The Compensation and Human Resources Committee is to provide a general review of our compensation and benefit plans to ensure they meet corporate financial and strategic objectives, as well as to make recommendations to the Board regarding appointment, dismissal and career development of executive management positions. The responsibilities of the Compensation and Human Resources Committee also include the goal settings and the administration of employee incentive plans. The Compensation and Human Resources Committee consists of three non-executive members of the Board of Directors. Currently, the Compensation and Human Resources Committee is comprised of the following members:

Beat Siegrist, Chairman  
Dr. Richard Fischer  
Dr. Thomas Staehelin

## Frequency of Meetings of the Board of Directors and its Committees

The Board of Directors holds five or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds three meetings per year in addition to five conference calls. The Compensation and Human Resources Committee holds three or more meetings per year.

The following table does not include preparation of meetings, travel time as well as various separate meetings:

- Meetings with audit firm
- Meetings with Group Management
- Meetings with shareholders

# Corporate Governance

Number of meetings and conference calls in 2019:

|                                                                | Board of Directors | Audit Committee | Compensation and Human Resources Committee |
|----------------------------------------------------------------|--------------------|-----------------|--------------------------------------------|
| <b>Number of meetings in 2019</b>                              | 5                  | 3               | 3                                          |
| <b>Approx. average duration of meetings (in hours)</b>         | 7.9                | 1.0             | 3.2                                        |
| Dr. Richard Fischer                                            | 5                  | 3               | 3                                          |
| Vanessa Frey                                                   | 5                  | 3               | 3                                          |
| Dr. Beat E. Lüthi                                              | 5                  | 3               | 3                                          |
| Beat Siegrist                                                  | 5                  | 3               | 3                                          |
| Dr. Thomas Staehelin                                           | 5                  | 3               | 3                                          |
| KPMG calling in                                                | —                  | 2               | —                                          |
| <hr/>                                                          |                    |                 |                                            |
| <b>Number of conference calls in 2019</b>                      | —                  | 5               | 1                                          |
| <b>Approx. average duration of conference calls (in hours)</b> | —                  | 0.9             | 0.5                                        |
| Dr. Richard Fischer                                            | —                  | 5               | 1                                          |
| Vanessa Frey                                                   | —                  | 5               | 1                                          |
| Dr. Beat E. Lüthi                                              | —                  | 5               | 1                                          |
| Beat Siegrist                                                  | —                  | 5               | 1                                          |
| Dr. Thomas Staehelin                                           | —                  | 5               | 1                                          |
| KPMG                                                           | —                  | 2               | —                                          |

The meetings took place in Bad Ragaz (Switzerland), Balzers (Liechtenstein), Syracuse (USA), Cologne (Germany) and Vitznau (Switzerland).

**The Company's Board of Directors is composed of:**

## **Dr. Beat E. Lüthi, Citizen of Switzerland, 1962**

Chairman of the Board of Directors

### *Educational Background*

1980–1986 Swiss Federal Institute of Technology, ETH, Master in Electrical Engineering  
 1987–1990 Ph.D. at ETH/BWI on "Management of Industrial Software Projects"  
 1994 INSEAD, Fontainebleau France, International Executive Program

### *Executive Experience*

1987–1990 Zellweger Uster (Quality Control Products), Project Manager

1990–1998 Mettler-Toledo (Weighing Equipment): Business Unit Leader for System Business General Manager of Mettler-Toledo (Switzerland) AG  
 1998–2002 Feintool International (Fineblanking Presses and Parts), Chief Executive Officer and Member of the Board  
 2002–2007 Mettler-Toledo (Weighing Equipment), Member of the Group Executive Team and Chief Executive Officer of the Laboratory Division  
 Since 2007 CTC Analytics AG (Laboratory Robots), Chief Executive Officer and Member of the Board

### *Previous Board Mandates*

2002–2005 Soudronic AG, Bergdietikon  
 2007–2010 Uster Technologies AG, Uster  
 2007–2011 Addex Pharma SA, Geneva  
 2007–2011 Stadler Rail AG, Bussnang  
 2002–2013 Bossard AG, Zug

### *Current Board Mandates*

Since 2010 Straumann AG, Basel  
 Since 2012 INFICON Holding AG, Chairman  
 Since 2017 Orell Füssli Holding AG, Zürich

## **Dr. Richard Fischer, Citizen of Austria, 1955**

Vice Chairman of the Board of Directors and Member of the Compensation and Human Resources Committee

### *Educational Background*

1973–1979 Technical University of Vienna, Master of Science in Electrical and Electronical Engineering  
 1979–1982 Technical University of Vienna, Assistant Professor, Ph.D. with excellence

### *Executive Experience*

1982–1984 Gama, Access Systems, Austria, R&D Manager and Technical Director  
 1984–2004 VAT Holding AG, Switzerland, Chief Executive Officer

### *Previous Board Mandates*

1990–2011 ARS GmbH, Member  
 2008–2009 Netservice AG, Chairman  
 2003–2014 VAT Holding AG, Switzerland, Chairman

# Corporate Governance

## *Current Board Mandate*

Since 2003 INFICON Holding AG, Member

## **Vanessa Frey, Citizen of Switzerland, 1980**

Director, Member of the Audit Committee

## *Educational Background*

2000–2002 University of St. Gallen, Switzerland  
Undergraduate Studies in Economics,  
Business Administration and Law  
2003–2004 Stockholm School of Economics, Sweden  
Master of Science in International  
Economics and Business. Major in Finance

## *Executive Experience*

2004–2006 Handelsbanken Capital Markets,  
Corporate Finance, Stockholm, Sweden  
2007 HSZ Group, Asset Manager, Hong Kong  
Since 2007 CEO of Corisol Holding AG,  
Family Office, Zug

## *Previous Board Mandates*

2010–2011 South Pole Carbon Asset Management  
2010–2012 Absolute Invest, Member  
2012–2018 Garaventa Lift AG, Vice Chairwoman  
2016–2019 Zur Rose Group AG, Member

## *Current Board Mandates*

Since 2002 Corisol Holding AG, Member  
Since 2008 Swiss Small Cap Invest, Member  
Since 2008 KWE Beteiligungen AG, Member  
Since 2012 INFICON Holding AG, Member  
Since 2014 Schweiter Technologies AG, Member  
Since 2018 IMG Technologies Private Limited,  
Member

## **Beat Siegrist, Citizen of Switzerland, 1960**

Director, Member of the Audit Committee, Chairman of  
the Compensation and Human Resources Committee

## *Educational Background*

1980–1985 Swiss Federal Institute of Technology,  
ETH, Master in Electrical Engineering  
1987–1988 INSEAD, Fontainebleau France, MBA

## *Executive Experience*

1985–1986 Contraves AG (Defense Equipment),  
Development Engineer  
1987–1993 McKinsey&Co. (Consulting), first McKinsey  
Fellows in Switzerland, Consultant and  
Project Manager  
1993–1995 Outsourcing AG (Reorganisation and Out-  
sourcing of Productions), Founder and CEO  
1996–2008 Schweiter Technologies (Machinery  
Equipment for Textiles, Semiconductor  
and Optics), CEO  
2008–2012 Essilor (Ophthalmic Lens Manufacturer),  
Member of the Executive Team and President  
of machinery division Satisloh, which was  
sold to Essilor from Schweiter Technologies

## *Previous Board Mandates*

2002–2012 Ismeca Semiconductor Holding SA, Chairman  
2000–2013 Satisloh Holding AG, Member  
1996–2017 SSM Schärer Schweiter Mettler AG, Chairman  
2013–2018 Garaventa Accessibility AG, Chairman

## *Current Board Mandates*

Since 2003 Phoenix Mecano AG, Member  
Since 2008 Schweiter Technologies AG, Chairman  
Since 2010 INFICON Holding AG, Member  
Since 2019 The Island Rum Company AS, Member

## **Dr. Thomas Staehelin, Citizen of Switzerland, 1947**

Director, Chairman of the Audit Committee, Member of  
the Compensation and Human Resources Committee

## *Educational Background*

1967–1971 University of Basel, lic. iur. (Master in Law)  
1972–1974 University of Basel, Ph.D. in Law  
1973–1975 Various traineeships  
1975 Admission to the Bar

## *Professional Experience*

1973 Swiss Bank Corporation, London  
1974 SG Warburg & Co., Ltd., London  
(Portfolio Management, Corporate Finance)  
1975–today FROMER Advokatur und Notariat, Swiss  
Corporate and Tax Attorney, and Partner

# Corporate Governance

## Previous Board Mandates

|           |                                                             |
|-----------|-------------------------------------------------------------|
| 1991–2012 | Siegfried Holding AG, Vice-Chairman<br>(1991–1998 Chairman) |
| 1996–2008 | JRG Gunzenhauser AG, Vice-Chairman                          |
| 2005–2008 | Lenzerheide Bergbahnen AG, Vice-Chairman                    |
| 2005–2018 | Scobag Privatbank AG, Chairman                              |
| 2017–2019 | Radisson Hospitality AB, Member                             |

## Current Board Mandates

|            |                                                    |
|------------|----------------------------------------------------|
| Since 1978 | Kühne + Nagel International AG, Member             |
| Since 1993 | Lantal Textiles AG, Chairman (since 2010)          |
| Since 2001 | INFICON Holding AG, Member                         |
| Since 2002 | Swissport International AG, Member<br>(since 2016) |
| Since 2006 | Stamm Bau AG, Chairman                             |

## Good Citizenship Mandates

|            |                                                                                                                       |
|------------|-----------------------------------------------------------------------------------------------------------------------|
| 1977–2013  | “Allgemeine Musikgesellschaft Basel,”<br>President                                                                    |
| 1982–2014  | Swiss Association of Privately Held<br>Companies, Chairman                                                            |
| 2001–2017  | Chamber of Commerce of Basle, Chairman                                                                                |
| 2001–2017  | Member of the Board of Directors of<br>“economiesuisse” (Swiss Business<br>Federation)                                |
| 2006–today | Swiss Business Association Saudi Arabia<br>(SBASA), Chairman, and Saudi Swiss<br>Business Council (SSBC), Co-Chairman |
| 2012–today | Switzerland Global Enterprise, Director                                                                               |

## 3.2 Other Activities and Vested Interests

Pursuant to Article 21 c) of the company's Articles of Incorporation the Board members maximum number of board mandates is twenty-five with not listed companies whereof five with listed companies. For further information refer to Note 3.1.

## 3.3 Elections and Terms of Office

In accordance with the Ordinance and the company's Articles of Incorporation members of the Board of Directors and its Chairman as well as Compensation and Human Resources Committee members are elected for a respective one-year term of office.

Election occurs at the General Meeting of Shareholders.

The members of the Board of Directors were elected individually as follows:

| Board of Directors   | Date          | Term       |
|----------------------|---------------|------------|
|                      | First Elected | Expires    |
| Dr. Beat E. Lüthi    | May 2012      | March 2020 |
| Dr. Richard Fischer  | May 2003      | March 2020 |
| Vanessa Frey         | May 2012      | March 2020 |
| Beat Siegrist        | May 2010      | March 2020 |
| Dr. Thomas Staehelin | May 2001      | March 2020 |

## 3.4 Internal Organizational Structure

Refer to page 17.

## 3.5 Definition of Areas of Responsibility

The Board of Directors has delegated authority to the Company's Group Management comprising the Chief Executive Officer and Chief Financial Officer to execute the Company's approved annual budget. INFICON Holding AG has a comprehensive financial and enterprise reporting system to gather and report its financial results. The quarterly financial results are reviewed and approved by the Audit Committee prior to issuance to the public. Additionally, the Board of Directors provides oversight and approval for potential acquisitions or strategic partnerships.

## 3.6 Information and Control Instruments vis-à-vis Group Management

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors in an appropriate format and is presented by the persons bearing responsibility for oversight of the financial and operational aspects of the business.

The Board of Directors receives monthly reports from Group Management.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management and processes.

Members of the Board of Directors and Group Management attend the Audit Committee meetings.

The external auditors, KPMG AG, Zurich, conduct their audit in compliance with Swiss law and in accordance with Swiss auditing standards.

# Corporate Governance

## 4 Group Management

### 4.1 Members of Group Management, other Activities and Vested Interests, Management Contracts

Our Group Management is responsible for our day-to-day management. The officers have individual responsibilities established by our Organizational Regulations and by the Board of Directors.

#### **Lukas Winkler, Citizen of Switzerland, 1962**

President and Chief Executive Officer (since January 2004)

#### *Educational Background*

- 1982–1986 Swiss Federal Institute of Technology (ETH), Zürich, Dipl. Ing. ETH, BWI  
1999–2001 Syracuse University, NY, USA, Executive MBA

#### *Executive Experience*

- 1987–1989 General Motors Europe AG, Switzerland, Engineer  
1989–1991 Maschinenfabrik Rieter AG, Switzerland, Project Manager  
1991–1992 Maschinenfabrik Rieter AG, Switzerland, Department Head  
1993–1994 UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Logistics  
1995–1996 UNAXIS-Balzers AG, Liechtenstein and Switzerland, Manager Production  
1996–2003 Balzers and Leybold Instrumentation and INFICON AG, Liechtenstein, Vice President and General Manager (member of the Executive Team)  
2004–today INFICON Holding AG, Bad Ragaz, Chief Executive Officer

#### *Current Board Mandate*

Since 2018 KLH Holding AG, Member

#### **Matthias Tröndle, Citizen of Germany, 1960**

Vice President and Chief Financial Officer (since September 2008)

#### *Educational Background*

- 1982–1985 University of Cooperative Education, Mannheim, Degree in Business Administration (Diplom-Betriebswirt)

#### *Executive Experience*

- 1985–1988 Digital Equipment Corporation (DEC), Stuttgart, Financial Analyst Software Development and Sales  
1988–1995 Hewlett Packard GmbH, Germany, Senior Financial Analyst Headquarters Germany Finance Manager of two subsidiaries in Germany and Switzerland Accounts Receivables and Credit Manager Accounting & Reporting Manager Leasing & Remarketing Commercial Manager Leasing & Remarketing Division  
1995–2003 Solectron GmbH, Germany, Director Finance Germany  
2003–2003 Solectron Romania SRL, Timisoara – Romania, Director Finance Eastern Europe (9 months)  
2003–2008 Solectron Europe BV, Amsterdam, Senior Director Finance Europe  
2008–today INFICON Holding AG, Switzerland, Chief Financial Officer

### 4.2 Other Activities and Vested Interests

Pursuant to Article 21 c) of the company's Articles of Incorporation Group Management members maximum number of board mandates is five with not listed companies whereof one with listed companies. Refer to Note 4.1 for any activities and vested interests.

### 4.3 Management Contracts

INFICON Holding AG has not entered into any management contracts with third parties outside the Group.

## 5 Compensation, Shareholdings and Loans

Please refer to Note 3.3 "Shares and Share Options owned by Group Management and Members of the Board of Directors, including any related parties," of the statutory financial statements of INFICON Holding AG for details of Board members' and Group Managements' shareholdings and to the Compensation Report for disclosures pertaining to compensation, as well as the content and method of determining the compensation and shareholdings programs. Pursuant to Article 21, no loans or advances were made by the INFICON Group to members of the Board of Directors or to Group Management during the financial year.

## 6 Shareholder Participation

### 6.1 Voting-Rights and Representation Restrictions

Each INFICON share carries one vote at our shareholders' meetings. Voting rights may be exercised only after a shareholder has been recorded in our share register (Aktienbuch) as a shareholder with voting rights. INFICON may enter into agreements with banks or financial companies which hold shares for the account of other persons (nominees) regarding the exercise of the voting rights related to the shares.

INFICON shares are cleared and settled through SIX Securities Services AG. The shares will not be physically represented by certificates but will be managed collectively in book-entry form by SIX Securities Services AG. Shareholders are therefore not entitled to have their shares physically represented and delivered in certificate form (aufgehobener Titeldruck). They can, however, request a statement confirming their ownership of the shares.

### 6.2 Statutory Quorums

The Articles of Incorporation contain no quorums greater than that set out by the applicable legal provisions.

### 6.3 General Meetings of Shareholders

The Articles of Incorporation contain no rules on the convocation of the General Meeting of Shareholders that differ from applicable legal provisions.

### 6.4 Agenda

Shareholders holding shares with a par value of at least TCHF 500 have the right to request in writing, at least 50 days prior to the day of the respective shareholders' meeting, that a specific proposal be discussed and voted upon at such shareholders' meeting.

### 6.5 Entries into the Share Register

Only those shareholders with voting rights whose names were recorded in the Company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting of Shareholders, i.e. not more than 3 to 4 weeks before the General Meeting of Shareholders. There are no exceptions to this rule regarding the closing date for registration.

## 7 Changes of Control and Defense Measures

### 7.1 Duty to Make an Offer

The Company's Articles of Incorporation do not include "opting-out" or "opting-up" clauses and accordingly under Article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading a shareholder who acquires 33 ⅓% or more of the Company's shares is obliged to submit a public offer for the remaining shares.

### 7.2 Clauses on Changes of Control

The Directors, Management & Key Employee Share-based plans contain a provision whereby all unvested outstanding options vest and blocked shares release upon change in control.

## 8 Auditors

### 8.1 Duration of the Mandate and Term of Office of the Lead Auditor

Statutory auditors pursuant to Art. 727 and 728, respectively, of the Swiss Code of Obligations is KPMG AG, Zurich, elected for one year. KPMG AG commenced its mandate as statutory auditors of INFICON Holding AG in April 2014. The lead engagement partner, Mr. Toni Wattenhofer, has been responsible for the audit of the statutory and consolidated financial statements of INFICON Holding AG since financial year 2014. The significant subsidiaries of INFICON Holding AG are audited by member firms of KPMG AG.

### 8.2 Auditing Fees

Audit fees of the Group Auditor for the 2019 audit were approximately TUSD 314.

### 8.3 Additional Fees

No additional fees were paid to the Group Auditor in 2019.

## 8.4 Supervisory and Control Instruments Pertaining to the Audit

Each year the Audit Committee reviews and discusses the scope of the proposed audit work and the timely quarterly reviews, and evaluates the performance and fees of the auditors. Periodically the lead auditor participates in the Audit Committee meetings. In 2019 the audit firm attended two conference calls and two meeting calling in (see Frequency of Meetings of the Board of Directors and its Committees).

Criteria applied to the performance and compensation evaluation of KPMG AG includes: technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to INFICON, ability to provide effective, practical recommendations and effective communication and coordination with the Audit Committee and financial management.

Following the audit work, the auditors submit a report on their results, including all communications required, to the Audit Committee and to the Board of Directors in accordance with Swiss auditing standards. The Audit Committee meets with the auditors to discuss and review their feedback. Based on this information, the Audit Committee determines changes and improvements as necessary.

## 9 Information policy

INFICON Holding AG pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters potentially affecting the share price are published immediately as ad hoc announcements, in accordance with ad hoc publicity requirements of SIX Swiss Exchange.

Annual financial reports are published online for the benefit of shareholders and potential investors in March following the year-end closing.

Key financial figures are prepared and issued in a press release on a quarterly basis.

A 2019 half-year report was published online in July 2019.

Information available for investors can be found at [www.inficon.com](http://www.inficon.com).

# Compensation Report

## Introduction

This Compensation Report describes the principles of remuneration at INFICON. The report is prepared in accordance with the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations of November 20, 2013 (hereinafter referred to as "Ordinance"). The report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by *economiesuisse* and complies with Chapter 5 of the Appendix to the SIX Swiss Exchange Guidelines concerning information on corporate governance. The Articles of Incorporation have been considered in this compensation report. The Articles of Incorporation can be accessed with the following link:

[http://bit.ly/IFCN\\_ArtInc](http://bit.ly/IFCN_ArtInc)

Unless otherwise indicated, all information refer to the financial year 2019 closed on December 31, 2019. In the compensation report the share based payment is disclosed based on the year of allotment (grant date). All other compensation is disclosed according to the accrual principle: i.e. the compensation is reported in the respective period (i.e. financial year) in which it is recorded in the financial statements.

## 1 Remuneration Policy

INFICON is a globally active Group which maintains a remuneration policy in accordance with general market practice which also considers individual performance. This ensures the Group's ability to hire and retain the right talents. Individual remuneration corresponds to responsibility and complies with requirements, skills, the Group's economic success and individual performance. INFICON's overall remuneration policy is performance oriented and contains a variable component which applies to all staff.

The Compensation and Human Resources Committee (hereinafter referred to as "CHR Committee") annually reviews the principles of the remuneration policy. Based on a proposal of this Committee, the Board of Directors decides on the level of compensation for the members of the Board and the Group Management annually, once the audited financial results have been submitted to the

Board. The CHR Committee consists of three members of the Board of Directors: Currently Beat Siegrist (Chairman), Dr. Richard Fischer and Dr. Thomas Staehelin.

## 2 Board of Directors Compensation

The compensation to the members of the Board of Directors consists of a fixed yearly cash element which makes up 2/3 of the total compensation and a defined share allotment which makes up 1/3 of the total compensation. The shares are subject to a 3-year holding period. The compensation includes Swiss Social Security and Unemployment Insurance contributions. One member of the Board of Directors participates in the pension scheme of the company.

The CHR Committee annually proposes the total compensation levels for the Chairman and the other members of the Board. The CHR Committee bases its judgment on Committee member's experience. If needed the CHR Committee might use external compensation surveys and professional insights. The Board of Directors then deliberates on the level of total compensation for the members of the Board. The total amount of the compensation is then proposed to the Ordinary Annual General Meeting for the term of office until the closing of the following Ordinary Annual General Meeting of Shareholders.

The total compensation paid to the Board of Directors conforms to conferred responsibilities and market conditions.

In 2014 the Directors' Stock Option Plan from 2001 was terminated and the share program was introduced. The shares are subject to a 3-year mandatory holding period. The relevant share price for allocation purposes is the average share price on the day of allotment. The allotment occurs five trading days after the Ordinary Annual General Meeting.

Neither attendance fees nor flat rate expenses are paid. However, direct incurred expenses, such as travel and accommodation are reimbursed.

# Compensation Report

## 3 Compensation to Members of Group Management

Based on a proposal of the CHR Committee, the Board of Directors asks annually at the Ordinary Annual General Meeting for the approval of the compensation for Group Management.

The CHR Committee bases its judgement on Committee member's experience and, if deemed necessary, by external compensation benchmarks.

The compensation for the Members of the Group Management consists of the following elements: a fixed annual base compensation and benefits, a variable component consisting of an annual cash incentive (variable cash compensation), a long-term share based incentive and since 2019 a long-term incentive for the CEO.

The compensation also includes Social Security and Unemployment Insurance, pension plan contributions as well as a car allowance.

Structure of Compensation:

| Element                    | Program/Purpose                                                                                | Period                   |
|----------------------------|------------------------------------------------------------------------------------------------|--------------------------|
| Annual base salary         | Monthly cash                                                                                   | continuous, monthly      |
| Variable cash compensation | Cash bonus<br><i>Short-term goal achievement</i>                                               | 1 year                   |
| Long-term incentive        | Share plan, long-term incentive<br><br>CEO long-term incentive<br><i>Shareholder alignment</i> | 4 years<br><br>4–7 years |
| Benefits                   | Social security, pension, car allowance                                                        | continuous, monthly      |

The variable compensation is based on individual performance and the group's financial results. The following table shows the key performance indicators with correspondent weighting.

Key performance indicators for the Group Management:

|                                                 | Weighting<br>Chief Executive Officer                                                                                                                   | Weighting<br>Group Management |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Operating Income                                | 80.0%                                                                                                                                                  | 80.0%                         |
| Asset Management                                | 4.4%                                                                                                                                                   | 5.0%                          |
| Cost Control                                    | 4.4%                                                                                                                                                   | 5.0%                          |
| Individual Performance                          | 11.2%                                                                                                                                                  | 10.0%                         |
|                                                 | 100.0%                                                                                                                                                 | 100.0%                        |
| Target variable compensation of the base salary | 90.0%                                                                                                                                                  | 80.0%                         |
| Compensation split                              | 50% paid in cash<br>25% provided by shares, 4 year blocking period<br>25% provided by restricted shares, allotted over 4 years without blocking period |                               |

The financial performance based bonus criteria must meet a certain minimum threshold for eligibility. The total variable annual compensation is capped at 200% of the annual base cash compensation. The financial performance based bonus is depending on the annual results of operating income, asset management and cost control, weighted for 90% for Group Management and 89% for the CEO. The individual performance goals, weighted for 10% respectively 11% for the CEO, are based on individual performance objectives.

50% of the variable compensation is paid in cash, 25% are provided by shares subject to a four-year blocking period and 25% are provided by restricted shares allotted over the following four years and are then not subject to any blocking period.

In 2019 the CEO long-term incentive plan was introduced. The Board of Directors and CHR Committee have established performance values, their level and achievement, as well as other conditions and deadlines. The amount of the long-term remuneration is variable and can amount to a maximum of MCHF 2 gross (excluding social security contributions). The amount of the remuneration depends on the timing of the occurrence of the specified operating income. The remuneration is granted only once, is paid in shares and can be paid out in 2022 at the earliest. The agreement is valid until 2025 at the latest. This long-term remuneration

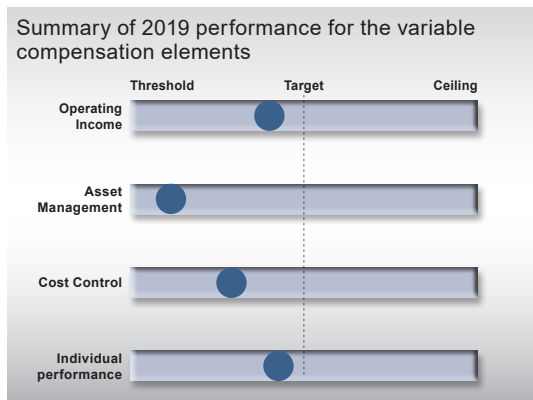
## Compensation Report

was submitted to the Ordinary Annual General Meeting in 2019 and approved.

The average share price on the fifth trading day following the Ordinary Annual General Meeting will serve as the calculation base to establish the number of shares.

The variable cash compensation serves as an incentive to achieve short-term goals and the variable share program is a long-term incentive and affect a long-term relationship to the enterprise in line with the shareholder's interest. The composition and amount of the compensation are in accordance with the sector and labor market and are reviewed periodically.

The specific metrics for the target bonus as well as the range between maximum and minimum variable compensation are determined by the Board of Directors via preparation and recommendation by the CHR Committee. The achievement of the financial performance goals are calculated based on the annual result following the close of the financial year. The achievement of the individual performance is determined by the CHR Committee and the proposal is submitted to the Board of Directors.



For the Group Management the base salary did increase by 1.2% in 2019. The variable compensation has been adjusted according to the financial performance and the individual performance goals.

### 4 Authority and Determination of Compensation

INFICON's existing CHR Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations and its Articles of Incorporation.

The CHR Committee prepares the recommendations submitted to the Board of Directors for compensation for the Board of Directors and the Group Management.

The CHR Committee consists of at least three members of the Board of Directors who are elected by the Ordinary Annual General Meeting of the Shareholders for a term of office that runs until the end of the next Ordinary Annual General Meeting of the Shareholders. Re-election is allowed.

The CHR Committee constitutes itself. It appoints its chairperson from among its members. The Board of Directors has issued rules on the organization and decision-making powers of the CHR Committee.

The CHR Committee has the following duties and competencies in particular:

1. to submit proposals to the Board of Directors regarding the determination of Group Management compensation principles;
2. to submit proposals to the Board of Directors to the attention of the Ordinary General Meeting of the Shareholders regarding the total amounts of compensation of the Board of Directors and Group Management;
3. to submit proposals to the Board of Directors regarding the compensation of the members of the Board of Directors and the fixed and variable compensation of the Group Management within the respective total amount approved by the Ordinary General Meeting of Shareholders;

# Compensation Report

4. to submit proposals to the Board of Directors to the attention of the Ordinary General Meeting of Shareholders regarding amendments to the Articles of Incorporation with respect to the system of compensation to compensate the Board of Directors and the Group Management.

The compensations of the Board of Directors and the fixed and variable compensations of the Group Management are subject to authorization by the Ordinary General Meeting of the Shareholders.

## 5 Severance Compensations

No severance payments have been contractually defined for members of the Board of Directors or the Group Management. For the financial year 2019 no severance compensations were paid.

## 6 Employment Contracts

The Company may enter into fixed-term or open-ended employment contracts with the members of the Group Management. Fixed-term employment contracts shall have a maximum duration of one year; a renewal is allowed.

The employment contracts of the Group Management members make no provision for unusually long notice periods or contract terms. Open-ended employment contracts of the Group Management have a notice period of a maximum of twelve months and make no provisions for unusually long notice periods or contract terms.

Non-competition agreements are allowed for the period following termination of the employment contract. In compensation for such agreements, a compensation not exceeding the affected member's last annual salary may be paid for up to one year.

## 7 Compensations to the Board of Directors and Group Management

The compensation to members of the Board of Directors and the aggregate to the Group Management shown in the tables below are gross and based on the accrual principle.

### a) Compensations 2019

|                                                           | Base<br>compen-<br>sation | Variable<br>compen-<br>sation | Shares granted |            | Em-<br>ployer<br>social<br>security<br>contribu-<br>tions | Other<br>compen-<br>sation<br>**** | Total<br>2019 |
|-----------------------------------------------------------|---------------------------|-------------------------------|----------------|------------|-----------------------------------------------------------|------------------------------------|---------------|
|                                                           | Cash                      | Cash<br>bonus<br>accrued      | Number         | TCHF       | TCHF                                                      | TCHF                               | TCHF          |
| <b>Board of Directors*:</b>                               |                           |                               |                |            |                                                           |                                    |               |
| Dr. Beat E. Lüthi<br>Chairman                             | 126                       | —                             | 111            | 64         | 32                                                        | —                                  | 222           |
| Dr. Richard Fischer<br>Vice Chairman                      | 94                        | —                             | 83             | 47         | 10                                                        | —                                  | 151           |
| Vanessa Frey<br>Member                                    | 63                        | —                             | 56             | 32         | 7                                                         | —                                  | 102           |
| Beat Siegrist<br>Chairman of CHR Committee                | 80                        | —                             | 70             | 40         | 16                                                        | —                                  | 136           |
| Dr. Thomas Staehelin<br>Chairman of Audit Committee       | 80                        | —                             | 70             | 40         | 7                                                         | —                                  | 127           |
| <b>Total</b>                                              | <b>443</b>                | <b>—</b>                      | <b>** 390</b>  | <b>223</b> | <b>72</b>                                                 | <b>—</b>                           | <b>738</b>    |
| <b>Group Management:</b>                                  |                           |                               |                |            |                                                           |                                    |               |
| Lukas Winkler<br>President and Chief<br>Executive Officer | 455                       | 150                           | 381            | 196        | 131                                                       | 20                                 | 952           |
| <b>Total</b>                                              | <b>760</b>                | <b>230</b>                    | <b>*** 599</b> | <b>308</b> | <b>221</b>                                                | <b>40</b>                          | <b>1,559</b>  |

\* For the Board of Directors the base compensation as well as the shares granted are part of the compensation for the one year election term 2019/2020.

The shares were transferred to the members of the Board of Directors at the beginning of the election term.

\*\* The shares are valued based on the average price of the share as of the fifth trading day after the Ordinary Annual General Meeting with no discount applied for the blocking period until April 04, 2022.

\*\*\* The total share amount consists of

- shares granted as variable compensation for 2019 with a four years blocking period until July 1, 2023

- shares allotted according to the last years share plans after ending of the blocking period (4 year allotment, 1/4 each year).

The shares are valued based on the average price of the share as of the fifth trading day after the Ordinary Annual General Meeting of each individual year with no discount applied for blocking periods.

\*\*\*\* Other compensation comprise payments mainly related to car allowances.

# Compensation Report

## b) Compensations 2018

|                                                           | Base<br>compensation | Variable<br>compensation | Shares granted |            | Em-<br>ployer<br>social<br>security<br>contribu-<br>tions | Other<br>compensation<br>**** | Total<br>2018 |
|-----------------------------------------------------------|----------------------|--------------------------|----------------|------------|-----------------------------------------------------------|-------------------------------|---------------|
|                                                           | Cash                 | Cash<br>bonus<br>accrued | Number         | TCHF       | TCHF                                                      | TCHF                          | TCHF          |
| <b>Board of Directors*:</b>                               |                      |                          |                |            |                                                           |                               |               |
| Dr. Beat E. Lüthi<br>Chairman                             | 126                  | —                        | 105            | 63         | 26                                                        | —                             | 215           |
| Dr. Richard Fischer<br>Vice Chairman                      | 94                   | —                        | 78             | 47         | 22                                                        | —                             | 163           |
| Vanessa Frey<br>Member                                    | 63                   | —                        | 53             | 32         | 22                                                        | —                             | 117           |
| Beat Siegrist<br>Chairman of CHR Committee                | 80                   | —                        | 67             | 41         | 9                                                         | —                             | 130           |
| Dr. Thomas Staehelin<br>Chairman of Audit Committee       | 80                   | —                        | 67             | 41         | 6                                                         | —                             | 127           |
| <b>Total</b>                                              | <b>443</b>           | <b>—</b>                 | <b>**</b>      | <b>370</b> | <b>224</b>                                                | <b>85</b>                     | <b>752</b>    |
| <b>Group Management:</b>                                  |                      |                          |                |            |                                                           |                               |               |
| Lukas Winkler<br>President and Chief<br>Executive Officer | 459                  | 215                      | 367            | 194        | 115                                                       | 20                            | 1,003         |
| <b>Total</b>                                              | <b>751</b>           | <b>335</b>               | <b>***</b>     | <b>580</b> | <b>306</b>                                                | <b>201</b>                    | <b>1,633</b>  |

\* For the Board of Directors the base compensation as well as the shares granted are part of the compensation for the one year election term 2018/2019.

The shares were transferred to the members of the Board of Directors at the beginning of the election term.

\*\* The shares are valued based on the average price of the share as of the fifth trading day after the Ordinary Annual General Meeting with no discount applied for the blocking period until April 19, 2021.

\*\*\* The total share amount consists of

- shares granted as variable compensation for 2018 with a four years blocking period until July 1, 2022

- shares allotted according to the last years share plans after ending of the blocking period (4 year allotment, 1/4 each year).

The shares are valued based on the average price of the share as of the fifth trading day after the Ordinary Annual General Meeting of each individual year with no discount applied for blocking periods.

\*\*\*\* Other compensation comprise payments mainly related to car allowances.

The compensation to the Chairman and the other Board members did not change compared to the previous year. The shares have been granted for the current term of office until the next Ordinary Annual General Meeting of the Shareholders. The allotment occurs five trading days after the Ordinary Annual General Meeting of the Shareholders (grant date). The total amount of compensation of TCHF 738 compares to the amount of TCHF 800 approved during the Ordinary Annual General Meeting of Shareholders. The difference is mainly driven by higher amounts requested for potential Employer Social Security and Unemployment Insurance contributions which are due in case of stock option exercises.

The base compensation to the Group Management did change compared to the previous year. The difference in total compensation between the year 2019 and 2018 is mainly driven by changes in variable performance related compensation elements (cash bonus and shares) and related lower Employer Social Security and Unemployment Insurance contributions. The average share price on the fifth trading day after the Ordinary Annual General Meeting will serve as the calculation base to establish the number of shares, which are allotted on July 1<sup>st</sup>. The variable compensation has been adjusted according to the achievement of the financial and individual performance targets.

The total amount of compensation for the Group Management of TCHF 1,559 compares to the maximum ceiling amount of TCHF 3,500 approved during the Ordinary Annual General Meeting of the Shareholders.

The main differences are due to the fact that the amounts for the potential event of further members being added to the Group Management and the amounts for a potential disadvantage compensation have not been required at all, further the variable performance related compensation (and related Employer Social Security and Unemployment Insurance contributions) has been lower.

## 8 Compensations for Former Members of Governing Bodies

There was no compensation to former members of the Board of Directors.

## 9 Additional Fees and Remunerations

No additional fees or remunerations were paid to members of the Governing Bodies and their related parties.

## 10 Loans to Members of Governing Bodies

No loans were granted to current or former members of governing bodies and their related parties during 2019. No such loans were outstanding as of December 31, 2019.



# Report of the Statutory Auditor

To the General Meeting of Shareholders of INFICON Holding AG, Bad Ragaz

We have audited the remuneration report dated March 4, 2020 of INFICON Holding AG for the year ended December 31, 2019. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables a) and b) in section 7 on pages 31 and 32 as well as sections 8 to 10 on page 32 of the compensation report.

## Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

## Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

## Opinion

In our opinion, the remuneration report for the year ended December 31, 2019 of INFICON Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Benjamin Marte  
Licensed Audit Expert

Zürich, March 4, 2020

# Environmental Protection, Safety and Product Stewardship

## 1 Comprehensive Approach

INFICON's approach to sustainability is a comprehensive one. In its business decisions and conduct the Company takes into account economic, environmental and social aspects at both strategic and operational levels.

## 2 General

INFICON's commitment to sustainability is evidenced by the fact that all manufacturing sites are certified according to ISO 14001:2015. During 2019, INFICON InstruTech in Longmont, Colorado, USA was certified and included in our ISO group certificate. With that ISO release, all manufacturing locations are required to analyze their risks and opportunities with regards to sustainability in a systematic way and to minimize their risks. These certified locations are integrated in a joint group certificate which brings advantages with regards to communications, sharing of information, best practices and standardization of processes.

INFICON also observes the standards set out in the Code of Conduct of the "Responsible Business Alliance (RBA)." All manufacturing facilities observe and comply with international and regional legislation, as well as guidelines. Moreover, the Company observes the UN Security Council Report S/2006/525 regarding so called "conflict minerals."

INFICON also strives to cooperate and support any initiatives from authorities or governments regarding sustainability. As an example, INFICON Aaland Ab participates in the local government program for sustainability. In April 2019 the European Commission presented the winners of the European Sustainability Award 2019. The Åland Islands and the Development and sustainability agenda for Åland were the winners of the category public bodies under 100.000 individuals. The award ceremony was held as part of a High-Level Conference in Brussels hosted by the First Vice-President of the European Commission. INFICON Aaland Ab is an active partner in this initiative and collaborates with the local government and other local companies in order to reduce environmental impact.

## 3 Safety and Health at Work

Employee safety is a top priority at INFICON and is also described and stipulated in our Business Ethics. We have adopted policies and procedures that are aimed at ensuring that INFICON meets or exceeds all applicable health and safety laws and regulations as well as prevailing industry standards.

## 4 Environmental Stewardship

Environmental protection, safety and product stewardship have long been key priorities at INFICON. The first manufacturing facility already met ISO 14001 standards as early as 1998.

Environmental management means that all ecological aspects are analyzed systematically and that the corresponding need for action is identified. The manufacturing facilities are themselves in charge of setting priorities and implementing the actions they deem necessary.

The Company observes the RoHS directive 2011/65/ EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, the European Union's REACH regulation on chemicals and their safe use, and monitors the "SVHC Candidate List" which lists substances of very high concern.

## 5 Resource and Energy Efficiency

Many INFICON products help to reduce the impact on environment:

- Leak detectors detect harmful gases which then can be sealed;
- Gauges control the production process and as a consequence reduce waste and energy consumption;
- Gas analysis products can create contamination profiles as a basis to remove the contamination.

Resource conservation is important for INFICON and is individually driven by the locations.

# Environmental Protection, Safety and Product Stewardship

## Innovation

Through its leading research and development, INFICON develops environmentally friendly products and thus meets the sustainability needs of its customers.

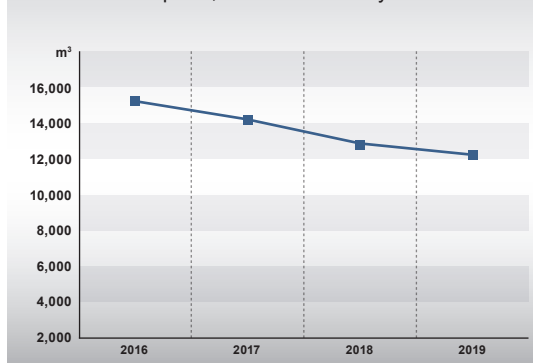
Taking into account the entire life cycle of a product, attention is paid already to the aspects of sustainability and resource efficiency at the time of developing new products. This includes as well the development of products with the lowest possible energy consumption throughout their whole life cycle.

## Resources

All manufacturing sites strive to reduce their consumption of resources. To achieve this, all sites independently define their improvement measures. A monitoring is carried out by group wide and location related key figures.

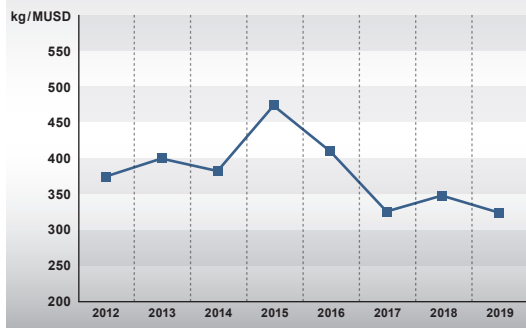
Our factory in Syracuse has managed to reduce water consumption over the last years consecutively, and it was reduced with 16% in 2019 compared to 2018.

Water Consumption, INFICON Inc. Syracuse



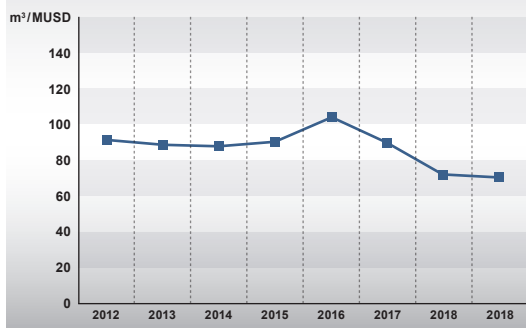
The production of garbage in relation to net sales has been reduced by 16% from 394.1kg/MUSD in 2011 to 329.4 kg/MUSD in 2019.

Production of Garbage in relation to Net Sales (all manufacturing sites)



The consumption of water in relation to net sales has been reduced by 24% from 95.8 m³/MUSD in 2011 to 76.8 m³/MUSD in 2019.

Consumption of Water in relation to Net Sales (all manufacturing sites)



# Environmental Protection, Safety and Product Stewardship

## Buildings and Constructions

INFICON is constantly striving to improve its energy balance and thus optimize the emission output per location. For example, air conditioning and building technology are optimized for buildings (better insulation, better room temperature management).

Overall INFICON manufacturing sites, the consumption of electricity, gas and oil was reduced with 8% in 2019 compared to 2018. Several improvements have been achieved in our factory in Cologne for instance installing energy efficient LED lights and the air conditioning system has been upgraded in order to use less energy. Complete renovation of the warehouse in 2019 in the same location has also reduced loss of heat energy.

## Logistics

In addition to factors such as reliability and punctuality, INFICON also focuses on environment friendly transport services.

## General

INFICON strives to maximize its resource and energy efficiency across the entire life cycle of its products and manufacturing facilities, beginning with the production of materials and processes, extending to their use, decommissioning and ultimate disposal. INFICON works together with its suppliers to make sure its environmental requirements are implemented by them as well.



# Financial Review

(US Dollars in Millions)

## Income Statement

### Net Sales

In 2019, net sales decreased by 7.0% or USD 28.8 to USD 381.7 from USD 410.4 in 2018. As this includes a negative impact of USD 6.9 or 1.7 percentage points from changes in currency exchange rates (FX impacts) and a positive impact of USD 4.7 or 1.1 percentage points from acquisitions, the net sales decreased organically by 6.5% in 2019.

Sales to the Semi & Vacuum Coating market decreased by USD 20.9 or 11.3% to USD 163.7, mainly due to reduced investments in OLED technology as well as a weaker Memory market. The General Vacuum market sales declined by USD 8.3 or 7.2% with the most pronounced declines in Asia and Europe. Refrigeration, Air Conditioning & Automotive sales increased by 3.6% or USD 2.9 to USD 84.4 and did hit a new annual record level, largely supported by the increase of battery production capacities for E-mobility. Sales to the Security & Energy market decreased by 8.3% or USD 2.4. Sales in this market are characterised by a long-term project business dominated by large public sector customers.

### Gross Profit

Gross profit margin was 49.3% for 2019 as compared with 49.9% for 2018. This marginally decrease results mainly from newly imposed import duties and from a stronger competition situation in China.

### Research and Development

Research and development costs increased to USD 34.4 or 9.0% of net sales, as compared with USD 31.7 or 7.7% in 2018. This increase of 8.5% is mainly driven by the acquisitions made in 2018

### Selling, General, and Administrative (SGA)

Selling, general, and administrative costs decreased to USD 89.1 or 23.3% of sales in 2019 from USD 91.7 or 22.3% of sales in 2018. This decrease is driven by lower variable compensation, tight cost control as well as favourable FX rates.

### Operating Result

As a result of lower sales volume and gross profit margin, the income from operations decreased to USD 64.8 or 17.0% of sales for 2019 from USD 81.5 or 19.9% of sales for 2018.

### Financial Result/Non-Operating Result

The decrease in the financial result by USD 0.1 to USD 1.5 is essentially driven by the increase in foreign currency losses. The non-operating result is impacted by a Cyber fraud incident as well as reorganization costs.

### Income Taxes

Provision for income taxes was USD 9.7 or 15.5% of earnings before taxes for 2019 compared with USD 16.0 or 19.9% of income before taxes for 2018. The lower rate arised by a favorable impact from the Foreign-Derived Intangible Income (FDII), as a component of the US Tax Act 2017, as well as the German Investment Tax Act 2018.

### Net Result and Diluted Earnings per Share

Net income and diluted earnings per share was USD 52.8 and USD 21.66 per share for 2019, as compared with USD 64.2 and USD 26.40 per share for 2018. The decrease of 18.0% in diluted earnings per share is in line with the 17.7% decrease in net income.

# Financial Review

(US Dollars in Millions)

## Balance Sheet and Liquidity

Inventories increased by USD 1.2 to USD 66.5 at December 31, 2019 as compared with USD 65.3 at December 31, 2018. Inventory turns decreased to 2.8 in 2019 from 3.5 in 2018 using a 4-point average of quarter-end inventory balances.

Property, Plant & Equipment increased by USD 6.0 to USD 70.7 at December 31, 2019 compared to USD 64.7 at December 31, 2018, due to investments in capacity, new technologies and modernization for machinery and equipment.

Short-term financial liabilities at December 31, 2019 are USD 7.3 (December 31, 2018: USD 0). Thereof USD 6.2 in favor of the related party KWE Beteiligungen AG.

Short-term provisions decreased by USD 4.2 to USD 12.7 (December 31, 2018: USD 16.9) mainly due lower provisions for variable compensation.

Cash and short-term investments at December 31, 2019 totaled USD 57.4, which represents a decrease of USD 4.9 as compared with USD 62.3 at December 31, 2018. Cash flow from operations totaled USD 53.3 in 2019 as compared with USD 52.3 in 2018. The increase is driven by reduced trade receivables and an effective working capital management.

# Consolidated Balance Sheet

(US Dollars in Thousands, except share and per share amounts)

|                                                   | Note | December 31,<br>2019 | December 31,<br>2018 |
|---------------------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                                     |      |                      |                      |
| Cash and cash equivalents                         |      | 56,168               | 61,065               |
| Short-term investments                            |      | 1,258                | 1,239                |
| Trade accounts receivable                         | 3    | 51,102               | 53,701               |
| Inventories                                       | 4    | 66,475               | 65,253               |
| Prepayments and accrued income                    |      | 3,917                | 2,068                |
| Other current assets                              |      | 9,100                | 5,582                |
| <b>Total current assets</b>                       |      | <b>188,020</b>       | <b>188,908</b>       |
| Property, plant, and equipment                    | 5    | 70,746               | 64,742               |
| Intangible assets                                 | 6    | 5,793                | 6,414                |
| Deferred tax assets                               |      | 7,007                | 7,654                |
| Financial assets                                  |      | 3,466                | 3,471                |
| <b>Total non-current assets</b>                   |      | <b>87,012</b>        | <b>82,281</b>        |
| <b>Total assets</b>                               |      | <b>275,032</b>       | <b>271,189</b>       |
| <b>Liabilities and Shareholders' Equity</b>       |      |                      |                      |
| Trade accounts payable                            |      | 8,819                | 8,573                |
| Short-term financial liabilities                  | 7    | 7,326                | 0                    |
| Short-term provisions                             | 8    | 12,727               | 16,947               |
| Income taxes payable                              |      | 5,692                | 7,118                |
| Accrued expenses and deferred income              | 9    | 11,897               | 12,607               |
| Other current liabilities                         |      | 4,924                | 5,798                |
| <b>Total current liabilities</b>                  |      | <b>51,385</b>        | <b>51,043</b>        |
| Long-term provisions                              | 8    | 11,485               | 11,631               |
| Deferred tax liabilities                          | 10   | 3,368                | 2,759                |
| <b>Total non-current liabilities</b>              |      | <b>14,853</b>        | <b>14,390</b>        |
| <b>Total liabilities</b>                          |      | <b>66,238</b>        | <b>65,433</b>        |
| Common stock                                      |      | 6,830                | 6,786                |
| Treasury shares                                   | 11   | (636)                | (1,215)              |
| Retained earnings                                 |      | 209,084              | 205,467              |
| Foreign currency translation                      |      | (6,484)              | (5,282)              |
| <b>Total shareholders' equity</b>                 |      | <b>208,794</b>       | <b>205,756</b>       |
| <b>Total liabilities and shareholders' equity</b> |      | <b>275,032</b>       | <b>271,189</b>       |

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Income

(US Dollars in Thousands, except share and per share amounts)

| Year ended December 31,            | Note | 2019      | 2018      |
|------------------------------------|------|-----------|-----------|
| Net sales                          |      | 381,659   | 410,447   |
| Cost of sales                      |      | (193,455) | (205,574) |
| Gross profit                       |      | 188,204   | 204,873   |
| Research and development           |      | (34,359)  | (31,695)  |
| Selling expense                    |      | (32,445)  | (33,336)  |
| General and administrative expense |      | (56,628)  | (58,368)  |
| Operating result                   |      | 64,772    | 81,474    |
| Financial result                   | 14   | (1,518)   | (1,353)   |
| Ordinary result                    |      | 63,254    | 80,121    |
| Non-operating result               | 14   | (768)     | 0         |
| Earnings before income taxes (EBT) |      | 62,486    | 80,121    |
| Income taxes                       | 15   | (9,694)   | (15,954)  |
| Net result                         |      | 52,792    | 64,167    |
| Earnings per share:                | 16   |           |           |
| Basic                              |      | 21.73     | 26.54     |
| Dilution                           |      | (0.07)    | (0.14)    |
| Diluted                            |      | 21.66     | 26.40     |

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Shareholders' Equity

(US Dollars in Thousands, except share and per share amounts)

|                                                         | Note | Common stock | Capital reserves | Treasury Shares | Retained earnings | Foreign currency translation | Total shareholders' equity |
|---------------------------------------------------------|------|--------------|------------------|-----------------|-------------------|------------------------------|----------------------------|
| Balance at December 31, 2017                            |      | 6,762        | —                | (1,373)         | 203,261           | (1,683)                      | 206,967                    |
| Net result                                              |      |              |                  |                 | 64,167            |                              | 64,167                     |
| Foreign currency translation adjustments                |      |              |                  |                 |                   | (3,599)                      | (3,599)                    |
| Issuance of common stock from exercise of stock options | 12   | 24           | 2,234            |                 |                   |                              | 2,258                      |
| Acquisition of treasury shares                          |      |              |                  | (1,050)         |                   |                              | (1,050)                    |
| Disposal of treasury shares                             |      |              |                  | 1,208           |                   |                              | 1,208                      |
| Stock-based compensation                                |      |              | 112              |                 |                   |                              | 112                        |
| Distribution from legal reserve (CHF 20 per share)      |      |              | (2,346)          |                 | (47,576)          |                              | (49,922)                   |
| Adjustment of Goodwill                                  | 13   |              |                  |                 | (14,385)          |                              | (14,385)                   |
| Balance at December 31, 2018                            |      | 6,786        | —                | (1,215)         | 205,467           | (5,282)                      | 205,756                    |
| Net result                                              |      |              |                  |                 | 52,792            |                              | 52,792                     |
| Foreign currency translation adjustments                |      |              |                  |                 |                   | (1,202)                      | (1,202)                    |
| Issuance of common stock from exercise of stock options | 12   | 44           | 4,385            |                 |                   |                              | 4,429                      |
| Acquisition of treasury shares                          |      |              |                  | (896)           |                   |                              | (896)                      |
| Disposal of treasury shares                             |      |              |                  | 1,475           |                   |                              | 1,475                      |
| Distribution from legal reserve (CHF 22 per share)      |      |              | (4,385)          |                 | (49,175)          |                              | (53,560)                   |
| Adjustment of Goodwill                                  | 13   |              |                  |                 | 0                 |                              | 0                          |
| Balance at December 31, 2019                            |      | 6,830        | —                | (636)           | 209,084           | (6,484)                      | 208,794                    |

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated Statement of Cash Flow

(US Dollars in Thousands, except share and per share amounts)

| Year ended December 31,                                                           | Note | 2019            | 2018            |
|-----------------------------------------------------------------------------------|------|-----------------|-----------------|
| Cash flows from operating activities:                                             |      |                 |                 |
| Net result                                                                        |      | 52,792          | 64,167          |
| Adjustments to reconcile net income to net cash provided by operating activities: |      |                 |                 |
| Depreciation                                                                      | 5    | 9,195           | 8,603           |
| Amortization                                                                      | 6    | 1,516           | 1,598           |
| Result from disposal of fixed assets                                              |      | 44              | 21              |
| Deferred Taxes                                                                    |      | 1,152           | 1,071           |
| Stock based compensations                                                         |      | 0               | 112             |
| Changes in operating assets and liabilities, excluding effects from acquisition:  |      |                 |                 |
| Trade accounts receivable                                                         |      | 2,502           | (976)           |
| Inventories                                                                       |      | (1,532)         | (17,871)        |
| Other assets                                                                      |      | (5,511)         | (896)           |
| Trade accounts payable                                                            |      | 305             | (1,569)         |
| Accrued liabilities and provisions                                                |      | (5,062)         | (3,614)         |
| Income taxes payable                                                              |      | (1,404)         | 274             |
| Other liabilities                                                                 |      | (727)           | 1,388           |
| <b>Net cash provided by operating activities</b>                                  |      | <b>53,270</b>   | <b>52,308</b>   |
| Cash flows from investing activities:                                             |      |                 |                 |
| Purchase of property, plant, and equipment                                        |      | (18,435)        | (20,261)        |
| Disposal of property, plant, and equipment                                        |      | 3,109           | 2,910           |
| Purchase of intangible assets                                                     |      | (881)           | (463)           |
| Disposal of intangible assets                                                     |      | 0               | 200             |
| Acquisitions of businesses net of cash acquired                                   | 18   | 0               | (8,376)         |
| Purchase of short-term investments                                                |      | (20)            | (2,396)         |
| Disposal of short-term investments                                                |      | 0               | 3,171           |
| <b>Net cash used in investing activities</b>                                      |      | <b>(16,227)</b> | <b>(25,215)</b> |
| Cash flows from financing activities:                                             |      |                 |                 |
| Proceeds from exercise of stock options                                           | 12   | 4,429           | 2,258           |
| Cash distribution from legal reserves                                             |      | (53,560)        | (49,922)        |
| Purchase/disposal of treasury shares                                              |      | 579             | 158             |
| Proceeds from borrowings                                                          |      | 37,930          | 21,417          |
| Repayments of borrowings                                                          |      | (30,604)        | (21,417)        |
| <b>Net cash used in financing activities</b>                                      |      | <b>(41,226)</b> | <b>(47,506)</b> |
| Effect of exchange rate changes on cash and cash equivalents                      |      | (714)           | (1,537)         |
| Change in cash and cash equivalents                                               |      | (4,897)         | (21,950)        |
| Cash and cash equivalents at beginning of period                                  |      | 61,065          | 83,015          |
| <b>Cash and cash equivalents at end of period</b>                                 |      | <b>56,168</b>   | <b>61,065</b>   |

The accompanying notes form an integral part of the consolidated financial statements.

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 1 Description of Business

INFICON Holding AG (INFICON or the “Company”) is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktiengesellschaft) organized under the laws of Switzerland.

The Company’s stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our products are essential for gas leak detection in air conditioning, refrigeration and automotive manufacturing. They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications. Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes. The Company also leverages its expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

INFICON has best in class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Denmark, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom and the United States.

## 2 Summary of Significant Accounting Policies

### Basis of Preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Company. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP FER) and are based on the subsidiaries’ annual financial statements at December, 31, which are prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle with the exception of certain items such as derivative financial instruments

and short-term investments, which are carried on the balance sheet at their fair value. The consolidated financial statements comply with the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of INFICON Holding AG approved the consolidated financial statements on March 4, 2020 for submission to the Annual General Meeting on April 3, 2020.

### Consolidation

These consolidated financial statements include INFICON Holding AG and all companies that INFICON controls. Control exists if INFICON (the “Group”) holds directly or indirectly more than half of the voting rights, or has other means of controlling the company.

The financial statements of subsidiaries are prepared using uniform classification and accounting policies. The reporting date for INFICON Holding AG, all subsidiaries and the consolidated financial statements is December 31.

The full consolidation method is applied to all subsidiaries over which control exists. Their assets, liabilities, income and expenses are incorporated in full. The purchase method of consolidation is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group’s share of the fair value of the subsidiary’s net assets. Intercompany transactions and balances are eliminated. Unrealized intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

## Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

The following companies are included in these consolidated financial statements:

| Company                                   | Domicile               | Participation rate |
|-------------------------------------------|------------------------|--------------------|
| INFICON Holding AG                        | Bad Ragaz (CH)         |                    |
| INFICON GmbH                              | Bad Ragaz (CH)         | 100%               |
| INFICON (Guangzhou) Instruments Co., Ltd. | Guangzhou (CN)         | 100%               |
| INFICON Instruments Shanghai Co. Ltd.     | Shanghai (CN)          | 100%               |
| INFICON GmbH                              | Cologne (DE)           | 100%               |
| INFICON Aaland Ab                         | Mariehamn (FI)         | 100%               |
| INFICON S.A.R.L.                          | Courtaboeuf (FR)       | 100%               |
| INFICON Ltd.                              | Hong Kong (HK)         | 100%               |
| INFICON India Pvt. Ltd.                   | Pune (IN)              | 100%               |
| INFICON S.r.l.                            | Bozen (IT)             | 100%               |
| INFICON Co., Ltd.                         | Kawasaki-shi (JP)      | 100%               |
| INFICON Ltd.                              | Bungdang (KR)          | 100%               |
| INFICON AG                                | Balzers (LI)           | 100%               |
| INFICON AB                                | Linköping (SE)         | 100%               |
| INFICON Pte. Ltd.                         | Singapore (SG)         | 100%               |
| INFICON Ltd.                              | Chubei City (TW)       | 100%               |
| INFICON Ltd.                              | Blackburn (UK)         | 100%               |
| INFICON Inc.                              | Syracuse, NY (US)      | 100%               |
| INFICON EDC Inc.                          | Overland Park, KS (US) | 100%               |
| INFICON InstruTech LLC.                   | Longmont, CO (US)      | 100%               |
| INFICON ApS                               | Kopenhagen (DK)        | 100%               |

### Significant Accounting Policies and Estimates

The preparation of financial statements in conformity with Swiss GAAP FER requires management to make estimates and assumptions that affect the reported and disclosed amounts of (contingent) assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses. Management bases its estimates and judgments on historical experience and on various other factors believed to be reasonable under the circumstances that form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The main estimates include provisions, allowances for trade accounts receivables and inventories.

### Cash and Cash Equivalents and Short-Term Investments

The Company considers all highly-liquid investments with an original maturity of three months or less on their acquisition date to be cash equivalents. The Company classifies investments with an original maturity of more than three months on their acquisition date as short-term investments. Short-term investments consist of certificates of deposit, time deposits, or money market mutual funds.

### Trade Accounts Receivable

Trade accounts receivable and other current receivables are recognized at nominal value less allowance for any impairment. Doubtful receivables are provided for by way of specific allowances for known or alleged specific risks. Furthermore, an additional lump-sum allowance is set-up based on accounts receivable aging and taking into account the actual losses expected based on past experience.

### Inventories

Inventories are stated at the lower of cost and net realizable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the moving average method. Appropriate allowances are made for slow-moving inventories and obsolete inventories are fully written off. If the net realizable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

### Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and less any impairment loss. Expenditures for major renewals and improvements that extend the useful lives of property, plant and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in earnings. The Group does not depreciate land.

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

The estimated useful lives and depreciation periods in years are as follows:

| Category                          | Years |
|-----------------------------------|-------|
| Buildings                         | 20–30 |
| Building and land improvements    | 10–20 |
| Machinery and equipment           | 5–10  |
| Vehicles                          | 5–10  |
| Content, furniture and fixtures   | 5–10  |
| Business machines                 | 5–10  |
| Information technology (hardware) | 3–5   |
| Demonstration equipment           | 2     |

## *Intangible Assets*

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are valued at historical cost less straight-line amortization over the estimated useful lives of 3 to 10 years. Customer relationships are not considered as Intangible Assets.

## *Goodwill*

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the recognized assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed in the notes to the consolidated financial statements. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated at the date of acquisition. Any changes in contingent consideration are offset against goodwill in equity.

## *Impairment of Non-current Assets and Goodwill*

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-

generating unit to which the asset belongs. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized separately in the income statement. As goodwill is fully offset against equity at the date of acquisition, impairment of goodwill will not affect income, but be disclosed in the notes to the consolidated financial statements.

## *Pension Benefits*

Pension benefit assets and obligations are recognized in the consolidated financial statements according to legal regulations of the respective countries. The actual economic impact of pension plans is calculated at each balance sheet date. A pension asset is recorded when an economic benefit exists, meaning that such economic benefit will be used to reduce future pension contributions by the Company. A pension liability is recognized when an economic obligation exists, meaning if the requirements to record a provision are met.

## *Trade Payables and Other Payables*

Trade accounts payable and Other liabilities are recognized at par value.

## *Provisions*

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with restructuring is recognized when a detailed restructuring plan has been developed and the measures have been approved and communicated before the balance sheet date.

## *Revenue Recognition*

Revenues primarily relate to the sale of instruments for gas analysis, measurement and control and is recognized when risks and rewards as well as control has been passed to the acquirer and income and related expense can be determined reliably. This generally coincides with the delivery of the instruments.

## *Research and Development*

Research and development costs are expensed as incurred.

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## Shipping and Handling Costs

Revenue and costs associated with shipping products to customers are included in sales or cost of sales.

## Share-based Plan

In 2001, a stock option plan for Directors, as well as for Group Management and key employees was put in place. In 2014 the Directors' Stock Option Plan from 2001 was terminated and a share program was introduced. The shares are subject to a 3-year mandatory holding period.

In 2015 the Group Management and Key Employee Stock Option Plan from 2001 was terminated and a share program was introduced. Within this plan, 50% of the shares are allotted on the grant date and are subject to a four-year blocking period. The remaining 50% will be allotted over the next four years – one fourth each year – and will not be subject to any blocking period.

Share-based compensation is stated at fair value at the grant date and recognized in personnel expense in the period in which the service is performed.

## Income Tax Expense

Current income tax is calculated on taxable profits for the year and recognized on an accrual basis. Deferred income tax is provided, using the liability method, on all temporary differences and recognized as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date. Tax losses carried forward and tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilized.

## Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the applicable local currency. For those subsidiaries, assets and liabilities are translated to US Dollars at year-end exchange rates. Income and expense accounts are translated at the average monthly exchange rates in effect during the year. The effects of foreign currency translation adjustments are taken to retained earnings (currency translation difference) and not recognized in the income statement.

The following foreign exchange rates versus the US Dollar have been applied when translating the financial statements of the Company's major subsidiaries:

| Currency |                  |     | Period-end rates |        | Average rates |        |
|----------|------------------|-----|------------------|--------|---------------|--------|
|          |                  |     | 2019             | 2018   | 2019          | 2018   |
| 1        | Swiss Franc      | USD | 1.0293           | 1.0202 | 1.0062        | 1.0228 |
|          | Euro             | USD | 1.1189           | 1.1454 | 1.1196        | 1.1815 |
|          | Japanese Yen     | USD | 0.0092           | 0.0091 | 0.0092        | 0.0091 |
|          | Hong Kong Dollar | USD | 0.1284           | 0.1277 | 0.1276        | 0.1276 |
|          | Korean Won       | USD | 0.0009           | 0.0009 | 0.0009        | 0.0009 |

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 3 Trade Accounts Receivable

Trade accounts receivable and related bad debt allowance are recorded as follows as at December 31:

|                                             | 2019          | 2018          |
|---------------------------------------------|---------------|---------------|
| Trade accounts receivable, gross            | 52,677        | 55,807        |
| Bad debt allowance                          | (1,575)       | (2,106)       |
| <b>Total trade accounts receivable, net</b> | <b>51,102</b> | <b>53,701</b> |

## 4 Inventories

Inventories and related reserves consist of the following at December 31:

|                                       | 2019           | 2018           |
|---------------------------------------|----------------|----------------|
| Raw material                          | 50,456         | 53,761         |
| Work-in-process                       | 4,143          | 8,931          |
| Finished goods                        | 19,698         | 9,186          |
| Advance Payments to suppliers         | —              | 223            |
| <b>Inventory Valuation Adjustment</b> | <b>(7,822)</b> | <b>(6,848)</b> |
| <b>Balance at December 31,</b>        | <b>66,475</b>  | <b>65,253</b>  |

## 5 Property, Plant, and Equipment

The components of property, plant, and equipment consist of the following at December 31:

| Property, plant, and equipment 2019 | Land         | Buildings     | Machinery and equipment | Leasehold improvements | Prepayments and tangible fixed assets under construction | Demonstration equipments | Other tangible fixed assets | Total property, plant, and equipment |
|-------------------------------------|--------------|---------------|-------------------------|------------------------|----------------------------------------------------------|--------------------------|-----------------------------|--------------------------------------|
| <b>At cost</b>                      |              |               |                         |                        |                                                          |                          |                             |                                      |
| At January 1, 2019                  | 2,925        | 43,742        | 64,137                  | 10,973                 | 6,756                                                    | 8,062                    | 12,695                      | 149,290                              |
| Additions                           | —            | 684           | 7,996                   | 962                    | 6,747                                                    | 791                      | 1,255                       | 18,435                               |
| Disposals                           | —            | (3,342)       | (487)                   | (2,995)                | (279)                                                    | (202)                    | (7,305)                     |                                      |
| Reclassifications                   | —            | 1,764         | 2,830                   | 27                     | (4,638)                                                  | —                        | 12                          | (5)                                  |
| Exchange Differences                | (50)         | (272)         | 179                     | 75                     | 28                                                       | (58)                     | (170)                       | (268)                                |
| <b>At December 31, 2019</b>         | <b>2,875</b> | <b>45,918</b> | <b>71,800</b>           | <b>11,550</b>          | <b>5,898</b>                                             | <b>8,516</b>             | <b>13,590</b>               | <b>160,147</b>                       |

### Accumulated depreciations:

|                             |            |               |               |              |          |              |               |               |
|-----------------------------|------------|---------------|---------------|--------------|----------|--------------|---------------|---------------|
| At January 1, 2019          | 390        | 15,256        | 42,739        | 9,879        | —        | 7,012        | 9,272         | 84,548        |
| Systematic depreciation     | 1          | 1,628         | 4,981         | 447          | —        | 1,084        | 1,054         | 9,195         |
| Impairment                  | —          | —             | —             | —            | —        | (1)          | —             | (1)           |
| Disposals                   | —          | —             | (3,337)       | (487)        | —        | (267)        | (105)         | (4,196)       |
| Reclassifications           | —          | —             | (32)          | —            | —        | —            | 31            | (1)           |
| Exchange Differences        | —          | (54)          | 83            | 75           | —        | (49)         | (199)         | (144)         |
| <b>At December 31, 2019</b> | <b>391</b> | <b>16,830</b> | <b>44,434</b> | <b>9,914</b> | <b>—</b> | <b>7,779</b> | <b>10,053</b> | <b>89,401</b> |

### Net book values:

|                             |              |               |               |              |              |            |              |               |
|-----------------------------|--------------|---------------|---------------|--------------|--------------|------------|--------------|---------------|
| At January 1, 2019          | 2,535        | 28,486        | 21,398        | 1,094        | 6,756        | 1,050      | 3,423        | 64,742        |
| <b>At December 31, 2019</b> | <b>2,484</b> | <b>29,088</b> | <b>27,366</b> | <b>1,636</b> | <b>5,898</b> | <b>737</b> | <b>3,537</b> | <b>70,746</b> |

| Property, plant, and equipment 2018 | Land         | Buildings     | Machinery and equipment | Leasehold improvements | Prepayments and tangible fixed assets under construction | Demonstration equipments | Other tangible fixed assets | Total property, plant, and equipment |
|-------------------------------------|--------------|---------------|-------------------------|------------------------|----------------------------------------------------------|--------------------------|-----------------------------|--------------------------------------|
| <b>At cost</b>                      |              |               |                         |                        |                                                          |                          |                             |                                      |
| At January 1, 2018                  | 3,005        | 43,873        | 52,056                  | 10,954                 | 5,753                                                    | 7,338                    | 12,359                      | 135,338                              |
| Additions                           | 24           | 420           | 11,703                  | 209                    | 2,878                                                    | 1,055                    | 1,154                       | 17,443                               |
| Disposals                           | —            | —             | (801)                   | (164)                  | —                                                        | (123)                    | (215)                       | (1,303)                              |
| Reclassifications                   | —            | —             | 1,671                   | 37                     | (1,708)                                                  | —                        | —                           | —                                    |
| Exchange Differences                | (104)        | (551)         | (492)                   | (63)                   | (167)                                                    | (208)                    | (603)                       | (2,188)                              |
| <b>At December 31, 2018</b>         | <b>2,925</b> | <b>43,742</b> | <b>64,137</b>           | <b>10,973</b>          | <b>6,756</b>                                             | <b>8,062</b>             | <b>12,695</b>               | <b>149,290</b>                       |

### Accumulated depreciations:

|                             |            |               |               |              |          |              |              |               |
|-----------------------------|------------|---------------|---------------|--------------|----------|--------------|--------------|---------------|
| At January 1, 2018          | 390        | 13,963        | 39,300        | 9,669        | —        | 6,074        | 8,976        | 78,372        |
| Systematic depreciation     | —          | 1,417         | 4,579         | 433          | —        | 1,244        | 930          | 8,603         |
| Impairment                  | —          | —             | —             | —            | —        | —            | —            | —             |
| Disposals                   | —          | —             | (766)         | (164)        | —        | (121)        | (201)        | (1,252)       |
| Reclassifications           | —          | —             | —             | —            | —        | —            | —            | —             |
| Exchange Differences        | —          | (124)         | (374)         | (59)         | —        | (185)        | (433)        | (1,175)       |
| <b>At December 31, 2018</b> | <b>390</b> | <b>15,256</b> | <b>42,739</b> | <b>9,879</b> | <b>—</b> | <b>7,012</b> | <b>9,272</b> | <b>84,548</b> |

### Net book values:

|                             |              |               |               |              |              |              |              |               |
|-----------------------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|
| At January 1, 2018          | 2,615        | 29,910        | 12,756        | 1,285        | 5,753        | 1,264        | 3,383        | 56,966        |
| <b>At December 31, 2018</b> | <b>2,535</b> | <b>28,486</b> | <b>21,398</b> | <b>1,094</b> | <b>6,756</b> | <b>1,050</b> | <b>3,423</b> | <b>64,742</b> |

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 6 Intangible Assets

| Intangible assets 2019 | Technology | Software | Other | Total  |
|------------------------|------------|----------|-------|--------|
| <b>At cost</b>         |            |          |       |        |
| At January 1, 2019     | 9,828      | 8,053    | 4,565 | 22,446 |
| Additions              | 97         | 771      | 13    | 881    |
| Disposals              | —          | (456)    | —     | (456)  |
| Reclassifications      | —          | 7        | (2)   | 5      |
| Exchange Differences   | 30         | 36       | 20    | 86     |
| At December 31, 2019   | 9,955      | 8,411    | 4,596 | 22,962 |

|                                 |       |       |       |        |
|---------------------------------|-------|-------|-------|--------|
| <b>Accumulated amortization</b> |       |       |       |        |
| At January 1, 2019              | 6,763 | 7,219 | 2,050 | 16,032 |
| Systematic amortization         | 563   | 675   | 278   | 1,516  |
| Disposals                       | —     | (456) | —     | (456)  |
| Reclassifications               | —     | 1     | —     | 1      |
| Exchange Differences            | 25    | 36    | 15    | 76     |
| At December 31, 2019            | 7,351 | 7,475 | 2,343 | 17,169 |

|                        |       |     |       |       |
|------------------------|-------|-----|-------|-------|
| <b>Net book values</b> |       |     |       |       |
| At January 1, 2019     | 3,065 | 834 | 2,515 | 6,414 |
| At December 31, 2019   | 2,604 | 936 | 2,253 | 5,793 |

| Intangible Assets 2018 | Technology | Software | Other | Total   |
|------------------------|------------|----------|-------|---------|
| <b>At cost</b>         |            |          |       |         |
| At January 1, 2018     | 8,364      | 7,792    | 4,537 | 20,693  |
| Additions              | 2,171      | 380      | 387   | 2,938   |
| Disposals              | (640)      | (52)     | (344) | (1,036) |
| Reclassifications      | —          | 5        | (5)   | —       |
| Exchange Differences   | (67)       | (72)     | (10)  | (149)   |
| At December 31, 2018   | 9,828      | 8,053    | 4,565 | 22,446  |

|                                 |       |       |       |        |
|---------------------------------|-------|-------|-------|--------|
| <b>Accumulated amortization</b> |       |       |       |        |
| At January 1, 2018              | 7,067 | 6,445 | 1,888 | 15,400 |
| Systematic amortization         | 397   | 889   | 312   | 1,598  |
| Disposals                       | (640) | (52)  | (144) | (836)  |
| Reclassifications               | —     | —     | —     | —      |
| Exchange Differences            | (61)  | (63)  | (6)   | (130)  |
| At December 31, 2018            | 6,763 | 7,219 | 2,050 | 16,032 |

|                        |       |       |       |       |
|------------------------|-------|-------|-------|-------|
| <b>Net book values</b> |       |       |       |       |
| At January 1, 2018     | 1,297 | 1,347 | 2,649 | 5,293 |
| At December 31, 2018   | 3,065 | 834   | 2,515 | 6,414 |

## 7 Financial Liabilities Short-term

Total short-term financial liabilities at December 31, 2019 amount to USD 7,326. Thereof USD 6,176 is in favor of the related party KWE Beteiligungen AG with an interest rate of 0.05 % p.a., and USD 1,151 is owed to a customer for financing manufacturing equipment at no interest.

## 8 Provisions

| Provisions 2019      | Warranty | Pension | Bonus & Commissions | Other  | Total    |
|----------------------|----------|---------|---------------------|--------|----------|
| At January 1, 2019   | 3,129    | 1,073   | 13,893              | 10,483 | 28,578   |
| Creation             | 501      | 290     | 10,068              | 699    | 11,558   |
| Utilizations         | (203)    | (94)    | (13,255)            | (781)  | (14,333) |
| Reversals            | (686)    | (8)     | (623)               | (212)  | (1,529)  |
| Exchange Differences | (28)     | (8)     | (35)                | 9      | (62)     |
| At December 31, 2019 | 2,713    | 1,253   | 10,048              | 10,198 | 24,212   |
| Short term           | 2,398    | 138     | 10,048              | 143    | 12,727   |
| Long term            | 315      | 1,115   | —                   | 10,055 | 11,485   |

| Provisions 2018      | Warranty | Pension | Bonus & Commissions | Other   | Total    |
|----------------------|----------|---------|---------------------|---------|----------|
| At January 1, 2018   | 3,005    | 1,099   | 17,802              | 2,210   | 24,116   |
| Creation             | 962      | 267     | 13,660              | 10,472  | 25,361   |
| Utilizations         | (122)    | (316)   | (16,618)            | (153)   | (17,209) |
| Reversals            | (660)    | —       | (841)               | (2,035) | (3,536)  |
| Exchange Differences | (56)     | 23      | (110)               | (11)    | (154)    |
| At December 31, 2018 | 3,129    | 1,073   | 13,893              | 10,483  | 28,578   |
| Short term           | 2,809    | 80      | 13,893              | 165     | 16,947   |
| Long term            | 320      | 993     | —                   | 10,318  | 11,631   |

Other long-term provision includes USD 8,800 (2018: USD 9,300) contingent consideration from acquisition of business in 2018 (see note 18 for details).

### Discounting

There are no material discounting effects for the long-term provisions.

### Warranty

INFICON gives warranties in connection with the products and services it provides. These are based on local legislation or contractual arrangements.

The provision is calculated from past experience. The current provision for liability claims is based on actual claims reported, which are generally settled within one year. The long-term provision is based on historical experience for warranties with more than one year remaining warranty period.

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 9 Accrued Expenses and Deferred Income

The components of accrued liabilities are as follows at December 31:

|                                   | 2019          | 2018          |
|-----------------------------------|---------------|---------------|
| Salaries, wages and related costs | 5,912         | 6,667         |
| Deferred revenue                  | 761           | 334           |
| Professional fees                 | 765           | 845           |
| Other                             | 4,459         | 4,761         |
| <b>Balance at December 31,</b>    | <b>11,897</b> | <b>12,607</b> |

## 10 Deferred Tax Liabilities

|                        | 2019         | 2018         |
|------------------------|--------------|--------------|
| At January 1,          | 2,759        | 3,114        |
| Creation               | 1,599        | 388          |
| Reversals              | (995)        | (700)        |
| Exchange Differences   | 5            | (43)         |
| <b>At December 31,</b> | <b>3,368</b> | <b>2,759</b> |

## 11 Shareholders' Equity

As of December 31, 2019, shareholders' equity consists of 2,437,331 issued and outstanding bearer shares (2018: 2,421,683) with a par value of CHF 5 (2018: CHF 5).

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Shareholders approved conditional share capital in the amount of 260,000 shares in 2012, which shall be issued upon the exercise of option rights granted pursuant to the Employee Incentive Plans to employees and members of the Board of Directors of the Company. The Board of Directors will regulate the details of the issuances.

As of December 31, 2019 the remaining available balance of conditional share capital amounts to 17,524 shares (2018: 33,172 shares) of each CHF 5.

### a) Treasury Shares 2019

|                                                  | Number of treasury shares | Price per share in CHF |        |                         |
|--------------------------------------------------|---------------------------|------------------------|--------|-------------------------|
|                                                  |                           | Highest                | Lowest | Volume-weighted average |
| Balance as of January 1                          | 2,500                     |                        |        |                         |
| Purchases July 18, 2019                          | 500                       | 569.50                 | 566.00 | 567.28                  |
| Purchases October 21, 2019                       | 1,000                     | 602.00                 | 595.00 | 598.25                  |
| Allocation to Members of the Board of Directors  | (390)                     |                        |        |                         |
| Allocation to Group Management and Key Employees | (2,573)                   |                        |        |                         |
| <b>Balance as of December 31</b>                 | <b>1,037</b>              |                        |        |                         |

### b) Treasury Shares 2018

|                                                  | Number of treasury shares | Price per share in CHF |        |                         |
|--------------------------------------------------|---------------------------|------------------------|--------|-------------------------|
|                                                  |                           | Highest                | Lowest | Volume-weighted average |
| Balance as of January 1                          | 2,369                     |                        |        |                         |
| Purchases June 20, 2018                          | 500                       | 540.00                 | 533.50 | 536.15                  |
| Purchases August 7, 2018                         | 704                       | 482.00                 | 476.60 | 478.92                  |
| Purchases October 9, 2018                        | 500                       | 464.00                 | 459.20 | 460.11                  |
| Purchases October 11, 2018                       | 500                       | 413.80                 | 405.80 | 410.46                  |
| Allocation to Members of the Board of Directors  | (370)                     |                        |        |                         |
| Allocation to Group Management and Key Employees | (1,703)                   |                        |        |                         |
| <b>Balance as of December 31</b>                 | <b>2,500</b>              |                        |        |                         |

At December 31, 2019, the acquisition costs for a number of 1,500 shares purchased during the year amounted to TUSD 896 compared with TUSD 1,050 at December 31, 2018, for a number of 2,204 purchased shares in 2018.

The statutory or legal reserves that may not be distributed, amount to CHF 2,590 at December 31, 2019 (December 31, 2018: CHF 2,590 ).

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 12 Share-based Plans

### Stock Option Plans

In fiscal year 2001, the Board of Directors approved the Directors' Stock Option Plan. The Directors' Stock Option Plan is solely for members of the Board, who are not employees of INFICON. The Company has granted options to the eligible Directors in May of each year and the options are nontransferable. All options have been granted at prices equal to 100% of the market value of the common stock at the date of grant. The plan includes specific requirements for the Directors who are removed or resign from the Board.

In fiscal year 2001, the Board of Directors approved the Management & Key Employee Stock Option Plan. The purpose of the plan is to provide key employees of the Company with an opportunity to become shareholders, and in addition, to obtain options on shares and allow them to participate in the future success of the Company. The options have been granted in Swiss Francs.

The following is a summary of option transactions under the two plans:

|                                  | Options  | Weighted average exercise price (CHF) |
|----------------------------------|----------|---------------------------------------|
| Outstanding at December 31, 2017 | 32,628   | 279.22                                |
| Cancelled                        | (25)     | 307.25                                |
| Exercised                        | (8,600)  | 255.42                                |
| Outstanding at December 31, 2018 | 24,003   | 287.72                                |
| Cancelled                        | (125)    | —                                     |
| Exercised                        | (15,648) | 281.33                                |
| Outstanding at December 31, 2019 | 8,230    | 287.72                                |
| Exercisable at December 31, 2019 | 8,230    | 287.72                                |

The exercise of options under the stock option plan led to the following increase in shareholder's equity.

|                              | 2019  | 2018  |
|------------------------------|-------|-------|
| Increase in Common stock     | 44    | 24    |
| Increase in Capital reserves | 4,385 | 2,234 |
| Total                        | 4,429 | 2,258 |

By December 31, 2015, both the Directors' Stock Option Plan as well as the Management & Key Employee Stock Option Plan have been terminated.

### Share Plans

In 2014 a share program for the Board of Directors has been introduced. The shares are subject to a 3-year mandatory holding period.

In 2015 a share program for Management & Key Employees has been introduced. It is intended that the plan will provide an additional incentive for key employees to maintain continued employment, contribute to the future success and prosperity, and enhance the value of the Company. Within this plan, 50% of the shares are allotted on the grant date and are subject to a four year blocking period. The remaining 50% will be allotted over the next four years – one fourth each year – and will not be subject to any blocking period. The relevant share price for allocation purposes is the average price of the shares as of the fifth trading day after the Ordinary Annual General Meeting.

The impact of all share-based plans on the income statement as per December 31, 2019 amounts to TUSD 1,628 (2018: TUSD 1,135 ).

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

## 13 Goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

Theoretical movement schedule for goodwill:

|                                               | 2019          | 2018          |
|-----------------------------------------------|---------------|---------------|
| <b>At cost</b>                                |               |               |
| At January 1,                                 | 29,462        | 17,849        |
| Additions from acquisitions of subsidiaries   | —             | 14,885        |
| Subsequent Purchase Price Adjustments         | —             | (500)         |
| Elimination of fully amortized goodwill items | —             | (2,744)       |
| Exchange Differences                          | —             | (28)          |
| <b>At December 31,</b>                        | <b>29,462</b> | <b>29,462</b> |
| <b>Accumulated amortization</b>               |               |               |
| At January 1,                                 | 7,836         | 7,501         |
| Amortization expense                          | 6,084         | 3,106         |
| Elimination of fully amortized goodwill items | —             | (2,744)       |
| Exchange Differences                          | —             | (27)          |
| <b>At December 31,</b>                        | <b>13,920</b> | <b>7,836</b>  |
| <b>Theoretical net book values</b>            |               |               |
| At January 1,                                 | 21,626        | 10,348        |
| <b>At December 31,</b>                        | <b>15,542</b> | <b>21,626</b> |

Goodwill is theoretically amortized on a straight-line basis usually over 5 years.

Impact on income statement:

|                                                             | 2019          | 2018          |
|-------------------------------------------------------------|---------------|---------------|
| Operating result according to income statement              | 64,772        | 81,474        |
| Amortization of goodwill                                    | (6,084)       | (3,106)       |
| Theoretical operating result incl. amortization of goodwill | 58,688        | 78,368        |
| <b>Net result according to income statement</b>             | <b>52,792</b> | <b>64,167</b> |
| Amortization of goodwill                                    | (6,084)       | (3,106)       |
| Theoretical net result incl. amortization of goodwill       | 46,708        | 61,061        |

Impact on balance sheet:

|                                                                                                           | 2019    | 2018    |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Equity according to balance sheet                                                                         | 208,794 | 205,756 |
| Equity as % of total assets                                                                               | 75.9%   | 75.9%   |
| Theoretical capitalization of goodwill (net book value)                                                   | 15,542  | 21,626  |
| Theoretical equity incl. net book value of goodwill                                                       | 224,336 | 227,382 |
| Theoretical equity incl. net book value of goodwill as % of total assets incl. net book value of goodwill | 77.2%   | 77.7%   |

No indication for impairment of goodwill has been identified.

## 14 Financial Result / Non-Operating Result

The financial result consists of the following:

|                               | 2019           | 2018           |
|-------------------------------|----------------|----------------|
| FX loss                       | (1,535)        | (1,412)        |
| Interest Income (Expense)     | 17             | 59             |
| <b>Total financial result</b> | <b>(1,518)</b> | <b>(1,353)</b> |

The non-operating result of USD 0.8 (2018: USD 0.0) is driven by a loss induced by a Cyber Fraud incident as well as reorganisation costs in US.

## 15 Income Taxes

Tax expense consists of the following:

|                      | 2019         | 2018          |
|----------------------|--------------|---------------|
| Current tax expense  | 8,437        | 14,701        |
| Deferred tax expense | 1,257        | 1,253         |
| <b>Total</b>         | <b>9,694</b> | <b>15,954</b> |

As of December 31, 2019, the group average tax rate for calculating deferred taxes was 15.5% (2018: 19.9%). The lower rate arised by the Foreign-Derived Intangible Income (FDII) from US Tax Act 2017 as well as the German Investment Tax Act 2018.

The impact from changes in tax loss carried forward on income taxes are shown in the following table:

|                                                                   | 2019         | 2018          |
|-------------------------------------------------------------------|--------------|---------------|
| Income tax expense before impact of tax loss carry forwards       | 9,666        | 16,029        |
| Effect of additions to tax loss carry forwards                    | 29           | —             |
| Effect of utilization of tax loss carry forwards                  | —            | (75)          |
| Effect of previously unrecognized tax loss carry forwards         | —            | —             |
| Effect of re-evaluation of tax loss carry forwards                | —            | —             |
| <b>Income tax expense after impact of tax loss carry forwards</b> | <b>9,694</b> | <b>15,954</b> |

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

The entitlement for deferred income taxes on tax losses carried forward not yet used was USD 0 at December 31, 2019, as compared with USD 75 at December 31, 2018.

The capitalization of the effects from tax loss carryforwards is reassessed annually and based on current assumptions and estimates by management. The total amount of tax loss carryforwards that can be used is USD 178 (previous year: USD 43 ). Thereof USD 144 can be used indefinitely. No deferred tax assets were recognised for those tax loss carryforwards.

The Swiss tax reform has no material effect for INFICON. A resultant change is an intentional merger of the INFICON GmbH (CH) and the INFICON Holding (CH) planned for Q1 2020.

## 16 Earnings per Share

The Company computes basic earnings per share, which is based on the weighted average number of common shares outstanding, and diluted earnings per share, which is based on the weighted average number of common shares outstanding and all dilutive common equivalent shares outstanding. The dilutive effect of options is determined under the treasury stock method using the average market price for the period.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31:

|                                            | 2019      | 2018      |
|--------------------------------------------|-----------|-----------|
| Numerator:                                 |           |           |
| Net income                                 | 52,792    | 64,167    |
| Denominator:                               |           |           |
| Weighted average shares outstanding        | 2,429,047 | 2,417,902 |
| Effect of dilutive stock options           | 8,479     | 12,701    |
| Denominator for diluted earnings per share | 2,437,526 | 2,430,603 |
| Earnings per share:                        |           |           |
| Basic                                      | 21.73     | 26.54     |
| Dilution                                   | (0.07)    | (0.14)    |
| Diluted                                    | 21.66     | 26.40     |

For the year ended December 31, 2019, the fully diluted earnings per share calculation excluded no options to purchase shares since these shares would have been anti-dilutive for 2019.

## 17 Employee Benefit Plans

INFICON employees in Liechtenstein, United States, Germany and Japan participate in contributory and non-contributory defined benefit plans. Benefits under the defined benefit plans are generally based on years of service and average pay. The company funds the plans in accordance with local regulations in the specified countries.

The economical benefits and economical obligations of the pension plans and the relating pension benefit expenses are summarized in the following table:

|                                         | Surplus/deficit | Group's economic share | Change from prior period recognized in the current result of the period | Contributions concerning the business period | Pension costs within personnel expense |
|-----------------------------------------|-----------------|------------------------|-------------------------------------------------------------------------|----------------------------------------------|----------------------------------------|
|                                         | 2019            | 2019                   | 2018                                                                    | 2019                                         | 2019                                   |
| Pension institutions with surplus       | 5,954           | —                      | —                                                                       | 1,821                                        | 1,821                                  |
| Pension institutions with deficit       | —               | —                      | —                                                                       | —                                            | —                                      |
| Pension institutions without own assets | —               | (1,115)                | (993)                                                                   | (122)                                        | (69)                                   |
| Total                                   | 5,954           | (1,115)                | (993)                                                                   | 1,752                                        | 1,631                                  |

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amount)

## 18 Acquisitions

### Final Phase Systems

On October 1, 2018, the Company acquired part of the assets of Final Phase Systems LLC a developer of comprehensive Industrial Engineering Software for the semiconductor manufacturing industry. The acquisition of FPS is the latest step in INFICON's vision to provide the semiconductor and display manufacturing industries with the most advanced factory and process control tools available.

The purchase price was USD 5,000 at closing. Additionally, there is an earn-out to be paid, based on a defined sales performance over a three-year period. The Company has performed a fair value calculation which resulted in USD 9,300 as contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date.

|                                  |              |
|----------------------------------|--------------|
| As of October 1,                 | 2018         |
| Equipment                        | 5            |
| Intangible assets                | 2,075        |
| <b>Assets acquired</b>           | <b>2,080</b> |
| Goodwill                         | 12,220       |
| Total                            | 14,300       |
| Accrued contingent consideration | (9,300)      |
| <b>Cash used for acquisition</b> | <b>5,000</b> |

In 2019 an earn-out payment of USD 521 was made. The contingent consideration was adjusted accordingly to USD 8,800 as of December 31, 2019 (USD 9,300 as of December, 2018)

### Techno-Tools Corporation

On October 10, 2018, the Company acquired a part of the assets from Techno-Tools Corporation, a developer and manufacturer of hand-held leak detectors. This acquisition will grow the Company's leading position as a supplier of leak detectors to the heating, ventilation, air conditioning and refrigeration service markets. It also expands opportunities in the automotive service market.

The following table summarizes the fair values of the assets acquired at the acquisition date:

|                                  |              |
|----------------------------------|--------------|
| As of October 10,                | 2018         |
| Inventory                        | 276          |
| Equipment                        | 35           |
| Intangible assets                | 400          |
| <b>Assets acquired</b>           | <b>711</b>   |
| Goodwill                         | 2,665        |
| Total                            | 3,376        |
| <b>Cash used for acquisition</b> | <b>3,376</b> |

The results of both acquisitions are included in the Company's consolidated operations beginning on the date of acquisition.

## 19 Commitments and Contingencies

A summary of contractual commitments and contingencies is as follows:

| At December 31, 2019 | Operating Leases | Purchase Commitments | Total         |
|----------------------|------------------|----------------------|---------------|
| 2020                 | 4,304            | 7,893                | 12,197        |
| 2021                 | 4,285            | 2,055                | 6,340         |
| 2022                 | 3,556            | —                    | 3,556         |
| 2023                 | 2,568            | —                    | 2,568         |
| 2024                 | 2,304            | —                    | 2,304         |
| Thereafter           | 17,916           | —                    | 17,916        |
| <b>Total</b>         | <b>34,933</b>    | <b>9,948</b>         | <b>44,881</b> |

| At December 31, 2018 | Operating Leases | Purchase Commitments | Total         |
|----------------------|------------------|----------------------|---------------|
| 2019                 | 4,903            | 6,382                | 11,285        |
| 2020                 | 3,976            | 3,644                | 7,620         |
| 2021                 | 3,823            | 113                  | 3,936         |
| 2022                 | 3,292            | —                    | 3,292         |
| 2023                 | 2,424            | —                    | 2,424         |
| Thereafter           | 19,569           | —                    | 19,569        |
| <b>Total</b>         | <b>37,987</b>    | <b>10,139</b>        | <b>48,126</b> |

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2020 through 2034. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes.

Purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods or services with defined terms as to price, quantity, delivery and termination liability.

The Group has a number of risks arising in the ordinary course of business from contingent or probable liabilities in connection with litigation and outstanding tax assessments.

Provisions have been recognized to the extent that the outcome of such matters can be reliably estimated. No provisions have been made where the outcome is uncertain or the risk is not quantifiable.

At year-end 2019, no guarantees in favor of third parties existed. The Group has not given any other guarantees in respect of its business relationships with third parties. There are no subordination agreements with third parties.

## 20 Business Segments

The Company is a global supplier of instrumentation for gas analysis, measurement and control. The Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG and delegates the day to day management to Group Management. In 2013, the Board of Directors decided to condense the management of the Company to only comprising the CEO and the CFO as this best reflects the operational management of INFICON.

Group Management steers the business globally and the allocation of resources, assessment of performance and the respective reporting is made for the Group as a whole.

Although the Company discloses net sales into various end markets, the Company uses a key account concept and thus focuses on customers, regardless of products, technologies or regions.

Since the Company operates in one global segment, all information required by FER31 can be found in the consolidated financial statements.

## 21 Related Party Transaction

In 2019 the related party KWE Beteiligungen AG, granted a short-term loan of USD 35,169 (2018: USD 20,920 granted by Corisol Holding AG) to INFICON Holding AG. The agreed interest was 0.05%. The temporary loan was repaid partly (USD 28,774) after 9 months. The rest of the amount will be repaid in the first quarter 2020.

## 22 Additional Information Required by Swiss Law

As required by article 959 of the Swiss Code of Obligations, the following supplementary information is disclosed:

|                       | 2019    | 2018    |
|-----------------------|---------|---------|
| Total personnel costs | 117,371 | 121,440 |

### *Compensations Disclosure*

Please refer to the Compensation Report for disclosures pertaining to compensations to the Board of Directors and Group Management.

### *Shares and Share Options owned by Members of the Board of Directors and Group Management*

The number of shares and options owned by the Board of Directors and Group Management for the years ended December 31:

# Notes to Consolidated Financial Statements

(US Dollars in Thousands, except share and per share amounts)

|                                   | 2019         |               | 2018         |               |
|-----------------------------------|--------------|---------------|--------------|---------------|
|                                   | Shares owned | Options owned | Shares owned | Options owned |
| Board of Directors:               |              |               |              |               |
| Dr. Beat E. Lüthi                 | 1,321        | —             | 1,210        | —             |
| Dr. Richard Fischer               | 26,065       | —             | 25,982       | —             |
| Vanessa Frey *                    | 169          | —             | 218          | —             |
| Beat Siegrist                     | 15,546       | —             | 15,476       | —             |
| Dr. Thomas Staehelin              | 2,946        | —             | 2,876        | —             |
| Total Board of Directors          | 46,047       | —             | 45,762       | —             |
| Group Management                  |              |               |              |               |
| Lukas Winkler,<br>President & CEO | 4,476        | —             | 4,691        | 1,000         |
| Matthias Tröndle,<br>Group CFO    | 440          | —             | 444          | 313           |
| Total Group Management            | 4,916        | —             | 5,135        | 1,313         |

\*Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.56% (2018: 19.49%) in INFICON Holding AG.

## 23 Subsequent Events

The Company has evaluated subsequent events for the whole Group (including Holding AG and all subsidiaries) through March 4, 2020, which represents the date when the consolidated financial statements were available to be issued.





# Statutory Auditor's Report

To the General Meeting of INFICON Holding AG, Bad Ragaz

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of INFICON Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019 and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 40 to 56) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



#### Revenue recognition

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



## Revenue recognition

### Key Audit Matter

Revenues are an important metric considered by external and internal stakeholders. Revenues recognized for the year ended December 31, 2019 amounted to USD 381.7 million and primarily related to the sale of instruments for gas analysis, measurement and control.

The Group recognizes revenues related to the sale of instruments when risks, rewards and control are transferred to the counterparty. In general, contractual agreements with customers define when risks and rewards are transferred. There is a risk that revenue may be recognized in the wrong accounting period.

There is an additional risk that revenues may be deliberately overstated as a result of management override resulting from the pressure management may feel to achieve planned results. This could for example occur by manipulating inputs in the Group's accounting system.

### Our response

We performed testing of the key controls around revenue recognition, which included performing walkthroughs and testing the operating effectiveness of internal controls.

Among others, our substantive procedures included detailed cut off testing of revenue transactions to either side of the balance sheet date with reference to shipping documentation. Utilizing audit software tools, we investigated differences in prices and quantity between the purchase order, shipping documentation and invoice.

In addition to the procedures described above, we further addressed the risk of management override by analysing credits recognized in the period after the balance sheet date and utilizing our audit software tools to identify high-risk journal entries that were based on specific characteristic surrounding the risk of an overstatement of revenues.

For further information on revenue recognition refer to the following:

- Note 2 "Summary of Significant Accounting Policies" to the consolidated financial statements

### Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Benjamin Marte  
Licensed Audit Expert

Zurich, March 4, 2020

# Balance Sheet

## INFICON Holding AG, Bad Ragaz/Switzerland

(CHF in Thousands)

|                                                                    | Notes | December 31,<br>2019 | December 31,<br>2018 |
|--------------------------------------------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                                                      |       |                      |                      |
| Cash                                                               |       | 2,288                | 5,022                |
| Other short-term receivables                                       |       |                      |                      |
| from third parties                                                 |       | 87                   | 7                    |
| from companies in which the entity holds an investment             |       | 992                  | 1,747                |
| Prepaid expenses and accrued income                                |       | 96                   | 63                   |
| <b>Total current assets</b>                                        |       | <b>3,463</b>         | <b>6,839</b>         |
| Financial assets                                                   |       |                      |                      |
| Loans granted to companies in which the entity holds an investment |       | 61,556               | 71,981               |
| Investments                                                        | 2.1   | 300,026              | 300,026              |
| <b>Total non-current assets</b>                                    |       | <b>361,582</b>       | <b>372,007</b>       |
| <b>Total assets</b>                                                |       | <b>365,045</b>       | <b>378,846</b>       |
| <b>Liabilities and Shareholders' Equity</b>                        |       |                      |                      |
| Other short-term liabilities                                       | 2.2   | 181                  | 14                   |
| Short-term interest-bearing liability                              | 2.3   | 6,000                | —                    |
| Accrued expenses and deferred income                               | 2.4   | 721                  | 760                  |
| <b>Total short-term liabilities</b>                                |       | <b>6,902</b>         | <b>774</b>           |
| <b>Total liabilities</b>                                           |       | <b>6,902</b>         | <b>774</b>           |
| Share capital                                                      | 2.5   | 12,187               | 12,108               |
| Legal capital reserves                                             |       |                      |                      |
| Reserves from capital contributions                                | 2.6   | 5,873                | 13,670               |
| Legal retained earnings                                            |       |                      |                      |
| General legal retained earnings                                    |       | 2,590                | 2,590                |
| Voluntary retained earnings                                        |       |                      |                      |
| Available earnings                                                 |       |                      |                      |
| Profit brought forward                                             |       | 309,840              | 305,832              |
| Profit for the year                                                |       | 28,274               | 45,089               |
| Treasury shares                                                    | 2.7   | (621)                | (1,217)              |
| <b>Total shareholders' equity</b>                                  |       | <b>358,143</b>       | <b>378,072</b>       |
| <b>Total liabilities and shareholders' equity</b>                  |       | <b>365,045</b>       | <b>378,846</b>       |

# Statement of Income

## INFICON Holding AG, Bad Ragaz/Switzerland

(CHF in Thousands)

| Year ended December 31,    | Notes | 2019          | 2018          |
|----------------------------|-------|---------------|---------------|
| Dividend income            |       | <b>27,297</b> | 43,804        |
| Other financial income     | 2.8   | <b>3,871</b>  | 4,107         |
| <b>Total income</b>        |       | <b>31,168</b> | <b>47,911</b> |
| Financial expenses         | 2.9   | <b>837</b>    | 573           |
| Other operating expenses   | 2.10  | <b>1,894</b>  | 2,062         |
| Direct taxes               | 2.11  | <b>163</b>    | 187           |
| <b>Total expenses</b>      |       | <b>2,894</b>  | <b>2,822</b>  |
| <b>Profit for the year</b> |       | <b>28,274</b> | <b>45,089</b> |

# Notes to the Financial Statements

## INFICON Holding AG, Bad Ragaz/Switzerland

### 1 Principles

#### 1.1 General Aspects

The financial statements of INFICON Holding AG, Bad Ragaz (the "Company"), were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

The information contained in the financial statements relates to the ultimate parent company alone, while the consolidated financial statements reflect the economic situation of INFICON Group as a whole.

#### 1.2 Valuation Methods and Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Swiss Francs using year-end rates of exchange, except investments which are translated at historical rates. Transactions during the year in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Foreign currency gains and losses are recognized in the statement of income.

#### 1.3 Financial assets

Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded but unrealized profits are deferred. Financial assets include long-term loans to subsidiaries.

#### 1.4 Investments

The investments in subsidiaries are carried at lower of cost or their intrinsic value.

#### 1.5 Treasury Shares

Treasury shares are recognized at acquisition costs including transaction costs and deducted from shareholders' equity at the time of acquisition. The acquisition costs are calculated with the FIFO method (first in – first out). In case of resale, the gain or loss is recognized through the voluntary retained earnings.

#### 1.6 Share-based payments

Share-based compensation programs for the Board of Directors are in place since 2014 and for Group Management and Key Employees since 2015. Treasury shares are used in these programs and the cost is determined by reference to the average market price of the shares as of the fifth trading day after the Ordinary Annual General Meeting. The difference between the acquisition costs and the average market price at grant date is allocated to the retained earnings.

For the Board of Director's program, costs are allocated over the first year after allocation (vesting period). The costs of granted shares are recognized in other operating expenses.

#### 1.7 Cash Flow statement and additional disclosures

As INFICON Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), no cash flow statement and notes with additional information are required for the Company.

# Notes to the Financial Statements

## INFICON Holding AG, Bad Ragaz/Switzerland

### 2 Disclosure on Balance Sheet and Income Statement Items

#### 2.1 Investments

The subsidiaries included in INFICON Holding AG's investment portfolio are shown below.

| Company                                   | Currency | December 31,<br>2019 | 2018       |
|-------------------------------------------|----------|----------------------|------------|
| <b>INFICON Inc.</b>                       |          | (in 1,000)           | (in 1,000) |
| <b>Syracuse, USA</b>                      |          |                      |            |
| Share Capital                             | USD      | *                    | *          |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Manufacturing, Sales and Service |          |                      |            |
| <b>INFICON AG</b>                         |          |                      |            |
| <b>Balzers, Liechtenstein</b>             |          |                      |            |
| Share Capital                             | CHF      | 6,000                | 6,000      |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Manufacturing, Sales and Service |          |                      |            |
| <b>INFICON GmbH</b>                       |          |                      |            |
| <b>Bad Ragaz, Switzerland</b>             |          |                      |            |
| Share Capital                             | CHF      | 2,000                | 2,000      |
| Share in capital and voting rights        |          | 100.0%               | 100.0%     |
| Purpose: Management Company               |          |                      |            |
| <b>INFICON GmbH</b>                       |          |                      |            |
| <b>Cologne, Germany</b>                   |          |                      |            |
| Share Capital                             | EUR      | 1,026                | 1,026      |
| Share in capital and voting rights **     |          | 100%                 | 100%       |
| Purpose: Manufacturing, Sales and Service |          |                      |            |
| <b>INFICON Aaland Ab</b>                  |          |                      |            |
| <b>Mariehamn, Finland</b>                 |          |                      |            |
| Share Capital                             | EUR      | 60                   | 60         |
| Share in capital and voting rights **     |          | 100%                 | 100%       |
| Purpose: Manufacturing                    |          |                      |            |
| <b>INFICON AB</b>                         |          |                      |            |
| <b>Linköping, Sweden</b>                  |          |                      |            |
| Share Capital                             | SEK      | 3,810                | 3,810      |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Manufacturing and Sales          |          |                      |            |
| <b>INFICON ApS</b>                        |          |                      |            |
| <b>Kopenhagen, Denmark</b>                |          |                      |            |
| Share Capital                             | DKK      | 50                   | 50         |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Sales                            |          |                      |            |
| <b>INFICON Ltd.</b>                       |          |                      |            |
| <b>Blackburn, United Kingdom</b>          |          |                      |            |
| Share Capital                             | GBP      | 400                  | 400        |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Sales and Service                |          |                      |            |
| <b>INFICON S.A.R.L.</b>                   |          |                      |            |
| <b>Courtaboeuf, France</b>                |          |                      |            |
| Share Capital                             | EUR      | 108                  | 108        |
| Share in capital and voting rights        |          | 100%                 | 100%       |
| Purpose: Sales                            |          |                      |            |

| Company                                          | Currency | December 31,<br>2019 | 2018       |
|--------------------------------------------------|----------|----------------------|------------|
| <b>INFICON S.r.l.</b>                            |          | (in 1,000)           | (in 1,000) |
| <b>Bozen, Italy</b>                              |          |                      |            |
| Share Capital                                    | EUR      | 10                   | 10         |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON Co., Ltd.</b>                         |          |                      |            |
| <b>Kawasaki-Shi, Japan</b>                       |          |                      |            |
| Share Capital                                    | JPY      | 90,000               | 90,000     |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON Ltd.</b>                              |          |                      |            |
| <b>Chubei City, Taiwan</b>                       |          |                      |            |
| Share Capital                                    | TWD      | 52,853               | 52,853     |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON Ltd.</b>                              |          |                      |            |
| <b>Bungdang-Ku, Korea</b>                        |          |                      |            |
| Share Capital                                    | KRW      | 600,000              | 600,000    |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Manufacturing and Sales                 |          |                      |            |
| <b>INFICON Pte. Ltd.</b>                         |          |                      |            |
| <b>Singapore</b>                                 |          |                      |            |
| Share Capital                                    | SGD      | 1,797                | 1,797      |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON Ltd.</b>                              |          |                      |            |
| <b>Pune, India</b>                               |          |                      |            |
| Share Capital                                    | INR      | 18,920               | 18,920     |
| Share in capital and voting rights **            |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON Ltd.</b>                              |          |                      |            |
| <b>Hong Kong</b>                                 |          |                      |            |
| Share Capital                                    | HKD      | 8,780                | 8,780      |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Sales                                   |          |                      |            |
| <b>INFICON (Guangzhou) Instruments Co., Ltd.</b> |          |                      |            |
| <b>Guangzhou</b>                                 |          |                      |            |
| Share Capital                                    | RMB      | 9,837                | 9,837      |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Service                                 |          |                      |            |
| <b>INFICON Instruments (Shanghai) Co., Ltd.</b>  |          |                      |            |
| <b>Shanghai</b>                                  |          |                      |            |
| Share Capital                                    | USD      | 2,180                | 2,180      |
| Share in capital and voting rights               |          | 100%                 | 100%       |
| Purpose: Manufacturing                           |          |                      |            |
| <b>INFICON EDC Inc.</b>                          |          |                      |            |
| <b>Syracuse, USA</b>                             |          |                      |            |
| Share Capital                                    | USD      | 500                  | 500        |
| Share in capital and voting rights **            |          | 100%                 | 100%       |
| Purpose: Manufacturing, Sales and Service        |          |                      |            |
| <b>INFICON InstruTech LLC</b>                    |          |                      |            |
| <b>Longmont, USA</b>                             |          |                      |            |
| Limited Liability Company                        |          |                      |            |
| Equity Interest **                               |          | 100%                 | 100%       |
| Purpose: Manufacturing and Sales                 |          |                      |            |

\* INFICON Inc. has issued 100 shares at a nominal value of USD 0.01 per share

\*\* Indirect participation

# Notes to the Financial Statements

## INFICON Holding AG, Bad Ragaz/Switzerland

### 2.2 Other short-term liabilities

|                                            | December 31, |           |
|--------------------------------------------|--------------|-----------|
| In CHF 1,000                               | 2019         | 2018      |
| Liabilities to third parties               | 127          | 14        |
| Liabilities to governing bodies (Auditors) | 54           | —         |
| <b>Total</b>                               | <b>181</b>   | <b>14</b> |

### 2.3 Short-term interest-bearing liability

The company has an outstanding short-term loan of MCHF 6 in favor of the related party KWE Beteiligungen AG at December 31, 2019. The interest rate is 0.05 % p.a.

### 2.4 Accrued expenses and deferred income

|                                                                   | December 31, |            |
|-------------------------------------------------------------------|--------------|------------|
| In CHF 1,000                                                      | 2019         | 2018       |
| Liabilities to third parties                                      | 332          | 294        |
| Liabilities to governing bodies (Board of Directors and auditors) | 389          | 466        |
| <b>Total</b>                                                      | <b>721</b>   | <b>760</b> |

### 2.5 Issued, authorized and conditional share capital

Share capital in the amount of TCHF 12,187 (2018: TCHF 12,108) consists of 2,437,331 (2018: 2,421,683) registered shares at a nominal value of CHF 5 each.

#### Issued share capital/share capital increase

During 2019, employees of INFICON exercised stock options which resulted in 15,648 new shares being issued and increased nominal share capital by CHF 78,240. The share premium thereon of CHF 4,324,067 has been credited to the reserves from capital contributions.

#### Conditional Share Capital

The articles of incorporation provide for a conditional capital of a maximum of CHF 165,860 through the issuance of 33,172 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. In 2019, employee stock options were exercised resulting in an increase in share capital of 15,648 shares. The remaining available balance of conditional share capital at December 31, 2019, is CHF 87,620.

### 2.6 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases in the years 2000–2019, less the distributions to shareholders.

Due to existing different practices regarding the accounting of the stamp duties incurred in connection with the increase in share capital there is a deviation of the reserves from capital contributions stated in the statutory financial statements of INFICON Holding AG (CHF 5,873,155) and the amount the Swiss Federal Tax Administration recognizes (CHF 5,364,903) at December 31, 2019.

### 2.7 Treasury shares

#### a) Treasury Shares 2019

|                                                  | Number of treasury shares | Price per share in CHF |        | Volume-weighted average |
|--------------------------------------------------|---------------------------|------------------------|--------|-------------------------|
|                                                  |                           | Highest                | Lowest |                         |
| Balance as of January 1                          | 2,500                     |                        |        |                         |
| Purchases July 18, 2019                          | 500                       | 569.50                 | 566.00 | 567.28                  |
| Purchases October 21, 2019                       | 1,000                     | 602.00                 | 595.00 | 598.25                  |
| Allocation to Members of the Board of Directors  | (390)                     |                        |        |                         |
| Allocation to Group Management and Key Employees | (2,573)                   |                        |        |                         |
| <b>Balance as of December 31</b>                 | <b>1,037</b>              |                        |        |                         |

#### b) Treasury Shares 2018

|                                                  | Number of treasury shares | Price per share in CHF |        | Volume-weighted average |
|--------------------------------------------------|---------------------------|------------------------|--------|-------------------------|
|                                                  |                           | Highest                | Lowest |                         |
| Balance as of January 1                          | 2,369                     |                        |        |                         |
| Purchases June 20, 2018                          | 500                       | 540.00                 | 533.50 | 536.15                  |
| Purchases August 7, 2018                         | 704                       | 482.00                 | 476.60 | 478.92                  |
| Purchases October 9, 2018                        | 500                       | 464.00                 | 459.20 | 460.11                  |
| Purchases October 11, 2018                       | 500                       | 413.80                 | 405.80 | 410.46                  |
| Allocation to Members of the Board of Directors  | (370)                     |                        |        |                         |
| Allocation to Group Management and Key Employees | (1,703)                   |                        |        |                         |
| <b>Balance as of December 31</b>                 | <b>2,500</b>              |                        |        |                         |

At December 31, 2019, the acquisition costs for a number of 1,500 shares purchased during the year amounted to TUSD 896 compared with TUSD 1,050 at December 31, 2018, for a number of 2,204 purchased shares in 2018. The treasury shares are reserved for compensations due in 2019. These shares are non-dividend bearing shares.

# Notes to the Financial Statements

## INFICON Holding AG, Bad Ragaz/Switzerland

### 2.8 Other financial income

Other financial income amounts to TCHF 3,871 (2018: TCHF 4,107) and consists mostly of interest income from loans to companies in which the entity holds an investment.

### 2.9 Financial expenses

Financial expenses amount to TCHF 837 (2018: TCHF 573) and consist mostly of foreign currency losses from loans to companies in which the entity holds an investment.

### 2.10 Other operating expenses

|                          | December 31, |              |
|--------------------------|--------------|--------------|
| In CHF 1,000             | 2019         | 2018         |
| Administrative expenses  | 1,170        | 962          |
| Share based payments     | 230          | 231          |
| Consulting expenses      | 183          | 32           |
| Withholding taxes        | 116          | 651          |
| Other operating expenses | 195          | 186          |
| <b>Total</b>             | <b>1,894</b> | <b>2,062</b> |

### 2.11 Direct taxes

The tax charge includes income and capital taxes.

## 3 Other Information

### 3.1 Full-time Equivalents

INFICON Holding AG does not have any employees.

### 3.2 Significant Shareholders

The following shareholders owned more than 5 percent of voting rights:

| December 31,              | 2019   | 2018   |
|---------------------------|--------|--------|
| KWE Beteiligungen AG      | 19.56% | 19.49% |
| 7-Industries Holding B.V. | 9.30%  | 9.36%  |
| Chase Nominees Ltd.       | —      | 5.37%  |

Any significant shareholder notifications during 2019 and since January 1, 2020, can be accessed via the following weblink to the database search page of the disclosure office:

[http://bit.ly/IFCN\\_major\\_Shareholders](http://bit.ly/IFCN_major_Shareholders)

# Notes to the Financial Statements

## INFICON Holding AG, Bad Ragaz/Switzerland

### 3.3 Shares and Share Options owned by Group Management and Members of the Board of Directors, including any related parties

The number of shares and share options owned by the Board of Directors and Group Management for the years ended December 31:

|                                 | 2019          |               | 2018          |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | Shares owned  | Options owned | Shares owned  | Options owned |
| <b>Board of Directors:</b>      |               |               |               |               |
| Dr. Beat E. Lüthi               | 1,321         | —             | 1,210         | —             |
| Dr. Richard Fischer             | 26,065        | —             | 25,982        | —             |
| Vanessa Frey *                  | 169           | —             | 218           | —             |
| Beat Siegrist                   | 15,546        | —             | 15,476        | —             |
| Dr. Thomas Staehelin            | 2,946         | —             | 2,876         | —             |
| <b>Total Board of Directors</b> | <b>46,047</b> | <b>—</b>      | <b>45,762</b> | <b>—</b>      |
| <b>Group Management</b>         |               |               |               |               |
| Lukas Winkler, President & CEO  | 4,476         | —             | 4,691         | 1,000         |
| Matthias Tröndle, Group CFO     | 440           | —             | 444           | 313           |
| <b>Total Group Management</b>   | <b>4,916</b>  | <b>—</b>      | <b>5,135</b>  | <b>1,313</b>  |

\*Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.56% (2018: 19.49%) in INFICON Holding AG.

The members of the Group Management held together on December 31, 2019 directly and indirectly a total of 0.20% (2018: 0.21%) bearer shares or 0.20% (2018: 0.21%) of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2019 directly and indirectly a total of 21.45% (2018: 21.38%) bearer shares or 21.45% (2018: 21.38%) of the voting rights of INFICON.

### 3.4 Shares for Group Management, Key Employees and Members of the Board of Directors

#### a) Share-based compensations 2019

|                                          | Shares granted |                    |
|------------------------------------------|----------------|--------------------|
|                                          | Quantity       | Value in CHF 1,000 |
| Total Board of Directors                 | 390            | 223                |
| Total Group Management and Key Employees | 2,573          | 1,380              |
| <b>Total</b>                             | <b>2,963</b>   | <b>1,603</b>       |

#### b) Share-based compensations 2018

|                                          | Shares granted |                    |
|------------------------------------------|----------------|--------------------|
|                                          | Quantity       | Value in CHF 1,000 |
| Total Board of Directors                 | 370            | 224                |
| Total Group Management and Key Employees | 1,703          | 874                |
| <b>Total</b>                             | <b>2,073</b>   | <b>1,098</b>       |

In 2014, the Directors' Stock Option Plan and in 2015 the Key Employee Stock Option Plan, both from 2001, were terminated and a share program was introduced. As of December 31, 2019, there are 8,230 exercisable options which expire on May 7, 2021.

As to the share-based compensations the relevant share price for allocation purposes is the average price of the share as of the fifth trading day after the Ordinary Annual General Meeting. Shares for compensation to Group Management and key employees are transferred at acquisition costs to the respective legal entity.

### 3.5 Contingent Liabilities

| In CHF 1,000                                | December 31, |       |
|---------------------------------------------|--------------|-------|
|                                             | 2019         | 2018  |
| Guarantee in favor of an affiliated company | 1,631        | 1,684 |

The guarantee in favor of an affiliated company is to cover a credit facility with a bank in Europe. However, the credit facility is not drawn.

# Appropriation of Available Earnings

## INFICON Holding AG, Bad Ragaz / Switzerland

(Proposal of the Board of Directors)

| In CHF 1,000                                             | December 31, |               |
|----------------------------------------------------------|--------------|---------------|
|                                                          | 2019         | 2018          |
| Reserves from capital contributions at beginning of year | 13,670       | 59,790        |
| Share premium on exercised stock options                 | 4,324        | 2,154         |
| Distribution to shareholders                             | (12,121)     | (48,274)      |
| <b>Reserves from capital contributions</b>               | <b>5,873</b> | <b>13,670</b> |

|                              |                |                |
|------------------------------|----------------|----------------|
| Profit brought forward *     | 351,049        | 305,832        |
| Distribution to shareholders | (41,210)       | —              |
| Profit for the year          | 28,274         | 45,089         |
| <b>Available earnings</b>    | <b>338,113</b> | <b>350,921</b> |

|                                                       |                |
|-------------------------------------------------------|----------------|
| Available earnings before proposed distribution       | 338,113        |
| Distribution from available earnings                  |                |
| (2019: CHF 18.00 each share) **                       | 43,872         |
| <b>Available earnings after proposed distribution</b> | <b>294,241</b> |

\* The difference between the profit brought forward of TCHF 351,049 at December 31, 2019, and the available earnings of TCHF 350,921 at December 31, 2018, mainly results from gains on treasury shares.

\*\* The proposed distribution from the retained earnings represents an estimated amount. This will be adjusted by any new shares entitled to a distribution from the retained earnings which are issued subsequent to December 31, and prior to the date of the distribution.



# Statutory Auditor's Report

To the General Meeting of INFICON Holding AG, Bad Ragaz

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of INFICON Holding AG, which comprise the balance sheet as at December 31, 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 62 to 69) for the year ended December 31, 2019 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Toni Wattenhofer  
Licensed Audit Expert  
Auditor in Charge

Benjamin Marte  
Licensed Audit Expert

Zurich, March 4, 2020

# Imprint and Contact

## Note regarding forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates,” “continue,” “may” and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements.

Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

Except as otherwise required by law, INFICON disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this report.

## Investor Relations

Matthias Tröndle, Vice President and CFO  
INFICON HOLDING AG, Hintergasse 15 B  
CH-7310 Bad Ragaz, Switzerland  
Tel. +41 81 300 4980  
Fax +41 81 300 4988  
E-mail: [matthias.troendle@inficon.com](mailto:matthias.troendle@inficon.com)

## Imprint

Published by:

Editorial Co-operation:

Print:

INFICON Holding AG  
Hintergasse 15B  
CH-7310 Bad Ragaz  
Sensus Communication  
Consultants, Zürich  
Neidhart + Schön Print AG

