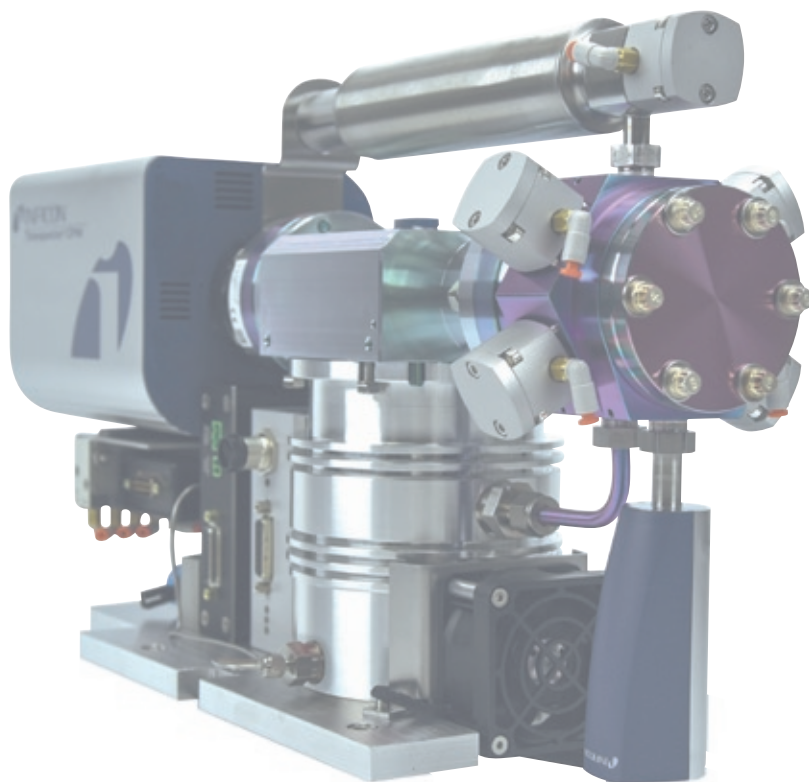


ANNUAL REPORT **2020**



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	12
Global Presence	13
Group Organization	14
Corporate Governance	16
Compensation Report	28
Report of the Statutory Auditor on the Compensation Report	34
Sustainability Report	35

Financial Report Group

Financial Review	46
Consolidated Balance Sheet	48
Consolidated Statement of Income	49
Consolidated Statement of Shareholders' Equity	50
Consolidated Statement of Cash Flows	51
Notes to Consolidated Financial Statements	52
Report of the Statutory Auditor on the Consolidated Financial Statements	64

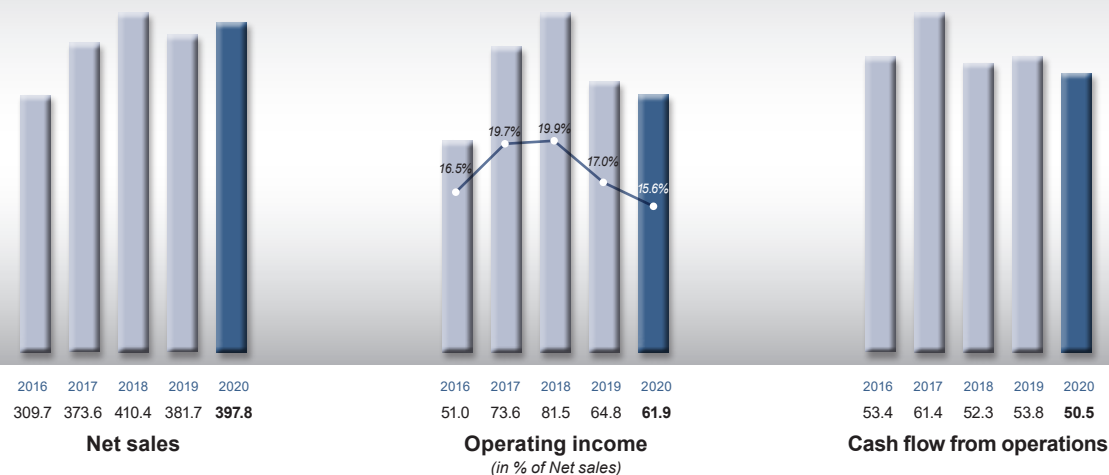
Financial Report INFICON Holding AG

Balance Sheet	68
Statement of Income	69
Notes to the Financial Statements	70
Appropriation of Available Earnings	75
Report of the Statutory Auditor on the Financial Statements	76

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, Investor section

Key Figures – At a Glance



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

	2016	2017	2018	2019	2020
Net sales	309.7	373.6	410.4	381.7	397.8
Research and development	26.8	28.2	31.7	34.4	39.0
Selling, general and administrative expense	78.4	86.8	91.7	89.1	87.1
Operating result	51.0	73.6	81.5	64.8	61.9
<i>in % of net sales</i>	<i>16.5%</i>	<i>19.7%</i>	<i>19.9%</i>	<i>17.0%</i>	<i>15.6%</i>
EBITDA	58.4	81.8	90.3	73.2	72.4
<i>in % of net sales</i>	<i>18.8%</i>	<i>21.9%</i>	<i>22.0%</i>	<i>19.2%</i>	<i>18.2%</i>
Net result	40.3	59.5	64.2	52.8	49.3
<i>in % of net sales</i>	<i>13.0%</i>	<i>15.9%</i>	<i>15.6%</i>	<i>13.8%</i>	<i>12.4%</i>
Cash and short-term investments	63.9	85.0	62.3	57.4	60.1
Cash flow from operations	53.4	61.4	52.3	53.8	50.5
Capital expenditures	5.3	14.3	20.3	18.4	14.1
Total assets	213.4	268.6	271.2	275.0	305.2
Long-term debt	–	–	–	–	–
Stockholders' equity	168.3	207.0	205.8	208.8	222.9
<i>Equity Ratio in %</i>	<i>78.9%</i>	<i>77.1%</i>	<i>75.9%</i>	<i>75.9%</i>	<i>73.0%</i>
Employees	990	1,028	1,118	1,183	1,220

Key Figures – At a Glance



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

	2016	2017	2018	2019	2020
Ratios per Share					
Earnings per share – diluted	16.94	24.57	26.40	21.66	20.18
Shareholders' equity per share – diluted	70.71	85.49	84.65	85.66	91.23
Free cash flow per share – diluted	19.89	19.07	12.99	13.93	14.28
Return on equity %	24.0%	31.7%	31.1%	25.5%	22.8%
Dividend/Distribution per share (CHF)					
Share price (CHF) at December 31,	16.00	20.00	22.00	18.00	16.00
	367.00	608.50	497.60	768.50	808.00

Direct Sales by Geographic Region

	2016	2017	2018	2019	2020
Asia-Pacific	130.7	174.2	183.5	153.8	172.6
Europe	79.0	95.7	113.6	110.6	116.2
North America	96.1	99.2	106.1	112.5	104.7
Other	3.9	4.5	7.2	4.8	4.3

Sales by End Market

	2016	2017	2018	2019	2020
Semi & Vacuum Coating	120.6	167	184.6	163.7	191.0
Security & Energy	33.1	25.5	29	26.6	19.7
Refrigeration, Air Conditioning & Automotive	68.1	76.2	81.5	84.4	79.6
General Vacuum	87.9	104.9	115.3	107.0	107.5

* 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 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	CHF 18.00 distribution per share for 2019 from legal reserves from capital contributions and from retained earnings CHF 16.00 proposed distribution per share for 2020 from available earnings
--	--	--	---	---

Acquisitions / Divestments

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

Sales / Marketing / Achievements

Chief Sales Officer hired; focus on growth and sales excellence Technology Day for Analysts, Investors and Media, Nov 9, 2016, in Balzers/FL Launched rollout for fully integrated CRM system	CRM go live Implementation of a collaboration tool	Moving into new and larger premises for sales, application, service, and logistics in Kawasaki and Chubu, Japan Launch of CONTURA® S400 for food packaging industry in North America after successful launch in Europe R&D 100 Finalist Award for Contura S400	ON Semiconductor Supplier of the Year Award for FabGuard® Launch of "myRGA" Linxon® RGA MPH Transpector® Variant "MSolo" for NASA's moonlander mission	Launch of Webinar landing page, starting with March 2020, 54 Webinars with 1'295 attendees have been carried out. New Service Center in Dresden (DE) since Q4 2020.
---	---	--	--	--

Recent Milestones and Achievements

Innovation is key at INFICON. In our 21 years of existence we have developed and launched over 100 new products.

Technology Leadership

<p>2016</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>2017</p> <p>Transpector® 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>2018</p> <p>Transpector 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 H₂ and Helium</p>	<p>2019</p> <p>Launch of a compact Self Plasma Optical Emission System for contamination control of <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>	<p>2020</p> <p>Launch of Transpector® CPM version for harsh Semiconductor applications</p> <p>Launch of IMM Thin Film Deposition Monitor product family for better and more precise repeatability</p> <p>Launch of D-TEK 3, a award-winning new hand-held Refrigerant Leak Detector for unparalleled performance</p>
--	---	---	---	--

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&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

We would like to thank all our customers, suppliers and business partners as well as our employees and shareholders for their continued support in 2020 – a year marked by the global COVID-19 pandemic and international trade issues. Two major topics that caused unexpected additional costs. INFICON remained, however, operational, concluded with solid year-end results. We are confidently looking ahead based on significant investments into the product pipeline and in light of the on-going high demand for semiconductors and the anticipated market recovery after the pandemic.

For INFICON as an industrial company, it was of utmost importance that our employees were safe and that our factories remained operational during the various stages of the global COVID-19 pandemic. We were able to serve our global customers uninterruptedly throughout the year. At all sites, management quickly introduced personal safety measures and managed the operational floors and all office based departments to minimize personnel interactions. As a result, we saw only a very small number of positive cases in our workforce and had no need to close or quarantine related departments completely.

The international trade disputes led to higher taxes in many of our key markets and called for specific management attention. Higher purchasing prices on the one hand and increased import taxes on our finished products on the other as well as export and sales restrictions to deliver our technology to certain customers, affected our efficiency.

Solid year-end result

Against this challenging backdrop, INFICON reports solid results with overall sales of USD 397.8 million for the full year 2020. This represents an increase of 4.2% over the previous year, or – excluding the currency impact – an organic growth of 2.6%. The costs related to the two major issues described above have put our gross margin under a certain pressure. With USD 188 million, the gross profit remained nominally almost as in the year before. The gross margin of 47.3% is, however, 205 basis points lower.

While INFICON invested a significant amount of USD 39 million into the development of innovative new products, the selling, general, and administrative costs fell to USD 87.1 million. This resulted in an operating profit of USD 61.9 million or a robust margin of 15.6%. INFICON's well-balanced business model continued to generate a solid cash flow of USD 50.5 million. Our balance sheet thus remained very robust, as highlighted by the equity ratio of 73%.

Letter to our Shareholders

Strong support from the semiconductor market

A look at the sales dynamic over the various quarters of the year shows how the effects of the COVID-19 pandemic moved across the globe affecting different world areas. Despite the shutdowns in the first quarter in China and various other parts of Asia, INFICON saw strong sales in the global semiconductor market. The ongoing high demand for electronic components and the shift to the new EUV lithography technology in semiconductor manufacturing supported both the end-consumer market and the demand for production equipment. The target market Refrigeration, Air Conditioning and Automotive suffered in the first half of the year. However, the e-mobility portion of the automotive market continued to rise and bolstered our leak detecting business with orders from car battery manufacturers.

In summer, the pandemic that had affected Europe and the General Vacuum market heavily since spring, also took its toll on the Americas. The third quarter was the most challenging for INFICON as evidenced by declining Group sales. In the fourth quarter, all our target markets showed clear signs of recovery and supported the solid year-end result. Only the Security & Energy market that is dependent on the public sector remained soft throughout the year. Its longer-term attractiveness is, however, not impaired.



MM-100 and IMM-200 are deposition monitors built with Mode-Lock technology to maximize reproducibility and uniformity with the highest thickness accuracy, best measurement resolution, and lowest rate noise.

Innovative product pipeline

In 2020, the expenses for R&D were on a record level with 9.7% of sales, justified by the introduction of many new products and devices with enhanced capabilities. The key highlights were a new Transpector® CPM version for harsh Semiconductor applications, the IMM Thin Film Deposition Monitor product family for better and more precise repeatability and the D-TEK 3, an award-winning new hand-held Refrigerant Leak Detector for unparalleled performance. Additional product launches from our pipeline will reach the market during 2021 and will include innovative products for battery testing, for security, and for semiconductor applications.

Sales Excellence

INFICON continued to expand its global technical sales and service capabilities. Our local presence in key markets has proved to be a valuable asset. While cross-border trips were difficult, travelling within a specific country remained possible most of the time. Our fine-mesh sales and service organization allowed INFICON to keep up its high visibility in the key markets. In addition, our sales staff quickly adopted newly available online communication technologies and introduced for example virtual reality tools to better interact with the customer base.

Sustainability purpose

For decades, INFICON has been committed to operating as a stable firm with robust business processes. At the same time, we maintain a lean footprint in order to generate sustainable value for all stake and shareholders. Our purpose to improve the production processes in many industries with innovative solutions motivates our staff in their work and delights our customers. All INFICON manufacturing sites carry an ISO-14000 certification. According to this environmental standard, they have to demonstrate yearly improvements of respective key figures. Additionally, we elaborate in this Annual Report about the many events, undertakings and projects as well as their positive impact on our society and the environment. The main purpose of our products is to increase efficiency, safety and quality at our customers. Our leak detector products help, for example, reduce the CO₂ footprint by ensuring, that only

Letter to our Shareholders

perfectly gastight air-conditioners, refrigerators or Lithium-Ion batteries for E-cars are produced.

Starting with this Annual Report, INFICON is expanding the scope of its regular reporting to respond to wider disclosure requests. Oriented towards the Global Reporting Initiative (GRI) standard and based on a materiality analysis carried out by us for the first time, this Annual Report includes more information on the sustainability of our business, as well as additional material on social and governance aspects. In this enhanced chapter, we want to give our stakeholders transparent and more formalized insights into the way INFICON is doing business.

Virtual Annual General Meetings

The COVID-19 pandemic changed the way we interact with many of our stakeholders. In early March, Management could still host a live analyst and media conference. The Annual General Meeting of Shareholders in April 2020, however, was no longer an assembly with personal attendance. Shareholders still keenly participated in the meeting by giving instructions to the independent proxy holder. We thank our shareholders for their interest in INFICON and their numerous participation as almost 74% of all shares were represented – a record turnout.

Also, the Annual General Meeting scheduled for March 31, 2021 will be a virtual one and we kindly invite all Shareholders again to participate by passing their instructions on to the independent proxy holder.

In the light of the robust financial results and the financial strength of the company, the board proposes for the business year 2020 to pay a dividend of CHF 16.00 per share (prior year CHF 18).

Our long-term Board member Dr. Thomas Staehelin decided not to be available for re-election. The Board profoundly thanks Dr. Staehelin for his very valuable and broadly appreciated contribution to the profitable development of the INFICON Group over two decades. The Board proposes to elect Dr. Reto Suter as a new Board member. Dr. Suter acts as Chief Financial Officer of Siegfried Holding AG since 2017. He studied business administration at the University of Zürich and at the University of Washington, Seattle/USA, and holds a PhD in Banking and Finance from the University of Zürich.

Outlook 2021

INFICON had a good start into the financial year 2021 in all target markets. Despite the ongoing pandemic, we currently expect annual sales in the range of USD 420 to 450 million and an increased operating profit margin. Knowing the commitment of our colleagues at all levels, we are confidently looking ahead.

Yours sincerely,

Dr. Beat E. Lüthi Chairman	Lukas Winkler CEO	Matthias Tröndle CFO
-------------------------------	----------------------	-------------------------

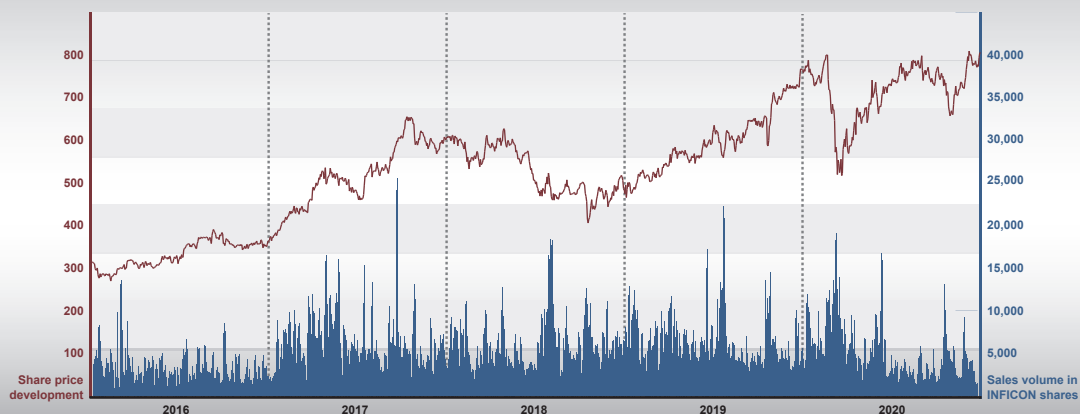


Transpector® CPM version for harsh Semiconductor applications



D-TEK 3, an award-winning new hand-held Refrigerant Leak Detector for unparalleled performance

Investor Relations



Company Capital

The share capital of INFICON Holding AG consists of 2,441,961 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

March 31, 2021: Annual General Meeting of Shareholders. Meeting will take place without personal attendance of shareholders.

April 22, 2021: First quarter 2021 results

July 29, 2021: Second quarter 2021 results/half-year results 2021

October 21, 2021: Third quarter 2021 results

March 2022: Fourth quarter 2022 results/Year-end results 2021

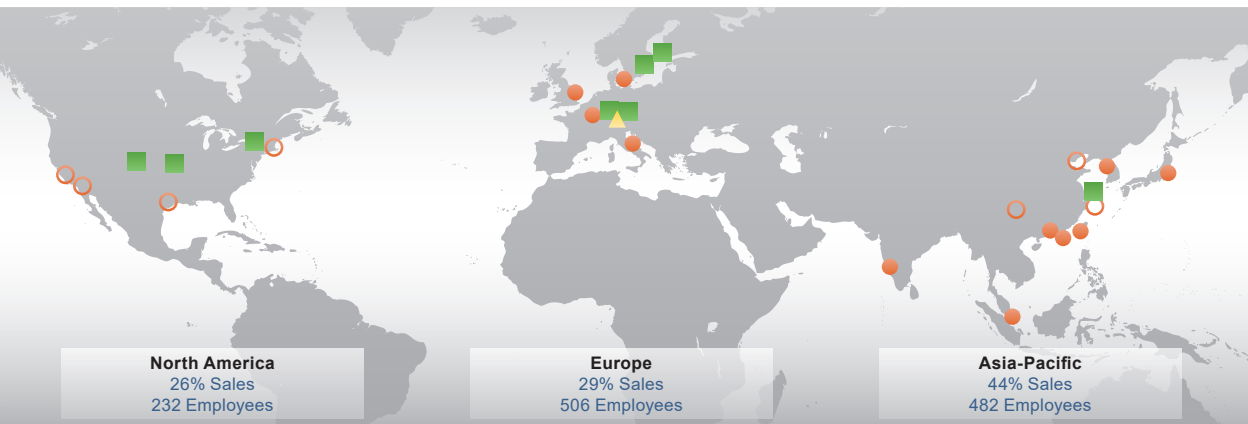
Internet/E-mail Alerts

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

	2016	2017	2018	2019	2020
Key figures per share (CHF)					
Price at year-end	367.00	608.50	497.60	768.50	808.00
Highest price	396.25	660.50	636.00	779.50	821.00
Date	Sep. 06	Oct. 13	Apr. 23	Dec. 23	Dec. 02
Lowest price	270.50	371.50	403.80	468.40	488.60
Date	Feb. 09	Jan. 03	Oct. 11	Jan. 03	Mar. 23
Earnings per share (basic)	16.94	24.57	26.40	21.66	20.18
Equity per share	70.71	85.49	84.65	85.66	91.23
Dividend/Distribution per share	16.00	20.00	22.00	18.00	16.00

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

Global Presence



Group Organization

(as of March 2, 2021)

Board of Directors and Group Management



From left to right: Dr. Richard Fischer, Lukas Winkler (CEO), Vanessa Frey, Dr. Beat E. Lüthi (Chairman), Dr. Thomas Staehelin, Matthias Tröndle, Beat Siegrist

Group Organization

(as of March 2, 2021)



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

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 15.

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 and 11 sales and service subsidiaries. The legal entity structure of the INFICON group is seen on page 13.

Listed Corporation: INFICON Holding AG

INFICON Holding AG is based in Bad Ragaz, Switzerland. It has a share capital of TCHF 12,210 made up of 2,441,961 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, 2020 was CHF 1,973,104,488 based on shares outstanding.

Corporate Governance

Share Capital and Percentage of Shares Held by Subsidiaries

See statutory financial statements, Note 2.4, "Investments."

1.2 Significant Shareholders

Shareholder Structure

Based on number of registered shareholders as of December 31, 2020.

Number of shares	Number of shareholders
> 50,000	4
10,000–50,000	15
1–9,999	4,325
Total	4,344

Shareholders by Country

Based upon number of registered shareholders as of December 31, 2020.

Country	Number of shareholders
Switzerland	3,831
Germany	277
United States of America	54
Liechtenstein	24
Rest of Europe	127
Rest of World	31
Total	4,344

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, 2020:

Issued share capital	2,441,961	TCHF 12,210
Conditional share capital	12,894	TCHF 64

The issued share capital comprises 2,441,961 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 88 through the issuance of 17,524 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 2020 a total of 4,630 (2019: 15,648) options have been exercised reducing the available conditional shares to 12,894 and the conditional share capital to TCHF 64.

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, 2020 and 2019.

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.

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

In 2014, the Directors' Stock Option Plan and in 2015 the Key Employee Stock Option Plan were terminated. As of December 31, 2020 a total of 3,400 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 three or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds two meetings per year in addition to six 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 2020:

	Board of Directors	Audit Committee	Compensation and Human Resources Committee
Number of meetings in 2020	3	2	3
Approx. average duration of meetings (in hours)	7.2	1.0	4.5
Dr. Richard Fischer	3	2	3
Vanessa Frey	3	2	3
Dr. Beat E. Lüthi	3	2	3
Beat Siegrist	3	2	3
Dr. Thomas Staehelin	3	2	3
KPMG calling in	0	2	0
Number of conference calls in 2020	4	6	2
Approx. average duration of conference calls (in hours)	1.1	1.0	0.3
Dr. Richard Fischer	2	6	2
Vanessa Frey	2	6	2
Dr. Beat E. Lüthi	4	6	2
Beat Siegrist	2	6	2
Dr. Thomas Staehelin	4	6	2
KPMG	0	2	0

The meetings took place in Vitznau (Switzerland), Horgen (Switzerland) and Pfäffikon (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
 2017–2020 Orell Füssli Holding AG, Zürich

Current Board Mandates

Since 2010 Straumann AG, Basel
 Since 2012 INFICON Holding AG, Chairman

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
 Since 2020 Obrist Engineering, 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 1MG 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

1978–2019 Kühne + Nagel International AG, Member
1991–2012 Siegfried Holding AG, Vice-Chairman
(1991–1998 Chairman)
1996–2008 JRG Gunzenhauser AG, Vice-Chairman
2002–2019 Swissport International AG, Chairman, later Member
2005–2008 Lenzerheide Bergbahnen AG, Vice-Chairman
2005–2018 Scobag Privatbank AG, Chairman
2017–2019 Radisson Hospitality AB, Member

Current Board Mandates

Since 1993 Lantal Textiles AG, Chairman (since 2010)
Since 2001 INFICON Holding AG, Member
Since 2006 Stamm Bau AG, Chairman

Good Citizenship Mandates

1977–2013 “Allgemeine Musikgesellschaft Basel,”
President
1982–2014 Swiss Association of Privately Held
Companies, Chairman
2001–2017 Chamber of Commerce of Basle, Chairman
2001–2017 Member of the Board of Directors of
“economiesuisse” (Swiss Business
Federation)
2006–today Swiss Business Association Saudi Arabia
(SBASA), Chairman, and Saudi Swiss
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 2021
Dr. Richard Fischer	May 2003	March 2021
Vanessa Frey	May 2012	March 2021
Beat Siegrist	May 2010	March 2021
Dr. Thomas Staehelin	May 2001	March 2021

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.

3.7 Board independence

The Compensation and Human Resources Committee (CHR Committee) evaluates the independence of its members annually based on the below independence criteria. This evaluation of the independence of the candidates for a Board membership is an important factor when the Board of Directors prepares its annual proposal for the composition of the Board.

Independence criteria

The independence of Directors is assessed according to the Swiss law, the Swiss Code of Best Practice for Corporate Governance and the Rules of Swiss Stock Exchange (SIX). For the INFICON Board, a director is considered independent if the director:

- is not, and has not been for the prior three years, employed as an executive officer or in another function at the Group or any of its subsidiaries;
- is not, and has not been for the prior three years, an employee or affiliate of our external auditor;
- does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries, and
- has not been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member.

The age and length of tenure a Board member has served are not criteria for his or her independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 30% of the Group's share capital. Board members with immediate family relationships would not qualify as independent.

The CHR Committee also assess whether the individual Board members depend financially on the income from the compensation of the INFICON Board membership and further assess whether other commitments prevent the person from devoting enough time to the INFICON Board mandate. Possible conflicts of interest, related party transactions, and other commitments that could jeopardize a director's independence are also considered.

While the INFICON Group is not subject to such standards, the Board and the CHR Committee acknowledge that some proxy advisors apply different standards for assessing the independence of our Board members, for example regarding tenure and significant shareholding status.

Independence statement

According to the evaluation carried out by the CHR Committee, all Board of Directors proposed for AGM election in 2021 are considered independent:

Board Member	Independence Rating / Comments
Dr. Beat E. Lüthi, Chairman	Independent
Dr. Richard Fischer, Vice Chairman	Independent
Beat Siegrist, Head of CHR Committee	Independent / Mr. Beat Siegrist and Ms. Vanessa Frey's family are both holding significant share capital of the SIX listed SCHWEITER Group. Mr. Beat Siegrist serves as non-executive Chairman and Ms. Vanessa Frey as a non-executive Member of the Board. This fact and the fact that SCHWEITER and INFICON don't have any business interferences are not jeopardizing the independence of Ms. Vanessa Frey and Mr. Beat Siegrist based on INFICON's independence criteria.
Vanessa Frey	Independent / Ms. Vanessa Frey's family is a long-time anchor shareholder with 19.6% of INFICON's share capital
Dr. Reto Suter (proposed to the AGM for election, replacing Dr. Thomas Staehelin)	Independent

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
Since 2020 Avantama 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 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 2020 audit were approximately TUSD 307.

8.3 Additional Fees

No additional fees were paid to the Group Auditor in 2020.

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 2020 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 2020 half-year report was published online in July 2020.

Information available for investors can be found at 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

Unless otherwise indicated, all information refer to the financial year 2020 closed on December 31, 2020. 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") reviews the principles of the remuneration policy annually. 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.

The CHR Committee annually proposes the total compensation levels for the Chairman and the other members of the Board. The CHR Committee bases its judgement 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 <i>Short-term goal achievement</i>	1 year
Long-term incentive	Share plan, long-term incentive	4 years
	CEO long-term incentive <i>Shareholder alignment</i>	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 Chief Executive Officer	Weighting 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 25% provided by shares, 4 year blocking period 25% provided by restricted shares, allotted over 4 years without blocking period	

For Group Management Members the target variable compensation is at 80% of the base salary and 90% for the CEO

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. In 2021 the individual objectives of the Group Management will include ESG (environmental, social and governance) criteria and 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.

Compensation Report

Group Management Share Plan Vesting/Blocking Schedule

Year	1	2	3	4	Total
Vesting RSUs	6.25%	6.25%	6.25%	6.25%	25.00%
Shares, unblocked				25.00%	25.00%

The weighted average vesting/blocking period is at 3.3 years

This plan and structure ensures that the average vesting/blocking period is approximately 3.3 years and that approximately 63% of the shares have a vesting/blocking period of more than 3 years.

In 2021 it is planned to adapt the share plan of the Group Management. The plan will be aligned to the Board of Directors plan and the 25% shares and 25% restricted shares (allotted over four years) will entirely be replaced by shares, the shares are subject to a 3-year holding period.

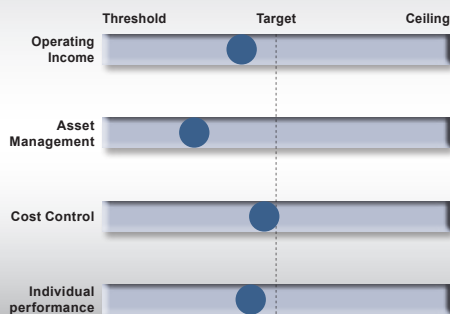
In 2019 the CEO long-term incentive plan was introduced. The Board of Directors and CHR Committee have established performance values, their level and achievement, as well as other conditions and deadlines. The amount of the long-term remuneration is variable and can amount to a maximum of MCHF 2 gross (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 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.

Summary of 2020 performance for the variable compensation elements



Compensation Report

For the Group Management the base salary did not change in 2020. 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;

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 2020 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.

Compensation Report

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 2020

	Base compensation	Variable compensation	Shares granted	Employer social security contributions	Other compensation ****	Total 2020
	Cash	Cash bonus accrued	Number	TCHF	TCHF	TCHF
Board of Directors*:						
Dr. Beat E. Lüthi Chairman	126	—	104	64	33	223
Dr. Richard Fischer Vice Chairman	94	—	78	47	11	152
Vanessa Frey Member	63	—	52	32	7	102
Beat Siegrist Chairman of CHR Committee	80	—	66	40	10	130
Dr. Thomas Staehelin Chairman of Audit Committee	80	—	66	40	7	127
Total	443	—	** 366	223	68	734
Group Management:						
Lukas Winkler President and Chief Executive Officer	455	150	293	160	107	892
Total	760	220	*** 464	254	189	1,463

* 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 2020/2021.
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 4, 2023.

*** The total share amount consists of
- shares granted as variable compensation for 2020 with a four years blocking period until July 1, 2024
- 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.

b) Compensations 2019

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

* 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 4, 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.

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 734 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.

Compensation Report

The base compensation to the Group Management did not change compared to the previous year. The difference in total compensation between the year 2020 and 2019 is mainly driven by changes in variable performance related compensation elements (cash bonus). The average share price on the fifth trading day after the Ordinary Annual General Meeting did serve as the calculation base to establish the number of shares, which are allotted on July 1st. 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 1,463 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 2020. No such loans were outstanding as of December 31, 2020.



Report of the Statutory Auditor

To the General Meeting of INFICON Holding AG, Bad Ragaz

We have audited the accompanying remuneration report of INFICON Holding AG for the year ended December 31, 2020. 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 page 32 as well as sections 8 to 10 on page 33 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, 2020 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

Zurich, March 2, 2021

KPMG AG, Râffelstrasse 28, CH-8036 Zurich

© 2021 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Sustainability Report 2020

This chapter of the Annual Report gives an outline on INFICON's perception and understanding of sustainability and the respective actions taken. It explains the customer-oriented approach of INFICON's value proposition, and gives insights into the Company's relationship with its customers, employees, the hosting communities, its business partners and suppliers as well as general environmental, social and governance and leadership aspects of INFICON's business.

Sustainability – a core aspect of INFICON's strategy

As a global leader in instruments for gas analysis, measurement and control, INFICON's business model is backed by our commitment to do business sustainably in economic, environmental and social terms as well as regarding governance and leadership. INFICON's approach to sustainability is comprehensive and holistic. In our business decisions and conduct, we consider economic, environmental and social aspects at both strategic and operational levels. This approach lies at the heart of the Group's long-term strategic orientation, its value creation, market leadership, and thus long-term success and profitable growth. Our emphasis on sustainability provides guidelines for INFICON's customer-oriented innovation management, its worldwide purchasing and production processes, its risk management as well as the conduct of its customer relations. It also is an important factor in terms of employer branding and helps INFICON attract, recruit and retain the best-suited talents.

Since its formation in the year 2000, INFICON's business model proved to be strong. Our instruments, the technology and customer targeted offering allows us to generate solid cash flows to solidify and grow the business. In 2006, the Company started to pay out dividends to its investors. Our commercial accomplishments and our solid financial backbone allow INFICON not only to successfully master crises such as the current COVID-19 pandemic. They are also the grounds for our long-term and customer-focused approach to innovation, our state-of-the art manufacturing capabilities, our strong relations with our workforce, communities, customers and other stakeholders.

INFICON aims at sparingly and sustainably utilize resources and compensate appropriately for their use, allowing prosperity today and for future generations. This compensation includes reasonable dividends for shareholders, fair and timely payments of our workers and business partners, as well as the disbursement of taxes in the various jurisdictions we operate in. The multi-dimensional business approach allows INFICON to drive innovation and its longer-term business goals ahead while observing high ethical business standards in general, striving for the least-possible impact on the environment, and providing for human and ecological health.

Identification of material topics

The sustainability reporting in this report has been significantly expanded. In doing so, we are guided by the standards of the Global Reporting Initiative (GRI). A materiality analysis was carried out in 2020 as the basis for the expansion. Material topics are considered material if they are important to INFICON from an internal company perspective and/or from an external stakeholder perspective and/or have a significant economic, environmental or social impact. These topics were identified and assessed in a workshop with Management.

Environment

- Environmental management system
- Environmental compliance
- Energy and carbon emissions
- Efficient materials sourcing and use

Social

- Attractive employer
- Occupational health & safety
- Diversity
- Training and education
- Responsible supplier standards
- Community and giving

Governance

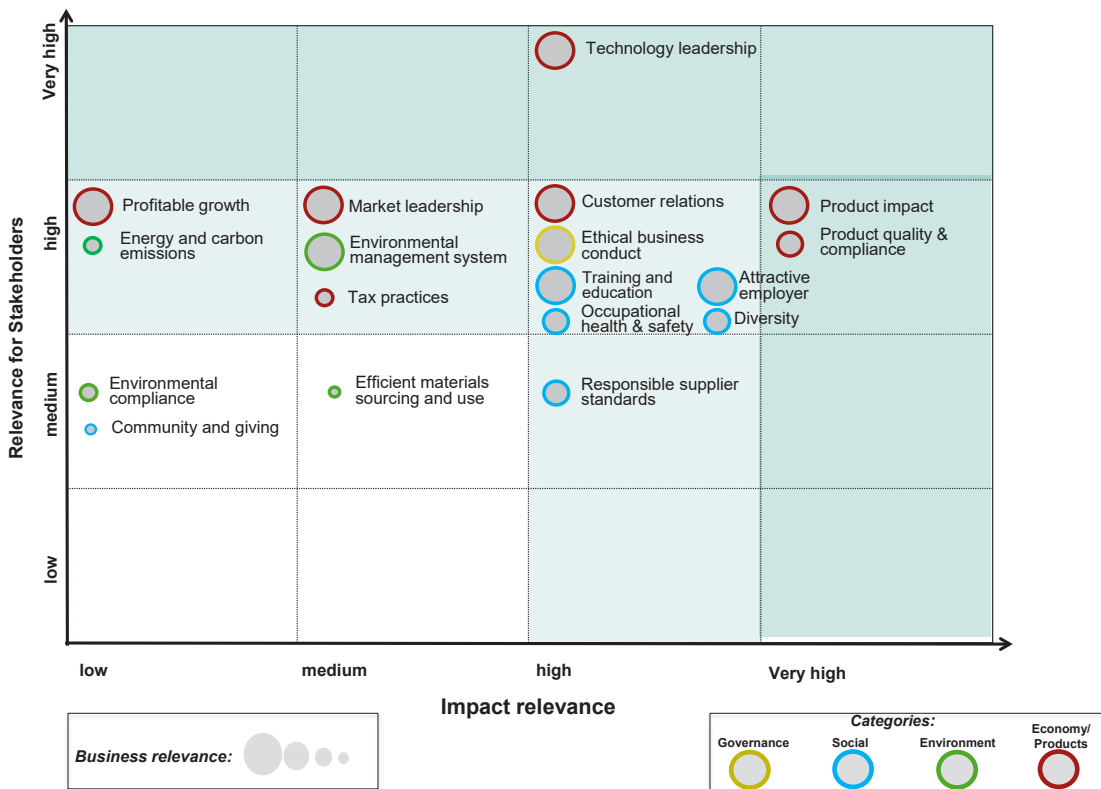
- Ethical business conduct

Economy/Products

- Profitable Growth
- Market leadership
- Tax practices
- Technology leadership
- Customer relations
- Product quality & compliance
- Product impact

Sustainability Report 2020

The materiality matrix shows the results for material topics in the three dimensions “business relevance”, “relevance for stakeholders” and “impact relevance”.



Business Ethics Policy

INFICON's Business Ethics Policy defines the fundamental principles of ethical business behavior and the responsibilities of every employee and Company representative. It is instrumental as we strive to avoid any violation of the law or other regulations. We expect compliance with these principles by all employees. Management promotes it by example.

Guidelines for INFICON employees

The Business Ethics Policy defines the ethical behavior we expect from all employees. A proper conduct includes compliancy with the law, ordinances and regulations, as well as accounting principles and procedures. Our policy forbids and prevents child or forced labor and stipulates honesty and integrity in

personal behavior. It gives guidance for political contributions, gifts, fees and commissions. Our policy also covers areas such as conflict of interest and other potential misconduct. It provides employees with guidelines about how to behave in the international business environment, how to handle corporate and confidential information, defines employment practices, as well as health and safety procedures. INFICON's Business Ethics Policy is publicly available online:

<https://www.inficon.com/about-us/company/>

All employees joining INFICON anew complete a special training session on business ethics at any of the many Company sites around the globe. Bi-annually, all employees participate in a refresher course and renew their commitment to our high standards by signature.

Sustainability Report 2020

INFICON assesses every year if there were any reported breaches of compliancy with the policy, any confirmed incidents of corruption, or any legal actions for anti-competitive behavior or any anti-trust issues. There were no such incidents reported. Furthermore, regular external quality, financial, and IT audits as well as on-site reviews promote the compliance with our Business Ethics Policy.

Fair and good practice tax policy

INFICON benefits from the public infrastructure and other public services at the locations we or our customers operate. Tax money generally pays for such services. As a corporate citizen, INFICON complies with the applicable tax laws and pays taxes wherever we undertake commercial activity. INFICON does not engage in any aggressive tax planning or artificial structuring to minimize tax payments. INFICON's Executive Office is in charge of tax governance, control and risk management, based on regular discussions with and recommendations from the Board of Directors and external consultants.

Responsible supplier standards

INFICON is an expert in developing market-leading instruments for gas analysis, measurement, and control. The actual manufacturer of these products, however, is based on the third-party supply of many INFICON designed and/or specified components. The majority portion of the cost of goods sold arises from purchases from suppliers. The close cooperation with suppliers is the backbone of INFICON's flexible manufacturing model. We therefore devote a lot of attention to the careful selection, the ongoing management and continuous development of our suppliers. Key suppliers have e.g. signed an agreement outlining INFICON's expectations regarding requirements on production change control process (CE/CC). We also include vital elements such as e.g. the prevention of child or forced labor in our supplier contracts. Compliancy with our business ethics policy is a standard topic at our regular supplier meetings. Several other standards and regulation like RoHS, REACH and others are important to us as explained in the "Environmental protection" chapter later in that report.

Value creation for our customers

INFICON was formed and operates as a truly customer oriented Company. We operate in very competitive target markets, where we hold leading positions, generally as one of the top-three global solution providers.

Major customer groups per target market

INFICON serves different clients in these target markets: In the largest target market, **Semiconductor & Vacuum Coating**, we address two major customer groups: The first consists of semiconductor or thin-film coating end-users and their top-tier suppliers. They seek to optimize their manufacturing processes and output yields. INFICON gas and vacuum instruments as well as process control software help semiconductor manufacturers ("fabs") to optimize their production processes and increase the yield and quality of their wafer production. The second large customer group are Original Equipment Manufacturers (OEMs). We supply them with vacuum & thin film technology components, which they integrate into their semiconductor or vacuum coating production equipment and tools.

In the **General Vacuum** market, we supply vacuum analysis, control and measurement instruments to a broad array of industrial and research customers.

In the **Refrigeration, Air Conditioning, and Automotive** market, our customers are specializing in cooling appliances and services. They focus on quality control, leak tightness of their products, and on leak detection when servicing the installed basis of products. Leak tightness is also of paramount importance for many components in modern cars – from engines, to fuel tanks and airbags, and growingly so to test lithium-ion batteries and battery stacks.

In the **Security and Energy** market, we supply public and private sector clients with devices to rapidly detect and analyze gases and volatile organic compounds. INFICON products help identify chemical agents and hazardous volatile compounds and thus increase the safety of people and the environment.

INFICON covers these global markets with three own brands. We also manufacture and supply private label products for large industrial players, see page 6–7 for INFICON's target markets.

Sustainability Report 2020

Innovation and market leadership

Global competition keeps the innovation pace high. We strive to provide customers with the best available technology for their complex and rapidly evolving vacuum technology production processes and tools. INFICON devices guarantee for maximum accuracy of measurement results. Our products and services help customers gain best control and predictability of their processes, maximize productivity and yield while minimizing production time, material usage, scrap rate and labor. Employing INFICON components leads to the overall lowest costs of ownership in the longer term.

Understanding and anticipating our customers' most pressing, emerging and future needs, drives innovation at INFICON. Proximity to our customers is vital. Through our close co-operation with OEMs, we also gain important information about both their needs as well as the needs of their customers, which in many instances are also our customers for end-user products.

INFICON's global sales and service organization includes globally approximately 280 people. Half of them are highly skilled service and application engineers who are in constant dialogue with our customers. They solve their technical challenges and help them develop new applications. Supported by seven regional centers, INFICON is present in all world areas. On top of that, customers can also rely on the INFICON-trained assistance from distributors and agents. See page 13 for INFICON's global presence.

In 2020, we have added new service centers in Germany and France. In Asia, we insourced service activities in Japan and expanded the capabilities of our service organizations in China and Singapore. The goal is clear: INFICON wants to offer competent services, consultancy and training covering the full customer buying circle. Customers around the globe shall locally and timely benefit from a comprehensive range of installation, commissioning, calibrating, maintenance, repair, and device rental services. Large customer with multi-national presence can rely on INFICON to ensure high level of service deployment around the globe.

Strong online presence at our customers'...

INFICON's presence in many countries is a true asset. While cross-border travel was often restricted in 2020,

national, local trips were still possible to an extent. Yet, the Covid-19 pandemic made personal contacts more difficult. So, INFICON increased its online communication presence drastically in 2020: We offer video meetings, virtual product demonstrations and technical webinars. We host user-group platforms such as e.g. the Leak Detection Academy, share technology roadmaps, run an INFICON channel on YouTube, and invite customers to virtual exhibitions or provide them with trial development kits.

To tailor our virtual contacts to our customers' needs we plan to provide even Augmented Reality assisted advice, training, commissioning or problem-solving expertise for over the shoulder (OTS) applications.



...spurs innovation

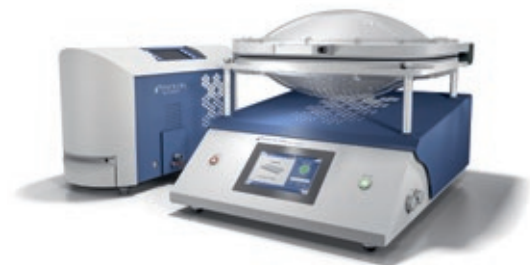
At INFICON, we are keen on turning our customers' emerging needs into our own innovation targets. We therefore analyze customer feedback very carefully. We collect spontaneously expressed client responses. In addition, we use survey-assisted voice-of-customer surveys to unveil otherwise unexpressed customer wishes and opinions. We carry out such surveys intermittently for various regions, markets or product segments. We also systematically monitor external and internal data such as customer complaints, product rejections, as well as insights from our own development efforts or quality assurance processes. On these grounds, we define measures and derive actions for our own processes to close the customer feedback loop full circle.

Sustainability Report 2020

Collaboration creates better functionality and sustainable value

INFICON's cooperation with customers led 2020 e.g. to the development of two new pressure measurement devices and new purity monitoring instruments. Based on customer feedback, we also developed a gas analysis and plasma measurement solutions supported by artificial intelligence software for the semiconductor end user market.

A specific customer request resulted in the creation of a completely new product category: INFICON is already a major supplier of equipment to test lithium-ion battery stacks and systems. A customer was confronted by the challenge to test completely filled lithium-ion battery cells, especially the pouch cells, for leaks. Such cells are used in smartphones, tablets or in the booming industry for e-mobility. The tightness of the pouches is critical for a long battery life and consumer safety. INFICON solved the problem combining two proprietary technologies – a multigas leak-detector and a flexible test chamber – into a new product: The new ELT3000 Battery Leak Detector spots any leakage of electrolytes from a cell into a flexible test chamber without jeopardizing the integrity of the plastic pouch cells under vacuum. This method finds leaks 1000 times smaller than traditional pressure test methods. The effect is threefold: a) a guarantee for a long battery life, b) preventing waste of precious materials used in production and c) the avoidance of harmful electrolytes emerging into the environment.



Products with social and environmental impact

The above-mentioned example illustrates how INFICON products promote sustainability in various ways. Our innovation efforts and product pipeline inherently guarantee for the Company's technological leadership, long-term growth and prosperity. At the same time, they make an important contribution to resource conservation at our customers' and help protect the environment and humankind. A few more examples from our main product categories:

Leak detectors spot harmful gases so they can be sealed off. A recent example is IRwin®, a portable Methane Leak Detector for easy gas pipe survey and leak detection. The integrated proprietary infrared sensor system (patents pending) has a fast reaction and short recovery time. The system prevents false leak alarms and ensures correct and fast leak evaluation. The specially developed gas chromatography and IR-sensor combination allows fast distinction between swamp gas and gas from all known natural gas sources.



More information is available in the following video:
<https://youtu.be/GOGPRQp8PaA>

Vacuum gauges control production processes and reduce waste and energy consumption. INFICON gauges offer superior accuracy and reliability in compact designs. Four different technologies cover the whole range of vacuum from ultra-high vacuum up to atmospheric pressure. The Pirani technology enables cost-effective measurement in the low and medium vacuum range. The Capacitance Diaphragm technology

Sustainability Report 2020

enables precise measurement in the low vacuum range, whereas the ultra- and high-vacuum ranges are covered by the Hot or Cold Ionization technologies. Each technology is available as a stand-alone sensor or combined with complementary measurement technologies to enable an optimum price-to-performance ratio over the complete vacuum range.



To learn more about the full range of INFICON gauges, view: <https://products.inficon.com/en-us/nav-products/category/productgroup/pg-wide-range-vacuum-gauges/>

Gas analyzers generate contamination profiles needed to remove the risk. INFICON's HAPSITE ER is the only person-portable Gas Chromatograph/Mass Spectrometer (GC/MS) that requires minimal training to deliver lab-quality results in the field, in less than 10 minutes. By merely pushing a button the system identifies and quantifies volatile organic compounds (VOCs), toxic industrial chemicals (TICs), toxic industrial materials (TIMs), chemical warfare agents (CWAs), and select semi-volatile organic compounds (SVOCs). HAPSITE ER has the capability to identify agents in the PPM (parts per million) to PPT (parts per trillion) range. The GC column provides sharp chromatography and excellent resolution. During the quantitation method, the front panel clearly displays what chemicals are present, informs about their concentration, and provides information regarding the degree of danger – to help make quick decisions relevant for life, health, and safety.



Employees – a core asset at INFICON

INFICON is active in a highly competitive market place. In our quest for talents, we compete not only with often much larger corporations but also with universities, research laboratories and scientific institutions. Our success relies on attracting, developing, empowering and holding the most talented employees. Smart colleagues drive innovation and product excellence. We therefore want to be recognized as an attractive, modern and fair employer where people at all levels are motivated and happy to work.

We offer a clean, safe and well-equipped working environment for all functions – from executive and managerial positions to engineering, servicing and industrial jobs. Apart from competitive payment, we offer all our workers attractive performance-based financial benefits as highlighted in the remuneration report. In addition, our colleagues highly welcome the flexible working hours and work pattern we offer, our canteens where staff of all levels meet and mingle, attractive lifelong learning and development programs, and many after-work social activities that often include also the families of our colleagues.

Such activities regularly take place at all locations (such as e.g. barbecue or summer festivals, family days, Christmas and year-end parties, planned and spontaneous get-togethers to celebrate success, Company outings) and also take local customs and workforce preferences into account (as e.g. skiing days in Switzerland and Liechtenstein with international participation; moon festival or Chinese New Year celebrations in

Sustainability Report 2020

China). Apart from these instances, regular management updates at every INFICON site create a shared culture that fosters identification, team spirit, creative cooperation, and intercultural inclusion.

A comprehensive HR program structures INFICON's dialogue with its staff and workforce. Every new colleague receives a formal introduction to the Group and the respective site on his or her first day. HR continues to be in regular contact with all employees supported by numerous programs rolled out across the whole Group. These include courses on our Company values and business ethics, professional health and safety training, the pillars of personal health (body, spirit, soul), INFICON's value-based approach to corporate governance, leadership and motivation.

Every colleague annually discusses his or her performance and achievements, satisfaction, motivation, personal development goals as well as communication aspects at work with their immediate managers in a structured appraisal dialogue. Everyone prepares individually for these discussions. At the Balzers/FL site, so-called energizing talks complement this process mid-year. Our Human Resources departments oversee this process and assesses the long-term success with key performance indicators such as employee satisfaction, loyalty, fluctuation as well as participation in the various ongoing training, workshops, and development programs.

Ongoing education and training

INFICON offers training for all employees to empower everyone with the required knowledge and skills to optimally fulfil their responsibilities and perform in their respective jobs. These trainings responds both to the needs of the individuals as well as the requirements of the market and the Company as a whole. They unleash the employees' potential, creativity, and motivation to secure, stimulate and transfer expertise and knowledge. INFICON offers live and computer-based in-house training sessions and offers workshops assisted or led by external experts. Employees receive respective certificates upon completion of such programs. Being an international Group, we support employees in their efforts to learn languages and we supports high potential colleagues in their academic careers.

Young people are a special focus: We offer a variety of professional and vocational apprenticeships and internal trainee programs. In its European factories in Balzers/FL and Cologne, young people can learn four different professions: physics laboratorian, as well as electronic, construction and logistics specialists.

Composition of the workforce at the end of the year

All numbers in Headcount	2020	Share	2019	Share
Employees (excl. apprentices, interns, trainees, externals)	768	93%	760	96%
Apprentices, interns, trainees, externals	58	7%	29	4%

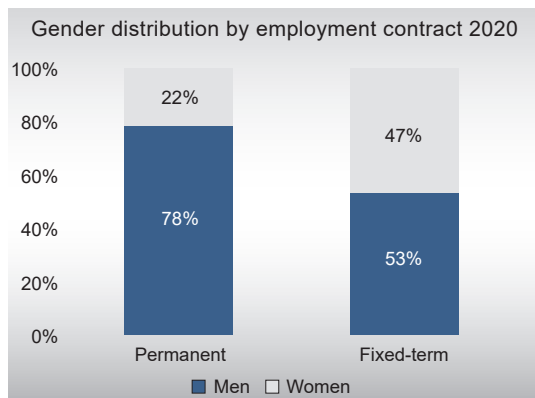
Employees by employment contract (excl. apprentices, interns, trainees, externals)

Permanent	736	96%	741	98%
Fixed-term	32	4%	19	3%

Employees by employment type (excl. apprentices, interns, trainees, externals)

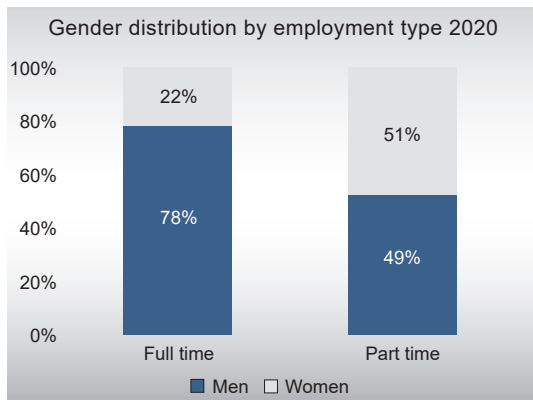
Full time	725	94%	723	95%
Part time	43	6%	37	5%

Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Sustainability Report 2020



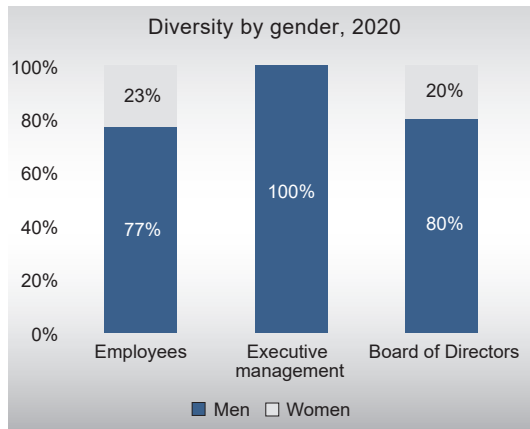
Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Diversity at INFICON

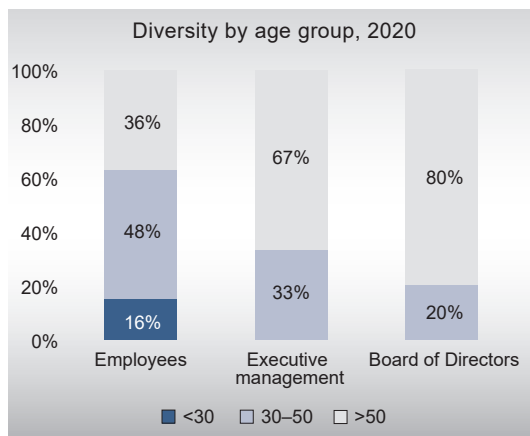
INFICON's long-term success as a high-tech Company active in a competitive market place relies on its competent staff. We are therefore always looking for the best available person for any job opening and seek to create the right mix of people, technical capabilities and human competence across our Group. INFICON's employment policies and procedures provide for equal opportunity and fairness in employment decisions. We do not discriminate on the basis of race, color, ancestry, place of origin, religious belief, physical or mental disability, age, gender, sexual orientation, marital status, family status or source of income, and we take steps to comply with all applicable affirmative action legislation. We also endeavor to ensure that all employees are treated fairly in all aspects of the employment relationship, including performance appraisals, compensation, opportunities for advancement, and disciplinary matters. Already four years ago, INFICON launched its I3C Initiative – Care, Commit, and Change. The initiative promotes the following key understandings that promote INFICON's "one Company culture".

- We care about our customers, our Company, and ourselves.
- We commit to accept responsibilities.
- We change to deliver better results.

INFICON's workforce is very diverse as evidenced by the 13 different nationalities of our employees working at our Balzers/FL location. The I3C Initiative helps create a common approach and understanding in working together.



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Sustainability Report 2020

Health and Safety at INFICON

The Business Ethics Policy declares personal health and safety of all employees a top priority. We have adopted policies and procedures to ensure that we meet and exceed all applicable health and safety laws and regulations as well as prevailing industry standards. A comprehensive training program ensures implementation of all safety policies and procedures. Training topics range from general safety at work courses, specific instructions for special jobs or equipment and sessions on how to adjust one's workstation ergonomically, to firefighting courses, lessons on applicable chemical laws and teachings on how to correctly handle critical chemicals, to name just a few examples.

In 2020, we added instructions and policies dealing with the COVID-19 pandemic to safeguard the physical integrity of our colleagues. We introduced non-overlapping shifts to make sure people from various shifts do not meet physically. We instructed our personnel on how to best keep distance to their co-workers, to wear facial masks correctly, to disinfect their hands, tools and workstations, and on new rules for cafeterias and canteens. Office personnel currently works from home whenever possible.

We track all these measures by key performance indicators on incidents, accidents, absenteeism. We evaluate feedback from our human resource departments, our workforce and from our insurance companies. We also support programs such as e.g. the cycle to work initiative, we offer yoga sessions, and encourage workers to join jogging or walking groups.

Occupational Health and Safety

	2020	2019
Accidents resulting in at least one lost work day	4	4
Lost work days	19	100
Accident Frequency Rate (AFR)	0.6	0.7
Accident Severity Rate (ASR)	3.0	17.4

Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Rates are calculated by dividing accidents/lost work days and are per 200'000 working hours.

Partner to our hosting communities

INFICON cares for its employees and their and our communities. As a corporate citizen, we support many local activities where our colleagues eagerly participate such as e.g. the yearly cycle to work contest. For years, the Balzers workforce regularly ranks in the top three positions of the companies whose workers manage to cycle to work on more than 50% of the summer period. Besides our commitment to the training of young colleagues and the ongoing education of our own workforce, we support e.g. in the Principality of Liechtenstein special out-of-school weeks for students. INFICON annual hosts a whole class for one week in a special business oriented course where the students familiarize themselves with economy, business and management. In the USA, INFICON supports not-for-profit organizations that are dear and important to our employees and the local community. A voluntary team of some eight employees forms a Council that manages the corporate budget for charitable contributions. This involvement provides opportunities for INFICON colleagues to do voluntary work with the Samaritan Center, the Salvation Army, the Humane Association, and others or to individually participate in walks, runs, or bike-a-thons.

In 2020, INFICON created a so-called "Green Team" in Syracuse. With representatives from operations, marketing, R&D, finance and facility management, the team seeks to create a more sustainable work environment for all employees. Sub-teams study ways to reduce waste and energy consumption or look into options to create a greener workspace. As a result, INFICON e.g. invested in December 2020 in reusable cutlery and banned plastic utensils. 2021 will see e.g. improvements to the HVAC system, an optimization of the heat pumps and the installation of power supplies for charging electric vehicles and thus promoting e-mobility.

Sustainability Report 2020

Environmental protection

Environmental protection, safety and product stewardship have long been key priorities at INFICON. The first manufacturing facility met ISO 14001 standards as early as 1998. Today, all manufacturing sites adhere to ISO 14001:2015. According to this ISO release, all manufacturing locations are required to analyze their risks and opportunities with respect to environmental performance in a systematic way, to minimize their ecological risks, and to identify any corresponding need for action. The manufacturing facilities are themselves in charge of setting priorities and implementing the actions they deem necessary.

INFICON engages in many efforts to reduce any negative impact of its business. These measures have often multiple effects – in terms of health and safety benefits for the employees, minimization of environmental damage, and the quality of our products and services. Despite the already low emissions from our manufacturing locations, INFICON wants to curtail its carbon footprint further to reduce the impacts of climate change. Therefore, the environmental managers at each location have created teams and programs to monitor, analyze and minimize energy consumption and other aspects detrimental to our carbon footprint. Progress is monitored yearly.

INFICON's flexible manufacturing model involves materials and components sourced from many different suppliers. We strive to use materials and components that minimize negative impacts on our environment.

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.

In addition, 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 did not encounter any non-compliance with environmental laws in 2020.

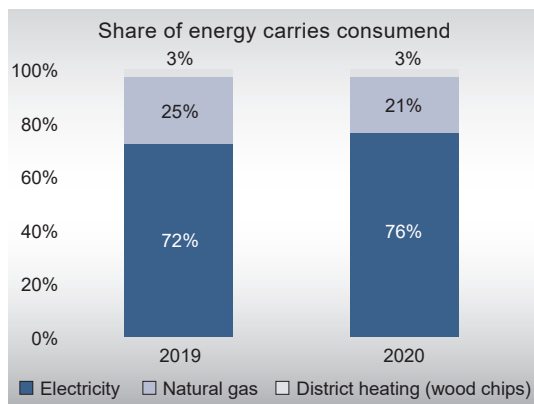
Energy and Emission

	2020	2019	Delta
Total energy consumption in MWh	13,178	13,981	(6%)
Electricity	10,012	10,031	(0.2%)
of which certified green electricity	20%	13%	
Natural gas	2,801	3,503	(20%)
District heating (wood chips)	365	447	(18%)
Energy consumption in kWh per employee	15,707	17,631	(11%)
Greenhouse gas emissions in tCO₂e	1,782	2,015	(12%)
Scope 1: Natural gas	515	644	(20%)
Scope 2: Electricity & district heating 1	1,267	1,371	(8%)
Greenhouse gas emissions in kgCO₂e per employee	2,158	2,554	(15%)

Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

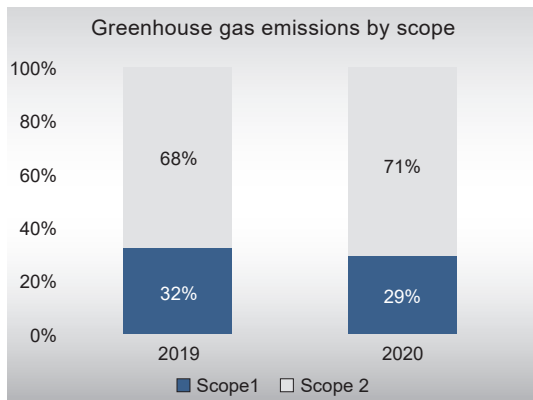
Emission factors from DEFRA and IEA.

For district heating fueled by wood chips, Scope 2 emissions cover methane and nitrous oxide emissions not absorbed during growth. Biogenic CO₂ emissions are reported outside of scopes and amounted to 129 tCO₂ in 2020 and 158 tCO₂ in 2019.

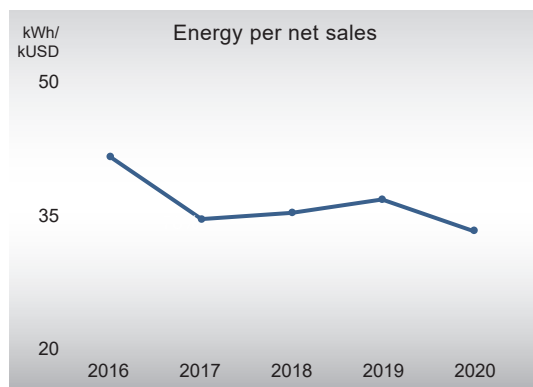


Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Sustainability Report 2020



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).



Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Waste

	2020	2019	Delta
Total waste in metric tons	250	299	(16%)
Waste diverted from disposal through recycling	163	202	(20%)
Waste directed to disposal	88	97	(10%)
Incineration with energy recovery	86	96	(10%)
Other disposal operations	1.6	1.2	28%

Data covers the 3 center of competences and major locations: Balzers (LI), Cologne (DE) and Syracuse (USA).

Well-balanced investment case

Our strategic focus on sustainability ensures INFICON's market leadership, its profitable growth and the expansion of its core vacuum technology into a growing range of applications. It is also beneficial for our workforce, our customers, and the natural environment as a whole.

INFICON's Board and Management are fully supporting the goal of net zero greenhouse gas emission by 2050 or sooner.

The annual strategy development/review process will define the strategic directions and develops KPIs and ESG targets.

In the short term, we are striving for the following goals:

- Convert all major production sites to 100% certified green electricity
- Analyse alternative heating and cooling concepts to reach a better energy balance and reduced CO₂ emission, e.g. energy recovery, geothermal energy, groundwater or thermal insulation and building improvements
- Review mobility concepts and support the programs and the needed infrastructure

INFICON thus presents a robust investment case. It is based on its world-leading technology leadership, its diverse workforce, a global customer base, its ability to generate solid cash flows and earnings as well as the sound conviction that INFICON's value proposition sustainably contributes to make our planet a healthier and more resilient place today and for future generations.

Financial Review

(US Dollars in Millions)

Income Statement

Net Sales

In 2020, net sales increased by 4.2% or USD 16.1 to USD 397.8 from USD 381.7 in 2019. Excluding the positive impact of USD 6.1 or 1.6% percentage points from changes in currency exchange rates (FX impacts), the net sales increased organically by 2.6% in 2020.

Sales to the Semi & Vacuum Coating market surged by USD 27.3 or 16.7% to USD 191.0, due to the unchanged high demand in the semiconductor business and a broad-based recovery in Asia especially in China and Taiwan, as well as in Europe. The General Vacuum market sales increased slightly by USD 0.5 or 0.5% mainly due to a recovery in Europe. Refrigeration, Air Conditioning & Automotive sales decreased by 5.7% or USD 4.8 to USD 79.6 due to COVID-19 impacts especially in Q2 and Q3 of 2020. Sales to the Security & Energy market decreased by 25.9% or USD 6.9. Sales in this market are characterised by a long-term project business dominated by large public sector customers and governmental spending.

Gross Profit

Gross profit margin was 47.3% for 2020 as compared with 49.3% for 2019. This decline is driven by additional costs due to the international trade disputes, costs associated with pandemic mitigation measures, as well as the impact of a weak US dollar.

Research and Development

Research and development costs increased to USD 39.0 or 9.8% of net sales, as compared with USD 34.4 or 9.0% in 2019. This increase of 13.4% is triggered by additional new headcounts, the development and introduction of several new products and devices with enhanced capabilities as well as unfavorable FX impacts.

Selling, General, and Administrative (SGA)

Selling, general, and administrative costs decreased to USD 87.1 or 21.9% of sales in 2020 from USD 89.1 or 23.3% of sales in 2019. This decrease is driven by lower variable compensation, less third party expense, a tight cost control as well as unfavorable FX impacts.

Operating Result

The income from operations reached USD 61.9 or 15.6% of sales for 2020 from USD 64.8 or 17.0% of sales for 2019. This decrease was driven by a lower gross profit margin in percentage and higher R&D expenses.

Financial Result

The decrease in the financial result by USD 0.5 to USD 2.0 is essentially driven by the increase in foreign currency losses.

Income Taxes

Provision for income taxes was USD 10.6 or 17.7% of earnings before taxes for 2020 compared with USD 9.7 or 15.5% of income before taxes for 2019. The tax rate of 2019 was at a lower level as a result of special effects from USA (impact from Foreign-Derived Intangible Income (FDII), component of US Tax Act 2017) as well as from Germany (German Investment Act 2018).

Net Result and Diluted Earnings per Share

Net income and diluted earnings per share was USD 49.3 and USD 20.18 per share for 2020, as compared with USD 52.8 and USD 21.66 per share for 2018. The decrease of 6.8% in diluted earnings per share is in line with the 6.6% decrease in net income.

Financial Review

(US Dollars in Millions)

Balance Sheet and Liquidity

Cash and short-term investments at December 31, 2020 totaled USD 60.1, which represents an increase of USD 2.7 as compared with USD 57.4 at December 31, 2019. Cash flow from operations totaled USD 50.5 in 2020 as compared with USD 53.8 in 2019. This decrease is mainly driven by higher trade receivables.

Trade receivables increased by USD 12.5 to USD 63.6 at December 31, 2020 as compared with USD 51.1 at December 31, 2019. This increase results of the more than 21% higher sales volume in Q4 2020 compared to a year ago.

Inventories increased by USD 8.9 to USD 75.4 at December 31, 2020 as compared with USD 66.5 at December 31, 2019. Inventory turns remains at 2.8 in 2019 (2019: 2.8) using a 4-point average of quarter-end inventory balances. Strategic increases of stock-levels to ensure supply capability and to reduce some dependencies on certain components and suppliers have been the main drivers.

Property, Plant & Equipment increased by USD 7.5 to USD 78.2 at December 31, 2020 compared to USD 70.7 at December 31, 2019, due to investments in capacity, new technologies and modernization for machinery and equipment.

Short-term financial liabilities at December 31, 2020 are USD 19.2 (December 31, 2019: USD 7.3). Thereof USD 18.1 in favor of the related party KWE Beteiligungen AG.

Consolidated Balance Sheet

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

	Note	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents		60,097	56,168
Short-term investments		0	1,258
Trade accounts receivable	3	63,624	51,102
Inventories	4	75,404	66,475
Prepayments and accrued income		2,637	3,917
Other current assets		8,130	9,100
Total current assets		209,892	188,020
Property, plant, and equipment	5	78,199	70,746
Intangible assets	6	5,726	5,793
Deferred tax assets	10	7,676	7,007
Financial assets		3,689	3,466
Total non-current assets		95,290	87,012
Total assets		305,182	275,032
Liabilities and Shareholders' Equity			
Trade accounts payable		10,170	8,819
Short-term financial liabilities	7	19,229	7,326
Short-term provisions	8	14,364	12,727
Income taxes payable		4,142	5,692
Accrued expenses and deferred income	9	13,214	11,897
Other current liabilities		8,059	4,924
Total current liabilities		69,178	51,385
Long-term provisions	8	9,633	11,485
Deferred tax liabilities	10	3,485	3,368
Total non-current liabilities		13,118	14,853
Total liabilities		82,296	66,238
Common stock		6,843	6,830
Treasury shares	11	(1,382)	(636)
Retained earnings		215,196	209,084
Foreign currency translation		2,229	(6,484)
Total shareholders' equity		222,886	208,794
Total liabilities and shareholders' equity		305,182	275,032

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	2020	2019
Net sales		397,801	381,659
Cost of sales		(209,789)	(193,455)
Gross profit		188,012	188,204
Research and development		(38,994)	(34,359)
Selling expense		(31,783)	(32,445)
General and administrative expense		(55,315)	(56,628)
Operating result		61,920	64,772
Financial result	14	(2,019)	(1,518)
Ordinary result		59,901	63,254
Non-operating result		0	(768)
Earnings before income taxes (EBT)		59,901	62,486
Income taxes	15	(10,602)	(9,694)
Net result		49,299	52,792
Earnings per share:	16		
Basic		20.21	21.73
Dilution		(0.03)	(0.07)
Diluted		20.18	21.66

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, 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
Net result					49,299		49,299
Foreign currency translation adjustments						8,713	8,713
Issuance of common stock from exercise of stock options	12	13	1,459				1,472
Acquisition of treasury shares				(2,225)			(2,225)
Disposal of treasury shares				1,479			1,479
Distribution from legal reserve (CHF 18 per share)			(1,459)		(43,704)		(45,163)
Adjustment of Goodwill	13				517		517
Balance at December 31, 2020		6,843	—	(1,382)	215,196	2,229	222,886

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	2020	2019
Cash flows from operating activities:			
Net result		49,299	52,792
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5	10,204	9,195
Amortization	6	2,372	1,516
Result from disposal of fixed assets		22	44
Deferred Taxes		(304)	1,152
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		(10,093)	2,502
Inventories		(5,305)	(1,532)
Other assets		2,549	(5,511)
Trade accounts payable		88	305
Accrued liabilities and provisions		1,394	(4,541)
Income taxes payable		(2,125)	(1,404)
Other liabilities		2,386	(727)
Net cash provided by operating activities		50,487	53,791
Cash flows from investing activities:			
Purchase of property, plant, and equipment	5	(13,539)	(18,435)
Disposal of property, plant, and equipment	5	331	3,109
Purchase of intangible assets	6	(2,061)	(881)
Disposal of intangible assets	6	0	0
Acquisitions of businesses net of cash acquired	18	(1,561)	(521)
Purchase of short-term investments		(3)	(20)
Disposal of short-term investments		1,261	—
Net cash used in investing activities		(15,572)	(16,748)
Cash flows from financing activities:			
Proceeds from exercise of stock options	12	1,472	4,429
Cash distribution from legal reserves		(45,163)	(53,560)
Purchase/disposal of treasury shares		(746)	579
Proceeds from borrowings		45,023	37,930
Repayments of borrowings		(33,121)	(30,604)
Net cash used in financing activities		(32,535)	(41,226)
Effect of exchange rate changes on cash and cash equivalents		1,549	(714)
Change in cash and cash equivalents		3,929	(4,897)
Cash and cash equivalents at beginning of period		56,168	61,065
Cash and cash equivalents at end of period		60,097	56,168

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 2, 2021 for submission to the Annual General Meeting on March 31, 2021.

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 (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%

* January 2020, INFICON GmbH (CH) was merged with INFICON Holding (CH)

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 as of balance sheet date to be cash equivalents. The Company classifies investments with an original maturity of more than three months as of balance sheet 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 linear 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	
			2020	2019	2020	2019
1	Swiss Franc	USD	1.1312	1.0293	1.0658	1.0062
	Euro	USD	1.2281	1.1189	1.1411	1.1196
	Japanese Yen	USD	0.0097	0.0092	0.0094	0.0092
	Hong Kong Dollar	USD	0.1290	0.1284	0.1289	0.1276
	Korean Won	USD	0.0009	0.0009	0.0008	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:

	2020	2019
Trade accounts receivable, gross	64,976	52,677
Bad debt allowance	(1,352)	(1,575)
Total trade accounts receivable, net	63,624	51,102

4 Inventories

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

	2020	2019
Raw material	61,897	50,456
Work-in-process	4,940	4,143
Finished goods	18,698	19,698
Advance Payments to suppliers	4	—
Inventory Valuation Adjustment	(10,135)	(7,822)
Balance at December 31,	75,404	66,475

5 Property, Plant, and Equipment

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

Property, plant, and equipment 2020	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
At cost								
At January 1, 2020	2,875	45,918	71,800	11,550	5,898	8,516	13,590	160,147
Additions	9	459	4,675	182	6,913	786	1,099	14,123
Disposals	—	—	(646)	—	(274)	(559)	(350)	(1,829)
Reclassifications	—	0	813	54	(1,157)	—	290	—
Exchange Differences	209	1,285	4,753	1,006	821	464	1,319	9,857
At December 31, 2020	3,093	47,662	81,395	12,792	12,201	9,207	15,948	182,298

Accumulated depreciations:								
At January 1, 2020	391	16,830	44,434	9,914	—	7,779	10,053	89,401
Systematic depreciation	1	1,701	6,118	462	—	867	1,055	10,204
Impairment	—	—	—	—	—	(0)	—	(0)
Disposals	—	—	(613)	—	—	(534)	(351)	(1,498)
Reclassifications	—	(167)	66	—	—	—	101	0
Exchange Differences	—	443	3,235	911	—	421	982	5,992
At December 31, 2020	392	18,807	53,240	11,287	—	8,533	11,840	104,099

Net book values:								
At January 1, 2020	2,484	29,088	27,366	1,636	5,898	737	3,537	70,746
At December 31, 2020	2,701	28,855	28,155	1,505	12,201	674	4,108	78,199

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
At cost								
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)
At December 31, 2019	2,875	45,918	71,800	11,550	5,898	8,516	13,590	160,147

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)
At December 31, 2019	391	16,830	44,434	9,914	—	7,779	10,053	89,401

Net book values:								
At January 1, 2019	2,535	28,486	21,398	1,094	6,756	1,050	3,423	64,742
At December 31, 2019	2,484	29,088	27,366	1,636	5,898	737	3,537	70,746

Notes to Consolidated Financial Statements

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

6 Intangible Assets

Intangible assets 2020	Technology	Software	Other	Total
At cost				
At January 1, 2020	9,955	8,411	4,596	22,962
Additions	97	1,829	135	2,061
Disposals	—	(991)	—	(991)
Reclassifications	—	(45)	45	—
Exchange Differences	630	820	243	1,693
At December 31, 2020	10,682	10,024	5,019	25,725

Accumulated amortization				
At January 1, 2020	7,351	7,475	2,343	17,169
Systematic amortization	485	1,611	276	2,372
Disposals	—	(991)	—	(991)
Reclassifications	—	(17)	17	—
Exchange Differences	567	714	168	1,449
At December 31, 2020	8,403	8,792	2,804	19,999

Net book values				
At January 1, 2020	2,604	936	2,253	5,793
At December 31, 2020	2,279	1,232	2,215	5,726

Intangible Assets 2019	Technology	Software	Other	Total
At cost				
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

Accumulated amortization				
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

Net book values				
At January 1, 2019	3,065	834	2,515	6,414
At December 31, 2019	2,604	936	2,253	5,793

7 Financial Liabilities Short-term

Total short-term financial liabilities at December 31, 2020 amount to USD 19.2 . Thereof USD 18,1 is in favor of the related party KWE Beteiligungen AG with an interest rate of 0.05 % p.a (the short-term loan is granted in CHF), and USD 1,1 is owed to a customer for financing manufacturing equipment at no interest.

8 Provisions

Provisions 2020	Warranty	Pension	Bonus & Commissions	Other	Total
At January 1, 2020	2,713	1,253	10,048	10,198	24,212
Creation	675	215	10,616	360	11,866
Utilizations	(109)	(16)	(9,138)	(1,718)	(10,981)
Reversals	(367)	(67)	(460)	(919)	(1,813)
Exchange Differences	132	184	349	48	713
At December 31, 2020	3,044	1,569	11,415	7,969	23,997
Short term	2,711	228	11,415	10	14,364
Long term	333	1,341	—	7,959	9,633

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

Other long-term provision includes USD 6,701 (2019: USD 8,800) 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:

	2020	2019
Salaries, wages and related costs	5,995	5,912
Deferred revenue	864	761
Professional fees	655	765
Other	5,700	4,459
Balance at December 31,	13,214	11,897

10 Deferred Tax

Assets

	2020	2019
At January 1,	7,007	7,654
Creation	817	935
Reversals	(595)	(1,474)
Exchange Differences	447	(108)
At December 31,	7,676	7,007

Liabilities

	2020	2019
At January 1,	3,368	2,759
Creation	441	1,599
Reversals	(466)	(995)
Exchange Differences	142	5
At December 31,	3,485	3,368

11 Shareholders' Equity

As of December 31, 2020, shareholders' equity consists of 2,441,961 issued and outstanding bearer shares (2019: 2,437,331) with a par value of CHF 5 (2019: CHF 5). 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.

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, 2020 the remaining available balance of conditional share capital amounts to 12,894 shares (2019: 17,524 shares) of each CHF 5.

a) Treasury Shares 2020

	Number of treasury shares	Price per share in CHF			Volume-weighted average
		Highest	Lowest		
Balance as of January 1	1,037				
Purchases January 31, 2020	500	745.50	736.00		742.04
Purchases February 24, 2020	500	750.00	742.00		745.91
Purchases February 25, 2020	500	728.50	721.00		723.44
Purchases April 7, 2020	500	598.00	585.00		592.56
Purchases October 22, 2020	1,000	719.00	688.00		703.89
Allocation to Members of the Board of Directors	(366)				
Allocation to Group Management and Key Employees	(1,754)				
Balance as of December 31	1,917				

b) 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)				
Balance as of December 31	1,037				

At December 31, 2020, the acquisition costs for a number of 3,000 shares purchased during the year amounted to TUSD 2,225 compared with TUSD 896 at December 31, 2019, for a number of 1,500 purchased shares in 2019.

The statutory or legal reserves that may not be distributed, amount to CHF 2,590 at December 31, 2020 (December 31, 2019: 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, 2018	24,003	287.72
Cancelled	(125)	201.90
Exercised	(15,648)	281.33
Outstanding at December 31, 2019	8,230	287.72
Cancelled	(200)	284.75
Exercised	(4,630)	297.41
Outstanding at December 31, 2020	3,400	307.25
Exercisable at December 31, 2020	3,400	307.25

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

	2020	2019
Increase in Common stock	13	44
Increase in Capital reserves	1,459	4,385
Total	1,472	4,429

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, 2020 amounts to TUSD 1,274 (2019: TUSD 1,628).

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:

	2020	2019
At cost		
At January 1,	29,462	29,462
Additions from acquisitions of subsidiaries	—	—
Subsequent Purchase Price Adjustments	(517)	—
Elimination of fully amortized goodwill items	—	—
Exchange Differences	—	—
At December 31,	28,945	29,462
Accumulated amortization		
At January 1,	13,920	7,836
Amortization expense	5,494	6,084
Elimination of fully amortized goodwill items	—	—
Exchange Differences	—	—
At December 31,	19,414	13,920
Theoretical net book values		
At January 1,	15,542	21,626
At December 31,	9,531	15,542

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

Impact on income statement:

	2020	2019
Operating result according to income statement	61,924	64,772
Amortization of goodwill	(5,494)	(6,084)
Theoretical operating result incl. amortization of goodwill	56,430	58,688
Net result according to income statement	49,299	52,792
Amortization of goodwill	(5,494)	(6,084)
Theoretical net result incl. amortization of goodwill	43,805	46,708

Impact on balance sheet:

	2020	2019
Equity according to balance sheet	222,886	208,794
Equity as % of total assets	73.0%	75.9%
Theoretical capitalization of goodwill (net book value)	9,531	15,542
Theoretical equity incl. net book value of goodwill	232,417	224,336
Theoretical equity incl. net book value of goodwill as % of total assets incl. net book value of goodwill	73.9%	77.2%

No indication for impairment of goodwill has been identified.

14 Financial Result / Non-Operating Result

The financial result consists of the following:

	2020	2019
FX loss	(2,072)	(1,535)
Interest Income (Expense)	53	17
Total financial result	(2,019)	(1,518)

15 Income Taxes

Tax expense consists of the following:

	2020	2019
Current tax expense	11,155	8,437
Deferred tax expense	(553)	1,257
Total	10,602	9,694

As of December 31, 2020, the group average tax rate for calculating deferred taxes was 17.7% (2019: 15.5%). The tax rate of 2019 was at a lower level as a result of special effects from USA (impact from Foreign-Derived Intangible Income (FDII), component of US Tax Act 2017) as well as from Germany (German Investment Act 2018). There is no essential impact from STAF on the higher tax rate for 2020.

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

	2020	2019
Income tax expense before impact of tax loss carry forwards	10,632	9,666
Effect of additions to tax loss carry forwards	—	29
Effect of utilization of tax loss carry forwards	(17)	—
Effect of previously unrecognized tax loss carry forwards	—	—
Effect of re-evaluation of tax loss carry forwards	(13)	—
Income tax expense after impact of tax loss carry forwards	10,602	9,694

The entitlement for deferred income taxes on tax losses carried forward not yet used was USD 0 at December 31, 2020, as compared with USD 0 at December 31, 2019.

The capitalization of the effects from tax loss carryforwards is reassessed annually and based on current

Notes to Consolidated Financial Statements

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

assumptions and estimates by management. The total amount of tax loss carryforwards that can be used is USD 25 (previous year: USD 178). Thereof USD 0 can be used indefinitely. No deferred tax assets were recognised for those tax loss carryforwards.

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:

	2020	2019
Numerator:		
Net income	49,299	52,792
Denominator:		
Weighted average shares outstanding	2,439,685	2,429,047
Effect of dilutive stock options	3,479	8,479
Denominator for diluted earnings per share	2,443,164	2,437,526
Earnings per share:		
Basic	20.21	21.73
Dilution	(0.03)	(0.07)
Diluted	20.18	21.66

For the year ended December 31, 2020, the fully diluted earnings per share calculation excluded no options to purchase shares since these shares would have been anti-dilutive for 2020.

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 recognised in the current result of the period	Contributions concerning the business period	Pension costs within personnel expense	
	2020	2020	2019	2020	2020	2019
Pension institutions with surplus	6,784	—	—	—	4,823	4,823
Pension institutions with deficit	—	—	—	—	—	—
Pension institutions without own assets	—	(1,341)	(1,115)	(226)	(149)	(375)
Total	6,784	(1,341)	(1,115)	(226)	4,673	4,447

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
Assets acquired	2,080
Goodwill	12,220
Total	14,300
Accrued contingent consideration	(9,300)
Cash used for acquisition	5,000

In 2020 an earn-out payment of USD 1,561 (2019: USD 521) was made. The contingent consideration was adjusted accordingly to USD 6,701 as of December 31, 2020 (USD 8,800 as of December, 2019), including the earn-out payment as well as a reevaluation of USD 517.

19 Commitments and Contingencies

A summary of contractual commitments and contingencies is as follows:

At December 31, 2020	Operating Leases	Purchase Commitments	Total
2021	6,758	12,235	18,993
2022	5,374	2,582	7,956
2023	3,446	—	3,446
2024	2,775	—	2,775
2025	2,525	—	2,525
Thereafter	17,777	—	17,777
Total	38,655	14,817	53,472

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
Total	34,933	9,948	44,881

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2021 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.

Notes to Consolidated Financial Statements

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

At year-end 2020, 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.

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

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 2020 the related party KWE Beteiligungen AG, granted a short-term loan of USD 41'025 (2019: USD 35,169) to INFICON Holding AG. The loan was granted in CHF with CHF 40'000. The agreed interest was 0.05%. The temporary loan was repaid partly (USD 27'148; CHF; CHF 24'000) after 9 months. The rest of the amount will be repaid in the first quarter 2021.

22 Additional Information Required by Swiss Law and Swiss GAAP FER

As required by article 959 of the Swiss Code of Obligations as well as by Swiss GAAP FER 3.10 the following supplementary information is disclosed:

	2020	2019
Total personnel costs	127,927	117,371

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:

	2020	2019
Board of Directors:		
Dr. Beat E. Lüthi	1,425	1,321
Dr. Richard Fischer	26,143	26,065
Vanessa Frey *	221	169
Beat Siegrist	15,612	15,546
Dr. Thomas Staehelin	3,012	2,946
Total Board of Directors	46,413	46,047

Group Management

Lukas Winkler, President & CEO	4,049	4,476
Matthias Tröndle, Group CFO	402	440
Total Group Management	4,451	4,916

* Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.53% (2019: 19.56%) 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 2, 2021, 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, 2020 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 48 to 63) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, 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, 2020 amounted to USD 397.8 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 2, 2021

Balance Sheet

INFICON Holding AG, Bad Ragaz/Switzerland

(CHF in Thousands)

	Notes	December 31, 2020	December 31, 2019
Assets			
Cash		4,049	2,288
Other short-term receivables			
from third parties		8	87
from companies in which the entity holds an investment		917	992
from companies in which the entity holds an indirect investment		50	—
Short-term loans granted to companies in which the entity holds an investment	2.1	1,120	—
Prepaid expenses and accrued income		121	96
Total current assets		6,265	3,463
Financial assets			
Long-term loans granted to companies in which the entity holds an investment	2.2	52,764	61,556
Long-term loans granted to companies in which the entity holds an indirect investment	2.3	9,724	—
Investments	2.4	148,540	300,026
Intangible assets	2.5	1,102	—
Total non-current assets		212,130	361,582
Total assets		218,395	365,045
Liabilities and Shareholders' Equity			
Other short-term liabilities			
to third parties	2.6	31	181
to companies in which the entity holds an investment		103	—
Short-term interest-bearing liability	2.7	16,000	6,000
Accrued expenses and deferred income	2.8	1,636	721
Total short-term liabilities		17,770	6,902
Provisions	2.9	125	—
Total long-term liabilities		125	—
Total liabilities		17,895	6,902
Share capital	2.10	12,210	12,187
Legal capital reserves			
Reserves from capital contributions	2.11	7,227	5,873
Legal retained earnings			
General legal retained earnings		2,590	2,590
Voluntary retained earnings	2.12		
Available earnings			
Profit brought forward	2.12	156,510	309,840
Profit for the year		23,268	28,274
Treasury shares	2.13	(1,305)	(621)
Total shareholders' equity		200,500	358,143
Total liabilities and shareholders' equity		218,395	365,045

Statement of Income

INFICON Holding AG, Bad Ragaz/Switzerland

(CHF in Thousands)

Year ended December 31,	Notes	2020	2019
Dividend income	2.14	16,554	27,297
Royalty income	2.15	12,307	—
Management fees income	2.16	7,600	—
Other financial income	2.17	3,693	3,871
Total income		40,154	31,168
Personnel expenses		1,990	—
Other operating expenses	2.18	7,246	1,894
Amortization/depreciation on non-current assets		364	—
Financial expenses	2.19	6,503	837
Direct taxes	2.20	783	163
Total expenses		16,886	2,894
Profit for the year		23,268	28,274

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 (32nd 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 Short-term loans granted to companies in which the entity holds an investment

Short-term loans granted to companies in which the entity holds an investment consist of a credit facility which is granted to a subsidiary. The interest rate is 0.25% p.a..

2.2 Long-term loans granted to companies in which the entity holds an investment

maturity	interest rate in %	December 31,	
		2020	2019
Up to five years	5.00–5.50	MUSD 56	MUSD 60
Up to five years	0.75	MEUR 3	MEUR 3

2.3 Long-term loans granted to companies in which the entity holds an indirect investment

At December 31, 2020, long-term loans granted to companies in which the entity holds an indirect investment included a long-term loan granted to an indirect held subsidiary. The interest rate is 6% p.a. and the maturity is more than 5 years.

2.4 Investments

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

Company	Currency	December 31,	
		2020	2019
INFICON Inc.		(in 1,000)	(in 1,000)
Syracuse, USA			
Share Capital	USD	*	*
Share in capital and voting rights		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON AG			
Balzers, Liechtenstein			
Share Capital	CHF	6,000	6,000
Share in capital and voting rights		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON GmbH			
Bad Ragaz, Switzerland			
Share Capital ***	CHF	—	2,000
Share in capital and voting rights		—	100.0%
Purpose: Management Company			

Company	Currency	December 31,	
		2020	2019
INFICON GmbH		(in 1,000)	(in 1,000)
Cologne, Germany			
Share Capital	EUR	1,026	1,026
Share in capital and voting rights		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON Aaland Ab			
Mariehamn, Finland			
Share Capital	EUR	60	60
Share in capital and voting rights		100%	100%
Purpose: Manufacturing			
INFICON AB			
Linköping, Sweden			
Share Capital	SEK	3,810	3,810
Share in capital and voting rights		100%	100%
Purpose: Manufacturing and Sales			
INFICON Aps			
Copenhagen, Denmark			
Share Capital	DKK	50	50
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON Ltd.			
Blackburn, United Kingdom			
Share Capital	GBP	400	400
Share in capital and voting rights		100%	100%
Purpose: Sales and Service			
INFICON S.A.R.L.			
Courtaboeuf, France			
Share Capital	EUR	108	108
Share in capital and voting rights		100%	100%
Purpose: Sales and Service			
INFICON S.r.l.			
Bozen, Italy			
Share Capital	EUR	10	10
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON Co., Ltd.			
Kawasaki-Shi, Japan			
Share Capital	JPY	90,000	90,000
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON Ltd.			
Chubei City, Taiwan			
Share Capital	TWD	52,853	52,853
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON Ltd.			
Bungdang-Ku, Korea			
Share Capital	KRW	600,000	600,000
Share in capital and voting rights		100%	100%
Purpose: Manufacturing and Sales			

Notes to the Financial Statements

INFICON Holding AG, Bad Ragaz/Switzerland

Company	Currency	December 31, 2020	2019
INFICON Pte. Ltd.			
Singapore		(in 1,000)	(in 1,000)
Share Capital	SGD	1,797	1,797
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON Ltd.			
Pune, India			
Share Capital	INR	18,920	18,920
Share in capital and voting rights **		100%	100%
Purpose: Sales			
INFICON Ltd.			
Hong Kong			
Share Capital	HKD	8,780	8,780
Share in capital and voting rights		100%	100%
Purpose: Sales			
INFICON (Guangzhou) Instruments Co., Ltd.			
Guangzhou			
Share Capital	RMB	9,837	9,837
Share in capital and voting rights		100%	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd.			
Shanghai			
Share Capital	USD	2,180	2,180
Share in capital and voting rights		100%	100%
Purpose: Manufacturing			
INFICON EDC Inc.			
Syracuse, USA			
Share Capital	USD	500	500
Share in capital and voting rights **		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON InstruTech LLC			
Longmont, USA			
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

*** INFICON GmbH was merged with INFICON Holding AG. More details see note 2.12.

2.5 Intangible assets

Intangible assets mainly consist of capitalised costs of patents, trademarks, technologies and softwares.

2.6 Other short-term liabilities to third parties

In CHF 1,000	December 31,	
	2020	2019
Liabilities to third parties	31	127
Liabilities to governing bodies (Auditors)	—	54
Total	31	181

2.7 Short-term interest-bearing liability

The company has an outstanding short-term loan of MCHF 16 in favor of the related party KWE Beteiligungsgen AG at December 31, 2020. The interest rate is 0.05 % p.a.

2.8 Accrued expenses and deferred income

In CHF 1,000	December 31,	
	2020	2019
Liabilities to third parties	1,179	332
Liabilities due to pension fund	50	—
Liabilities to governing bodies (Board of Directors and auditors)	407	389
Total	1,636	721

2.9 Provisions

The provisions relate to the long-term incentive bonus plan of the Companies CEO.

2.10 Issued, authorized and conditional share capital

Share capital in the amount of TCHF 12,210 (2019: TCHF 12,187) consists of 2,441,961 (2019: 2,437,331) registered shares at a nominal value of CHF 5 each.

Issued share capital/share capital increase

During 2020, employees of INFICON exercised stock options which resulted in 4,630 new shares being issued and increased nominal share capital by CHF 23,150. The share premium thereon of CHF 1,353,855 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 87,620 through the issuance of 17,524 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 2020, employee stock options were exercised resulting in an increase in share capital of 4,630 shares. The remaining available balance of conditional share capital at December 31, 2020, is CHF 64,470.

Notes to the Financial Statements

INFICON Holding AG, Bad Ragaz/Switzerland

2.11 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases in the years 2000–2020, 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 7,227,010) and the amount the Swiss Federal Tax Administration recognizes (CHF 6,705,124) at December 31, 2020.

2.12 Voluntary retained earnings

According to the merger agreement dated May 13, 2020, INFICON GmbH, located in Bad Ragaz/Switzerland, was merged with INFICON Holding AG with effect as at January 1st, 2020.

By means of a universal succession INFICON GmbH transferred its assets and liabilities dated December 31, 2019, to INFICON Holding AG:

In CHF

Assets	31,073,546
Liabilities without equity	3,102,524
Net assets (equity)	27,971,022

The investment INFICON Holding AG held in INFICON GmbH was CHF 165,487,494. With effect as at January 1st, 2020, INFICON Holding AG took over the net assets of CHF 27,971,022. Offsetting the net assets with the investment resulted in a merger loss of CHF 137,516,472 which was recognized in the voluntary retained earnings.

The merger was entered in the commercial register on May 25, 2020.

2.13 Treasury shares

a) Treasury Shares 2020

	Number of treasury shares	Price per share in CHF		
		Highest	Lowest	Volume-weighted average
Balance as of January 1	1,037			
Purchases January 31, 2020	500	745.50	736.00	742.04
Purchases February 24, 2020	500	750.00	742.00	745.91
Purchases February 25, 2020	500	728.50	721.00	723.44
Purchases April 7, 2020	500	598.00	585.00	592.56
Purchases October 22, 2020	1,000	719.00	688.00	703.89
Allocation to Members of the Board of Directors	(366)			
Allocation to Group Management and Key Employees	(1,754)			
Balance as of December 31	1,917			

b) 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)			
Balance as of December 31	1,037			

At December 31, 2020, the acquisition costs for a number of 3,000 shares purchased during the year amounted to TUSD 2,225 (TCHF 2,112) compared with TUSD 896 (TCHF 884) at December 31, 2019, for a number of 1,500 purchased shares in 2019. The treasury shares are reserved for compensations due in 2020. These shares are non-dividend bearing shares.

2.14 Dividend income

Dividend income consists of dividends paid by subsidiaries.

2.15 Royalty income

Royalty income consists primarily of licensing income for the use of registered patents and trademarks from subsidiaries.

2.16 Management fees income

Management fees income consists of compensation payments from group companies for management services provided by the Company.

Notes to the Financial Statements

INFICON Holding AG, Bad Ragaz/Switzerland

2.17 Other financial income

Other financial income amounts to TCHF 3,693 (2019: TCHF 3,871) and consists mostly of interest income from loans to companies in which the entity holds an investment.

2.18 Other operating expenses

In CHF 1,000	December 31, 2020	2019
Administrative expenses	1,948	1,170
Share based payments	225	230
Consulting expenses	1,143	183
Withholding taxes	264	116
Other operating expenses*	3,666	195
Total	7,246	1,894

* In 2020 the main expense items related to insurance, IT, patent and marketing expenses as well as to fees for the Board of Directors.

2.19 Financial expenses

Financial expenses amount to TCHF 6,503 (2019: TCHF 837) and consist mostly of foreign currency losses from loans to companies in which the entity holds an investment.

2.20 Direct taxes

The tax charge includes income and capital taxes.

3 Other Information

3.1 Full-time Equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 10.

3.2 Significant Shareholders

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

December 31,	2020	2019
KWE Beteiligungen AG	19.53%	19.56%
7-Industries Holding B.V.	9.29%	9.30%

Any significant shareholder notifications during 2020 and since January 1, 2021, can be accessed via the following weblink to the database search page of the disclosure office:

http://bit.ly/IFCN_major_Shareholders

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

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

	2020	2019
Board of Directors:		
Dr. Beat E. Lüthi	1,425	1,321
Dr. Richard Fischer	26,143	26,065
Vanessa Frey *	221	169
Beat Siegrist	15,612	15,546
Dr. Thomas Staehelin	3,012	2,946
Total Board of Directors	46,413	46,047

Group Management		
Lukas Winkler, President & CEO	4,049	4,476
Matthias Tröndle, Group CFO	402	440
Total Group Management	4,451	4,916

* Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.53% (2019: 19.56%) in INFICON Holding AG.

The members of the Group Management held together on December 31, 2020 directly and indirectly a total of 0.18% (2019: 0.20%) bearer shares or 0.18% (2019: 0.20%) of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2020 directly and indirectly a total of 21.43% (2019: 21.45%) bearer shares or 21.43% (2019: 21.45%) of the voting rights of INFICON.

Appropriation of Available Earnings

INFICON Holding AG, Bad Ragaz/Switzerland

(Proposal of the Board of Directors)

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

a) Share-based compensations 2020

	Shares granted	
	Quantity	Value in CHF 1,000
Total Board of Directors	366	223
Total Group Management and Key Employees	1,754	973
Total	2,120	1,196

b) 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
Total	2,963	1,603

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, 2020, there are 3,400 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,	
	2020	2019
Guarantee in favor of an affiliated company	1,629	1,631

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.

In CHF 1,000	December 31,	
	2020	2019
Reserves from capital contributions at beginning of year	5,873	13,670
Share premium on exercised stock options	1,354	4,324
Distribution to shareholders	—	(12,121)
Reserves from capital contributions	7,227	5,873

Profit brought forward *	337,886	351,049
Distribution to shareholders	(43,859)	(41,210)
Loss on merger	(137,516)	—
Profit for the year	23,268	28,274
Available earnings	179,779	338,113

Available earnings before proposed distribution **179,779**

Distribution from available earnings

(2020: CHF 16.00 each share) ** **39,075**

Available earnings after proposed distribution **140,704**

* The difference between the profit brought forward of TCHF 337,886 at December 31, 2020, and the available earnings of TCHF 338,113 at December 31, 2019, mainly results from losses on treasury shares.

** The proposed distribution from the available earnings represents an estimated amount. This will be adjusted to take into account any new shares entitled to a distribution from legal reserves 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, 2020, 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 68 to 75) for the year ended December 31, 2020 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 2, 2021

KPMG AG, R ffelstrasse 28, CH-8036 Zurich

  2021 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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

Imprint

Published by:

Editorial Co-operation:

Print:

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

