PFEIFFER VACUUM

TRANSFORMATION

FOR OUR CUSTOMERS

ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 (ACCORDING TO GERMAN COMMERCIAL CODE "HGB")

PFEIFFER VACUUM TECHNOLOGY AG

2019

PFEIFFER VACUUM

Content

I. Pfeiffer Vacuum Technology AG, Asslar
Balance Sheet as of December 31, 2019

Assets				Dec.31, 2018
		€	€	€
A.	**Fixed assets**			
I.	**Intangible assets**			
1.	Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	784,038.00		670,533.00
2.	Software (before implementation)	3,702,483.36		0.00
			4,486,521.36	670,533.00
II.	**Property, plant and equipment**			
1.	Land, land rights and buildings, including buildings on third-party land	10,064,122.40		10,936,471.40
2.	Other equipment, furniture and fixtures	631,594.00		779,540.00
3.	Prepayments and assets under construction	156,269.00		0.00
			10,851,985.40	11,716,011.40
III.	**Financial assets**			
1.	Shares in affiliates	224,009,480.03		224,009,480.03
2.	Loans to affiliates	12,050,000.00		7,700,000.00
			236,059,480.03	231,709,480.03
			251,397,986.79	244,096,024.43
B.	**Current assets**			
I.	**Receivables and other assets**			
1.	Receivables from affiliates	60,157,501.46		62,158,539.37
2.	Other assets	2,467,702.78		2,066,452.02
			62,625,204.24	64,224,991.39
II.	**Cash and cash equivalents**		42,832,793.64	43,290,535.08
			105,457,997.88	107,515,526.47
C.	**Prepaid expenses**		227,139.49	63,505.46
			357,083,124.16	351,675,056.36

I. Pfeiffer Vacuum Technology AG, Asslar
Balance Sheet as of December 31, 2019

Shareholders' equity and liabilities	€	€	Dec. 31, 2018 €
A. Equity			
I. Share capital (contingent capital € 6,315,299.84)	25,261,207.04		25,261,207.04
II. Additional paid-in capital	99,676,621.19		99,676,621.19
III. Retained earnings thereof profit brought forward € 112,132,177.52 (prior year: € 88,428,406.23)	138,069,443.48		134,827,793.22
		263,007,271.71	259,765,621.45
B. Provisions			
1. Provisions for pensions	4,319,936.63		3,816,478.89
2. Tax provisions	1,208,755.04		1,208,755.04
3. Other provisions	4,436,403.34		3,713,533.01
		9,965,095.01	8,738,766.94
C. Liabilities			
1. Liabilities to banks	60,000,000.00		60,000,000.00
2. Trade accounts payable	466,016.38		389,753.55
3. Liabilities to affiliates	23,597,809.34		22,732,144.05
4. Other liabilities thereof for taxes € 46,931.72 (prior year: € 48,770.37)	46,931.72		48,770.37
		84,110,757.44	83,170,667.97
		357,083,124.16	351,675,056.36

II. Pfeiffer Vacuum Technology AG, Asslar
Income statement for fiscal year 2019

	€	€	2018 €
1. Sales revenues	3,858,507.98		4,379,154.20
2. Income from profit and loss transfer agreement	32,525,716.88		44,987,038.75
3. Income from equity investments			
thereof from affiliates	4,000,000.00		14,730,129.13
€ 4,000,000.00 (prior year: € 14,730,129.13)			
4. Other operating income	39,624.50		655,295.71
		40,423,849.36	64,751,617.79
5. Cost of purchased materials and services		643,828.63	732,617.68
6. Personnel expenses			
a) Wages and salaries	1,686,475.66		2,054,404.17
b) Social security, pension and other benefit costs	1,140,452.09		1,582,895.20
thereof for old-age pensions € 1,460,747.73 (prior year: € 780,467.56)			
		2,826,927.75	3,637,299.37
7. Amortization and depreciation of intangible assets and property, plant and equipment		1,503,681.21	1,663,557.24
8. Other operating expenses		5,558,206.59	4,469,637.95
9. Income from loans of financial assets	364,314.56		346,798.67
thereof from affiliates € 364,314.56 (prior year: € 346,798.67)			
10. Other interest and similar income	231,541.25		0.00
thereof from affiliates € 139,805.28 (prior year: € 0.00)			
11. Interest and similar expenses	499,350.49		1,117,359.05
		96,505.32	-770,560.38
12. Income taxes	8,658,919.50		13,299,024.21
13. Taxes passed on to affiliates	4,680,000.00		6,600,000.00
		3,978,919.50	6,699,024.21
14. Income after income taxes		26,008,791.00	46,778,920.96
15. Other taxes		71,525.04	379,533.97
16. Net income		25,937,265.96	46,399,386.99
17. Profit brought forward from the previous year		112,132,177.52	88,428,406.23
18. Retained earnings		138,069,443.48	134,827,793.22

III. Notes to the Annual Financial Statements for Fiscal Year 2019

Pfeiffer Vacuum Technology AG, Asslar

Pfeiffer Vacuum Technology AG, domiciled in Asslar, is a stock corporation organized under German law and recorded in the Register of Companies at the Local Court of Wetzlar under Number HRB 44.

The present Annual Financial Statements were prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code ("HGB") and in accordance with the relevant provisions of the German Stock Corporation Act ("AktG") and the supplementary provisions of the Articles of Association. The rules for large corporations are applicable. The income statement has been prepared using the total expenditure format.

Information that must be disclosed in the balance sheets or the income statement, or alternatively in the notes to the financial statements, is set out in its entirety in the notes to the financial statements.

1. Accounting and valuation methods

The following accounting and valuation methods, which remained essentially unchanged, were used for the preparation of the Annual Financial Statements.

1.1 Fixed assets

Property, plant and equipment and purchased intangible assets are valued at acquisition cost and, if depreciable, taking scheduled depreciation/amortization into account. They are depreciated/amortized on a straight-line basis over their expected useful lives.

Prepayments are accounted for at their nominal value.

Financial assets in the form of equity interests are generally stated at cost of acquisition. Loans are accounted for at their nominal value.

Unscheduled depreciation/amortization is deducted in non-current assets in the event of expected permanent impairment losses and in financial assets additionally in the event of temporary impairment losses. If the reason for impairment no longer applies, appropriate write-ups are made.

1.2 Current assets

Receivables and other assets are stated at their nominal values or at the lower attributable value on the balance sheet date.

Cash and cash equivalents include cash on hand and bank balances. They are stated at their nominal value.

1.3 Prepaid expenses

Prepaid expenses are payments before the balance sheet date deemed as expenses for a certain period of time after the balance sheet date. They are accounted for at their nominal value.

1.4 Deferred tax assets

Deferred tax assets result from temporary and quasi-permanent valuation differences between the accounting and tax valuation of pensions, property, plant and equipment and intangible assets. Deferred tax assets are generally calculated using a company-specific tax rate of 29.0%, but deferred tax assets are not capitalized as the available capitalization option is exercised.

1.5 Equity

Equity components are stated at their nominal value.

1.6 Provisions and liabilities

Provisions take account of all identifiable risks and uncertain obligations and are recognized in each case at the settlement amount that is reasonably necessary in accordance with prudent business judgment (including future cost and price increases).

The recognition of pension obligations is based on an actuarial report. Valuation is based on the projected unit credit method, taking into account expected future salary and pension increases as well as fluctuation rates. Discounting is performed in accordance with the average market interest rate published by the Deutsche Bundesbank in accordance with the German Regulation on the Discounting of Provisions from the last ten financial years for an assumed residual term of 15 years of 2.71% (previous year: 3.21%) and again using the 2018 G mortality tables published by Prof. Dr. Heubeck in 2018. As a result of the statutory netting obligation under commercial law with the plan assets valued at fair value (assets in Pfeiffer Vacuum Trust e.V., which are withdrawn from the recourse of all other creditors and which serve exclusively to meet pension obligations) only the net pension liability is shown in the balance sheet. In the income statement, the income from the plan assets and the expenses from the changed discounting of the pension obligation are shown on a net basis.

Liabilities are stated at their settlement amount.

1.7 Foreign currency translation

Assets and liabilities denominated in foreign currencies were recorded with the average spot rate at the date they incurred and were generally revalued with the period-end average spot rate as of the balance sheet date. For remaining terms of more than one year, the realization principle (§ 252 Sub-Para. 1 No. 4, half-sentence 2, German Commercial Code (“HGB”)) and the acquisition cost principle (§ 253 Sub-Para. 1 sentence 1, German Commercial Code (“HGB”)) were applied.

2. Notes to the balance sheets

2.1 Assets

2.1.1 Fixed assets

The development of individual fixed asset items is shown in Appendix 1 to the Notes to the Annual Financial Statements.

2.1.2 Shares in affiliates

The direct and indirect shares in affiliated companies are shown in Appendix 2 to the Notes to the Annual Financial Statements. There were no changes during the year under review.

2.1.3 Loans to affiliates

The loans recorded in the balance sheet as of December 31, 2019 (K€ 12,050) related to various companies in the Pfeiffer Vacuum Group and have increased by net K€ 4,350 compared with the previous year (K€ 7,700) due to new allocations.

2.1.4 Special asset pension trust

Since the application of the German Accounting Laws Modernization Acts (“BilMoG”), the assets in Pfeiffer Vacuum Trust e.V. are reported netted against the Company's pension obligations, as these assets are to be classified as plan assets. Accordingly, only a net pension liability is reported in the year under review. The valuation of pension assets is based on stock-market prices as of the balance sheet date.

2.1.5 Receivables and other assets

As of the balance sheet date, there were receivables from affiliated companies in the amount of K€ 60,158 (previous year: K€ 62,159). This amount mainly includes receivables from profit and loss transfer agreements from Pfeiffer Vacuum GmbH and receivables from trade tax passed on also to Pfeiffer Vacuum GmbH. Receivables from affiliated companies did not include trade accounts receivable (previous year: K€ 347).

Other assets mainly include receivables from income tax refunds (K€ 1,752; previous year: K€ 708) and VAT refunds (K€ 543; previous year: K€ 1,345).

As in the previous year, there are no amounts with a remaining term of more than one year.

2.2 Shareholders' equity and liabilities

2.2.1 Share capital

The share capital of Pfeiffer Vacuum Technology AG remains unchanged at K€ 25,261 as of December 31, 2019. The shares are bearer shares and are divided into 9,867,659 no-par value shares. The calculated proportion of the share capital attributable to the individual shares is € 2.56.

2.2.2 Treasury shares

At the Annual Shareholders Meeting on May 21, 2015, the shareholders authorized the Management Board to acquire treasury shares pursuant to § 71, Sub-Para. 1, No. 8, German Stock Corporation Act. This authorization allows the Company to acquire treasury shares representing up to € 2,526,120.70 of the capital stock (986,766 shares equal to 10% of capital stock at the time of the resolution), requires the consent of the Supervisory Board for execution, and is valid through May 20, 2020.

2.2.3 Authorized capital

The Annual Shareholders Meeting on May 23, 2018, authorized the Management Board to increase the Company's share capital by € 12,630,602.24, or 4,933,829 shares, in consideration for contributions in cash and/or kind once or in partial amounts (authorized capital). This authorization is valid through May 23, 2023, and is subject to the consent of the Supervisory Board.

2.2.4 Contingent capital

According to the resolution of the Annual Shareholders Meeting on May 23, 2019, the Management Board is authorized to issue fractional bonds with option or conversion rights or option or conversion obligations, profit participation rights or participating bonds (or combinations of these instruments) with an aggregate nominal value of up to € 200,000,000.00 and to grant the holders conversion rights for up to 2,466,914 no-par bearer shares of the Company having a pro-rata amount of up to € 6,315,299.84 of the share capital. This authorization is valid until May 22, 2024, and requires the consent of the Supervisory Board.

2.2.5 Additional paid-in capital

The paid-in capital of K€ 99,677 as at December 31, 2019 is unchanged compared to the previous year.

2.2.6 Retained earnings

In accordance with the resolution of the Annual General Meeting on May 23, 2019, a total of K€ 22,696 of retained earnings of the previous year amounting to K€ 134,828 was distributed. The remaining amount of K€ 112,132 was carried forward to new account. Taking into account the net income for the year in the amount of K€ 25,937, this resulted in retained earnings of K€ 138,069.

With an amount of K€ 21 the retained earnings are subject to a dividend payment constraint according to § 268 Sub-Para 8 HGB. This amount relates to the valuation of pensions assets with their market value above acquisition costs.

2.2.7 Provisions for pensions

According to the mandatory netting of pension obligations with the corresponding plan assets required by BilMoG from 2010 onwards, net pension obligations of K€ 4,320 (previous year: K€ 3,816) are reported as of December 31, 2019. This item consists of the settlement amount of the pension obligations of K€ 12,687 and the fair market value of plan assets of K€ 8,367 (previous year: K€ 11,722 and K€ 7,906 respectively). The acquisition costs of the plan assets amount to K€ 8,346 (previous year: K€ 8,287). Since 2015, the provisions for pensions have included individual contractual commitments to former members of the Management Board, and additionally pension commitments to employees of the Company.

In the evaluation of pension obligations as of December 31, 2019, a discount rate of 2.71% (previous year: 3.21%), salary dynamics of unchanged 3.00%, a pension trend of unchanged 2.00% and a fluctuation rate of unchanged 3.00% were taken into account. Plan assets were measured on the basis of stock exchange or market prices determined at the end of the year.

The difference between the recognition of provisions in accordance with the corresponding average market interest rate from the past ten fiscal years and the recognition of provisions in accordance with the corresponding average market interest rate from the past seven fiscal years was determined in accordance with § 253 Sub-Para. 6 sentence 1, German Commercial Code ("HGB") and amounts to K€ 1,544 (previous year: K€ 1,738) as at the balance sheet date.

2.2.8 Other provisions

Other provisions comprise K€ 2,757 for personnel expenses (previous year: K€ 2,953), K€ 1,212 for pending incoming invoices (previous year: K€ 298) and K€ 348 for year-end financial statement costs (previous year: K€ 275). The increase of provisions for pending incoming invoices related mainly to a global ERP project.

2.2.9 Liabilities

The remaining terms of the liabilities and the collateral are shown in Appendix 3 to the Notes to the Annual Financial Statements.

The liabilities to banks reported as of December 31, 2019 result from the financing of an acquisition in the USA in the year 2017.

Liabilities to affiliated companies relate to Pfeiffer Vacuum SAS, Annecy, France, and result from a cash pooling agreement concluded in the year 2017. Open amounts are subject to interests at market rates. Liabilities to affiliated companies included trade accounts receivable of K€ 374 (previous year: none).

2.3 Additional Notes and Supplemental Information to the Balance Sheet

2.3.1 Commitments according to §§ 251, 268 Sub-Para. 7 German Commercial Code ("HGB")

Pfeiffer Vacuum Technology AG is liable for guarantee loans of various subsidiaries in the amount of K€ 1,731 (previous year: K€ 1,769). Due to the good asset, financial and earnings situation of the subsidiaries, the risk of utilization of guarantee loans is considered to be low.

2.3.2 Commitments and other financial obligations

The commitments/other financial obligations as of the balance sheet date amount to K€ 770 (previous year: K€ 420).

3. Notes to the Statements of Income

The presentation of the income statement remains unchanged according to the total cost method. The structure of the income statement has been adapted to the special features of the Company in order to improve clarity.

3.1 Sales revenues

Sales revenues mainly include rental income (K€ 2,151; previous year: K€ 2,161) and costs passed on to subsidiaries (K€ 1,623; previous year: K€ 2,173).

Sales revenues in the amount of K€ 576 (previous year: K€ 568) are attributable to costs passed on to subsidiaries not domiciled in Germany. All other sales revenues were generated in Germany.

3.2 Income from profit and loss transfer agreement

Income from the profit and loss transfer agreement relates exclusively to Pfeiffer Vacuum GmbH, Asslar.

3.3 Other operating income

In the current financial year, other operating income mainly comprises income from the dissolution of provisions (K€ 32; previous year: K€ 654). An amount of K€ 32 (previous year: K€ 654) of other operating income is attributable to other financial years.

3.4 Cost of purchased materials and services

The cost of purchased materials and services includes third-party service costs (K€ 580; previous year: K€ 682) and insurance premiums (K€ 62; previous year: K€ 51).

3.5 Other operating expenses

Other operating expenses essentially comprise legal and consulting expenses (K€ 1,262; previous year: K€ 1,857), auditing services (K€ 437; previous year: K€ 561), expenses for services by third parties (K€ 2,344; previous year: K€ 1,241), compensation for the Supervisory Board (K€ 315; previous year: K€ 308), travel expenses (K€ 203; previous year: K€ 175), contributions (K€ 80; previous year: K€ 86) and maintenance costs by third parties (K€ 10; previous year: K€ 15). The other operating expenses include K€ 6 foreign exchange losses (previous year: K€ 7).

3.6 Other interest and similar income

In accordance with the legal requirements, expenses from discounting the pension obligation were offset against income from plan assets in the income statement. Having recorded expenses from discounting in the amount of K€ 370 (previous year: K€ 369) and income from plan assets of K€ 455 (previous year: losses of K€ 249), a total income of K€ 85 is included in the interest income. In the prior year the net loss of K€ 618 was recorded under interests and similar expenses.

Besides the recording of pensions the number for the year also included interests and other income of K€ 146, thereof K€ 140 from affiliates (previous year: none).

3.7 Interest and similar expenses

In addition to the interest expenses for bank loans this amounted also included the expenses from discounting the pension obligations and losses from plan assets totaling K€ 618 in 2018.

3.8 Income taxes

Composition of Income Taxes (in K€)		
	2019	2018
Trade taxes	3,950	6,025
Corporate taxes	4,463	6,895
Solidarity surcharge	246	379
Total	**8,659**	**13,299**

A total of K€ 4,680 of this was passed on to Pfeiffer Vacuum GmbH (previous year: K€ 6,600). The income tax expenses did not include income or expenses relating to other periods (previous year: income in the amount of K€ 60 as a result of tax refunds for previous years).

4. Additional Notes and Supplemental Information

4.1 Management Board

Since July 1, 2019, and until the end of the fiscal year 2019 the Management Board consisted of Dr. Eric Taberlet, Diplom-Ingenieur, (Chairman of the Management Board and CEO) and Ms. Nathalie Benedikt, Diplom-Betriebswirtin (Chief Financial Officer). Dr. Matthias Wiemer, Diplom-Ingenieur, and Dr. Ulrich von Hülsen, Diplom-Physiker, resigned as Board Members on June 30, 2019.

The distribution of responsibilities within the Management Board is detailed in the Corporate Governance Report as an element of the Management Report.

Remuneration of the members of the Management Board amounted to K€ 1,675 (previous year: K€ 1,893). The short-term variable compensation paid in 2019 for the 2018 fiscal year amounted to K€ 640. In 2019, the short-term variable compensation component was paid from a provision created in the previous year, without affecting net income. In 2019, total remuneration and additional pension expenses of K€ 600 were passed on to subsidiaries (previous year: K€ 1,200). For active members of the Board of Management in the prior year, a pension provision before offsetting against plan assets has been set up in the amount of K€ 2,577 as of December 31, 2018. There were no pension entitlements to the Board Members employed as of December 31, 2019. The compensation of the Management Board is explained in detail in the Management Report.

The current pension payments to former members of the Management Board in 2019 again totaled K€ 371. After K€ 9,063 at the end of 2018, the provision set up for this group of persons amounts to K€ 12,592 as of December 31, 2019 (before offsetting against plan assets).

The members of the Management Board are members of supervisory organs of various group subsidiaries.

With effect from January 1, 2020, Mr. Wolfgang Ehrk was appointed a member of the Management Board of Pfeiffer Vacuum Technology AG and assumed the function of COO within the Management Board.

4.2 Supervisory Board

Pursuant to § 96, Sub-Para. 1, § 101, Sub-Para. 1, German Stock Corporation Act ("AktG"), § 4, German One-Third Participation Act ("DrittelbG") of 2004, and § 9, Sub-Para. 1, Articles of Association and Bylaws, the Supervisory Board comprises four members elected by the Annual Shareholders Meeting and two members elected by the Company's employees.

The Supervisory Board members elected by the shareholders, Götz Timmerbeil und Filippo Th. Beck, were voted during the Annual General Meeting to a term of office of five years in May 2016. The term of office of the subsequently elected Supervisory Board members Ayla Busch and Henrik Newerla, who were appointed in May 2018, also ends on the day of the Annual General Meeting which resolves on the discharge for the financial year 2020.

Following the age-related retirement of Helmut Bernhardt on June 30, 2019, Matthias Mädler joined the Supervisory Board as an employee representative with effect from July 1, 2019.

Membership during the course of the year 2019 was therefore as follows:

- Ayla Busch (Chairwoman)
  Co-CEO of Busch SE, Maulburg

- Götz Timmerbeil (Vice Chairman),
  Certified Public Accountant and Tax Advisor

- Filippo Th. Beck,
  Attorney of Swiss law,

- Helmut Bernhardt (Employee Representative), until June 30, 2019,
  Development Engineer

- Manfred Gath (Employee Representative),
  Chairman of the Employee Council

- Henrik Newerla, self-employed management consultant,

- Matthias Mädler (Employee Representative), since July 1, 2019,
  Development Engineer

The members of the Supervisory Board received a fixed remuneration of K€ 315 (previous year: K€ 308) in the period under review. The compensation of the Supervisory Board is explained in detail in the Management Report.

The following members exercised further mandates. These are supervisory board mandates unless otherwise indicated:

- Ayla Busch
  - Busch Taiwan Corporation, New Taipei City, Taiwan, Supervisor, until January 17, 2019
  - Busch Vakuumteknik A/S, Ry, Denmark, Member of the supervisory organ, until January 16, 2019

- Götz Timmerbeil:
  - Richard Stein GmbH & Co. KG, Engelskirchen, (Chairman of the Advisory Board), from July 1, 2018
  - Arena Gummersbach GmbH & Co. KG, Gummersbach (Deputy Chairman)

- Filippo Th. Beck:
  - Candoria Group, Baar (Switzerland), member of the supervisory organ of Candoria Holding AG, president of the supervisory organ of Progresa Holding AG and Sendaya Holding SA (formerly: Candoria Luxembourg Holding SA), Luxembourg;
  - Tenro Group, Bottmingen (Switzerland), member of the supervisory organ of various companies in the group (including Bellavista Services AG, that was separately listed in the previous year),
  - Biamathea AG, Basel (Switzerland), member of the supervisory organ,
  - Polyterra Liegenschaften AG in liquidation, Küsnacht (Switzerland), member of the supervisory organ and liquidator, until July 10, 2019
  - Tainn-Immobilien AG, Berne (Switzerland), member of the supervisory organ,

The remaining members of the Supervisory Board belong solely to the Supervisory Board of Pfeiffer Vacuum Technology AG, Asslar.

Manfred Gath also retired from the Supervisory Board as an employee representative on December 31, 2019 for reasons of age. Stefan Röser replaced him on the Supervisory Board with effect from January 1, 2020.

4.3 Employees

In fiscal 2019, the Company employed an average of five employees (previous year: four employees), thereof four female and one male employee (previous year: four females).

4.4 Profit appropriation proposal

The Management Boards proposes that a dividend of K€ 12,335 be distributed from the retained earnings of K€ 138,069 and that the remaining amount be carried forward to new account. This would correspond to a distribution of € 1.25 per no-par share.

4.5 Consolidated Financial Statements

Die Pfeiffer Vacuum Technology AG prepares Consolidated Financial Statements for the smallest circle of companies in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The subsidiaries of Pfeiffer Vacuum Technology AG as presented in Appendix 2 to the Notes are included in these financial statements. The Consolidated Financial Statements are published in the electronic Federal Gazette (“Bundesanzeiger”).

Die Busch SE, Maulburg, Germany, prepares Consolidated Financial Statements for the largest circle of companies. The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG are included in these Financial Statements. The Consolidated Financial Statements of Busch SE are published in the electronic Federal Gazette (“Bundesanzeiger”).

4.6 Profit and loss transfer agreement between Pfeiffer Vacuum Technology AG and Pfeiffer Vacuum GmbH

In August 2002, Pfeiffer Vacuum Technology AG concluded a profit and loss transfer agreement with Pfeiffer Vacuum GmbH (as subsidiary company). Pfeiffer Vacuum Technology AG recorded a profit and loss transfer from Pfeiffer Vacuum GmbH of K€ 32,526 in the income statement for 2019 under income from profit and loss transfer agreements (previous year: K€ 44,987).

4.7 Information on shareholdings

The relevant information on shareholdings is given in Appendix 4 of the Notes to the Annual Financial Statements.

4.8 Declaration pursuant to § 161 German Stock Corporation Act (“AktG”), German Corporate Governance Code

On November 4, 2019, the Management and Supervisory Boards of Pfeiffer Vacuum Technology AG submitted the Statement of Compliance for the year 2019 required pursuant to § 161 of the Germany Stock Corporation Act (“AktG”). It was made permanently accessible to shareholders on the Corporation’s website (group.pfeiffer-vacuum.com).

Since the submission of the last statement of compliance on December 5, 2018, Pfeiffer Vacuum Technology AG complies with all recommendations of the German Corporate Governance Code, as amended on February 7, 2017, with the following two exceptions:

- The German Corporate Governance Code recommends a deductible for the Supervisory Board’s D&O insurance (Paragraph 3.8). The Supervisory Board’s actual D&O insurance does not contain a deductible. A deductible would not improve the Supervisory Board’s overall motivation and sense of responsibility as the members work for the benefit of the Group.

- The German Corporate Governance Code recommends that a term limit is established for the period on the Supervisory Board (Paragraph 5.4.1). In the financial year 2018, the Supervisory Board has set a specified limit of 15 years for the period of membership on the Supervisory Board. All members of the Supervisory Board fulfil this requirement, with the exception of Mr. Götz Timmerbeil; the Supervisory Board made an exception for him, since he possesses a high level of expertise and many years of knowledge of the Company, which the Supervisory Board would not like to forgo at this point in time and after the resolved changes to the Supervisory Board in the past three years.

4.9 Audit fees for independent auditor

The audit fees billed by the auditor for the fiscal year pursuant to § 285 No. 17 of the German Commercial Code ("HGB") are detailed in the Notes to the Consolidated Financial Statements of Pfeiffer Vacuum Technology AG.

Significant other services rendered by the auditor for Pfeiffer Vacuum Technology AG related to advisory in connection with the application of new laws and with the enhancement of the compliance management system and with other certification services relating to the audit of the Group's non-financial declaration. In addition, minor tax advisory services were provided.

5. Subsequent Events

Significant changes to the company situation or branch environment have not occurred since the beginning of the 2020 fiscal year.

Asslar, Germany, February 28, 2020

Pfeiffer Vacuum Technology AG

Management Board

Dr. Eric Taberlet   Nathalie Benedikt   Wolfgang Ehrk

Fixed assets

	Acquisition costs EURO					Accumulated amortization and depreciation EURO					Net book values EURO	
	Balance as at Jan. 1, 2019	Additions	Reclassifications	Disposals	Balance as at Dec. 31, 2019	Balance as at Jan. 1, 2019	Additions	Reclassifications	Disposals	Balance as at Dec. 31, 2019	Net book value Dec. 31, 2019	Net book value Dec. 31, 2018
Intangible assets												
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	2,099,590.87	504,652.02	0.00	0.00	2,604,242.89	1,429,057.87	391,147.02	0.00	0.00	1,820,204.89	784,038.00	670,533.00
2. Software (before implementation)	0.00	3,702,483.36	0.00	0.00	3,702,483.36	0.00	0.00	0.00	0.00	0.00	3,702,483.36	0.00
Intangible assets	2,099,590.87	4,207,135.38	0.00	0.00	6,306,726.25	1,429,057.87	391,147.02	0.00	0.00	1,820,204.89	4,486,521.36	670,533.00
Property, plant and equipment												
1. Land, land rights and buildings, including buildings on third-party land	35,284,267.05	69,939.80	0.00	0.00	35,354,206.85	24,347,795.65	942,288.80	0.00	0.00	25,290,084.45	10,064,122.40	10,936,471.40
2. Other equipment, furniture and fixtures	2,354,509.32	40,310.84	0.00	-35,567.91	2,359,252.25	1,575,254.15	170,245.39	0.00	-17,841.29	1,727,658.25	631,594.00	779,540.00
3. Prepayments and assets under construction	0.00	156,269.00	0.00	0.00	156,269.00	0.00	0.00	0.00	0.00	0.00	156,269.00	0.00
Property, plant and equipment	37,638,776.37	266,519.64	0.00	-35,567.91	37,869,728.10	25,923,049.80	1,112,534.19	0.00	-17,841.29	27,017,742.70	10,851,985.40	11,716,011.40
Financial assets												
1. Shares in affiliates	224,909,480.03	0.00	0.00	0.00	224,909,480.03	900,000.00	0.00	0.00	0.00	900,000.00	224,009,480.03	224,009,480.03
2. Loans to affiliates	7,700,000	4,350,000.00	0.00	0.00	12,050,000.00	0.00	0.00	0.00	0.00	0.00	12,050,000.00	7,700,000.00
Financial assets	232,609,480.03	4,350,000.00	0.00	0.00	236,959,480.03	900,000.00	0.00	0.00	0.00	900,000.00	236,059,480.03	231,709,480.03
Total fixed assets	272,347,847.27	8,823,655.02	0.00	-35,567.91	281,135,934.38	28,252,107.67	1,503,681.21	0.00	-17,841.29	29,737,947.59	251,397,986.79	244,096,024.43

Shareholdings

Directly held shares	Share capital		Total equity		Net income 2019		Share in %
Pfeiffer Vacuum SAS, France	K€	9,424	K€	84,324	K€	4,883	100.0
Pfeiffer Vacuum Semi Korea Ltd., Republic of Korea	KKRW	24,651,830	KKRW	42,430,100	KKRW	6,350,289	100.0
Dreebit GmbH, Germany	K€	26	K€	2,258	K€	-496	100.0
Pfeiffer Vacuum GmbH, Germany	K€	7,700	K€	146,429 *	K€	34,229 *	100.0
Pfeiffer Vacuum Holding B.V., Netherlands	K€	454	K€	5,979	K€	0	100.0
Pfeiffer Vacuum Components & Solutions GmbH, Germany	K€	451	K€	13,475	K€	54	100.0
Pfeiffer Vacuum Korea Ltd., Republic of Korea	KKRW	425,000	KKRW	8,837,635	KKRW	1,794,219	24.5

Values based on International Financial Reporting Standards (IFRS)
* Before profit and loss transfer

Shareholdings

Indirectly held shares	Share capital		Total equity		Net income 2019		Share in %
Advanced Test Concepts, LLC, USA	KUSD	525	KUSD	106	KUSD	-1,809	100.0
Pfeiffer Vacuum Romania S.r.l., Romania	KRON	15,750	KRON	23,397	KRON	954	100.0
Pfeiffer Vacuum Singapore Pte. Ltd., Singapore	KSGD	4,700	KSGD	16,559	KSGD	1,865	100.0
Pfeiffer Vacuum Taiwan Corporation Ltd., Taiwan	KNTD	77,000	KNTD	173,187	KNTD	31,911	100.0
Pfeiffer Vacuum Austria GmbH, Austria	K€	146	K€	2,171	K€	1,720	100.0
Pfeiffer Vacuum Benelux B.V., Netherlands	K€	18	K€	5,434	K€	758	100.0
Pfeiffer Vacuum Inc., USA	KUSD	23,550	KUSD	132,210	KUSD	6,076	100.0
Pfeiffer Vacuum (India) Private Ltd., India	KINR	10,056	KINR	227,015	KINR	50,552	100.0
Pfeiffer Vacuum Italia S.p.A., Italy	K€	384	K€	4,925	K€	230	100.0
Pfeiffer Vacuum Korea Ltd., Republic of Korea	KKRW	425,000	KKRW	8,837,635	KKRW	1,794,219	75.5
Pfeiffer Vacuum Ltd., Great Britain	KGBP	350	KGBP	4,716	KGBP	625	100.0
Nor-Cal Products Holdings, Inc., USA	KUSD	36,706	KUSD	-3,872	KUSD	-1,070	100.0
Nor-Cal Products Inc., USA	KUSD	63	KUSD	71,418	KUSD	1,641	100.0
Nor-Cal Products Viet Nam Co., Ltd., Vietnam	KVND	16,613,114	KVND	74,422,201	KVND	-17,757,342	100.0
Nor-Cal Products Europe Ltd., Great Britain	KGBP	65	KGBP	-100	KGBP	90	100.0
Nor-Cal Products Asia Pacific Pte. Ltd., Singapore	KUSD	20	KUSD	2,027	KUSD	1,337	100.0
Nor-Cal Products Korea Co. Ltd., Republic of Korea	KKRW	0	KKRW	2,948,901	KKRW	456,321	100.0
Pfeiffer Vacuum New Hampshire Realty Holdings, LLC, USA	KUSD	3,538	KUSD	11,163	KUSD	-117	100.0
Pfeiffer Vacuum Indiana Realty Holdings, LLC, USA	KUSD	1,560	KUSD	1,703	KUSD	43	100.0
Pfeiffer Vacuum California Realty Holdings, LLC, USA	KUSD	4,018	KUSD	4,750	KUSD	293	100.0
Pfeiffer Vacuum Malaysia SDN. BHD., Malaysia	KMYR	8,173	KMYR	2,792	KMYR	-1,357	100.0
Pfeiffer Vacuum (Xi'an) Co. Ltd., China	KCNY	25,900	KCNY	14,585	KCNY	2,065	100.0
Pfeiffer Vacuum Scandinavia AB, Sweden	KSEK	100	KSEK	60,837	KSEK	22,592	100.0
Pfeiffer Vacuum (Schweiz) AG, Switzerland	KCHF	500	KCHF	2,327	KCHF	621	99.4
Pfeiffer Vacuum (Shanghai) Co. Ltd., China	KCNY	35,389	KCNY	85,149	KCNY	15,159	100.0

Values based on International Financial Reporting Standards (IFRS)

Schedule of liabilities in K€

Type of liability		Total	Thereof with a remaining term of			Secured amounts	Type of collateral
		Dec. 31, 2019	up to 1 year	1 to 5 years	over 5 years		
To banks		60,000	-	60,000	-	-	-
	(prior year)	(60,000)	-	(60,000)	-	-	
From trade payables		466	466	-	-	-	-
	(prior year)	(465)	(465)	-	-	-	-
Liabilities to affiliates		23,598	23,598	-	-	-	-
	(prior year)	(22,732)	(22,732)	-	-	-	-
Other liabilities		47	47	-	-	-	-
	(prior year)	(49)	(49)	-	-	-	-
- thereof for taxes		47	47	-	-	-	-
	(prior year)	(49)	(49)	-	-	-	-

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

<table>
<tr><th>No.</th><th>Corporation</th><th>Holding (%)</th><th>Date</th><th>Published by</th><th>Content of publication</th></tr>
<tr><td>1</td><td>Allianz Global Investors GmbH, Frankfurt, Germany</td><td>2,94</td><td>Nov. 5, 2018</td><td>DGAP</td><td>
1. Details of issuer
<table>
<tr><td>Name:</td><td>Pfeiffer Vacuum Technology AG</td></tr>
<tr><td>Street:</td><td>Berliner Str. 43</td></tr>
<tr><td>Postal code:</td><td>35614</td></tr>
<tr><td>City:</td><td>Asslar
Germany</td></tr>
<tr><td>Legal Entity Identifier (LEI):</td><td>8945004AW6QK8JHNQP69</td></tr>
</table>
2. Reason for notification
<table>
<tr><td>X</td><td>Acquisition/disposal of shares with voting rights</td></tr>
<tr><td></td><td>Acquisition/disposal of instruments</td></tr>
<tr><td></td><td>Change of breakdown of voting rights</td></tr>
<tr><td></td><td>Other reason:</td></tr>
</table>
3. Details of person subject to the notification obligation
<table>
<tr><td>Legal entity: Allianz Global Investors GmbH
City of registered office, country: Frankfurt am Main, Germany</td></tr>
</table>
4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.
<table>
<tr><td></td></tr>
</table>
5. Date on which threshold was crossed or reached:
<table>
<tr><td>01 Nov 2018</td></tr>
</table>
6. Total positions
<table>
<tr><td></td><td>% of voting rights attached to shares (total of 7.a.)</td><td>% of voting rights through instruments (total of 7.b.1 + 7.b.2)</td><td>Total of both in % (7.a. + 7.b.)</td><td>Total number of voting rights pursuant to Sec. 41 WpHG</td></tr>
<tr><td>New</td><td>2.94 %</td><td>0.00 %</td><td>2.94 %</td><td>9567659</td></tr>
<tr><td>Previous notification</td><td>4.97 %</td><td>0.00 %</td><td>4.97 %</td><td>/</td></tr>
</table>
</td></tr>
</table>

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication

7. Details on total positions
a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0006916604		290319	%	2.94 %
Total	290319		2.94 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled nor does it control any other undertaking (s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
Allianz SE	%	%	%
Allianz Asset Management AG	%	%	%
Allianz Global Investors GmbH	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 para. 1 sent. 1 No. 6 WpHG)

Date of general meeting:
Holding total positions after general meeting (6.) after annual general meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
2	Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt, Germany	2.99	Jan.17, 2012	EANS	Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main, Germany, notified Pfeiffer Vacuum pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on January 12, 2012 and stood at 2.99% (equivalent to 295,977 votes) as of that date. 1.14 percentage points of these voting rights (equivalent to 112,554 votes) are attributable to Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main, Germany, pursuant to § 22 (1) sentence 1, no. 6, German Securities Trading Act.
3	Ameriprise Financial Inc., Minneapolis, USA	2.53	April 9, 2015	DGAP	Ameriprise Financial Inc., Minneapolis, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes) as of that date. These 2.53 percentage points are attributable to Ameriprise Financial Inc., Minneapolis, USA, pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
4	BNP Paribas Investment Partners S.A., Paris, France	2.28	Nov. 24, 2014	DGAP	BNP Paribas Investment Partners S.A., Paris, France, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on November 21, 2014 and stood at 2.28% percent (equivalent to 225,116 votes) as of that date. These 2.28 percentage points (equivalent to 225,116 votes) are attributable to BNP Paribas Investment Partners S.A. pursuant to. § 22 (1), sentence 1, no. 1, German Securities Trading Act, of which 1.84 percentage points (equivalent to 181,564 votes) are attributable to BNP Paribas Investment Partners S.A. pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
5	BNP Paribas Investment Partners UK Ltd, London, Great Britain	2.97	Nov. 21, 2014	DGAP	Correction of a notification dated October 30, 2014 BNP Paribas Investment Partners UK Limited, London, GB, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on October 30, 2014 and stood at 2.97% (equivalent to 292,977 votes) as of that date. These 2.97 percentage points (equivalent to 292,977 votes) are attributable to BNP Paribas Investment Partners UK Limited, London, GB, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
6	BNP Paribas Asset Management SAS, Paris, France	2.99	Nov. 21, 2014	DGAP	Correction of a notification dated November 5, 2014 BNP Paribas Asset Management SAS, Paris, France, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on November 5, 2014 and stood at 2.99% (equivalent to 295,081 votes) as of that date. 1.14 percentage points of these voting rights (equivalent to 112,712 votes) are attributable to BNP Paribas Asset Management SAS, Paris, France, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act ("WpHG")

No.	Corporation	Holding (%)	Date	Published by	Content of publication
7	Dr.-Ing. Karl Busch, Ayan Busch, Ayla Busch, Sami Busch, Kaya Busch and Busch GbR, Busch SE and Pangea GmbH, all in Maulburg, Germany	50,02	Nov 05, 2018	DGAP	see below

1. Details of issuer

Name:	Pfeiffer Vacuum Technology AG
Street:	Berliner Str. 43
Postal code:	35614
City:	Asslar Germany
Legal Entity Identifier (LEI):	8945004AW6QK8JHNQP69

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change of breakdown of voting rights
	Other reason:

3. Details of person subject to the notification obligation

Natural person (first name, surname): Dr.-Ing. Karl Busch Date of birth: 20 Apr 1929
Natural person (first name, surname): Ayhan Busch Date of birth: 08 Jun 1934
Natural person (first name, surname): Ayla Busch Date of birth: 07 Oct 1969
Natural person (first name, surname): Sami Busch Date of birth: 13 Jun 1973
Natural person (first name, surname): Kaya Busch Date of birth: 17 Dec 1974

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

Pangea GmbH

5. Date on which threshold was crossed or reached:

02 Nov 2018

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total of both in % (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	50.02 %	0 %	50.02 %	9867659
Previous notification	30.53 %	0.17 %	30.70 %	/

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
					(see below)

7. Details on total positions

a. Voting rights attached to shares (Sec. 33, 34 WpHG)

ISIN	Absolute		In %	
	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)	Direct (Sec. 33 WpHG)	Indirect (Sec. 34 WpHG)
DE0006916604	0	4935402	0 %	50.02 %
Total	4935402		50.02 %	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled nor does it control any other undertaking (s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least 3% or more)	% of voting rights through instruments (if at least 5% or more)	Total of both (if at least 5% or more)
Dr.-Ing. Busch, Karl, Busch, Ayhan, Busch, Ayla, Busch, Sami, Busch, Kaya	%	%	%
Busch GbR	%	%	%
Busch SE	%	%	%
Pangea GmbH	50.02 %	%	50.02 %

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
8	Capital Research and Management Company, Los Angeles, USA	2.68	Dec. 2, 2014	DGAP	Capital Research and Management Company, Los Angeles, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act, in conjunction with § 22 (1), sentence 1, no. 6, German Securities Trading Act, that its percentage of voting rights in our corporation fell below the threshold of 3% on November 24, 2014 and stood at 2.68% (equivalent to 264,558) as of that date. 2.68 percentage points of these voting rights (equivalent to 264,558 votes) are attributable to Capital Research and Management Company, Los Angeles, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.
9	Credit Suisse Group AG, Zurich, Switzerland	2.98	May 29, 2015	DGAP	Credit Suisse Group AG, Zurich, Switzerland, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that its percentage of voting rights in our corporation fell below the threshold of 3% on May 25, 2015 and stood at 2.98% (equivalent to 294,178 votes) as of that date. 2.98 percentage points of these voting rights (equivalent to 294,178 votes) are attributable to the Credit Suisse Group AG pursuant to § 22 (1), sentence 1, no. 1, German Securities Trading Act.
10	Credit Suisse AG, Zurich, Switzerland	2.98	May 29, 2015	DGAP	Credit Suisse AG, Zurich, Switzerland, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on May 25, 2015 and stood at 2.98% (equivalent to 294,178 votes) as of that date. 2.32 percentage points of these voting rights (equivalent to 228,688 votes) are attributable to Credit Suisse AG pursuant to § 22 (1), sentence 1, no. 1, German Securities Trading Act.
11	Henderson Global Investors (Holdings) Limited, London, Great Britain	1.97	June 10, 2015	DGAP	Henderson Global Investors (Holdings) Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on June 5, 2015 and stood at 1.97% (equivalent to 194,745 votes) as of that date. These 1.97 percentage points (equivalent to 194,745 votes) are attributable to Henderson Global Investors (Holdings) Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
12	Henderson Global Investors Limited, London, Great Britain	1.97	June 10, 2015	DGAP	Henderson Global Investors Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation June 5, 2015 fell below the threshold of 3% on and stood at 1.97% (equivalent to 194,745 votes). These 1.97 percentage points (equivalent to 194,745 votes) are attributable to Henderson Global Investors Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.
13	Henderson Group plc, London, Great Britain	1.97	June 10, 2015	DGAP	Henderson Group plc, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on June 5, 2015 and stood at 1.97% (equivalent to 194,745 votes) as of that date. These 1.97 percentage points (equivalent to 194,745 votes) are attributable to Henderson Group plc, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
14	Massachusetts Financial Services Company (MFS), Boston, USA	2.81	Sept. 24, 2015	DGAP	Massachusetts Financial Services Company (MFS), Boston, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. 1.83 percentage points of these voting rights (equivalent to 180,993 votes) are attributable to Massachusetts Financial Services Company (MFS) pursuant to § 22 (1), sentence 1, no. 6. Additional 0.97 percentage points (equivalent to 95,899 votes) are attributable to Massachusetts Financial Services Company (MFS) pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

<table>
<tr><th>No.</th><th>Corporation</th><th>Holding (%)</th><th>Date</th><th>Published by</th><th>Content of publication</th></tr>
<tr><td>15</td><td>Ministry of Finance on behalf of the State of Norway, Oslo, Norway</td><td>2.94</td><td>July, 27 2018</td><td>DGAP</td><td>
1. Details of issuer
Pfeiffer Vacuum Technology AG
Berliner Str. 43
35614 Asslar
Germany

2. Reason for notification
X Acquisition/disposal of shares with voting rights
Acquisition/disposal of instruments
Change of breakdown of voting rights
Other reason:

3. Details of person subject to the notification obligation
Name: Ministry of Finance on behalf of the State of Norway
City and country of registered office: Oslo, Norway Norway

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached:
24 Jul 2018

6. Total positions
<table>
<tr><th></th><th>% of voting rights attached to shares (total of 7.a.)</th><th>% of voting rights through instruments (total of 7.b.1 + 7.b.2)</th><th>total of both in % (7.a. + 7.b.)</th><th>total number of voting rights of issuer</th></tr>
<tr><td>Resulting situation</td><td>2.94 %</td><td>0.19 %</td><td>3.13 %</td><td>9867659</td></tr>
<tr><td>Previous notification</td><td>3.04 %</td><td>0.16 %</td><td>3.20 %</td><td>/</td></tr>
</table>
</td></tr>
</table>

Publication according to § 26 (1) of German Securities Trading Act ("WpHG")

No.	Corporation	Holding (%)	Date	Published by	Content of publication
					(see below)

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE0006916604	0	290360	0 %	2.94 %
Total	290360		2.94 %	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
Shares on Loan (right to recall)	N/A	At any time	18572	0.19 %
		Total	18572	0.19 %

b.2. Instruments according to Sec. 38 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
State of Norway	%	%	%
Norges Bank	%	%	%

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
16	Montanaro Asset Management Limited, London, Great Britain	2.94	July 7, 2014	DGAP	Montanaro Asset Management Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on June 26, 2014 and stood at 2.94% (equivalent to 290,358 votes) as of that date. These 2.94 percentage points (equivalent to 290,358 votes) are attributable to Montanaro Asset Management Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.
17	Montanaro European Smaller Companies plc, Dublin, Ireland	2.98	Feb. 13, 2014	DGAP	Montanaro European Smaller Companies plc, Dublin, Ireland, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on February 10, 2014 and stood at 2.98% (equivalent to 293,744 votes) as of that date.

Publication according to § 26 (1) of German Securities Trading Act ("WpHG")

<table>
<tr><th>No.</th><th>Corporation</th><th>Holding (%)</th><th>Date</th><th>Published by</th><th>Content of publication</th></tr>
<tr><td>18</td><td>Investmentgesellschaft für langfristige Investoren TGV</td><td>3.05</td><td>Oct. 29, 2018</td><td>DGAP</td><td>
1. Details of issuer
Pfeiffer Vacuum Technology AG
Berliner Str. 43
35614 Asslar
Germany

2. Reason for notification
X Acquisition/disposal of shares with voting rights
Acquisition/disposal of instruments
Change of breakdown of voting rights
Other reason:

3. Details of person subject to the notification obligation
Name: Mr Norman Rentrop, Date of birth: 26 Oct 1957
City and country of registered office:

4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.
Investmentgesellschaft für langfristige Investoren TGV

5. Date on which threshold was crossed or reached:
24 Oct 2018

6. Total positions
<table>
<tr><th></th><th>% of voting rights attached to shares (total of 7.a.)</th><th>% of voting rights through instruments (total of 7.b.1 + 7.b.2)</th><th>total of both in % (7.a. + 7.b.)</th><th>total number of voting rights of issuer</th></tr>
<tr><td>Resulting situation</td><td>3.05 %</td><td>0.00 %</td><td>3.05 %</td><td>9867659</td></tr>
<tr><td>Previous notification</td><td>N/A %</td><td>N/A %</td><td>N/A %</td><td>/</td></tr>
</table>
</td></tr>
</table>

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
					(see below)

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	indirect (Sec. 34 WpHG)
DE0006916604		300675	%	3.05 %
Total	300675		3.05 %	

b.1. Instruments according to Sec. 38 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 38 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Norman Rentrop	%	%	%
Investmentgesellschaft für langfristige Investoren	3.05 %	%	3.05 %

9. In case of proxy voting according to Sec. 34 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

Publication according to § 26 (1) of German Securities Trading Act ("WpHG")

No.	Corporation	Holding (%)	Date	Published by	Content of publication
19	Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc., Wellesley Hills, USA	2.81	Sept. 24, 2015	DGAP	Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc., Wellesley Hills, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc., Wellesley Hills, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
20	Sun Life Financial Inc., Toronto, Canada	2.81	Sept. 24, 2015	DGAP	Sun Life Financial Inc., Toronto, Canada, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life Financial Inc. pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
21	Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA	2.81	Sept. 24, 2015	DGAP	Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
22	Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, USA	2.81	Sept. 24, 2015	DGAP	Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life Financial (U.S.) Investments LLC., Wellesley Hills, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
23	Sun Life Global Investments Inc., Toronto, Canada	2.81	Sept. 24, 2015	DGAP	Sun Life Global Investments Inc., Toronto, Canada, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life Global Investments Inc., Toronto, Canada, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
24	Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA	2.81	Sept. 24, 2015	DGAP	Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on September 18, 2015 and stood at 2.81% (equivalent to 276,892 votes) as of that date. These 2.81 percentage points (equivalent to 276,892 votes) are attributable to Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with sentence 2, German Securities Trading Act.
25	TAM UK Holdings Limited, London, Great Britain	2.53	April 9, 2015	DGAP	TAM UK Holdings Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes). These 2.53 percentage points are attributable to TAM UK Holdings Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
26	TC Financing Limited, London, Great Britain	2.53	April 9, 2015	DGAP	TC Financing Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes) as of that date. These 2.53 percentage points are attributable to TC Financing Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
27	The Capital Group Companies, Los Angeles, USA	2.68	Dec. 2, 2014	DGAP	The Capital Group Companies, Los Angeles, USA, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act in conjunction with § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with § 22 (1) sentences 2 and S. 3, German Securities Trading Act, that its percentage of voting rights in our corporation fell below the threshold of 3% on November 24, 2014 and stood at 2.68% (equivalent to 264,558 votes) as of that date. 2.68 percentage points of these voting rights (equivalent to 264,558 votes) are attributable to Capital Group Companies, Los Angeles, USA, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act, in conjunction with § 22 (1) sentences 2 and 3, German Securities Trading Act.
28	Threadneedle Asset Management Holdings Limited, London, Great Britain	2.53	April 9, 2015	DGAP	Threadneedle Asset Management Holdings Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation on March 30, 2015 fell below the threshold of 3% and stood at 2.53% (equivalent to 249,588 votes). These 2.53 percentage points are attributable to Threadneedle Asset Management Holdings Limited, London, Great Britain, pursuant to § 22 (1) Sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
29	Threadneedle Asset Management Holdings SARL, Luxembourg, Luxembourg	2.53	April 9, 2015	DGAP	Threadneedle Asset Management Holdings SARL, Luxembourg, Luxembourg, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes) as of that date. These 2.53 percentage points are attributable to Threadneedle Asset Management Holdings SARL, Luxembourg, Luxembourg, pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
30	Threadneedle Asset Management Limited, London, Great Britain	2.53	April 9, 2015	DGAP	Threadneedle Asset Management Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes) as of that date. These 2.53 percentage points are attributable to Threadneedle Asset Management Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

No.	Corporation	Holding (%)	Date	Published by	Content of publication
31	Threadneedle Holdings Limited, London, Great Britain	2.53	April 9, 2015	DGAP	Threadneedle Holdings Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation fell below the threshold of 3% on March 30, 2015 and stood at 2.53% (equivalent to 249,588 votes) as of that date. These 2.53 percentage points are attributable to Threadneedle Holdings Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, in conjunction with sentence 2, German Securities Trading Act.
32	Threadneedle Investment Services Limited, London, Great Britain	3.08	June 28, 2013	DGAP	Threadneedle Investment Services Limited, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation exceeded the threshold of 3% on June 26, 2013 and stood at 3.08% (equivalent to 303,567 votes) as of that date. These 3.08 percentage points (equivalent to 303,567 votes) are attributable to Threadneedle Investment Services Limited, London, Great Britain, pursuant to § 22 (1), sentence 1, no. 6, German Securities Trading Act. Voting rights from the following shareholder, whose percentage of voting rights in Pfeiffer Vacuum Technology AG amounts to 3% or above, are also attributed to it: Threadneedle Investment Funds ICVC. Threadneedle Investment Funds ICVC, London, Great Britain, notified Pfeiffer Vacuum Technology AG pursuant to § 21 (1) of the German Securities Trading Act that the percentage of its voting rights in our corporation exceeded the threshold of 3% on June 26, 2013 and stood at 3.08% (equivalent to 303,567 votes) as of that date.

Publication according to § 26 (1) of German Securities Trading Act (“WpHG”)

<table>
<tr><th>No.</th><th>Corporation</th><th>Holding (%)</th><th>Date</th><th>Published by</th><th>Content of publication</th></tr>
<tr><td>33</td><td>Universal-Investment-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany</td><td>2.93</td><td>Feb. 1, 2017</td><td>DGAP</td><td>
1. Details of issuer
Pfeiffer Vacuum Technology AG
Berliner Str. 43
35614 Asslar
Germany

2. Reason for notification
<table>
<tr><td></td><td>Acquisition/disposal of shares with voting rights</td></tr>
<tr><td></td><td>Acquisition/disposal of instruments</td></tr>
<tr><td></td><td>Change of breakdown of voting rights</td></tr>
<tr><td>X</td><td>Other reason:
Disposal of voting rights through managed special assets</td></tr>
</table>
3. Details of person subject to the notification obligation
<table>
<tr><td>Name:</td><td>City and country of registered office:</td></tr>
<tr><td>Universal-Investment-Gesellschaft mit beschränkter Haftung</td><td>Frankfurt am Main
Germany</td></tr>
</table>
4. Names of shareholder(s)
holding directly 3% or more voting rights, if different from 3.
n/a

5. Date on which threshold was crossed or reached
27 Jan 2017

6. Total positions
<table>
<tr><td></td><td>% of voting rights attached to shares (total of 7.a.)</td><td>% of voting rights through instruments (total of 7.b.1 + 7.b.2)</td><td>total of both in % (7.a. + 7.b.)</td><td>total number of voting rights of issuer</td></tr>
<tr><td>Resulting situation</td><td>2.93 %</td><td>0.00 %</td><td>2.93 %</td><td>9867659</td></tr>
<tr><td>Previous notification</td><td>3.05 %</td><td>0.00 %</td><td>3.05 %</td><td>/</td></tr>
</table>
</td></tr>
</table>

Publication according to § 26 (1) of German Securities Trading Act ("WpHG")

No.	Corporation	Holding (%)	Date	Published by	Content of publication
					(see below)

7. Notified details of the resulting situation

a. Voting rights attached to shares (Sec.s 21, 22 WpHG)

ISIN	absolute		in %	
	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)	direct (Sec. 21 WpHG)	indirect (Sec. 22 WpHG)
DE0006916604	0	289215	0 %	2.93 %
Total	289215		2.93 %	

b.1. Instruments according to Sec. 25 para. 1 No. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 25 para. 1 No. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

X	Person subject to the notification obligation is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).
	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)

9. In case of proxy voting according to Sec. 22 para. 3 WpHG

Date of general meeting:	
Holding position after general meeting:	% (equals voting rights)

10. Other explanatory remarks:

Shares in circulation as of December 31, 2019: 9,867,659

IV. Management's Discussion & Analysis for the 2019 Fiscal Year

Pfeiffer Vacuum Technology AG, Asslar

The earnings of Pfeiffer Vacuum Technology AG are primarily characterized by the profit and loss transfer from Pfeiffer Vacuum GmbH, Asslar. In the past fiscal year 2019, this fell by € 12.5 million from € 45.0 million to € 32.5 million. At the same time, income from equity investments also decreased significantly from € 14.7 million to € 4.0 million. As a result of consultancy costs for implementing strategic measures within the Pfeiffer Vacuum Group, other operating expenses rose slightly from € 4.5 million to € 5.6 million. In contrast, personnel expenses declined slightly from € 3.6 million to € 2.8 million, and net interest income, the balance of interest income from loans, other interest income and interest expenses, rose from € -0.8 million in the previous year to € +0.1 million in the year under review. As a result, the net income of Pfeiffer Vacuum Technology AG in 2019 amounted to € 25.9 million, after € 46.4 million in the previous year. As per the Management Board's assessment the liquidity and financial position are excellent. In addition to paying out a dividend to the shareholders, all operating expenses of the Company and the Pfeiffer Vacuum Group as a whole were financed as planned through the available liquidity, even during the current transformation phase involving the implementation of strategic measures. At 73.7%, the equity ratio as of December 31, 2019 was virtually unchanged from the level of the previous year (73.9%).

Basic Company information

Pfeiffer Vacuum Technology AG (hereinafter referred to as "Pfeiffer Vacuum") is a German stock corporation domiciled in Asslar. The company has been listed on the German Stock Exchange since April 15, 1998.

As of December 31, 2019, the number of subsidiaries of Pfeiffer Vacuum Technology AG remained unchanged at 31.

The following table shows the structure of the Group in detail as of December 31, 2019:

Pfeiffer Vacuum Group Structure (as of December 31, 2019)		
Name	Headquarters	Share (in %)
Pfeiffer Vacuum Technology AG	Germany	
Pfeiffer Vacuum GmbH	Germany	100,0
Pfeiffer Vacuum Austria GmbH	Austria	100,0
Pfeiffer Vacuum (Schweiz) AG	Switzerland	99,4
Pfeiffer Vacuum (Shanghai) Co. Ltd.	China	100,0
Pfeiffer Vacuum (India) Private Ltd.	India	27,0[1]
Pfeiffer Vacuum Ltd.	Great Britain	100,0
Pfeiffer Vacuum Scandinavia AB	Sweden	100,0
Pfeiffer Vacuum Inc.	USA	100,0
Advanced Test Concepts, LLC.	USA	100,0
Nor-Cal Products Holdings, Inc.	USA	100,0
Nor-Cal Products, Inc.	USA	100,0
Nor-Cal Products Europe Ltd.	Great Britain	100,0
Nor-Cal Products Asia Pacific Pte. Ltd.	Singapore	100,0
Nor-Cal Products Korea Co., Ltd.	Republic of Korea	100,0
Nor-Cal Products Viet Nam Co., Ltd.	Vietnam	100,0
Pfeiffer Vacuum New Hampshire Realty Holdings, LLC.	USA	100,0
Pfeiffer Vacuum Indiana Realty Holdings, LLC.	USA	100,0
Pfeiffer Vacuum California Realty Holdings, LLC.	USA	100,0
Pfeiffer Vacuum Singapore Pte. Ltd.	Singapore	100,0
Pfeiffer Vacuum Malaysia SDN. BHD.	Malaysia	100,0
Pfeiffer Vacuum Taiwan Corporation Ltd.	Taiwan	100,0
Pfeiffer Vacuum Benelux B. V.	The Netherlands	100,0
Pfeiffer Vacuum (Xi'an) Co. Ltd.	China	100,0
Pfeiffer Vacuum Holding B. V.	The Netherlands	100,0
Pfeiffer Vacuum Italia S. p. A.	Italy	100,0
Pfeiffer Vacuum (India) Private Ltd.	India	73,0[1]
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	75,5[1]
Pfeiffer Vacuum Components & Solutions GmbH	Germany	100,0
Pfeiffer Vacuum SAS	France	100,0
Pfeiffer Vacuum Romania S.r.l.	Romania	100,0
Pfeiffer Vacuum Semi Korea Ltd.	Republic of Korea	100,0
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	24,5[1]
Dreebit GmbH	Germany	100,0

[1] Group shareholding in total 100.0%

Central roles are assumed by Pfeiffer Vacuum GmbH, Asslar, Germany, and Pfeiffer Vacuum SAS, Annecy, France, which organize the central investment management for the Group. Pfeiffer Vacuum GmbH is responsible for manufacturing all Pfeiffer Vacuum products and for sales and marketing in Germany. This company had a total of 865 employees as of December 31, 2019 (previous year: 808). Pfeiffer Vacuum SAS, Annecy, France employed 732 people at year-end (previous year: 718), and is the central development and production facility for adixen products and is responsible for sales in France.

As further Group companies with their own production facilities, Pfeiffer Vacuum Components & Solutions GmbH, Dreebit GmbH, Pfeiffer Vacuum Semi Korea Ltd., Pfeiffer Vacuum Romania S.r.l., Nor-Cal Products, Inc. and Advanced Test Concepts, LLC. as well as Nor-Cal Products Viet Nam Co., Ltd. and, since October 2019, Pfeiffer Vacuum (Shanghai) Co. (with its location in Wuxi) are entrusted with the manufacture and assembly of their own products.

The other Group companies are legally independent corporations that perform sales and service tasks. In legal terms, all companies are essentially organized in a legal form comparable to the German limited liability company (GmbH).

OVERALL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Overall economic development

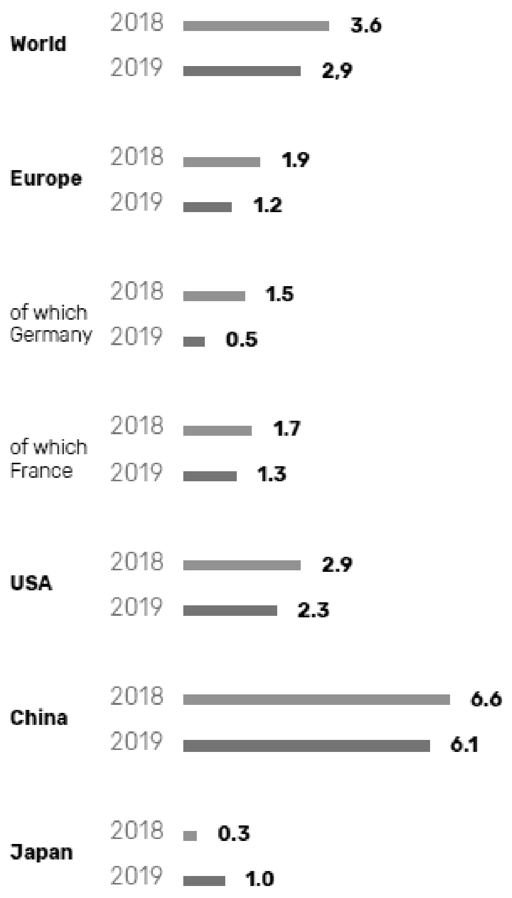
Global economy The global economy shows weaker growth than expected and ended the year 2019 with growth of 2.9%. This is the conclusion of the International Monetary Fund (IMF) its latest estimate, World Economic Outlook. Compared to 2018, this corresponds to a significant decline of 0.7 percentage points. In October 2019, the IMF analysts still expected to pass the 3% hurdle. The surprisingly weak economic development in some emerging countries – above all in India, Mexico and South Africa – led to the course correction. According to the IMF, the economy in emerging and developing countries grew by 3.7%, after 4.5% in the previous year. For the industrialized nations, the IMF economists determined that gross domestic product would grow by 1.7% in 2019 (previous year: 2.2%). Trade disputes, geopolitical tensions and the dramatic effects of climate change – such as the fires in Australia, the drought in Africa and the tropical storms in the Caribbean – have created great uncertainty. A continued easing of monetary policy by numerous central banks around the world, according to the IMF experts, was instrumental in ensuring that the slowdown in growth was not even more pronounced.

Europe Economic output in the eurozone rose by 1.2%, which is significantly slower than in the previous year when the increase was 0.9 percentage points higher. The two largest economies, Germany and France, suffered significant losses. Growth in Germany slowed noticeably from 1.5% in 2018 to 0.5% in 2019. In France, the decline was more moderate at 0.4 percentage points. The French economy grew by a total of 1.3%. Italy achieved only a slight increase of 0.2% (2018: 0.8%). Spain's economy also rose at a slower pace, but improved by a comparatively strong 2.0% (2018: 2.4%).

USA For the U.S. economy, the IMF expects economic output to increase by 2.3%, after 2.9% in 2018. The reduced growth is also due to the disgruntlement towards some trading partners resulting from the threat or introduction of customs barriers.

Asia As in the previous year, China's economic growth was affected by tense trade relations with the United States. The economy grew by 6.1% in 2019, after growth of 6.6% was achieved in the previous year. According to the IMF, Japan's economic output grew by 1.0% in 2019 (previous year 0.3%). India, on the other hand, saw a very significant decline in its growth. Violent political unrest is currently raging on the subcontinent, which the IMF says is becoming an increasingly dangerous development in the world's largest democracy. In addition, consumption in India has weakened more than expected because rural incomes are increasing only slowly and loans are less in demand. The IMF assumes that the Indian economy grew by only 4.8 % in 2019, after 6.8 % in the previous year.

GROSS DOMESTIC PRODUCT
(real change compared with previous year[1]) in %



[1] Data relating to the previous year may differ from the previous year's report due to statistical revisions.

Mechanical engineering and the vacuum industry

As reported by the German Mechanical Engineering Industry Association (VDMA), production in German mechanical engineering decreased in real terms by 1.8% in the first ten months of 2019, while incoming orders declined by 9% during the same period. The capacity utilization in October 2019 at 83.9% was below the long-term average of 86.2%. The association attributes this to the fact that many customers of industry players are cautious due to the weak global economy, the trade disputes between the USA and China and the profound structural change in the automotive industry, and are currently postponing or stopping their investments. Therefore, manufacturing output will be around € 218 billion in 2019. This corresponds to a decrease of around 2.0%. Ahead of China, the USA was the most important sales market for German mechanical engineering companies in 2019 with an order volume of over € 15 billion.

The German Electrical and Electronic Manufacturers' Association (ZVEI) expects global sales in the semiconductor market to have shrunk by 12.0% to a good 413 billion U.S. dollars in 2019. Semiconductor sales on the German market also declined by 12.0% and reached a level of around 13 billion U.S. dollars. The reasons for this were primarily the trade conflicts between the USA and China, or the USA and Europe, the unclear situation regarding Brexit during the year 2019 and the weakening automotive market.

Profitability, Financial Position, and Liquidity

Profitability

The main focus of activity of Pfeiffer Vacuum Technology AG lies in its holding function, cash management for the German subsidiary in Asslar and, since 2017, also for Pfeiffer Vacuum SAS in Annecy, the financing function for the overall Group's liquidity requirements and the leasing of buildings to Pfeiffer Vacuum GmbH in Asslar. The existing profit and loss transfer agreement with the subsidiary Pfeiffer Vacuum GmbH has a material impact on the Company's earnings.

At € 25.9 million, the net income for the year of Pfeiffer Vacuum Technology AG lay € 20.5 million below the previous year's figure of € 46.4 million. This represents a sharp decline of 44.1%, after a rise of 43.5% was recorded the year before.

As in previous years, the earnings position of Pfeiffer Vacuum Technology AG continues to be significantly impacted by the profit transfer from Pfeiffer Vacuum GmbH amounting to € 32.5 million (previous year: € 45.0 million). Following a highly successful 2018 fiscal year, this decline of € 12.5 million reflects the weaker development of business at Pfeiffer Vacuum GmbH in 2019.

Following the record level of € 246.7 million the year before, the sales volume of Pfeiffer Vacuum GmbH in 2019 totaled € 232.0 million. This represents a decline of € 14.7 million or 6.0%. Regional sales development was highly heterogeneous in this connection. While sales in the USA declined only slightly by € 2.0 million, a significant decline of € 11.9 million was recorded in Germany, in particular. The main reasons for this were a weakness in the coating industry and a rather restrained demand in the semiconductor market. In contrast, sales in the Asia and Europe regions (excluding Germany) fell only slightly from the high level of the previous year. In Asia, a somewhat weaker trend in China, due in part to the coating market, and a very pleasing development in Singapore largely offset each other. Even though last year's forecast anticipated a slight decline in sales for 2019, the pronounced weakness of the coating industry, and in particular the solar industry, led to a sharper decline in sales.

Sales by Region (in K€)

	2019	2018	Change
Germany	74,396	86,334	-13.8%
Europe (excluding Germany)	59,774	60,085	-0.5%
Asia	58,349	58,900	-0.9%
The Americas	39,373	41,365	-4.8%
Rest of World	74	63	16.9%
Total	**231,965**	**246,747**	-6.0%

An analysis of the development of sales of Pfeiffer Vacuum GmbH by product shows that all product groups in 2019 saw a downturn in comparison with the high level of 2018. With a decline of € 6.7 million, turbopumps showed the greatest absolute change in 2019, which was marked by the weakness already referred to in the coating market. This also had a negative impact on the development of sales in the instruments and components as well as backing pumps segments.

Sales by Product (in K€)			
	2019	2018	Change
Turbopumps	135,596	142,291	-4.7%
Instruments and components	39,676	43,283	-8.3%
Backing pumps	38,276	40,939	-6.5%
Service	17,046	18,614	-8.4%
Systems	1,371	1,620	-15.4%
Total	**231,965**	**246,747**	-6.0%

The decline in sales revenues at the level of Pfeiffer Vacuum GmbH led to negative economies of scale and thus also to a decline in income from profit and loss transfers. Furthermore, implementation of the growth strategy within the corporate Group also impacted Pfeiffer Vacuum GmbH in the form of higher expenses for creating new organizational structures. In addition, lower investment income was offset by interest income in connection with the valuation of pensions.

Income from equity investments is a further key element in the profitability of Pfeiffer Vacuum Technology AG. Due to lower profit distribution from the other Group companies, this income declined from € 14.7 million the previous year to € 4.0 million in the past fiscal year. After personnel expenses of € 3.6 million in the previous year, a total of € 2.8 million was incurred in 2019. In contrast, other operating expenses rose from € 4.5 million in the previous year to € 5.6 million in 2019. This also reflects the higher expenses in connection with the implementation of the Group's growth strategy. At € 0.5 million, interest expenses were below the previous year's level (€ 1.1 million). This was due in particular to effects from the valuation of pensions, which, in contrast to the previous year, resulted in interest income.

The tax ratio at 28.9% was higher than in 2018 (24.9%), particularly due to the lower, predominantly non-taxable investment income. In conjunction with the lower overall earnings, tax expenses fell from € 13.3 million to € 8.7 million. The tax allocation levied by the subsidiary company fell in parallel from € 6.6 million to € 4.7 million.

A less profitable year compared to the very successful 2018 fiscal year had been expected in principle. Nevertheless, contrary to the initial planning, the development was weaker for the above-mentioned reasons, in particular due to the lower profit transfer. The slight deterioration in net income anticipated in last year's forecast was therefore not achieved.

Liquidity and financial position

At € 357.1 million, the balance sheet total as of 31 December 2019 was up slightly on the previous year (€ 351.7 million). A significant change resulted from the increase in intangible assets, which rose by a total of € 3.9 million to € 4.5 million as a result of the implementation of a global ERP project. The sound liquidity situation in 2019 will thus continue to enable the Company to fulfill its internal financing function. Accordingly, loans to affiliated companies increased slightly from € 7.7 million to € 12.1 million as a result of new loans.

On the liabilities side, the increase in the balance sheet total is mainly reflected in equity. At € 263.0 million as of December 31, 2019, this was € 3.2 million higher than the previous year's figure of € 259.8 million. The net profit for the year of € 25.9 million and, in the opposite direction, the dividend payment of € 22.7 million in accordance with the resolution of the Annual General Meeting of May 23, 2019 were the reasons for this development. The equity ratio remains high at 73.7% (previous year: 73.9%). Another significant liability item relates to liabilities to banks. This item includes a loan taken out in 2017 as part of the external financing of an acquisition of a company, which was unchanged at € 60.0 million at the balance sheet date. The loan has a variable interest rate based on Euribor plus a market margin and is available to the Company on a long-term basis. In addition to the funds raised, the Company has free credit lines of € 13:3 million (previous year: € 13.2 million) at its disposal. Liabilities to affiliated companies relate to Pfeiffer Vacuum SAS and result from a cash pooling agreement. The other items on the liabilities side showed no significant changes compared with the previous year at the end of the fiscal 2019.

Overall assessment of business performance

Adjusted to the course of business during 2019, the overall development of business was still satisfactory. Although the annual net income of Pfeiffer Vacuum Technology AG declined, this was to be expected against the backdrop of the transformation in which the Company is currently engaged. However, the lack of momentum in parts of our customer markets additionally burdened the development of earnings at Pfeiffer Vacuum GmbH, and thus indirectly also at the Company. The equity ratio continues to be at a level that is well above industry average. We still consider the liquidity situation to be sound, and the financing of our operational business and our comprehensive growth program is assured.

Takeover-relevant information pursuant to § 289a of the German Commercial Code (“HGB”)

The subscribed capital of Pfeiffer Vacuum Technology AG as of December 31, 2019, remains unchanged at K€ 25,261 and consists of a total of 9,867,659 no-par-value shares. There are no different classes of shares currently or previously existent, so all shares have the same rights, in particular the same voting and dividend entitlement rights. Accordingly, the calculated share of the subscribed capital amounts to € 2.56.

As of December 31, 2019, Dr. Karl Busch, Ms. Ayhan Busch, Ms. Ayla Busch, Mr. Sami Busch and Mr. Kaya Busch, all of Germany, according to their own statements, held 60.22% of the voting rights in the Company (previous year: 50.02%). No further information is available to us. The shares are held indirectly through Pangea GmbH, Maulburg, Germany, and other independent legal entities belonging to the family-run Busch Group, and are deemed to be held by the persons named. To the best of our knowledge, there were no other shareholders with a holding of more than 10% as of December 31, 2019 and also as of December 31, 2018.

Amendments to the Articles of Association can be adopted by the Annual General Meeting by a simple majority of the voters present at the Annual General Meeting, unless the law requires a larger majority. To the best of our knowledge, there are no restrictions on voting rights or the transfer of shares. According to the Articles of Association of the Company and §§ 84 and 85 of the German Stock Corporation Act (“AktG”), Management Board members are appointed by the Supervisory Board for a maximum of five years. Reappointments or extensions to the term of office are permitted for a maximum of five years in each case.

Through a resolution of the Annual General Meeting on May 23, 2018, the Management Board is authorized to increase the subscribed capital one or more times by € 12,630,602.24 or 4,933,829 shares in exchange for cash and/or contributions in kind (authorized capital). This authorization is valid until May 23, 2023 and requires the approval of the Supervisory Board.

According to the resolution of the Annual General Meeting on May 23, 2019, the Management Board is authorized to issue fractional bonds with option or conversion rights and/or option or conversion obligations, profit participation rights and income bonds (or combinations of these instruments) with an aggregate nominal value of up to € 200,000,000.00 and to grant the holders conversion rights of up to 2,466,914 no-par bearer shares of the Company having a pro-rata amount of the share capital of up to € 6,315,299.84. This authorization is valid until May 22, 2024 and requires the approval of the Supervisory Board.

At the Annual General Meeting on May 21, 2015, the shareholders authorized the Management Board to repurchase treasury shares pursuant to § 71 Sub-Para. 1 No. 8, German Stock Corporation Act (“AktG”). This authorization covers the buyback of a proportionate amount of the share capital of up to € 2,526,120.70 (986,766 shares corresponding to 10.0% of the share capital at the time the resolution was adopted), requires the approval of the Supervisory Board and is valid through May 20, 2020.

It remains unchanged as of December 31, 2019 that the Corporate Group does not own treasury shares.

For information relating to the employment contracts of the members of the Management Board, please refer to the corresponding paragraphs in the compensation report.

There are no further aspects that would require discussion within the context of § 289a, German Commercial Code (“HGB”).

Report pursuant to § 289, Sub-Para 4, German Commercial Code (“HGB”)

Since Pfeiffer Vacuum Technology AG is a capital market-oriented corporation within the meaning of § 264d of the German Commercial Code ("HGB"), it is subject to the requirement specified in § 289, Sub-Para. 4, of the German Commercial Code (“HGB“) to describe the major features of the internal control and risk management system with respect to the accounting process.

The purpose of an internal consolidated accounting control system is to ensure adequate certainty by implementing controls that – despite identified risks – enable consolidated financial statements to be prepared in accordance with applicable standards.

The Management Board bears overall responsibility for the internal control and risk management system in respect to the consolidated accounting process. All business units are covered by a strictly defined management and reporting organization. The principles, the organizational and procedural structures, as well as the processes of the individual control and risk management systems relating to consolidated accounting, are stipulated throughout the entire Corporate Group in guidelines and organizational procedures that are adapted if needed to reflect current external and internal developments. In respect of the consolidated accounting process, we consider those characteristics of the internal control and risk management system to be key that can have a decisive influence on consolidated accounting and on the overall view presented in the Consolidated Financial Statements. In particular, these are the following elements:

- Identification of the major fields of risk and areas of control that are relevant to the consolidated accounting process,
- Monitoring controls for enabling the consolidated accounting process to be supervised by the Management Board,
- Preventive control measures in the finance and accounting systems, as well as in operational corporate processes that generate key information for drawing up the Consolidated Financial Statements, including the Management Report for the Corporate Group (including separation of functions),
- Measures that assure proper IT-based processing of facts and data that relate to consolidated accounting.

Concluding statement on the report of the Management Board on relations with affiliated companies pursuant to § 312 of the German Stock Corporation Act

Pfeiffer Vacuum Technology AG is a dependent company of Busch SE, Maulburg, Germany, as defined in § 312 of the German Stock Corporation Act ("AktG"). Pursuant to § 312, Sub-Para. 1, German Stock Corporation Act (“AktG”), the Management Board of Pfeiffer Vacuum Technology AG has therefore prepared a Management Board report concerning relationships with affiliated companies, which contains the following concluding statement:

"Our company received appropriate consideration for each legal transaction listed in the report on relations with affiliated companies. This assessment is based on the circumstances known to us at the time when the reportable transaction took place. No reportable measures were taken or omitted in the year under review.”

Corporate Governance Report/ Declaration on Corporate Governance pursuant to § 289f, German Commercial Code (“HGB”)

On November 4, 2019, the Management and Supervisory Boards of Pfeiffer Vacuum Technology AG submitted the Statement of Compliance for the year 2019 required pursuant to § 161 of the German Stock Corporation Act (“AktG”). It was made permanently accessible to shareholders on the Corporation’s website (group.pfeiffer-vacuum.com).

Since the submission of the last statement of compliance on December 5, 2018, Pfeiffer Vacuum Technology AG complies with all recommendations of the German Corporate Governance Code, as amended on February 7, 2017, with the following two exceptions:

- The German Corporate Governance Code recommends a deductible for the Supervisory Board’s D&O insurance (Paragraph 3.8). The Supervisory Board’s actual D&O insurance does not contain a deductible. A deductible would not improve the Supervisory Board’s overall motivation and sense of responsibility as the members work for the benefit of the Group.

- The German Corporate Governance Code recommends that a term limit is established for the period on the Supervisory Board (Paragraph 5.4.1). In the financial year 2018, the Supervisory Board set a specified limit of 15 years for the period of membership on the Supervisory Board. All members of the Supervisory Board fulfill this requirement, with the exception of Mr. Götz Timmerbeil; the Supervisory Board made an exception for him, since he possesses a high level of expertise and many years of knowledge of the Company, which the Supervisory Board would not like to forgo at this point in time and after the resolved changes to the Supervisory Board in the past three years.

Dual management system: Management Board and Supervisory Board

As a stock corporation based in Asslar, Germany, Pfeiffer Vacuum Technology AG is also subject to the provisions of the German Stock Corporation Act (“AktG”). One of the basic principles enshrined in this is the dual management system, which assigns the management of the Company to the Management Board and the appointment, advice and supervision of the Management Board to the Supervisory Board. These two bodies are strictly separated as corporate organs, both in terms of their members and their responsibilities. Both bodies work together closely in the interests of the Company.

Management Board

In the 2019 fiscal year, the Management Board consisted of

- Dr. Eric Taberlet, Chief Executive Officer (CEO), Diploma in Engineering,
- Nathalie Benedikt, Chief Financial Officer (CFO), Diploma in Business Administration,
- Dr. Ulrich von Hülsen, Diploma in Physics, (until June 30, 2019), and
- Dr. Matthias Wiemer, Diploma in Engineering, (until June 30, 2019).

Dr. Ulrich von Hülsen resigned from the Management Board of Pfeiffer Vacuum Technology AG, at his request and by mutual agreement with the Supervisory Board, with effect from the end of June 30, 2019. Dr. Matthias Wiemer also resigned from the Management Board of Pfeiffer Vacuum Technology AG with effect from the end of June 30, 2019 by mutual agreement with the Supervisory Board.

The members of the Management Board are responsible for the further development and strategy of the Company. They are also involved in the day-to-day running of the Company and bear operational responsibility.

In order to implement the individual areas of the growth strategy - gaining market share, strengthening the global production and value chain, expanding R&D activities – in a faster and more focused way, it was decided to redefine the allocation of responsibilities in the Management Board with effect from January 1, 2019. The Company was organized in line with its global business functions.

From January 1, 2019, the responsibilities of the Board of Management members were as follows:

Functions of the Management Board Members (until June 30, 2019)

Dr. Eric Taberlet	Nathalie Benedikt	Dr. Ulrich von Hülsen	Interim-Manager	Dr. Matthias Wiemer
CEO & CSO	**CFO**	**CTO**	**COO**	**Member of the Board**
Group Strategy, Global Sales & Service	Compliance, CSR, Finance & Controlling, Investor Relations, IT, Communication, HR	Global R&D, Product Management, Digitalization	Global Operations (Procurement, Production, Logistics)	Mergers & Acquisitions, Strategic Projects

CEO = Chief Executive Officer, CSO = Chief Sales Officer, CTO = Chief Technology Officer
CFO = Chief Financial Officer, COO = Chief Operations Officer

The COO will be responsible for the performance, efficiency and flexibility of the global operational infrastructure and processes. The position of COO was filled by an external consultant on an interim basis until a permanent appointment is made.

Following the resignation of Dr. Matthias Wiemer and Dr. Ulrich von Hülsen, Dr. Eric Taberlet took on the function of CTO.

Functions of the Management Board Members (from July 1, 2019)

Dr. Eric Taberlet	Nathalie Benedikt	Interim-Manager
CEO, CSO & CTO	**CFO**	**COO**
Group Strategy, Global Sales & Service, Global R&D, Product Management, Digitalization	Compliance, CSR, Finance & Controlling, Investor Relations, IT, Communication, HR	Continuous Improvement, Production, Purchasing, Quality and EHS (Environment, Health and Safety), Supply Chain

CEO = Chief Executive Officer, CSO = Chief Sales Officer, CTO = Chief Technology Officer
CFO = Chief Financial Officer, COO = Chief Operations Officer

The four-eyes principle applies in exercising the duties and responsibilities of the Management Board. Major decisions are always made jointly. Personal expenditures, such as travel and entertainment expenses, require the approval of another Management Board member. In addition to close cooperation and reciprocal information on a daily basis, board meetings are held weekly. Additionally, the Management Board meets for a separate monthly meeting.

The Management Board works exclusively for Pfeiffer Vacuum. In this context, the Management Board members are also members of supervisory organs of various subsidiaries of the Company. They are not members of any regulatory bodies outside the Pfeiffer Vacuum Group.

With effect from January 1, 2020, Mr. Wolfgang Ehrk was appointed a member of the Management Board of Pfeiffer Vacuum Technology AG and assumed the function of COO within the Management Board. The responsibilities of this previously interim role now include the areas of Continuous Improvement, Production, Purchasing, Quality and EHS (Environment, Health and Safety), as well as Supply Chain.

Supervisory Board

Pursuant to the statutory requirements and the Articles of Association of Pfeiffer Vacuum Technology AG, the Supervisory Board consists of a total of six persons. Four persons represent the shareholders and two persons represent the employees of the Company.

The Supervisory Board members elected by the shareholders, Götz Timmerbeil und Filippo Th. Beck, were voted during the Annual General Meeting to a term of office of five years in May 2016. The term of office of the subsequently elected Supervisory Board members Ayla Busch and Henrik Newerla, who were appointed in May 2018, also ends on the day of the Annual General Meeting which resolves on the discharge for the financial year 2020.

Following the age-related retirement of Helmut Bernhardt on June 30, 2019, Matthias Mädler joined the Supervisory Board as an employee representative with effect from July 1, 2019.
Membership over the course of the year 2019 was as follows:

- Ayla Busch (Chairwoman),
  Co-CEO Busch SE, Maulburg
- Götz Timmerbeil (Vice Chairman),
  Auditor and Tax Consultant
- Filippo Th. Beck,
  Attorney at Law of Swiss Law
- Helmut Bernhardt (Employee Representative), until June 30, 2019
  Development Engineer
- Manfred Gath (Employee Representative),
  Chairman of the Employee Council
- Henrik Newerla, self-employed management consultant
- Matthias Mädler (Employee Representative), from July 1, 2019
  Development Engineer

For election as Supervisory Board Member, the Nominating Committee submits a nomination suggestion to the Supervisory Board. When selecting the candidates, care is taken to ensure that at all times there are members of the Supervisory Board who possess the requisite expertise, skills, and professional experience and are sufficiently independent. The international activities of the Group and potential conflicts of interest are also taken into account.
For its composition, the Supervisory Board has determined the following specific objectives: internationality, avoidance of potential conflicts of interest, independence, temporal

availability, age limit, term of membership, occupational diversity. These objectives have been taken into consideration in the past, and this is also intended for future nominations. No compensations or benefits for personal service rendered, especially consultation and brokerage services, were paid or granted to the members of the Supervisory Board during the period under review. No potential conflicts of interest requiring immediate disclosure to the Supervisory Board arose for Management and Supervisory Board members in fiscal 2019. Finally, the Rules of Procedure for the Management Board provide that the Supervisory Board must grant its approval for significant business transactions.

According to the recommendations of the German Corporate Governance Code, no more than two previous Management Board members hold seats on the Pfeiffer Vacuum Supervisory Board. Furthermore, the Supervisory Board reviews the independence of its members. It has established standards for assessing this independence, which are based on the Code, in particular. According to these principles, the majority of current Supervisory Board members is considered independent, thus assuring independent advice and monitoring of the Management Board.

The establishment of an Audit Committee is a longstanding practice at Pfeiffer Vacuum. As a certified public accountant, the Chairman of the Audit Committee, Götz Timmerbeil, is particularly qualified to bear responsibility for the activities of the Audit Committee, in particular in connection with questions relating to financial accounting, compliance, and the risk management system.

The task of the Nominating Committee is to suggest suitable candidates to the Supervisory Board who can then recommend them for nomination to the Annual General Meeting. Additionally, a Management Committee was formed. In the past, the Management Committee has deliberated the personnel matters of the board members in detail before – in accordance with the requirements of the German Corporate Governance Code – being resolved by the full Supervisory Board. The determination of Management Board compensation is thus subject to the provisions of the German Act on the Appropriateness of Management Board Compensation.

In addition, a committee was formed in the year under review to monitor transactions with related parties ("Related Party Transactions" or "RPT"). The formation of this RPT committee was in particular a consequence of the (expected) entry into force of the act implementing the Second Shareholder Rights Directive ("ARUG II") and the relevant tasks that fall to the Supervisory Board.

The committee memberships of the Supervisory Board members can be seen in the following overview:

Personnel composition of the Supervisory Board Committees

	Nominating Committee	**Audit Committee**	**Management Board Committee**	**RPT Committee**
Frau Ayla Busch	Chairwoman	Yes	Chairwoman	-
Götz Timmerbeil	Yes	Chairman	Yes	Chairman
Filippo Th. Beck	Yes	Yes	Yes	-
Helmut Bernhardt (until June 30, 2019)	-	-	-	-
Manfred Gath	-	-	-	-
Henrik Newerla	-	-	Yes	Yes
Matthias Mädler (from July 1, 2019)				Yes

The following members exercised further mandates. These are supervisory board mandates unless otherwise indicated:

- Ayla Busch
  - Busch Taiwan Corporation, New Taipei City, Taiwan, Supervisor, until January 17, 2019
  - Busch Vakuumteknik A/S, Ry, Denmark, Member of the Board of Directors, until January 16, 2019

- Götz Timmerbeil:
  - Richard Stein GmbH & Co. KG, Engelskirchen, (Chairman of the Advisory Board)
  - Arena Gummersbach GmbH & Co. KG, Gummersbach (Deputy Chairman)

- Filippo Th. Beck:
  - Candoria Group, Baar (Switzerland), Member of the Board of Directors of Candoria Holding AG, Chairman of the Board of Directors of Progresa Holding AG and Sendaya Holding SA (formerly: Candoria Luxembourg Holding SA), Luxembourg
  - Tenro Group, Bottmingen (Switzerland), Member of the Board of Directors of various companies in the Group (including Bellavista Services AG, which was separately listed in the previous year)
  - Biamathea AG, Basel (Switzerland), Member of the Board of Directors
  - Polyterra Liegenschaften AG in Liquidation, Küsnacht (Switzerland), Member of the Board of Directors and Liquidator, until July 10, 2019
  - Tainn-Immobilien AG, Berne (Switzerland), Member of the Board of Directors

The Company has taken out pecuniary loss liability insurance (so-called D&O insurance) for the members of the Management and Supervisory Boards.

Manfred Gath also retired from the Supervisory Board as an employee representative on December 31, 2019 for reasons of age. Stefan Röser replaced him on the Supervisory Board with effect from January 1, 2020.

Collaboration between the Management and Supervisory Boards

Close and trustful collaboration between the Management and Supervisory Boards is an essential prerequisite for good corporate governance and serves the good of the Company. Supervisory Board meetings are held at least twice a year in this context, for which the members of the Management Board report in detail on the course of business operations as well as on the implementation of the strategy agreed upon with the Supervisory Board. The number of Supervisory Board Meetings held exceeds this minimum.

If necessary, other executives also explain the current issues in their respective areas of responsibility. If needed, additional special meetings are held. The Management Board reports to the Supervisory Board on the general condition of the Company, including the risk situation and the strategic targets, through a monthly reporting system.

Shareholders and Annual General Meeting

The Annual General Meeting is the supreme body of the corporation. At the Annual General Meeting, shareholders may exercise their voting rights themselves, through a proxy of their choice, or a proxy nominated by the Corporation who is bound to act on their instructions. The shareholders make key decisions at the Annual General Meeting about the allocation of profits, amendments to the Articles of Association, or the approval of share repurchase programs. All information and documents essential for the Annual General Meeting will be provided to the shareholders in a timely manner. The agenda and an explanation of the conditions of participation in addition to the shareholders' rights will generally be announced according to the legal requirements duly before the Annual General Meeting date.

All documents and information for the Annual General Meeting are also available on our website. In addition, it is possible to electronically direct questions to the employees of our Investor Relations Department. Using our financial calendar, which is made public in the Annual Report, in the quarterly reports, and on our website, we inform shareholders and interested parties about key dates, publications, and events throughout the year. In addition, we maintain close ties with our shareholders through our active Investor Relations work. Moreover, it is also possible to contact the Company with questions at any time.

Compensation

The compensation for members of the Management and Supervisory Boards is detailed in a separate section “Compensation report.”

Transparency

The claim to provide all target groups promptly with the same information at the same time is a high priority in our corporate communications. One of the ways that this is manifested is that all relevant information is published in German and in English. Shareholders and interested parties can directly obtain information on current developments within the Group on the Internet. All ad-hoc releases by the Pfeiffer Vacuum Technology AG shall be made available on the Company’s website. The purchase and sale of Pfeiffer Vacuum shares by members of the Management and Supervisory Boards will be published immediately pursuant to Article 19 of European Regulation No. 596/2014 (Market Abuse Regulation), in Europe and on the Company’s website at group.pfeiffer-vacuum.com.

Equality

In January 2018, pursuant to § 111 Sub-Para. 5 of the German Stock Corporation Act (“AktG”), the Supervisory Board determined a women’s quota of 16.67% for the Supervisory Board and 25% for the Management Board and a deadline for reaching the targets by December 31, 2020. These quotas are already achieved at the present time.

The provision contained in § 76, Sub-Para. 4 of the German Stock Corporation Act (“AktG”) refers to management levels at Pfeiffer Vacuum Technology AG only. Due to its function as a finance holding, this company only has very few employees and there are no further management levels below the Management Board, thus making it impossible to establish a target figure.

Compliance

Adherence to all internal rules and legal regulations applicable to Pfeiffer Vacuum Technology AG and its subsidiaries by management and employees (compliance) has long been a goal of the Company as well as an inherent part of our Company culture. This is especially expressed in our Code of Conduct, which applies for all employees. The Management Board is fundamentally committed to these tenets in addition to the “zero tolerance” principle. Our Code of Conduct defines, among other things, integrity and lawful conduct as basic standards and is the basis for the daily work of all employees in our Company. The Code of Conduct, which was updated and supplemented in 2018, is also available outside the Company via the Company's website in all languages that are relevant to the Group’s employees. In it, options for employees to report possible violations of the law in the Corporate Group are described. These are also open to third parties outside of the Company.

Compliance with legal and internal Company regulations is a comprehensive task for which each area of the Company is fundamentally responsible. Committed employees educate themselves further when required and take part in training in order to recognize and address current developments in their respective areas of responsibility. All determined breaches of compliance will be sanctioned accordingly. With external support, an enhancement and adaptation of the Compliance Management System is currently taking place.

Accounting and auditing

Pursuant to statutory provisions, the Consolidated Financial Statements of Pfeiffer Vacuum and the Quarterly Financial Reports are prepared in accordance with the current International Financial Reporting Standards (IFRS) as applicable in the European Union.

The Consolidated Financial Statements of Pfeiffer Vacuum Technology AG as the parent corporation are prepared in accordance with the provisions of the German Commercial Code (“HGB”). These Annual Financial Statements were audited pursuant to the resolution of the Annual General Meeting on May 23, 2019 by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany. PricewaterhouseCoopers GmbH also audits the Annual Financial Statements of Pfeiffer Vacuum Technology AG as well as the report on relations with affiliated companies.

It was agreed with the auditors that the Chairman of the Audit Committee shall be immediately informed about any reasons for exclusion or prejudice arising during the audit, unless these are eliminated immediately. The auditor must also immediately report all findings and events of importance to the Supervisory Board that arise during the audit. In addition, the auditor must inform the Supervisory Board and note in the audit report if the auditor determines facts during the course of the audit that are not compatible with the Statement of Compliance submitted by the Management and Supervisory Boards pursuant to § 161 of the German Stock Corporation Act (“AktG”).

Compensation report

In the following section, the compensation for members of the Management and Supervisory Boards is detailed.

Compensation for the Management Board

Each Management Board member receives an annual fixed salary and benefits in kind, in particular, in the form of company cars provided.

Each Management Board member continues to receive an annual bonus for the respective financial year depending on the achievement of pre-defined targets (short-term variable compensation). The bonus is K€ 140 when fully achieved and is paid after the Annual General Meeting for the previous year. For 2018 and 2019, each Management Board member has been assigned some short-term goals corresponding to the respective area of responsibility.

In addition, each Management Board member receives long-term variable compensation depending on the achievement of defined goals during a three-year assessment period. Half of the long-term variable remuneration depends on the development of the company's EBITDA and the other half on the achievement of a further target set by the Supervisory Board (so-called Key Performance Indicators or KPIs) or, alternatively, several further KPIs pre-defined by the Supervisory Board during one three-year assessment period. The amount of the annual bonuses and the long-term variable compensation are based on the degree to which the targets have been achieved and amount to K€ 160 when the targets have been fully met. The target fulfillment achieved so far was recognized as a provision as of December 31, 2019 and as of December 31, 2018.

However, the long-term variable remuneration does not become due until two years later, and only in full if the result in the year under review is at least as high as the result of the previous year. If it falls below, the long-term incentive is reduced accordingly. The starting point of the calculation in both cases is an annual target amount, which is allocated for the long-term remuneration for the following three-year period. The payment of the long-term variable remuneration granted in 2018 can therefore be made for the first time after the end of the 2020 fiscal year. Accordingly, payment of the long-term variable remuneration granted in 2019 can be made for the first time after the end of the 2021 fiscal year.

Table showing Management Board compensation (in K€)

Benefits granted (in K€)	Dr. Eric Taberlet Chairman of the Management Board Starting date: November 27, 2017			
	2019	**2019 Minimum value**	**2019 Maximum value**	2018
Fixed compensation	290	290	290	251
Fringe benefits	146	146	146	38
Total	**436**	**436**	**436**	**289**
One-year variable compensation	102	-	140	140
Multi-year variable compensation (from 2018)	34	-	53	53
Multi-year variable compensation (from 2019)	34	-	53	-
Total variable compensation	**170**	**-**	**246**	**193**
Other	-	-	-	-
Total	**606**	**436**	**682**	**482**
Pension benefits	-	-	-	-
Comprehensive compensation	**606**	**436**	**682**	**482**

In 2019, the social security liability of Dr. Eric Taberlet's remuneration was established in France. The employer's contributions paid as a result are included in the fringe benefits.

Benefits granted (in K€)	Nathalie Benedikt Chief Financial Officer Starting date: November 27, 2017			
	2019	**2019 Minimum value**	**2019 Maximum value**	2018
Fixed compensation	211	211	211	220
Fringe benefits	32	32	32	20
Total	**243**	**243**	**243**	**240**
One-year variable compensation	102	-	140	140
Multi-year variable compensation (from 2018)	34	-	53	53
Multi-year variable compensation (from 2019)	34	-	53	-
Total variable compensation	**170**	**-**	**246**	**193**
Other	-	-	-	-
Total	**413**	**243**	**489**	**433**
Pension benefits	-	-	-	-
Comprehensive compensation	**413**	**243**	**489**	**433**

Benefits granted (in K€)	Dr. Ulrich von Hülsen Member of the Management Board Starting date: August 1, 2017 Leaving date: June 30, 2019			
	2019	**2019 Minimum value**	**2019 Maximum value**	2018
Fixed compensation	111	111	111	220
Fringe benefits	5	5	5	8
Total	**116**	**116**	**116**	**228**
One-year variable compensation	-	-	-	140
Multi-year variable compensation (from 2018)	53	-	53	53
Multi-year variable compensation (from 2019)	-	-	-	-
Total variable compensation	**53**	**-**	**-**	**193**
Other	-	-	-	-
Total	**169**	**116**	**169**	**421**
Pension benefits	-	-	-	-
Comprehensive compensation	**169**	**116**	**169**	**421**

Benefits granted (in K€)	Dr. Matthias Wiemer Member of the Management Board Starting date: April 1, 2007 Leaving date: June 30, 2019			
	2019	**2019 Minimum value**	**2019 Maximum value**	2018
Fixed compensation	350	350	350	350
Fringe benefits	14	14	14	14
Total	**364**	**364**	**364**	**364**
One-year variable compensation	70	-	70	140
Multi-year variable compensation (from 2018)	27	-	27	53
Multi-year variable compensation (from 2019)	26	-	26	-
Total variable compensation	**123**	**-**	**123**	**193**
Other	-	-	-	-
Total	**487**	**364**	**487**	**557**
Pension benefits	277	277	277	225
Comprehensive compensation	**764**	**641**	**764**	**782**

Total benefits granted to the Management Board (in K€)	**2019**	2018
Fixed compensation	962	1.041
Fringe benefits	197	80
Total	**1,159**	**1,121**
One-year variable compensation	274	560
Multi-year variable compensation (from 2018)	148	212
Multi-year variable compensation (from 2019)	94	-
Total variable compensation	**516**	**772**
Other	-	-
Total	**1,675**	**1,893**
Pension benefits	277	225
Comprehensive compensation	**1,952**	**2,118**

Benefits received (in K€)	Dr. Eric Taberlet Chairman of the Management Board Starting date: November 27, 2017		Nathalie Benedikt Chief Financial Officer Starting date: November 27, 2017		Dr. Ulrich von Hülsen Member of the Management Board Starting date: August 1, 2017 Leaving date: June 30, 2019		Dr. Matthias Wiemer Member of the Management Board Starting date: April 1, 2007 Leaving date: June 30, 2019		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Fixed compensation	290	278	211	240	111	220	350	350	962	1.088
Fringe benefits	146	38	32	20	5	8	14	14	197	80
Total	**436**	**316**	**243**	**260**	**116**	**228**	**364**	**364**	**1,159**	**1,168**
One-year variable compensation	132	29	132	29	129	109	247	300	640	467
Multi-year variable compensation (from 2018)	-	-	-	-	-	-	-	-	-	-
Multi-year variable compensation (from 2019)	-	-	-	-	-	-	-	-	-	-
Total variable compensation	**132**	**29**	**132**	**29**	**129**	**109**	**247**	**300**	**640**	**467**
Other	-	-	-	-	-	-	-	-	-	-
Total	**568**	**345**	**375**	**289**	**245**	**337**	**611**	**664**	**1,799**	**1,635**
Pension benefits	-	-	-	-	-	-	-	-	-	-
Comprehensive compensation	**568**	**345**	**375**	**289**	**245**	**337**	**888**	**664**	**1,799**	**1,635**

The bonuses for the 2018 fiscal year were granted following a resolution of the Management Board Committee.

The aforementioned compensation is disclosed for the members of the Management Board active in 2018 and 2019. There were no compensation elements granted or paid in 2018 and 2019 for Manfred Bender who was dismissed as a member of the Management Board on November 27, 2017.

Dr. Matthias Wiemer has received a pension commitment in the unchanged amount of 40% of the last fixed salary. In this context, net pension expenses pursuant to IFRS [International Financial Reporting Standards] amounting to K€ 277 were recognized in the income statement in 2019 (previous year: K€ 225).

In addition, there are pension commitments to former Management Board members. The net pension costs of the completed financial year attributable to this group of persons amount to K€ 91 (previous year: K€ 80).

After a repatriation of K€ 53 in 2018, a total of K€ 5 was paid into the Pfeiffer Vacuum Trust e.V. in 2019. The net pension obligation for former Management Board members is K€ 8,346 (previous year: K€ 6,869). Current pensions in 2019 remain unchanged at the amount of K€ 371.

Compensation for the Supervisory Board

The members of the Supervisory Board received a fixed compensation (exclusively) determined by the Annual General Meeting. On May 24, 2016, the Annual General Meeting approved an increase in the Supervisory Board's compensation from fiscal year 2016 onwards. If members of the Supervisory Board leave or are newly elected during the fiscal year, their remuneration will be paid on a pro rata temporis basis.

The composition of the remuneration for 2019 and 2018 is as follows:

Fixed compensation of the Supervisory Board Members (in K€)	**2019**	2018
Ayla Busch, Chairwoman of the Supervisory Board	105	105
Götz Timmerbeil, Deputy Chairman of the Supervisory Board	70	70
Filippo Th. Beck	35	35
Helmut Bernhardt (until June 30, 2019)	17.5	35
Manfred Gath	35	35
Henrik Newerla (from March 19, 2018)	35	28
Matthias Mädler (from July 1, 2019)	17.5	-
Total	**315**	**308**

Proven expenses incurred by the Supervisory Board, such as travel expenses, will be reimbursed.

Negative statement

No further benefits were paid to Management or Supervisory Board members over and above the listed compensation components. In particular, no stock options were granted, no loan entitlements were established, and no liability commitments were pronounced. In addition, no special agreements were made further on in connection with the termination of the activities for the Management or Supervisory Boards or in connection with claw-back claims.

Risk and Opportunities Report

ASSESSMENT OF THE MANAGEMENT BOARD OF OVERALL RISKS AND OPPORTUNITIES

In order to achieve sustained success and remain competitive, Pfeiffer Vacuum always seeks to identify early on and actively utilize opportunities that present themselves. However, seizing opportunities also means consciously taking risks. Handling these responsibly has a decisive influence on the success of the company. Overall, we strive to achieve a balanced relationship between opportunities and risks by facing and countering them systematically and in a controlled manner.

An early risk detection system is necessary not only from a business management point of view, but also due to legal regulations, in particular § 91, Sub-Para. 2 of the German Stock Corporation Act (“AktG”).

The assessment of the overall risk and opportunity situation is based, on the one hand, on the consideration of all significant individual risks and opportunities, which are reported as part of the Group-wide risk and opportunity assessment process and summarized in risk categories. On the other hand, the identification and evaluation of opportunities, while weighing up potential risks, which we make a component of our strategic orientation and short-term and medium-term corporate planning, serves to secure the long-term success of the company. The results of these processes are regularly analyzed and reported to the Management Board.

In the 2019 fiscal year risk and opportunity management at Pfeiffer Vacuum was reviewed and aligned with the internal and external requirements. Opportunity-based and at the same time risk-conscious action is encouraged. The presentation of opportunities and risks in this report differs from the previous year since we have further developed both the categorization and the assessment criteria used for evaluation. As a result of a largely differentiated, cause-related consideration and assessment, our reporting has changed in comparison to the previous year with regard to our overall presentation and assessment of individual risks. Our assessment of the overall risk has not changed significantly. We are of the opinion that the risk and opportunity management system in place is suitable for identifying, analyzing and quantifying existing and potential risks and opportunities in order to manage them adequately.

We are tasked with mastering future challenges and seizing opportunities that arise in order to achieve the goals we have set ourselves. Taking into consideration the risks and opportunities discussed in this Risk and Opportunity Report, there are no identifiable risks to Pfeiffer Vacuum Technology AG and its major subsidiaries that could jeopardize the Company's continued existence, either as of the balance sheet date or at the time of preparation of the financial statements. In accordance with § 317, Sub-Para. 4 of the German Commercial Code (“HGB”), the auditor examined whether the early risk detection system is suitable for the early identification of risks that could jeopardize the Company. This examination revealed no objections.

RISK AND OPPORTUNITY MANAGEMENT SYSTEM

We define risks as possible future events that could have a negative impact on the achievement of our corporate goals and that involve uncertainty about the occurrence of an event. Accordingly, we define opportunities as potential events that may result in positive deviations from our corporate goals. Our Group-wide risk and opportunity reporting covers strategic, operational, legal, financial and compliance risks and corresponding opportunities. The aim is to identify, evaluate, control, monitor and systematically report on these in good time.

Organization and processes of risk and opportunity management system

Overall responsibility for Pfeiffer Vacuum's effective risk and opportunity management system rests with the Management Board. The system is being continuously developed and adapted to the latest requirements in close coordination between the Management Board and the Global Compliance & Risk Management department (Compliance). The Compliance department is responsible for organizing, controlling and monitoring this system. Pfeiffer Vacuum views risk and opportunity management as a Company-wide task in which all employees of the local corporate units as well as global functional areas play a crucial role. The principles, procedures, responsibilities and reporting requirements within the Group are set out in the Group policy: Risk Management. The business units and their operational managers are responsible for identifying, assessing and managing opportunities and risks. The managers responsible are obligated to report on all relevant risks.

Identification of risks and opportunities

We view the identification of risks and opportunities at Pfeiffer Vacuum as an ongoing task and a component of our existing business processes. It comprises the systematic observation and analysis of internal and external events and developments that could have a positive or negative impact on the achievement of our corporate goals.

With the step towards an integrated and process-oriented organization and a global and company-wide network of experts, as well as the worldwide sales network, we always endeavor to seize opportunities that present themselves and identify and control potential risks in a quick and purposeful manner. Potential opportunities are also discussed, analyzed and specified in detail as part of the strategy and planning processes and are implemented in the form of operational or strategic projects.

We conduct market and competition analyses in order to be able to explicitly make optimum use of industry and overall economic opportunities. This provides us with a good overview to further broaden our market share by specifically utilizing our potential. By being in contact with our customers, we strive to identify trends early on and thus enable us to actively shape changes in the marketplace.

The monthly Group reporting system supports risk and opportunity management with a wide range of key figures and reports, which serve as an important basis for the business units, Management Board and Supervisory Board to regularly discuss current business and draw conclusions. Regular management meetings and the exchange of information with representatives from Group units are also firmly established practices that give business unit heads and our subsidiaries the opportunity to exchange information with each other and the Management Board and discuss potential risks and opportunities.

In addition to monthly reporting, our internal controlling system (ICS) helps us to identify risks in daily processes and thus avoid potential errors. The processes reviewed in this connection are first and foremost ones that have a major impact on Pfeiffer Vacuum’s annual earnings. Regularly conducted inspections should protect against human error, system errors, and breaches of internal regulations.

To ensure the completeness and comparability of the identified risks, a risk register with principal and subcategories was developed as part of the risk management policy. Identifying the cause of the risk is decisive for being able to classify any identified risks. This makes it possible to aggregate the results at both the reporting unit level and Group level.

Risk assessment

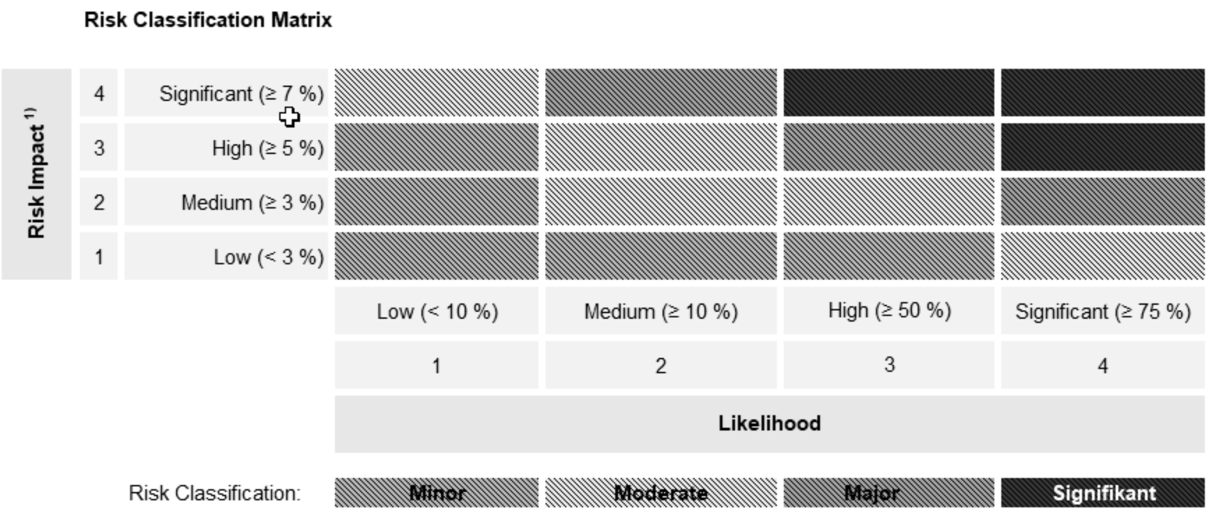
Any risks identified are assessed on the basis of two dimensions: the extent of the risk and the probability of occurrence. For assessing both, the extent of the risk and the probability of occurrence, the following four categories are differentiated: low, medium, high and significant (formerly: low, medium and high). For the Group and its subsidiaries, the following assessment criteria apply, which express the extent of the risk as a financial component in terms of its quantitative impact in relation to the EBIT:

Assessment: Risk Impact		
Category		EBIT-Impact
1	Low	< 3 %
2	Medium	≥ 3 %
3	High	≥ 5 %
4	Significant	≥ 7 %

Assessment: Likelihood			
Category		Definition as Frequency	Definition as Probability
1	Low	≤ 1 occurrence in 10 years	Rare < 10 %
2	Medium	> 1 occurrence in 10 years	Possible ≥ 10 %
3	High	> 1 occurrence in 4 years	Most Likely ≥ 50 %
4	Significant	≥ 1 occurrence per year	Almost Certain ≥ 75 %

The assessment of the risk is the product of the extent of the risk and the probability of its occurrence. On this basis, risks are classified into low, moderate, high and significant risks (previously: low, medium, high) according to the following chart.

Risk classification matrix



[1] Quantitativ impact in relation to EBIT

As part of the risk assessment method, potential risks are assessed before risk-controlling measures are taken (gross risks) and the residual risks after the implementation of risk-controlling activities already taken or still necessary (net risks). The assessment in this report reflects only the net risks. In order to remain consistent with the forecast, a period of one year was used as the basis for assessing the risks in this report.

Opportunity / risk reporting and management

Systematic risk and opportunity reporting takes place in a multi-stage process. The local Group units prepare reports in accordance with the risk management policy. These are reviewed by the compliance department, aggregated and provided to global functional area managers for review, validation and feedback. Based on the information provided by the risk managers, a report will be prepared for the Management Board, which decides on further control measures if necessary. A Group risk report is prepared on the basis of all these findings.

In the event of occurrences or circumstances that owing to their significance or materiality require immediate disclosure of information outside regular risk reporting procedures, this must be done ad hoc to the Management Board, the compliance department or the emergency intervention committee (EIC) that has been set up.

On the basis of the identified and assessed risks, the risk managers have the task of defining and implementing suitable risk management measures for material risks and monitoring the effectiveness of the measures. When deciding on control measures, the costs and benefits of any measures must be taken into account.

Both the global function heads and the compliance department work in close coordination with the risk managers and monitor the progress of the measures planned to control risk. In addition, strategic focus topics, their progress and effects on the company are discussed at regular meetings of the Management Board.

EXPLANATION OF RISKS AND OPPORTUNITIES

In the following, all material Group risks and opportunities that are considered relevant from today's perspective are explained. The risk presentation differs from the previous year since the categorization and the assessment criteria used for valuation have been further developed.

Overview of Group risks

Risk category	**Risk classification**			
	Low	Medium	High	Significant
Strategic risks				
Macroeconomic and socio-political	X			
Market development		X		
Cooperations	X			
Acquisition and integration	X			
Product portfolio and technology	X			
Organizational Development		X		
Operational risks				
Research and development		X		
Procurement	X			
Supply Chain	X			
Production	X			
Environment, health, safety, quality		X		
Sales, service and marketing		X		
Personnel Management		X		
Information technology/Information security		X		
External incidents			X	
Cost improvement		X		
Financial risks				
Foreign currencies	X			
Liquidity situation	X			
Legal and compliance risks				
Contract management		X		
Taxes		X		
Patents and property rights		X		
Data protection		X		
Export Control		X		
Antitrust Law		X		
Compliance, others	X			
Sustainability	X			

Strategic risks and opportunities

Macroeconomic and socio-political As a globally operating corporate Group, Pfeiffer Vacuum is dependent upon the global development of the economy. Economic downturns, financial market and exchange rate fluctuations, geopolitical uncertainties and tensions, and military conflicts can have a direct negative impact on our business development. Market-specific economic weaknesses, in particular in the semiconductor market, can also have a disproportionately high impact on the development of Pfeiffer Vacuum's sales revenues. In addition, uncertainties arising from international trade conflicts, economic policy sanctions, but also the increasing effects of climate change, can also pose potential risks in the form of lost sales or cost increases for the Group.

We continuously monitor macroeconomic and socio-political developments, communicate and discuss our findings and assessments within the company-wide network of experts in order to identify potential risks in good time and to find and implement suitable risk management measures.

Pfeiffer Vacuum has a balanced regional and market segment-related distribution of sales. This leads to a balance in the overall structure of sales in economically weak and economically growing markets and industries. This is because all regions and market segments are rarely affected to the same extent by deteriorating economic development. The management of economic risk also includes the control of capacities and costs. By using flexible working time models, we try where possible to adjust production capacities to changing developments in the order situation.

With Britain's withdrawal from the European Union, an unregulated Brexit seems to have been initially avoided. In the transition phase, which will last until at least the end of 2020, Britain and the EU intend to negotiate their future relations for the period after Brexit. During the transition phase, Britain will remain in the EU internal market and the European Customs Union, and all EU rules will continue to apply. There are no customs controls, import or travel restrictions. Until then, the country will still pay its contributions to the EU budget, but these are expected to cease from 2021 onwards. The EU states in eastern and southern Europe therefore fear that they will receive less aid, which could lead to a weakening of the economy in the countries concerned. Rapid agreement is now called for on a new EU budget that leaves aid intact for the economically weaker member states.

The continued loose monetary policy of the major central banks around the world is to be regarded as favorable to growth. Investment activity and the domestic market in the euro zone will also continue to be stimulated by the expansive monetary policy of the European Central Bank. As also explained in the forecast, and based on the expectations of external market observers, the global semiconductor market is expected to grow significantly in the coming years. We see this as an opportunity to benefit disproportionately from this trend in the medium and long term.

We are confident that our broad strategic realignment, with its focus on clearly defined topics, will help us to counter risks while simultaneously providing an opportunity to advance the dynamic development of Pfeiffer Vacuum.

Market development Sales in Pfeiffer Vacuum’s individual market segments are closely linked to global economic developments. The research & development market, for example, is dependent upon government spending and focuses where research projects are concerned. The semiconductor market follows its own cycles, which offers enormous opportunities during boom phases and involves major risks during phases of weakness. The coating market is closely linked to developments in the solar industry and recorded a slowdown in the past year. The industry market segment brings together a heterogeneous group of industrial customers who require our vacuum solutions for certain production stages. Various industrial trends are opening up new areas of application for our vacuum solutions and helping us to counteract negative general economic developments.

The development in the product categories goes hand in hand with the trends in the individual market segments. This means that smaller turbopumps and analysis equipment are more likely to be required in the analytical industry, which tends to respond on an early cyclical basis. Large quantities of backing pumps are employed in the semiconductor market, but also in other industries whose developments generally conform to those in mechanical engineering.

In order to reduce the risks stemming from dependence upon individual market segments and products, Pfeiffer Vacuum places a great deal of value on its broad-based alignment.

Pfeiffer Vacuum is subject to intense competition. In our opinion, we counter this risk by selling our products not on price but on quality. Our market position should be expanded primarily through new products and solutions, as well as a broader range of services. We see it as an opportunity that our business units are set to benefit from current and future megatrends such as digitization, electromobility, the expansion of renewable energies and rapid developments in the life science industry, nanotechnology and the security sector.

Cooperations With the goal we have set ourselves of always being close to our customers, by our worldwide presence we want to ensure that our customers are always the focus of our activities. Intensive cooperation with our customers, especially the OEMs, helps us to recognize requirements and trends at an early stage and thus actively shape changes in the market.

We see a considerable opportunity to strengthen our competitive position in the vacuum technology industry in the strategic cooperation with Busch SE (Busch Group), which was agreed in May 2019. Since the signing of the cooperation agreement, both companies have been working to realize synergies in the areas of purchasing, sales and service, research & development and IT. The objectives of the cooperation are to strengthen the competitive position in the market for vacuum technology, to better exploit the growth opportunities that arise and to improve cost structures. From the strategic cooperation with the Busch Group, for example in research and development projects as well as procurement and sales processes, we expect to gain support for growth and attain an improved competitive position in the coming years. With respect to the consolidation in the vacuum industry, this collaboration shall also support the objective of positioning Pfeiffer Vacuum as a technology leader and a strong number two in the global vacuum business. The decision to enter into a strategic cooperation is based on the many similarities between the two companies as international vacuum technology groups, which have a complementary product range with solutions for different target markets. Price advantages are to be exploited by bundling the purchasing volume. Complementary product and service offerings will expand the market presence of both companies. Collaboration on individual research and development projects is expected to lead to greater innovative strength and higher profitability.

Acquisition and integration The integration of companies into the purchaser’s corporate group always poses a special challenge. In order to preclude as far as possible the risk that the expectations placed on the acquisition may not fully materialize, we conduct detailed due diligence reviews in advance of a corporate acquisition. Analyzed here in particular are the legal situation, technical equipment, production planning, and the current and expected financial position of the company to be acquired. To minimize legal and financial risks in particular, we draw upon the counsel of reputable law firms and tax advisors with substantial experience of acquisitions on this scale during the period of preparing and realizing the acquisition. Taken as a whole, these measures aim to ensure that all aspects of the corporate acquisition are taken into consideration. They also enable conclusions to be drawn about potential synergies resulting from the acquisition. These measures are intended to significantly reduce the risk of unforeseen developments. However, this risk can never be entirely excluded since a successful acquisition depends upon many other additional factors. This also applies for the integration which follows after acquisition.

To restrict integration-related risks, proven Pfeiffer Vacuum guidelines, which ensure structured and successful business operations, are implemented promptly in the newly acquired companies. Directly after acquisition, these companies are also integrated into the reporting system in the Pfeiffer Vacuum Group to allow targeted management of the individual companies. Besides extensive reporting, this also includes regular communication via telephone conferences or meetings at the locations of these companies. In addition, the standardized risk management system is instilled in the newly acquired Group companies in order to identify the risk of possible misdevelopments in good time.

Product portfolio and technology Products and services that do not meet customer needs can lead directly to potential declines in sales and thus to a loss of market share and reputation. Therefore, the key risk factors for Pfeiffer Vacuum include a lack of innovative strength and the loss of quality of products and services. For this reason, from the very beginning we have set ourselves the primary goal of offering our customers reliable, durable, high-performance and energy-efficient products. We combat these risks through ongoing customer contact and the resulting market intimacy. The information thus obtained about the needs of our customers enables us to develop and offer products that are suited to their demands. This allows us to expand both our competitive position as well as our name recognition. In addition, we will steadily increase spending on new research and development projects in the coming years in order to benefit from megatrends and offer innovative products. In addition, maintaining high quality standards is of the utmost importance to us. We received certification to ISO 9001:2008 for the first time in 1995, and this has since been sustained without interruption. Innovative products and a steady expansion of the product portfolio offer us ways to better and more broadly serve existing markets and opportunities to generate additional sales volume by gaining market share. Selective acquisitions can help us to expand our technology or market access in order to strengthen our own market position.

Organizational development Pfeiffer Vacuum's growth strategy and the challenges it poses are extensive and involve the entire corporate organization. The implementation of our strategic growth strategy, such as the expansion and modernization of production capacities, the harmonization of processes and systems by standardizing the ERP landscapes, projects in the areas of research & development and the realization of synergies in the core business units through cooperation with the Busch Group, present a multitude of tasks that need to be harmonized. Both the scope of the tasks and their complexity present some of our employees with challenges.

The risks that may arise stem from the fact that individual employees and managers may be more heavily burdened due to their involvement in various projects. This can lead to delays in implementation or to unplanned additional costs. We counter these risks by promoting open communication, by reaching rapid decisions on an ongoing basis and providing additional resources as required.

Operating risks and opportunities

Procurement, supply chain, production On the procurement market there are fundamental risks, in particular in the form of supply bottlenecks, dependence on individual suppliers, price increases, quality problems, adverse changes in the economic and political environment and external disruptions. These could have a negative impact on our internal business processes and lead to cost increases. We counter these risks by carefully analyzing and selecting our potential suppliers and by conducting ongoing supplier qualification programs. We also access external business information databases. We counteract possible supply bottlenecks and supplier dependencies primarily by continuously examining alternative suppliers (second source suppliers). We try to reduce risks from expected market shortages of raw materials and associated price increases, by means of long-term framework contracts wherever possible. Further measures include the targeted optimization of strategic and local procurement, close cooperation with supply chain management and the accelerated realization of synergy effects from the cooperation with the Busch Group described above. We pay special attention to the continuous optimization of our measures and processes against the increasing complexity in the supply chain. Achieving maximum efficiency can become a success factor in competition here. We seize the opportunity to improve our processes, reduce costs and at the same time offer better service.

Interruptions to production or production losses due to internal or external incidents, but also a lack of production capacity, are among the main risks that can prevent product availability on schedule. In order to reduce technically caused downtimes to a minimum, modern production machinery and equipment as well as qualified technicians are used. Regular servicing and preventive maintenance of the machinery and efficient energy management also contribute to further risk prevention. The desired best possible design of our production networks helps us to optimize the interaction and control of our production sites, avoid possible capacity bottlenecks and focus even more on the needs of our customers. We see further investments in the expansion, modernization and optimization of our production, logistics and service processes as an opportunity to offer our customers high-quality solutions even faster.

Environment, health, safety, quality Deficits in connection with occupational safety, environmental protection, health protection and the quality of our products and services could have a negative impact on the financial position and profitability of Pfeiffer Vacuum, and in the worst case could lead to a loss of reputation. We therefore place the highest demands on safety, environmental and health protection and the product quality. As a responsible employer, Pfeiffer Vacuum strives to limit as far as possible the number of accidents and the frequency of sick days. We also take our customers' security requirements very seriously. Nevertheless, not all events can always be prevented. We prevent risks relating to quality defects by continuously optimizing our quality and process management. At Pfeiffer Vacuum, the issue of occupational safety is the responsibility of at least one central internal contact (Environment, Health and Safety Department) or external contact at the principal manufacturing locations. Regarding the measures of our quality and EHS management, we refer to the detailed explanations in the section "Non-financial Group Report".

External incidents As a globally operating company, Pfeiffer Vacuum cannot avoid external risks. Increasing effects of climate change, natural disasters, fire, accidents, but also the spread of diseases across countries and continents, can lead to business interruptions or property damage to the company's assets, as well as endanger the health of our employees. As far as possible and economically justifiable, we have taken out insurance to minimize the financial consequences of such risks. In addition, we implement possible preventive measures and optimize contingency plans for the rapid resumption of our business activities. Furthermore, we repeatedly undergo local safety management audits.

The coronavirus outbreak has been affecting life and economic activities in China since January 2020. The health and safety of all our employees is our highest priority. For this reason, rules of conduct and safety have been established for the Group. Among other things, business trips have been restricted, homeworking enabled and video conferencing favored as a means of communication. Furthermore, we continuously analyze developments and adapt our actions accordingly.

The quarantine measures adopted by the Chinese government may impact the economy. Production losses in Chinese industry could noticeably intensify the effects of the coronavirus on the German economy. Currently, it is not possible to adequately assess the extent to which the coronavirus will negatively impact business development, such as through delays in the supply chain.

Human resources management As a provider of vacuum solutions, which represents a special field of mechanical engineering, we are dependent on a high level of education, training and commitment of our employees. Competition for a diverse and highly qualified workforce, such as specialists, experts or talents in all areas continues to be intense in our industry and the regions in which we do business. There is a general risk of losing qualified employees or of not being able to recruit, develop and retain enough qualified personnel for our company to meet the high demands of our customers. This could have a negative impact on customer satisfaction. If this adversely affected current business and order acquisition, negative effects on profitability, the financial position and liquidity could not be ruled out. This results in high economic risks.

As part of our human resources controlling, we monitor structural changes within our workforce and can thus identify and counteract undesirable developments at an early stage. We counter this risk with strategic human resources projects that are implemented globally. These projects strengthen employer branding and the recruitment, retention and development of employees and specialists.

The substantial reshaping of the Pfeiffer Vacuum organization could affect the commitment of the people who work for the Company as well as their loyalty to the corporate Group. We have therefore increasingly implemented change management initiatives and communication measures.

Information technology and information security Due to the increasing digitization in all business processes, the requirements regarding confidentiality, integrity and availability of electronically processed information and the associated use of information technology (IT) are high. In addition to the increased threat of cybercrime, the regulatory requirements for handling information are also increasing, for example as a result of the EU general data protection regulation.

The confidentiality, integrity and availability of information, data and systems is threatened not only by cyber-attacks and direct physical interference but also by a lack of awareness and misconduct of employees. This also includes the risks of system failures, data loss and virus or hacker attacks that could lead to an interruption of business activities. A further indirect consequence could be reputational damage.

We keep the risk of data losses to a minimum by performing daily backups of our complete corporate data. Our corporate database with sensitive information from manufacturing, materials management, order processing, financial and cost accounting are subject to a high security standard. All files created by our employees within the server environment are also backed up on a daily basis. Our backup tapes are stored in secure, fireproof locations. The activities of our in-house support team reduce system outages to a low level. The Company also uses regularly updated virus scanners and modern firewalls to protect its hardware and software against the risk of computer viruses and hacking.

The occurrence of risks in connection with information security and IT could have a high impact on the Group’s results. Despite extensive security measures, the risks in this area are rated as high.

Within the framework of risk management, information security and IT risks are systematically recorded and assessed with the support of the specialist departments. Despite preventive safety measures of logical access protection for program maintenance and IT-operations, risks in this environment cannot be completely excluded. All employees are obliged to handle information such as confidential business, customer and employee data with care, to use information systems securely and to deal with risks transparently. An information security management system in accordance with the ISO/IEC 27001 standard is currently being set up and implemented in order to comprehensively plan, implement and continuously improve the handling of these risks and the security measures.

Sales, service and marketing The potential loss of important customers or failure to acquire new customers could have a negative impact on our sales and service activities. Reasons for this could be inadequate customer relationship management, inadequate response time or flexibility, or delayed market entry. Dependence on individual customers or their investment behavior also entails risks.

Pfeiffer Vacuum's mission is thus clearly aligned to expanding our global presence. The focus is on selected Asian countries, especially China. The realignment of our global sales organization, consisting of sales, service, support and business development, combined with a regional and market segment-specific network of specialists, should help us to identify our customers' needs early on, optimize our customer relationship management and at the same time manage our resources in an appropriate manner.

The globally active sales teams are interlinked, and uniform Pfeiffer Vacuum sales rules have been put in place. In addition, there are regular product training courses for the permanently expanded product range, which enable sales staff to explain the technological and qualitative advantages of our products and offer suitable solutions for the customer.

The sales organization is controlled by setting annual sales and profit targets (management by objectives). Linked to this is a variable remuneration of the local management of sales companies and sales staff. Target achievement is measured as part of the annual target assessment activities by means of target/actual comparisons and deviation analyses.

Research and development Pfeiffer Vacuum develops, produces and markets high-quality and technologically sophisticated vacuum solutions. Pfeiffer Vacuum's business success and reputation depend heavily on the development of innovative products and solutions. New technical possibilities, trends and changing customer needs may require changes in technology and new business models.

According to our philosophy as a technology leader in the vacuum industry, our primary goal is to offer our customers innovative products and solutions with maximum process efficiency. Our innovative strength is the decisive key to our future business success. In order to utilize opportunities here early on and to minimize the probability of occurrence and the economic impact of the risk, Pfeiffer Vacuum collaborates closely with customers and suppliers on projects that enable it to jointly advance new technologies to market maturity early on. In addition to our own research & development at three locations worldwide, we have an established network with various national and international universities and research institutes.

Cost improvement In order to achieve our long-term goal of an EBIT margin of more than 20% by the year 2025, we have set ourselves the task of continuously improving operating efficiency. This goal can be influenced by internal or external events or undesirable developments. Performance is controlled by means of detailed target/actual comparisons and deviation analyses as part of monthly reporting. These are additionally supplemented by market information. In addition, a regular exchange with the management of the operating companies and functional heads within the Group aims to ensure that business developments are communicated and discussed promptly. These measures are intended to ensure that any possible irregularities are identified and corrected at an early stage.

Financial risks

Foreign exchange As a result of our pronounced international operations and the high percentage of export business that this involves, we are subject to a foreign exchange risk. A distinction must be made with respect to the way foreign exchange risks are controlled; the Company conducts active currency management for all intra-group sales invoiced in U.S. dollars or Korean won. In order to minimize the impact of exchange rates on future sales of this kind, we enter into forward exchange contracts and occasionally forward exchange options for the aforementioned currencies. Moreover, there is a valuation risk in some companies at the close of the fiscal year that stems from intercompany accounts receivable denominated in foreign currencies. Both, gains and losses from realized options and futures contracts, as well as the valuation results stemming from foreign currency accounts receivable, can be controlled to a certain extent. These are reflected in the Consolidated Statements of Income.

In addition to this, the Consolidated Statements of Income also include the income and expenses of non-German subsidiaries that do not report in euros and must therefore first be converted into euros. The line items in the Statements of Income are converted into euros at the annual average exchange rate and then adjusted for intercompany sales and services. Preliminarily leaving selling and general administrative costs out of consideration, the Company's sales are listed in the foreign currency with corresponding manufacturing costs listed predominantly in euros. Sales invoiced in U.S. dollars, for example, are subject to a foreign exchange risk (currency risk) while manufacturing costs are mainly incurred in euros and are not influenced by exchange rate fluctuations. The magnitude of sales and gross profit are therefore influenced directly by the exchange rate and are externally stipulated and non-hedgeable. A certain degree of compensation for this effect results from the fact that the subsidiaries outside of the eurozone record their own selling and general administrative costs, which change counter to sales (natural hedge). As a function of the development of the euro relative to the respective foreign currency – there can be both positive as well as negative effects on sales and operating profit.

Liquidity position The risk of a customer's insolvency always exists, independently of the economic situation (default risk). There are general liquidity risks of being unable to satisfy required payment obligations in a timely manner. The system of accounts receivable management that has been practiced at Pfeiffer Vacuum, along with monitoring of our customers' payment patterns, minimizes creditworthiness risks and thus accounts receivable losses. Moreover, our dependence upon individual customers is limited.

Financial liabilities amounted to € 73.6 million on December 31, 2019 (corresponding to a share of 11.2% of the balance sheet total). With cash and cash equivalents of € 112.0 million, there is therefore no net debt, as in previous years. This means that there is sufficient room for maneuver financially to assure the survival of the Company, even in difficult economic times. Our operational business generates sufficient liquid assets to enable the Company to continue to grow from within.

Legal and compliance risks and opportunities

Contracts, taxes, patents and property rights As a result of Pfeiffer Vacuum's international business operations, the Company is subject to a variety of country-specific legal risks. National and international contract law and taxation are of particular significance in this connection. These areas can have a direct bearing on the Company's profitability and financial position. In order to minimize potential risks, we have set ourselves the goal, among other things, of reviewing global contract management and optimizing it in line with the growing requirements.

Moreover, as is the case for many other globally operating technology companies, a growing number of cases involving "intellectual property rights" can also harbor potential risks for Pfeiffer Vacuum. Possible damages resulting from the violation of such rights may lead to payments of compensation claims right up to a conviction to refrain from selling a product or using a certain technology. Standardized terms and conditions of contract and business are always employed to minimize the risk stemming from contracts entered into for products and services. In the case of special contracts, the contract instrument is first reviewed in-house and then by external legal counsel, if necessary. The expertise required to assess day-to-day business is provided by our qualified staff in the legal, patent, tax and sales departments. For complex questions of national and international taxation or patent matters, we make use of the assistance of external tax consultants and patent attorneys. Product liability risks are covered by appropriate insurance. No legal disputes are currently pending whose outcome could have a material impact on the Company's earnings or financial position.

Compliance, export control, antitrust law, data protection, sustainability The focus of our compliance activities is primarily on the fields of anti-corruption, antitrust, data protection, information security and export control, as the occurrence of such risks can have a significant impact on our business activities and thus on our profitability, financial position and liquidity. Failure to do so could result in loss of reputation, criminal or civil prosecution, fines, penalties, injunctions, profit skimming, disqualification from participating in certain transactions or other restrictions.

To counter these risks, the company has implemented a global compliance management system. The aim of this is to avoid compliance breaches as far as possible by means of preventive measures, to detect any misconduct at an early stage, to react quickly in the event of confirmed violations and to penalize misconduct.

The effectiveness and efficiency of our compliance program is of central importance and we place particular emphasis on its strict implementation. In this way we set binding standards for our employees.

The cornerstone of this compliance program is an analysis and assessment of compliance risks in the various global functions and Group companies. These risk analyses form the basis for a corresponding compliance risk classification and the detailed design of compliance measures.

Violations of export control regulations can have massive consequences for the company as well as for the responsible actors: In addition to a reputation risk, there is also the threat of loss of export privileges and a personal liability risk. To counteract this, the company has set up a global export control organization to analyze local and international laws and monitor their compliance.

Pfeiffer Vacuum also views itself as being exposed to competition and antitrust risks. These result, in particular, from the fact that the Pfeiffer Vacuum Group operates in a market characterized by oligopolies. The company minimizes the risks of antitrust violations through trainings for its employees.

Protecting the personal rights of its customers, people, shareholders and suppliers has always been an important and self-evident concern for the Pfeiffer Vacuum Group. As a trustworthy partner, the careful handling of the data made available to us is a priority for us. We are constantly developing our data protection measures to meet our responsibility. Unauthorized access to sensitive data, such as personnel master data, can result in liability consequences. Added to this is the associated loss of reputation.

The operational tasks of data protection management are anchored in the specialist departments. The risk analysis as well as the measures and monitoring are supported by the compliance management system.

Pfeiffer Vacuum views the compliance risk as relevant, while the probability of occurrence is low. The assessment of the overall risk is the result of the consolidated consideration of all significant individual risks. Pfeiffer Vacuum significantly improved its compliance management system in the years 2018 and 2019. New compliance measures were implemented and shall contribute to an improved risk situation going forward.

With the new global corporate strategy, sustainability has become a component of the corporate mission statement of the Pfeiffer Vacuum Group. Sustainability, for the Group, means first and foremost ethical action with respect for all stakeholders and responsibility for the economic, ecological and social impact. The trend towards increased sustainability requirements in our customer industries continues. We intend to exploit the resulting opportunities in a growing market even more systematically in the future through more sustainable innovations. For further information in connection with sustainability, please refer to the section "Non-Financial Group Report".

MISCELLANEOUS

Risk management as it relates to consolidated accounting

The purpose of an internal consolidated accounting control system is to ensure adequate certainty by implementing controls that – despite identified risks – enable consolidated financial statements to be prepared in accordance with applicable standards. The Management Board bears overall responsibility for the internal control and risk management system in respect to the consolidated accounting process. All companies included in the Consolidated Financial Statements are covered by a strictly defined management and reporting organization. The principles, the organizational and procedural structures, as well as the processes of the individual control and risk management systems relating to consolidated accounting, are stipulated throughout the entire Corporate Group in guidelines and organizational procedures that are adapted if needed to reflect current external and internal developments. Our internal experts also work together with external counterparts on a case-by-case basis. This enables us to ensure that our accounting is in compliance with IFRS accounting and valuation regulations.

In respect of the consolidated accounting process, we consider those characteristics of the internal control and risk management system to be key that can have a decisive influence on consolidated accounting and on the overall view presented in the Consolidated Financial Statements. In particular, these are the following elements:

- Identification of the major fields of risk and areas of control that are relevant to the consolidated accounting process,
- Monitoring controls for enabling the consolidated accounting process to be supervised by the Management Board,
- Preventive control measures in the finance and accounting systems of the Corporate Group and the companies included in the Consolidated Financial Statements, as well as in operational corporate processes that generate key information for drawing up the Consolidated Financial Statements, including the Management Report for the Corporate Group (including separation of functions),
- Measures that assure proper IT-based processing of facts and data that relate to consolidated accounting.

Rating

Pfeiffer Vacuum Technology AG is not subject to any official rating by Moody's, Standard & Poor's or similar agencies.

Subsequent Events and Outlook

Subsequent Events

There have been no significant changes to the Company's situation or the industry environment since the beginning of the 2020 fiscal year.

Outlook

Overall economic development The International Monetary Fund (IMF) expects the global economy to regain momentum in 2020. In their current forecast, the "World Economic Outlook", the experts assume that the global economy will grow by 3.3% this year, while they estimate growth for 2019 at only 2.9%. The IMF economists' current expectations for global growth are thus lower than in the last forecast of October 2019, when the IMF forecast growth of 3.4% for 2020. The IMF revised its forecast for 2021 to 3.4%, compared with 3.6% previously. The recovery will not be as strong as the IMF experts predicted in October 2019.

The main reason for the lowered forecast is the surprisingly negative news from some emerging markets, including South Africa, Mexico and especially India. Although growth in India is forecast to increase to 5.8% in 2020 and 6.5% in 2021, the IMF has significantly lowered its forecast from October 2019 by 1.2 and 0.9 percentage points respectively. Despite the recent rapprochements, the trade dispute between the USA and China, geo-political risks in the Middle East and the devastating effects of climate change are weighing on further global growth.

For China, for example, experts expect economic growth to cool further to 5.8% in 2021, after 6.0% in the current year and 6.1% in 2019, while IMF economists also forecast a gradual decline in growth in the USA - from 2.3% in 2019 to 2.0% in 2020 and 1.7% in 2021.

The IMF sees a reverse trend in the euro zone, albeit with lower growth rates. After 1.2% last year, economists anticipate 1.3% this year and 1.4% next year. The economy in Germany is expected to grow comparatively strongly. Following meagre growth of an estimated 0.5% in 2019, the IMF expects gross domestic product (GDP) to increase by 1.1% this year and by 1.4% in 2021.

Analysts at the IMF assume that the global economic situation will stabilize and that the export-oriented German industry will benefit from this. The IMF economists refer to the first partial agreement in the trade dispute between the USA and China. This will reduce the negative effect of all trade disputes on the global economy in 2020 from 0.8 to 0.5 percentage points. The continuing loose monetary policy of the major central banks around the world and the easing of fears of an unregulated withdrawal of the U.K. from the European Union are also encouraging. According to the IMF economists, both factors are providing tailwind for the global economy.

Mechanical engineering The German Mechanical Engineering Industry Association (“VDMA”) forecasts a further decline in production of 2% in real terms for the current year 2020. If the business climate brightens, order books would fill up again in the course of the year. According to the economists from the VDMA, however, continued easing of the trade dispute between the USA and China is of particular importance for this.

In its study "Opportunities for the global semiconductor market" from April 2019, the auditing and consultancy organization PricewaterhouseCoopers (“PwC”) assumes that the global semiconductor market will grow significantly in the coming years. The study's authors expect an average sales increase of 4.6% per year up to 2022. Global chip sales alone would rise to a level of 575 billion U.S. dollars by then. The annual growth rates in Europe (3.5%) would lag behind those in the USA (4.3%) and Asia (4.8 %).

According to PWC authors, the automotive industry will develop into the most important sales market for chip manufacturers – even ahead of the business with chips for data processing. Accordingly, semiconductors for the support of artificial intelligence (AI) will remain a key growth driver in the automotive sector. As a result, about twice as many semiconductors are needed in electric and hybrid cars as in conventional vehicles. PwC expects global sales of chips for alternative drive trains, infotainment, ADAS driver assistance systems, driving safety and other automotive applications to rise to almost 68 billion dollars by 2022. At the same time, the huge potential of AI chips in autonomous cars is still completely untapped.

Positive signals for the year 2020 are also coming from the German Electrical and Electronic Manufacturers' Association ("ZVEI"). The association's representatives forecast sales increases of 4.0% to 429 billion dollars for the global semiconductor market, driven in part by the launch of 5G technology and the use of artificial intelligence. According to the association's representatives, the German market should even grow by 5.0%.

Development of sales As a result of the existing profit and loss transfer agreement, the development of sales at Pfeiffer Vacuum Technology AG will continue to be the primary factor influencing the development of profitability at Pfeiffer Vacuum GmbH. Given the development of the order situation observed in the first weeks of the year and further customer and industry-specific indications of improved dynamics in the year 2020, we anticipate that we will again be able to reach approximately the level of the year 2018. The visibility of orders remains unchanged at about two months. For this reason, conclusions about the expected full-year sales should not be drawn from the new orders at the beginning of 2020. Due to the geopolitical risks that we are unable to conclusively assess at present and also in view of the macroeconomic forecasts outlined above - both for the global economy and the mechanical engineering sector - this forecast is subject to even greater uncertainty than in previous years.

Development of net income As in previous years, the earnings development of Pfeiffer Vacuum GmbH during the current fiscal year will continue to be shaped to a very significant degree by the sales expectations for the year 2020. Based on the anticipated sales for 2020, a slight improvement in earnings is therefore to be expected. In addition, ongoing operational optimization measures as well as economies of scale in 2020 should contribute to improving the profitability situation. On the other hand, the implementation of the strategic measures will partially offset the improvement in earnings. Again, at the level of Pfeiffer Vacuum Technology AG, additional pressures on earnings due to anticipated expenses, including those in connection with implementing the strategic measures, must be taken into consideration. Nevertheless, we anticipate that this will result in a slight improvement in net income overall.

Dividend The Management Board propose to distribute a dividend of € 1.25 per share (previous year: € 2.30 per share). With a distribution volume of some € 12.3 million, this would result in around 25.5% of the net profit of the Group being paid out to shareholders.

Payout Ratio, Dividend per Share and Dividend Yield				
		2019		2018
Payout ratio *	(in %)	25.5		33.3
Dividend per share	(in €)	1.25	**	2.30
Dividend yield	(in %)	0.8		2.1

* (proposed) distribution in comparison to the consolidated net income of the respective year
**subject to the approval of the Supervisory Board and the Annual General Meeting

The statements in the Outlook were made on the basis of assumptions about future macro-economic and industry-specific developments. Actual results may differ significantly from expectations of future developments if the assumptions underlying the statements prove to be incorrect.

Asslar, February 28, 2020

Pfeiffer Vacuum Technology AG

The Management Board

Dr. Eric Taberlet Nathalie Benedikt Wolfgang Ehrk

V. Proposal on the Appropriation of Retained Earnings 2019

Management and Supervisory Boards propose the following appropriation of the retained earnings in the amount of Euro 138,069,443.48 as presented in the Annual Financial Statements as of December 31, 2019:

Distribution of a dividend in the amount of Euro 1.25 per no-par share enjoying dividend entitlement for the 2019 fiscal year	Euro 12,334,573.75
Carried forward to new account	Euro 125,734,869.73
	Euro 138,069,443.48

The dividend will be payable on May 26, 2020.

The proposed appropriation of retained earnings takes into consideration the fact that the Company does not presently hold any treasury shares which pursuant to § 71b, German Stock Corporation Act ("AktG"), would not enjoy dividend entitlement. The number of shares enjoying dividend entitlement could decrease prior to the Annual General Meeting through the acquisition of treasury shares. In this case, a correspondingly modified proposed resolution on the appropriation of retained earnings will be submitted to the Annual General Meeting, whereby there will be no change in the distribution of Euro 1.25 per no-par share enjoying dividend entitlement.

VI. Report of the Supervisory Board 2019

Dear Shareholders,

Pfeiffer Vacuum Technology AG is currently implementing a comprehensive transformation process with the goal to create a global, integrated and agile company. For this purpose, the Management Board, in close coordination with the Supervisory Board, has developed an ambitious strategy with an investment program. During the past fiscal year, close monitoring of the development of these structures and strategic goals and their implementation was the focus of the work of the Supervisory Board.

In fiscal 2019, the Supervisory Board of Pfeiffer Vacuum Technology AG duly and diligently exercised all the duties vested in it by law and the Articles of Association. It continuously and conscientiously monitored the work of the Management Board, accompanied and advised on the strategic development of the Company and important individual initiatives with a view to sustainable value creation and satisfied itself about the legality and expediency as well as the economic efficiencies of the managerial work on the basis of the Management Board's reports and partly by consulting external experts.

Cooperation between Supervisory Board and Management Board

The Management Board informed the Supervisory Board and/or the Supervisory Board chairwoman regularly, comprehensively and in a timely manner about the competitive environment, planned business policy and all strategic and crucial operational decisions. In the same way, the Management Board discussed key financial and non-financial performance indicators with the Supervisory Board as a basis for evaluating the economic situation of the Company.

The Management Board reported during Supervisory Board meetings in oral or written form and answered questions from the Supervisory Board. Outside of the meetings, an intensive exchange of information with the Supervisory Board was also ensured with regular reports on the economic development and the key occurrences of the Company and the Corporate Group. The Supervisory Board is satisfied that Management Board reporting met the statutory and Supervisory Board's requirements and the principles of good corporate governance.

Business transactions requiring approval were decided by the Supervisory Board after these had been carefully reviewed and discussed with the Management Board.

Personnel changes in Management Board and Supervisory Board

Effective end-of-day June 30, 2019, Dr. Matthias Wiemer and Dr. Ulrich von Hülsen resigned from the Management Board. On July 1, 2019, Mr. Wolfgang Ehrk was appointed by the Supervisory Board as a member of the Management Board, effective starting January 1, 2020, and assigned him the function of Chief Operations Officer (COO) within the Management Board. As COO, Mr. Ehrk is responsible for the areas of Global Operations, Continuous Improvement, Purchasing, Quality and EHS (Environment, Health and Safety), as well as Supply Chain.

On the Supervisory Board, there were two changes on the part of the employee representatives: Mr. Helmut Bernhardt, on his retirement and accompanying departure from the Company, also stepped down from the Supervisory Board on June 30, 2019. He was succeeded on the Supervisory Board by Matthias Mädler, Head of the departments Vacuum Design/Simulation and CAD Standards (formerly R&D Services) at Pfeiffer Vacuum GmbH. At year-end, the membership of Mr. Manfred Gath also ended when he left the Company on reaching retirement age. He was replaced on the Supervisory Board by Mr. Stefan Röser, full-time Chairman of the Pfeiffer Vacuum GmbH Employee Representative Council. The proportion of women on the Supervisory Board is 16.7%, and 33.33% on the Management Board, in each case as of the reporting date of March 25, 2020.

Supervisory Board meetings and issues of Supervisory Board work

In fiscal 2019, the Supervisory Board addressed the current situation of the Company and the Corporate Group in depth in a total of **11 meetings**. It dealt with all issues of importance to the Company and discussed them in detail with the Management Board. Meetings of the Supervisory Board committees were also held. Outside the meetings, the Supervisory Board adopted a number of resolutions by written circular.

In addition to its ongoing involvement with the Company's sales and earnings development and the Group's financial position and profitability, a particular focus of the Supervisory Board's work was on implementing the corporate strategy adopted in 2018 together with the associated capital investment program, and on the reorganization of the global management structure, the compliance management system and the strategic cooperation with the Busch Group based on the relationship agreement concluded between Pfeiffer Vacuum Technology AG and Busch SE on May 20, 2019.

At the meetings on **January 16, February 20,** March 14 and **July 4, 2019**, the Supervisory Board dealt in detail with the new corporate strategy adopted in 2018 and its supporting investment program. The Supervisory Board received reports from the Management Board on the progress made in implementing the strategy and discussed these in depth with the Management Board. At its meeting on March 14, 2019, the Supervisory Board approved the concretized strategy submitted by the Management Board.

The new, Group-wide organizational structure which the Board of Management adopted in October 2018 was the subject of the meetings on **January 16, February 20** and **July 4, 2019**. The aim of the reorganization is to establish a functionally organized corporate to ensure that the global strategy of the Company is pursued uniformly throughout the Group. This should create better conditions for the Group to optimize processes, exploit efficiencies and become more agile in the market. The Supervisory Board supports this objective.

At its meetings on **February 20, March 14, July 4, September 4,** and **November 4, 2019,** the Supervisory Board deliberated in depth on the Compliance Management System and the Compliance Organization of the Company, and discussed these with the Management Board. In particular, the Supervisory Board satisfied itself as to the implementation of the recommendations made by PricewaterhouseCoopers GmbH to further improve the compliance management system based on the expert analysis conducted in 2018.

The strategic cooperation with the Busch Group was addressed by the Supervisory Board at its meetings on **January 16, February 20, March 14, May 20, July 4, October 9** and **November 4, 2019**. The cooperation with the Busch Group is focuses particularly on the areas of purchasing, sales and service, research and development and IT and is also intended to ensure uniform standards in the fields of compliance and risk management. In the first three of these meetings, the Supervisory Board received reports from the Management Board on the status in relation to preparing the relationship agreement with Busch SE, which forms the contractual basis for the strategic cooperation between the companies. The Supervisory Board was informed in detail about the progress of the contractual negotiations and about the coordination with the responsible antitrust authorities. The Supervisory Board sought support by obtaining its own expert legal opinion from an independent international law firm not involved in the negotiations with the Busch Group, which examined and confirmed the legal admissibility of the agreement.

In its meeting on **May 20, 2019**, which was conducted as a telephone conference, the Supervisory Board then dealt in detail with the draft contract for the relationship agreement submitted by the Management Board and received a detailed report from the Management Board on the earnings benefits expected from the strategic cooperation in the various business segments. Overall, the Management Board assumes that the cooperation with the Busch Group will enable synergies to be realized in the lower double-digit million euro range in the medium term. After detailed examination and consideration of the advantages and disadvantages to be expected from the strategic cooperation, the Supervisory Board approved the conclusion of the relationship agreement with Busch SE. In view of her role on the board of Busch SE and the potential conflict of interest in this respect, the Chairman of the Supervisory Board, Ms. Ayla Busch, did not participate in this discussion or in the resolution on the relationship agreement.

At its meetings on **July 4, October 9** and **November 4, 2019**, the Supervisory Board was then informed about the status regarding implementation of the relationship agreement concluded on May 20, 2019. With regard to the provisions on legal transactions with related parties in general and on the strategic cooperation with the Busch Group in particular, which were newly included in the German Stock Corporation Act with ARUG II, the Supervisory Board discussed setting up a special committee, in the form of a related party transaction committee, at its meeting on **November 4, 2019**. Subsequently, the Supervisory Board resolved by written circular on **November 7, 2019** to set up such a committee for related party transactions (in short: "RPT Committee") and appointed Mr. Matthias Mädler, Mr. Henrik Newerla and Mr. Götz Timmerbeil as its members.

The responsibilities of the RPT Committee were defined as follows by the Supervisory Board:

1. *Advising and supervising the Management Board in the conclusion and implementation of measures in relation to and from legal transactions with affiliated companies pursuant to § 15 of the German Stock Corporation Act ("AktG") and related parties pursuant to § 111a of the German Stock Corporation Act ("AktG");*

2. *Granting approval for transactions with related parties pursuant to § 111b (1) of the German Stock Corporation Act ("AktG") in conjunction with § 107 Sub-Para. 3, sentences 4-6, AktG, in place of the Supervisory Board;*

3. *Ongoing advising and supervision of the Management Board in the implementation of the Relationship Agreement with Busch SE in accordance with the law and the Articles of Association, in particular also with a view to ensuring that performance and consideration in implementing the Relationship Agreement are in an appropriate relationship to each other and that the Company does not suffer any disadvantages from the Relationship Agreement and its implementation which are not compensated for.*

At the Supervisory Board meeting on **March 14, 2019**, the Supervisory Board, in the presence of representatives of the auditor, discussed in detail the annual financial statements and the consolidated financial statements of the Company for the 2018 fiscal year prepared in accordance with International Financial Reporting Standards (IFRS), the proposal of the Management Board for the dividend payout ratio and the appropriation of capital, the Management Report and the Consolidated Financial Statements for the 2018 fiscal year and the audit reports of the auditor, and discussed these in detail with the auditor. A particular focus of the discussion with the auditors was the early warning system for risks. Following a detailed review, the Supervisory Board approved the annual financial statements and the consolidated financial statements for the 2018 fiscal year at this meeting. At the same meeting, the Supervisory Board received a report from the Management Board on the risk management system and discussed this with the Management Board. The basis for this discussion was the presentation of the Risk Management Report 2018 by the Management Board in which compliance was explicitly included as a new risk category. At this meeting, the Supervisory Board also addressed the agenda for the 2019 Annual General Meeting.

In its meeting held as a conference call on **March 27, 2019**, the Supervisory Board, following a detailed preliminary discussion on 20 February 2019, addressed the degree to which the members of the Management Board had achieved their targets for short-term and long-term variable remuneration and determined these targets for the 2018 fiscal year. Furthermore, the Supervisory Board considered the determination of targets (KPIs) for the members of the Management Board for the year 2019, on which it subsequently passed resolutions by written circular on April 16 and May 10, 2019.

The Supervisory Board examined the Separate Non-Financial Consolidated Report for the 2018 fiscal year prepared by the Management Board and approved it by written circular on **April 18, 2019**. At its meeting on **November 4, 2019**, the Supervisory Board addressed the preparation of the non-financial report for 2019, which will be drawn up in accordance with the Global Reporting Initiative. At the same meeting, the Supervisory Board resolved to commission PricewaterhouseCoopers to conduct a business audit of the non-financial report to obtain limited assurance.

In its meetings on **February 20, March 19, May 2, May 23, July 4, August 5, October 10,** and **November 4, 2019**, the Supervisory Board dealt with the general course of business, the financial results and the strategic orientation of the Company as well as measures to continue to increase the profitability and efficiency of the overall Company.

At its meeting on **November 4, 2019**, the Supervisory Board critically reviewed the efficiency of its activities according to the recommendation in § 5.6 of the German Corporate Governance Code in the version dated February 7, 2017.

With the exception of the meetings on February 20, May 2, October 9 and December 12, 2019, the members of the Supervisory Board were present in full at all its meetings. One member of the Supervisory Board was absent from each of the meetings on February 20, May 2 and October 9, and two members were absent from the meeting on December 12. This means that every member of the Supervisory Board attended more than 75% of all meetings. Moreover, the Supervisory Board members who did not attend participated in the resolutions in each case by submitting written votes.

Supervisory Board Committees

The work of the Supervisory Board in fiscal 2019 was again accompanied and prepared by its committees. The Management Board Committee, the Nomination Committee and the Audit Committee were appointed, and the Related Party Transactions Committee (RPT Committee) has been in place since November.

At its first meeting, which was held in the form of a telephone conference on **December 10, 2019**, the **RPT Committee** elected Mr. Götz Timmerbeil as its Chairman and Mr. Henrik Newerla as its Deputy Chairman and discussed the upcoming tasks of the committee.

The composition of Supervisory Board committees is therefore as follows:

Management Board Committee

- Ayla Busch (Chairwoman)
- Filippo Th. Beck
- Henrik Newerla
- Götz Timmerbeil

Nomination Committee

- Ayla Busch (Chairwoman)
- Filippo Th. Beck
- Götz Timmerbeil

Audit Committee

- Götz Timmerbeil (Chairman)
- Filippo Th. Beck
- Ayla Busch

RPT Committee

- Götz Timmerbeil (Chairman)
- Matthias Mädler
- Henrik Newerla

On **January 16, 2019**, the **Management Board Committee** reported to the full Supervisory Board on the search for a new Chief Operations Officer. At its meeting on **February 20, 2019**, the committee discussed the degree to which the members of the Management Board had achieved their targets for variable compensation in 2018. In addition, the Management Board Committee was engaged with long-term planning of the Management Board composition in light of the set strategic objectives. Furthermore, the committee was concerned in the reporting year with the legal proceedings relating to the departure of the former Chairman of the Management Board, Manfred Bender. Following the ruling of the Regional Court of Frankfurt am Main, the Higher Regional Court of Frankfurt am Main also dismissed his action against the decision of the Annual General Meeting on May 23 2018 to withhold discharge; the decision is final and binding. Two lawsuits by Mr. Bender are currently still pending before the Limburg an der Lahn Regional Court regarding his dismissal as a member of the Management Board and the termination of his employment contract for good cause.

The **Audit Committee** met on **March 14 and November 4, 2019**, with all committee members and representatives of the auditor attending both meetings. At its meeting on March 14, 2019 the committee examined the annual financial statements and consolidated financial statements of the Company for the 2018 fiscal year, the proposal of the Management Board for the dividend payout ratio and the appropriation of capital, the management report for the Company and the Corporate Group for the 2018 fiscal year, and the auditor's reports in preparation for addressing them at the plenary meeting and discussed these in detail with the auditor. At its meeting on November 4, 2019 the committee discussed and determined the course and scope of the audit for the 2019 fiscal year, the main areas of emphasis and specific questions about the audit with the auditors, in addition to the regular contact with the auditors.

No meetings of the **Nomination Committee** were held in fiscal 2019.

Corporate Governance

The Supervisory Board recognizes the principles of good governance and also addressed this issue in fiscal 2019. An essential basis for this is the extensive recognition and observance of the recommendations of the German Corporate Governance Code (GCGC) based on the version of February 7, 2017. As a listed company, Pfeiffer Vacuum Technology AG is subject to the obligation under § 161 Sub-Para. 1 of the German Stock Corporation Act to declare the extent to which the recommendations of the German Corporate Governance Code have been and will be complied with, or which recommendations have not been or will not be applied, and to justify deviations from recommendations (statement of compliance). The Management Board and Supervisory Board, the latter represented by the Supervisory Board Chairwoman, Ms. Ayla Busch, submitted a statement of compliance on November 5, 2019, which had been approved by the Supervisory Board in its meeting on November 4, 2019. The statement of compliance is available on the Company's website.

The members of the Supervisory Board of Pfeiffer Vacuum Technology AG are obliged to disclose to the Supervisory Board any possible conflicts of interest, in particular those which could arise through consulting or executive functions at customers, suppliers, lenders or other third parties. With the exception of addressing the strategic cooperation with the Busch Group, which is a majority shareholder in the Company through its subsidiary Pangea GmbH and in which the Supervisory Board Chairman, Ms. Ayla Busch, is a shareholder and a board member, there are no indications of actual or potential conflicts of interest in the 2019 fiscal year. In order to deal with the potential conflict of interest regarding the person of Ms. Ayla Busch, Mr. Götz Timmerbeil acted as contact person and discussion leader in the meetings when dealing with the strategic cooperation for the Supervisory Board; Ayla Busch will abstain from voting on the strategic cooperation. Ms. Ayla Busch did not participate in the resolution on the Supervisory Board's approval for the conclusion of the relationship agreement with Busch SE or in the factual discussion of this. In November 2019, the Supervisory Board established the RPT Committee, of which Ms. Ayla Busch is not a member, to further advise and supervise the Management Board in the implementation of the relationship agreement concluded with Busch SE.

Review of the Content of the 2018 Separate Non-Financial Group Report

The Supervisory Board reviewed and approved on April 18, 2019, the reporting on the issues identified in the German Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Consolidated Management Reports (CSR Directive Implementation Act) within the framework of the Separate Non-Financial Consolidated Report of Pfeiffer Vacuum Technology AG for the reporting period from January 1 through December 31, 2018. The Supervisory Board, with the assistance of PricewaterhouseCoopers GmbH, Frankfurt am Main, reviewed the content of the non-financial reporting within the framework of an audit to obtain limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). The audit did not reveal any circumstances that would have led the auditing firm to conclude that the Separate Non-Financial Consolidated Financial Statements of Pfeiffer Vacuum Technology AG for the period from January 1 through December 31, 2018, had not been prepared in all material respects in accordance with § 315c, German Commercial Code ("HGB").

Audit of Annual and Consolidated Financial Statements

At its meeting on November 4, 2019, the Supervisory Board decided to commission the auditing company PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to audit the annual financial statements and the consolidated financial statements of the Company, prepared in accordance with IFRS and, to the extent required by law, of the subsidiaries. Pursuant to § 315e of the German Commercial Code, the Company did not prepare consolidated financial statements presented in accordance with the rules of the German Commercial Code. PricewaterhouseCoopers GmbH was also commissioned to audit the report on "non-financial performance" and "non-financial consolidated statements", which was approved by the Supervisory Board at the meeting on November 4, 2019.

At the meeting on November 4, 2019 the Audit Committee and the auditor defined the following key audit points: for the operating companies: realization of earnings, application of IFRS 16, valuation of inventories, valuation and completeness of provisions, accounting for pensions, current and deferred taxes, related party transactions and completeness and accuracy of reporting; for the holding company and consolidation: valuation of goodwill, deferred taxes, investments in affiliated companies, relationship agreement with Busch SE.

The Annual Financial Statements and Management Report as well as the Consolidated Financial Statements, presented in accordance with IFRS, together with the Group Management Report, all for the 2019 fiscal year, were audited by the independent auditor and received his unqualified endorsement.

In accordance with § 289b of the German Commercial Code ("HGB"), the Company has prepared the non-financial statement for the 2019 fiscal year as part of the management report and, in accordance with § 315b of the German Commercial Code ("HGB"), the non-financial consolidated statement as part of the Group management report. The content of the non-financial statement was reviewed by the Supervisory Board with the assistance of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as part of an audit to obtain limited assurance in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Revised). The audit did not reveal any facts that would have led the auditing firm to conclude that the non-financial statements of Pfeiffer Vacuum Technology AG for the period from January 1 through December 31, 2019, had not been prepared, in all material respects, in accordance with § 289c and § 315c of the German Commercial Code ("HGB"). In the audit opinion, the non-financial statement is identified as other information within the meaning of ISA 720 (revised). At its meeting on March 25, 2020, the Supervisory Board approved the non-financial statements for the 2019 fiscal year.

The Annual Financial Statements, Management Report for the Company and the Corporate Group, as well as the audit reports from the independent auditor were submitted to all members of the Supervisory Board in a timely fashion. They were discussed in detail at the Audit Committee meeting as well as at the Supervisory Board meeting relating to the financial statements on March 25, 2020. The independent auditor attended both meetings, reported on the major findings of his audit and was available to answer additional questions from the Supervisory Board. On the basis of its own thorough review, the Supervisory Board concurred with the results of the audit conducted by the independent auditor. Given the concluding results of its review, the Supervisory Board raised no objections to the Annual and Consolidated Financial Statements. It has approved the Annual and Consolidated Financial Statements, with the Financial Statements thus being formally adopted. The Supervisory Board discussed in detail with the Management Board its proposal regarding the distribution of a dividend and then concurred with the Management Board's proposal regarding appropriation of the Company's earnings.

Additionally, the Management Board of Pfeiffer Vacuum Technology AG has drawn up a report on relationships with affiliated companies for the fiscal year 2019 ("dependency report"), in accordance with § 312 Sub-Para. 1 of the German Stock Corporation Act ("AktG") and afterwards presented this report to the Supervisory Board.

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, audited the dependency report and issued the following auditor's report:

“According to our professional audit and judgment we confirm that:

1. the actual disclosures in the report are correct and,

2. the Company’s payment for legal transactions as included in the report was not unreasonably high.”

The Management Board’s dependency report as well as the related independent auditor’s report were submitted the Supervisory Board. The Supervisory Board reviewed both the dependency report as well as the auditor’s report. Final review was made in the Supervisory Board meeting on **March 25, 2020**. The independent auditor attended this meeting, reported on the audit of the dependency report and the major findings of the audit and was available to answer additional questions from the Supervisory Board. After the final review the Supervisory Board concurred with the dependency report of the Management Board and the audit report of the auditor and had no objections against the declaration of the Management Board at the end of the dependency report regarding the relationship with affiliated companies.

Acknowledgments

The Supervisory Board would like to sincerely thank the Management Board, the Employee Council and the entire staff of the Group for their dedication and commitment in the successful 2019 fiscal year.

Adoption of this Report

The Supervisory Board adopted this Supervisory Board Report in the resolution dated March 25, 2020 pursuant to § 171 Sub-Para. 2 of the German Stock Corporation Act (“AktG”).

Asslar, March 25, 2020

On behalf of the Supervisory Board

Ayla Busch

(Chairwoman of the Supervisory Board)

VII. Independent Auditor's Report

To Pfeiffer Vacuum Technology AG, Asslar

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Pfeiffer Vacuum Technology AG, Asslar, which comprise the balance sheet as at December 31, 2019**,** and the statement of income for the financial year from January 1, 2019 to December 31, 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Pfeiffer Vacuum Technology AG for the financial year from January 1, 2019 to December 31, 2019*.* In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2019 and of its financial performance for the financial year from January 1, 2019 to December 31, 2019 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. Sub-Para. 3 sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Sub-Para. 2 point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 Sub-Para. 1 of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, 2019 to December 31, 2019*.* These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

❶ **Measurement of shares in affiliates and receivables from affiliates as well as loans to affiliates**

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ **Measurement of shares in affiliates and receivables from affiliates as well as loans to affiliates**

① In the annual financial statements of the Company shares in affiliates amounting to € 224.0 million and loans to affiliates amounting to € 12.1 million are reported under the "Financial assets" balance sheet item. In addition, receivables from affiliates are reported in the amount of € 60.2 million. In total, the book value of the exposure amounts to € 296.3 million (83.0% of total assets). Shares in affiliates, receivables from affiliates and loans to affiliates are measured in accordance with German commercial law at the lower of cost and fair value. The fair values are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the members of the management board. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant affiliated company. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year. The outcome of this valuation is dependent to a large extent on the estimates made by the members of the management board of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties.

Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of the valuation of shares in affiliates, receivables from affiliates and loans to affiliates. In particular, we assessed whether the fair values had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the members' of the management board detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Finally, we assessed whether the values determined in this way were accurately compared with the corresponding book value in order to determine any need for value adjustments or write-downs.

In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the members of the management board are appropriate overall for the purpose of appropriately measuring the shares in affiliates, receivables from affiliates and loans to affiliates.

③ The Company's disclosures relating to the financial assets and receivables from affiliates are contained in sections 1.1 and 2.1 of the notes to the financial statements.

Other Information

The members of the management board are responsible for the other information. The other information comprises the following non-audited parts of the management report, which we obtained prior to the date of our auditor's report:

- the statement on corporate governance pursuant to § 289f HGB included in section "Corporate Governance Report / Declaration on the Corporate Governance pursuant to § 289f, German Commercial Code ("HGB")" of the management report

- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code

The publication "Annual Financial Statements as of December 31, 2019" is expected to be made available to us after the date of the audit opinion.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Members of the management board and the Supervisory Board for the Annual Financial Statements and the Management Report

The members of the management board are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the members of the management board are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members of the management board are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the members of the management board are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the members of the management board are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the members of the management board and the reasonableness of estimates made by the members of the management board and related disclosures.

- Conclude on the appropriateness of the members' of the management board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the members of the management board in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the members of the management board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on May 23, 2019. We were engaged by the supervisory board on January 30, 2020. We have been the auditor of the Pfeiffer Vacuum Technology AG, Asslar, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christian Kwasni."

Frankfurt am Main, February 28, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christian Kwasni
Wirtschaftsprüfer

[German Public Auditor]

ppa. Daniel Spengemann
Wirtschaftsprüfer

[German Public Auditor]

VIII. Certification of Legal Representatives 2019

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the Company Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Asslar, February 28, 2020

The Management Board

Dr. Eric Taberlet Nathalie Benedikt Wolfgang Ehrk

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