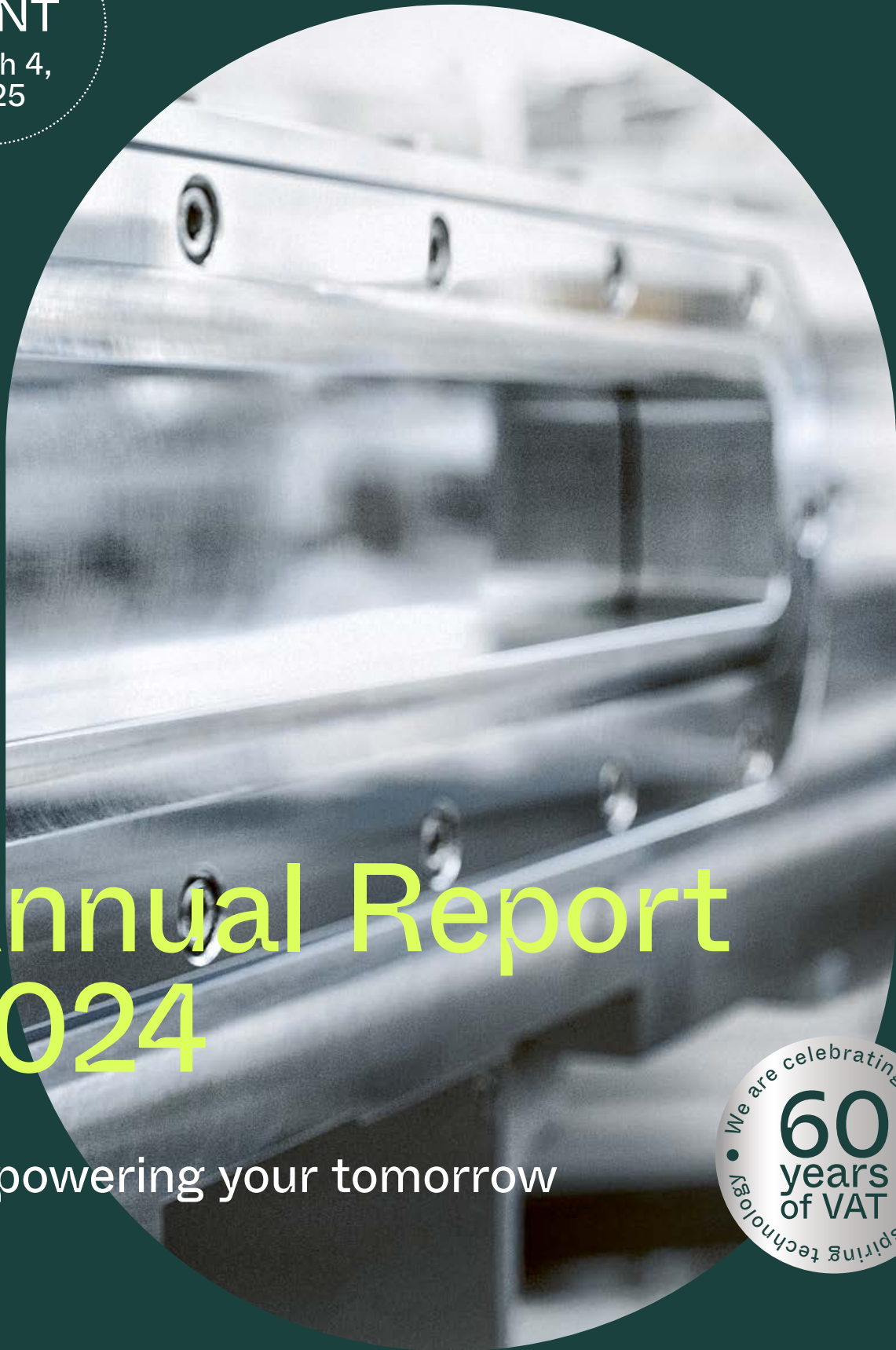




PRE  
PRINT

March 4,  
2025



# Annual Report 2024

Empowering your tomorrow



For VAT, 2024 was a year of transition. As we started to recover from the 2023 downturn in our main market, semiconductors, we took advantage of the slower pace of activity to prepare for the future. We continued to invest heavily in innovation to empower our customers, manufacturers of leading-edge semiconductors. We also continued to increase our capacity in Switzerland, Malaysia, and Romania in readiness for the next ramp-up in our markets. And we invested further in our employees and our endeavors to operate even more sustainably. All these efforts have had the same aim: to make VAT ready to capture the many future opportunities and remain a trusted partner to all our stakeholders.

# Key figures

In CHF million	2024	2023	Change
Order intake	1,033.3	691.9	49.3%
Order backlog as of December 31	370.3	291.6	27.0%
Net sales	942.2	885.3	6.4%
Gross profit	626.1	546.7	14.5%
Gross profit margin	66.4%	61.7%	–
EBITDA	293.7	270.9	8.4%
EBITDA margin	31.2%	30.6%	–
EBIT	250.2	228.6	9.4%
EBIT margin	26.6%	25.8%	–
Net income	211.8	190.3	11.3%
Net income margin	22.5%	21.5%	–
Basic earnings per share (in CHF)	7.06	6.3	11.2%
Diluted earnings per share (in CHF)	7.06	6.3	11.3%
Cash flow from operating activities	240.6	256.4	–6.1%
Capex <sup>1</sup>	55.7	69.2	–19.6%
Capex margin	5.9%	7.8%	–
Free cash flow <sup>2</sup>	183.2	188.8	–2.9%
Free cash flow margin	19.4%	21.3%	–
Free cash flow conversion rate <sup>3</sup>	62.4%	69.7%	–
Free cash flow to equity <sup>4</sup>	178.8	181.8	–1.7%
<b>As of December 31</b>			
In CHF million	2024	2023	Change
Total assets	1,294.7	1,168.5	10.8%
Total liabilities	540.9	411.3	31.5%
Equity	753.9	757.2	–0.4%
Equity Ratio	58.2%	64.8%	–
Net debt	83.7	63.2	32.4%
Net debt/EBITDA	0.3	0.2	22.1%
Invested capital <sup>5</sup>	649.8	599.6	8.4%
NOPAT <sup>6</sup>	222.6	207.4	7.4%
Return on invested capital (ROIC)	35.6%	33.4%	–
Dividend per share <sup>7</sup>	6.25	6.25	0.0%
Payout ratio <sup>8</sup>	104.9%	103.1%	–
Number of employees <sup>9</sup>	3,202	2,666	20.1%

1 Capex: acquisitions of subsidiaries net of cash, purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.

2 Free cash flow: cash flow from operating activities minus cash flow from investing activities.

3 Free cash flow conversion rate: free cash flow as a percentage of EBITDA.

4 Free cash flow to equity: free cash flow less interest paid.

5 Invested capital is defined as total assets less acquired intangibles and non-interest bearing liabilities.

6 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization plus finance income less taxes at the average Group rate of 17.0% (previous year 16.0%).

7 2024 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on April 29, 2025; CHF 6.25 per share to be paid from accumulated gains.

8 Percentage of free cash flow to equity proposed to be paid out as dividend.

9 Number of employees expressed as full time equivalents (FTE).

Net sales  
in CHF million

942

2023: 885

Free cash flow  
in CHF million

183

2023: 189

Dividend per share\*  
in CHF

6.25

2023: 6.25



EBITDA margin  
in %

31.2

2023: 30.6

EBITDA  
in CHF million

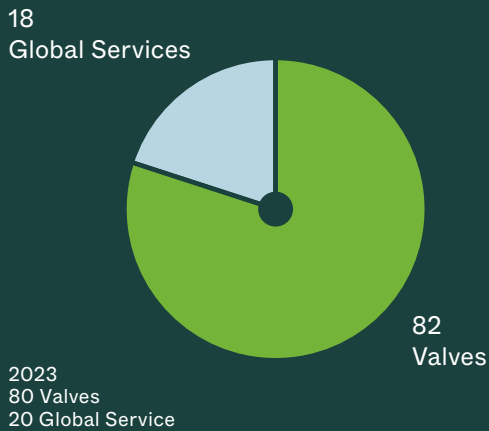
294

2023: 271

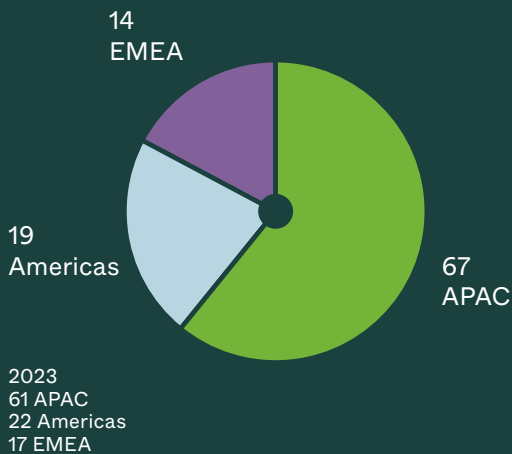


\* 2024 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on April 29, 2025; CHF 6.25 per share to be paid from accumulated gains.

### Net sales by segment in %



### Net sales by region in %



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# Dear Stakeholders

For VAT, 2024 was a year of transition. Semiconductors, our main growth market, saw continued growth in wafer fabrication equipment (WFE) and semiconductors sales reached a new record of around USD 680 billion, which gives us confidence that USD one trillion by 2030 is within reach.

At the same time, geopolitics and market developments led to growing uncertainty as the year progressed. Over 50 percent of the global population participated in democratic votes and elections. The US responded to the increasing importance of computing technology by ushering in a new round of trade restrictions. Major conflicts remained unresolved.

Aside from geopolitics, there have been many developments in our key market. Two of the world's largest chip manufacturers are repositioning their businesses, while the world's number one foundry by a clear margin is preparing for the next generation of leading-edge chip manufacturing, including efforts to regionalize and diversify its business.

Once again, VAT has proven its resilience in the face of adverse developments. Orders, sales, and EBITDA came in higher in 2024 than the previous year.

Our customers are at the core of what we do. We collaborate with them to develop innovative solutions in some of the fastest-growing and most demanding industries in the world. Several key trends, such as digitalization, energy transition, and the rise of artificial intelligence (AI), are combining to drive long-term growth in these industries. Digitalization, for example, continues to fuel growth in the chip industry. Digitalization is also driving miniaturization, resulting in gains in computing power under the famous Moore's law. AI is adding further growth on top of digitalization and is likely to impact our everyday lives as much as the internet has. Another key growth driver is energy. VAT is heavily involved in creating a sustainable energy economy. Our all-metal valves, for example, are facilitating big strides toward stable fusion reactions. Nuclear energy is seeing a renaissance globally, and VAT is responding with its valves to the challenge of producing enriched uranium to high standards. Our efforts to make a difference in energy are also helped by our close ties to the semiconductor industry. With AI and digitalization driving energy consumption up, it's more crucial than ever to make chip nodes smaller and computing more energy efficient. With AI alone expected to consume as much energy as Japan by 2026, our contribution to continued progress on miniaturization is essential to the development of AI computing.

In close collaboration with our customers, we've continued to push the boundaries of physics through research and development. Chip manufacturing and vacuum environments are getting more demanding, and processes must run more precisely in spatial and timing terms than ever. Our engineers have been extending these boundaries even further. As the industry waited for an upswing in 2024, we continued to work with our customers to develop the technology solutions for the next generations of tools.



Dr. Martin Komischke  
Chairman of the Board  
of Directors



Our customers are at the core of what we do. We collaborate with them to develop innovative solutions in some of the fastest-growing and most demanding industries in the world.

Another major landmark in 2024 was the completion of Malaysia Plant 1B. This additional capacity will prepare us for any future ramp-up in our markets. In the second quarter of 2025, we will be opening our new Innovation Center in Haag, Switzerland. And the launch of our new facility in Romania is planned for this summer. We at VAT must make sure that we have sufficient capacity on the ground to help our customers master the next step in technology, strategy, and growth. In late 2024, the Board of Directors and management reviewed VAT's strategy beyond what was communicated at the Capital Markets Day in December 2022. We will be sharing more information on this later in the year. In the meantime, we're able to reiterate our 2027 targets – provided that the underlying assumptions about the semiconductor industry's investments, measured by the overall volume of wafer fabrication equipment (WFE), remain broadly as forecast at about USD 135 billion dollars in 2027.

VAT can look forward to an exciting year in 2025. We expect the work of the last two years and our close collaboration with customers to translate into solid earnings growth. In the semiconductor market, it's never a question of "if" but of "when," and we anticipate an acceleration in our business, especially toward the second half of 2025. Our technology and market leadership, the investments in our new plant in Malaysia and the Innovation Center in Haag, and our

dedicated people will enable us to continue our success and harness the results of the products and solutions we have been developing with our customers in recent years.

Let me also highlight our progress in 2024 regarding sustainability – or, as it is also referred to, environmental, social, and governance (ESG). VAT continues to build on the work of the past years to improve our sustainable footprint in all areas. In 2024, we published our third sustainability report, and our shareholders were invited to vote on it at the annual general meeting. We see the very high percentage of votes to approve the report as an expression of confidence that we are on the right track, in the realization that further improvements are necessary. During 2024 we also demonstrated our commitment to our customers by becoming an affiliate member of the Responsible Business Alliance (RBA), allowing us to engage much more deeply with our customers and suppliers. We also started work on collecting and analyzing our Scope 3 baseline data, allowing us to commit to the Science Based Target initiative (SBTi). We are now working on detailed greenhouse gas reduction initiatives in line with the SBTi. To demonstrate the strategic importance of sustainability at VAT, we also established a formal Sustainability Committee at the board level.

With 2024 behind us and the business outlook for 2025 positive, the Board of Directors will propose a dividend of CHF 6.25 per share at the annual general meeting on April 29, 2025.

This will also be a special year for a different reason: 2025 marks the 60th anniversary of VAT's existence, and the board and I would like to thank all our stakeholders for their tremendous support and collaboration during this time. Our customers are our purpose, but our suppliers help us to reach our goals. The support of the communities wherever we operate is also essential.



## CEO interview

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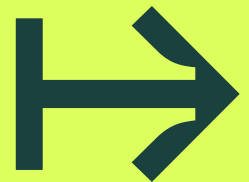
VAT can look forward to an exciting year in 2025. We expect the work of the last two years and our close collaboration with customers to translate into solid earnings growth.

On behalf of VAT's Board of Directors, I would like to express my appreciation and gratitude to our employees for their hard work and resilience in 2024. You've helped deliver innovations that will shape the future of crucial industries. You have also shown great discipline when it comes to costs and spending. Together we haven't just weathered external challenges; we've also prepared VAT for significant anticipated growth. I am confident that the cooperation within the global VAT team will help our company and all our stakeholders in the coming year.

In accordance with our new brand promise, we and our team will continue to empower your tomorrow based on the path, technologies, and solutions that lie ahead of us at VAT.



Dr. Martin Komischke  
Chairman of the Board of Directors



# Empowering your tomorrow

## **Urs, can you share some of VAT's key achievements and milestones in 2024??**

I would characterize 2024 as a year of steady progress. In the semiconductor market, we recovered from the 2023 downturn and showed continuous, gradual growth from quarter to quarter. We achieved an EBITDA margin only slightly below our target range while continuing to expand our footprint and capacity for our clients by completing extensive capex projects, notably Plant 1B in Malaysia and the Innovation Center in Switzerland. Leading-edge technology and innovation are what our customers expect from us, so we haven't stopped. Instead, we've accelerated our innovation efforts. We scored a record number of specification wins, with 132 in 2024. This isn't just proof of past performance, but an important message going forward: our customers see VAT as an integral part of their product roadmap. Thanks to our high market share and technology leadership, we make our customers confident that they will succeed in the years to come.

Last but not least, we invested in our employees and strengthened our leadership teams globally. I'm always excited to meet our people all over the world and experience their passion.

## **What are the main components of VAT's new strategic direction for 2025 to 2029?**

Since I took over as CEO last year, a lot of people have asked me if I'll be changing the strategy that VAT announced back in 2022. This would be surprising, since I was responsible for the semiconductor business after the IPO in 2016. However, strategy is never carved in stone. It needs adjustments based on the business and political environments. So, the strategy we've been discussing for 2025 to 2029 is not fundamentally different, but it has evolved. We've decided to focus on two main areas: our core markets,

and expanding them with the addition of new products and solutions allowing us to leverage our core technology and expertise.

Our focus on vacuum valves remains a key pillar of our growth strategy. However, we also see continued growth in adjacencies. The success we have had with our motion components and advanced modules proves our ability to expand outside the traditional valves business and gain additional share of wallet. The addition of the first ALD valve to our adjacency portfolio is another milestone in this area.

Above all, our strategy centers on technology. Technology is at the core of all our product designs and the manufacture of our products, allowing us to defend our position in the markets we already operate in as well as to expand our portfolio to offer new solutions and products to our customers. We are still committed to a high innovation spend for the coming years. Our new Innovation Center will be a game-changer in terms of ensuring that we have the technology to back our ambitious growth targets.

## **You emphasize a passionate learning culture at VAT. How does the company help employees grow continuously and develop their skills?**

At VAT, learning never stops. Empowered and educated employees are one of the key pillars of our corporate strategy. What does this mean in concrete terms? We expect our employees to get to know our products well and experience them, and provide different forums that they can get involved in – all centralized in our newly launched VAT Learning Academy.

We've also continued to work internally with the passions that we announced back in 2023: Integrity, Teamwork, Customer Centricity, and Innovation. In retrospect, it felt very easy to launch these passions because it was a simple but accurate description of how we have worked at VAT for many years. Reflecting on our 60th anniversary, which we'll be celebrating in 2025, we see that the entrepreneurial spirit of our founder lives on today among everyone who works at VAT.

We have also stepped up our efforts to support and develop talent with our CultiVATe program, a crucial element of the overall leadership development program. Leadership at VAT is less about rules, policies, and hierarchies, and more about behavior, role modeling, teamwork, and an entrepreneurial winning spirit.



We are not exporting a Swiss culture to our international locations. We are creating a global VAT culture that learns from all our major locations.

Nurturing younger talent is also a priority. In Switzerland we have a very successful apprenticeship program. On average, we employ 40 apprentices in Haag. In 2024, 11 apprentices successfully completed their program, and most will continue to work at VAT. This unique education, which imparts a combination of practical skills in areas such as machining and purity as well as theoretical knowledge, creates a pipeline for our machining and engineering jobs. This is such an important part of our competitiveness that we have exported this structure to our plant in Malaysia, where we established an apprenticeship program this year.

VAT products are also among the best recruitment tools we have at universities – since we sell to academic researchers, some of our core engineering talent is already familiar with our products before even considering working here. Late in 2024, for example, we announced a collaboration with the ETH feasibility lab, and we maintain good relations with local universities in the Rhine Valley. We hire interns for various teams, allowing graduates to find out whether life at VAT would be something for them.

**How does VAT balance its Swiss heritage with its global presence and diverse cultures?**

It's important to realize that our culture has been a blend of Swiss and international from the very outset. Our founder, Siegfried Schertler, was an Austrian from the Vorarlberg who initially worked in Balzers in the Principality of Liechtenstein. He founded VAT in Flawil, Switzerland, in 1965 before moving to Haag a year later. When he started VAT, he wasn't thinking about nationalities or borders. He was focused on opportunities. He knew that the main opportunity at the time lay in extreme ultra-high vacuum applications such as physics research. It was his decision in the late 1980s to start working with semiconductor customers that resulted in the unique position we find ourselves in today.

We have always had an embracing, inclusive international culture that expands in line with our presence in the markets. Today, we have over 50 nationalities at our site in Haag alone. We are not exporting a Swiss culture to our international locations. We are creating a global VAT culture that learns from all our major locations. The international nature of our customer base is reflected in the fact that only a small percentage of our sales are generated in Switzerland.

**VAT is committed to fulfilling its environmental, social, and governance (ESG) responsibilities. Can you highlight some of the key ESG initiatives the company has undertaken?**

VAT's commitment to further enhancing its structure has involved investing both in people and in training on sustainability matters. We have a dedicated team concentrating full time on the topic of sustainability in addition to the functional experts in procurement, operations, human resources, and legal.

Having followed the principles of the Responsible Business Alliance (RBA) for many years, in 2024 we officially became an affiliate member. This underscores our commitment to integrating the highest standards of ESG practice in our global operations. It also underscores our goal of excellence in

sustainability, excellence in vacuum solutions, and our dedication to transforming the way our industry works.

We're striving to reduce our greenhouse gas (GHG) emissions by sourcing renewable energy and improving the carbon footprint of our products. In 2024, VAT committed to the GHG reduction initiatives as set out by the Science Based Targets initiative (SBTi).

Diversity, equity, and inclusion (DEI) are other key dimensions of sustainability at VAT. DEI is crucial to VAT's efforts to attract and retain talent and promote an inclusive work environment that boosts employee well-being and efficiency. We strive to train employees across the company to reinforce awareness of the importance of inclusion and the risks of harassment in the workplace.

**VAT recently underwent a brand refresh. Can you explain the reasons behind this and what it represents for the company?**

After six decades, we felt it was time to update our brand with a fresh and cohesive appearance that accurately reflects our innovative culture and core values. Our new brand promise, "Empowering your tomorrow," highlights the standards we adhere to and our role in contributing to various global megatrends.

A strong brand is essential for attracting and retaining top talent, as it reflects the company's values, culture, and reputation, making it an appealing place to work. It also fosters a sense of pride and alignment among current employees, enhancing engagement and loyalty while positioning the organization as a desirable employer for future candidates.

**Can you share your vision for VAT's future and the key areas of focus for the next few years?**

We will continue to execute our strategy with a focus on the expected growth of the semiconductor market. That means that we will gradually fill our available capacity at the two plants in Malaysia over the next two to three years, bringing in additional equipment for the machining hall and installing additional cleanrooms for assembly. At the same time,

we will further leverage our new plant in Romania, which serves as an internal supplier, and keep modernizing the facilities in Switzerland. We are committed to Switzerland as a place to do business, and we are expanding regionally to be closer to our customers.

We will also continue working closely with our customers to deliver the latest technology and solutions for their semiconductor manufacturing tools. With 2 nm node technology expected to be installed from 2025 onwards, the pace is set for the introduction of 1.6 nm from 2027/28 onward.

Our end markets are exposed to the semiconductor investment cycle and chips are one of the areas of contest in geopolitics. But VAT is not dependent on any single country, company or technology. In semiconductors, VAT is agnostic when it comes to all these developments. As long as a chip is manufactured for any new technology, we will be part of it.

We are excited about the technologies of which we will be a part in the ADV business. Fusion reactors were once the realm of science fiction. We're helping them become science fact. Quantum computing will be the next step in semiconductors, and we are already working closely with the companies that are pushing the boundaries in this space.

In addition, there are over 1.7 million VAT valves installed globally – and that number is growing. Our engineers on the ground are assisting customers with servicing these, be it with spare parts, consumables, repairs, and even upgrades. This is also an important element of our sustainability strategy: our ability to install replacement valves with higher efficiency.

Our brand promise is to "empower your tomorrow." So, first and foremost, we're working with our customers to define this tomorrow.



Urs Gantner  
CEO

# 60 years of VAT

This year, it is time to take stock of our achievements over the decades. As we work to create products that will help empower your tomorrow, we never lose sight of the past that has made us what we are now.

## 1965–1987 Founding years

The early days of VAT were shaped by the entrepreneurial drive of VAT's founder, Siegfried Schertler, and his vision of supplying valves to science. From the outset, his team included both machining experts and design engineers. Right from the start, the focus was always on customers. These years laid the foundation for VAT's key capabilities: engineering and designing products, an uncompromising dedication to purity, and a profound understanding of the raw materials used to make its products.



1965

Founded in Flawil,  
Switzerland



1988–2009

# A pioneer in semi- conductors

1995

Market launch of the series 65 pendulum valve control system – our best seller – with over 200,000 valves sold

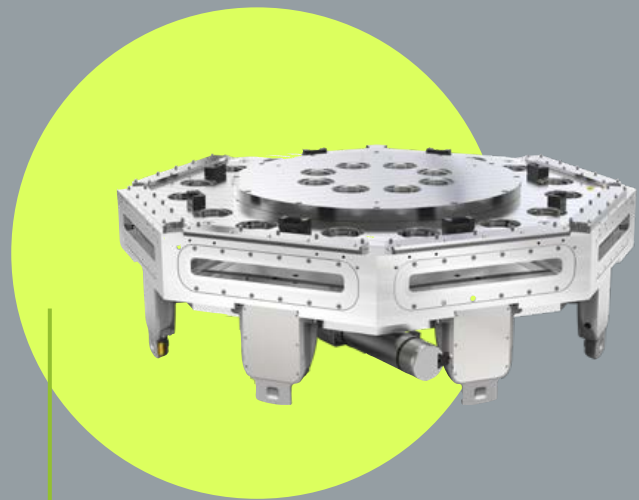
2008

Acquisition of Romania-based Sysmec, which is structured into an internal supplier

The next phase of VAT's growth was defined by its entry into the world of semiconductor manufacturing. The basic requirements for the industry were an exceptional understanding of particles and vacuums, absolute adherence to customer requirements, and a service mentality. The company's move into the semiconductor market was not planned, but a result of VAT's deep connections to science. VAT's expansion and growth in this field would require organizational changes and prompt it to build out its global presence.

## 2010–2024 IPO and market leadership

In early 2014 the company was acquired by Partners Group and Capvis. This benefited VAT, enabling it to expand its product offering and move into more complex modules, generate sales in more adjacent markets such as motion components and modules, and focus on servicing an impressive installed base of what is now 1.7 million valves. VAT's IPO on SIX Swiss Exchange was accomplished in 2016, with the private equity owners exiting completely by January 2018.



2011

VAT identifies adjacencies as a growth driver

2018

Expansion of the manufacturing center in Penang to over CHF 400 million output capacity

2023

Start of construction of the Innovation Center in Haag

2024

Start of construction of the new factory in Arad

# Our strategy builds on 60 years of experience

Digitalization and computing continued to dominate the headlines in 2024. Not a day passed without a mention of some technological advancement or digital development. This has had geopolitical ramifications, with the role of social media as a means of strategic communication under scrutiny and leading-edge chip technology seen as a strategic resource that needs to be restricted. Yet despite the increasing appearance of crevasses in the metaphorical glacier of globalization, humanity has never been this connected. The fact that there are at least seven billion mobile phones in the world and several billion computers and laptops in business and personal use suggests that almost everyone has access to computing. Nearly 70% of the global population has access to the internet on a regular basis, helping people collect information and make decisions every day.

The main requirement for digitalization to progress is the chip industry's ability to manufacture ever-more powerful chips taking up the same or even less space. This relationship, known as Moore's Law, was postulated in 1965 by Gordon Moore, the founder of Intel. There is a second relationship between computing power and manufacturing costs, also known as Moore's second law: as the computing power available to consumers rises, the cost to chip producers increases. The costs of building a semiconductor fab have increased exponentially over time, best demonstrated by the unit cost of EUV lithography tools, which can come to hundreds of millions. Nonetheless, the costs of consumer electronics need to remain the same, as demonstrated by the inflation adjusted unit cost of a modern smartphone, which has remained roughly stable since these devices were introduced in 2006.

There's not only a need to manufacture smaller chips. Semiconductor companies also have to have the capacity to manufacture mature technology chips, for example those utilized for data measuring and generation, such as sensors and communication devices. While these do not need to be particularly powerful, they have to be more cost-effective and resilient.

There is one more factor that has become an important driver of growth in the semiconductor industry: energy efficiency. As demand for processing and storing data grows and the use of AI proliferates, energy use increases. New data centers around the world are being built with energy generation sites, including nuclear reactors, close by. It is said that in 2026, all data centers globally will use over 1,000 TWh, the same amount of energy as the whole of Japan, a G7 economy.

In October 2024, VAT's Board of Directors held its annual strategy review meeting to update the profitable growth path laid out in late 2022. Overall, the Board and Group Executive Committee (GEC) did not see any reason to fundamentally change direction, and reconfirmed all the core strategic priorities.

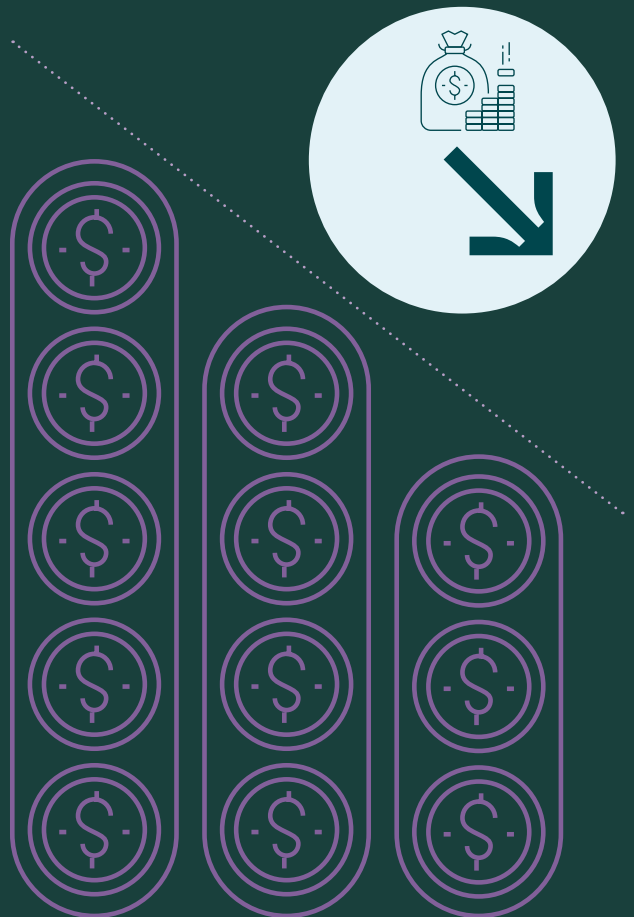
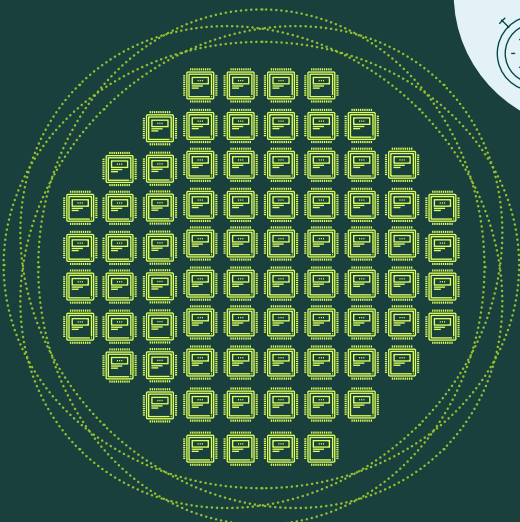
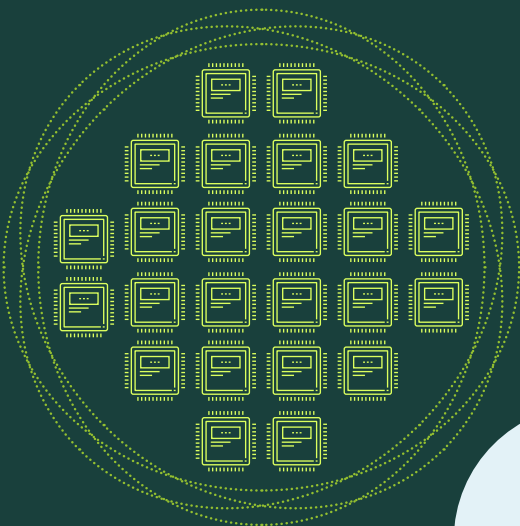
VAT's core offering – vacuum valves – and adjacent products directly enable our customers to achieve their objectives in chip manufacturing and continue to drive miniaturization, crucial to further digitalization. As node sizes fall even further below 3nm – the industry will be adopting 2nm technology in 2025 – purity in the manufacturing process enables nodes to be manufactured at the atomic-level precision required. As the time required to make a chip increases, with 2nm chips requiring over 2,100 process steps, the risks of manufacturing faults and consequential rejects increase. Chip manufacturers also



# We assist our customers in three core priorities:

Develop and deploy the latest chip manufacturing technologies to continue the miniaturization process

Maintain or increase production yields for chips from current levels – as newer technologies require more production time and capital



Ensure that the total cost of ownership of wafer fab equipment decreases – to avoid price increases for chips

design manufacturing processes digitally, but in practice, particles and imprecise process control will impact their output. VAT products help minimize the impact of these factors and increase manufacturing yields. Finally, looking at the ownership benefits, the outstanding long life of a VAT valve and the fact that it can be serviced and upgraded over its lifetime allows customers to benefit from a lower total cost of ownership over the course of a valve's life.

Crucial for success is VAT's unique combination of vacuum engineering expertise and advanced sealing technology, and its mastery of critical manufacturing skills. VAT's engineers have developed specialized techniques such as precision milling, parts cleaning, vulcanization, and specialty welding, all tailored to meet the stringent requirements of vacuum valves. This deep technical knowledge enables us to deliver solutions that are not only high-performing and value-adding but durable and reliable as well, further cementing our leadership in this rapidly growing market.

Our commitment to customer-centricity and customization is reflected in VAT's global account teams. These teams work closely with customers to understand their specific needs and challenges, ensuring that we deliver tailored solutions and maintain them over the life cycle of the customer's tools. Whether we're providing on-site support or developing custom engineering solutions, we have followed our customers to wherever they need us, strengthening relationships and reinforcing our position as a trusted partner contributing to their success.

Looking back over 60 years of VAT, the company's key differentiators have been front and center to success. The unwavering commitment to being a pure-play vacuum solutions provider is the foundation of our dominant position in the global marketplace. The journey began sixty years ago with the development of valve solutions for ultra-high vacuum (UHV) and extreme UHV applications, initially targeting research and tool/plant manufacturers (OEMs) in industries such as coatings and energy requiring critical vacuum

applications. Since the 1990s, VAT's growth has been driven by a strategic focus on leading-edge semiconductor applications and delivering a superior total cost of ownership offering to our customers. VAT has also expanded into customization for large players in the industry by offering customer-specific valve portfolios.

In recent years, the global footprint of engineering and manufacturing has become an increasingly important differentiator, as has the ability to ramp and manage the cycles. Following the supply chain disruptions during Covid, customers have also placed great emphasis on business continuity planning (BCP) and the ability of a crucial supplier such as VAT to avoid becoming a bottleneck. The result can be seen not only in revenue growth, but more importantly in specification win rates and the corresponding growth in share of wallet, where we have primarily replaced our customers' own components and allowed them to focus on their core competencies around wafer processing.

VAT has implemented a flexible operating model guided by the 30/30 rule, aiming to maintain 30% EBITDA even during a year with a 30% year-over-year decline in revenues – a likely scenario in the cyclical businesses VAT operates in. This flexible operating model, supported by strict cost control and continuous cost-down activities, has enabled the company to consistently meet its margin guidance targets. Our best-cost country (BCC) sourcing strategy is expected to increase the BCC share from 25% in 2022 to over 55% by 2027, further positioning VAT to remain flexible and competitive in evolving market conditions.

It is also critical to invest ahead of the cycle to justify the single source status we seek. Solid business continuity planning (BCP) and rapid response to increased demands are a must if we are to earn the trust of our customers and have the ability to deliver our products in all market conditions. Our recent investments in capacity and capability in Malaysia and Switzerland and the ongoing build-out of Romania are a testament to this strategic approach.

VAT's success story will continue as demand for vacuum environments continues to grow. Our established 77% market share in valves in semiconductors serves as a baseline. Customer-centricity is the driving force behind creating value for our customers, which in turn translates into trusted long-term partnerships and business success for VAT. Providing premium services and products will enable us to deliver a compelling total cost of ownership (TCO) benefit to our customers and allow them to focus on their key competencies – the chip manufacturing process. A key component of customer-centricity is listening. Understanding our customers' applications, systems, and challenges is crucial. To maintain trust, we need to respond quickly, keep our commitments, and consistently deliver excellent quality and results.

In the core semiconductor business which represents approximately 85% of 2024 revenues, VAT is continuing the key initiatives based on this market position to drive growth going forward.

### Further develop the core

We need to continue to drive growth in the largest market we serve, semiconductors, and expand our existing position. Leveraging technology and know-how will enable leading-edge and best cost/performance solutions throughout the product life cycle. Differentiation is achieved by offering customized solutions, focusing on innovation and our core competencies. This initiative also benefits from two main trends: the increasing overall use of vacuum in chip manufacturing processes, and the increasing number of process steps, which require more chip manufacturing tools to be installed.

### Grow with adjacencies

VAT will generate further growth by leveraging its existing capabilities in design, engineering, and purity, to harness adjacent opportunities in the vacuum space in areas such as advanced modules, motion, and bellows. As the industry develops advanced chip designs such as 3D silicon stacking and

advanced packaging technologies, VAT can also provide support with tailored solutions. Besides the above-mentioned developments in manufacturing, OEMs are increasingly outsourcing non-core value-add functions to reduce complexity and focus their investments, providing opportunities for VAT to offer high-end, plug-in modules.

### Grow with complementary products and vacuum system solutions

Industry roadmaps call for more advanced vacuum technologies in adjacent and complementary fields. Increased component dynamics, repeatability, cleanliness, and temperature requirements are just a few examples of the technological improvements required. VAT's vacuum solution approach builds on strong expertise in pressure control, and we aim to expand our expertise and product offering further. As a testament to this, in 2024 VAT successfully launched its first ALD valve as part of this solution-based strategy.

Innovation is at the core of VAT's semiconductor business. Our technology lead is maintained by a consistently high R&D budget – typically about 5 to 6% of sales every year – and execution by a team of around 400 scientists and research engineers. We maintain a portfolio of some 500 patents, and focus on R&D as a driver of future business growth and as a market entry barrier. Investments thus remain stable even in phases of lower market activity. VAT measures the success of its R&D efforts partly by the number of new specification wins and agreements with customers on new product designs addressing specific requirements for upcoming generations of new equipment. Winning a specification is therefore important, as it secures business in the future when it translates into revenue as the customer rolls out new tools and equipment over the subsequent three to seven years. In 2024, VAT succeeded in securing a new record number of specification wins, predominantly in leading-edge technologies. In 2024, 132 wins were achieved, giving VAT a clear view of future sales and market position. With

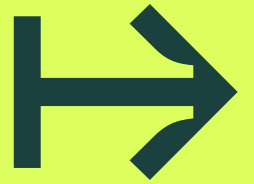
the completion of the Innovation Center in Haag in 2025, VAT will employ 400 engineers on site with dedicated labs and cleanrooms to pave the way for the next generation of specification wins with our customers. In the GSE business unit, the main focus is to leverage the vast installed base of around 1.7 million vacuum valves in operation to generate further repair and upgrade business over the life cycle of a VAT valve (up to five times new business product sales). Growth in services in recent years has been driven by the expansion of our product and service offering (consumables, spares, repairs, and upgrades/retrofits) and our global footprint. To deliver sales growth and value-add to our customers, VAT has embarked on initiatives such as the establishment of eight local service centers globally for repairs, the build-out of engineering capacities, and the early identification of service procedures for newly launched products.

Finally, in the ADV business unit, which was the starting point for VAT's success 60 years ago, we continue to leverage capabilities and resources developed for semiconductors for other industries and applications that require UHV environments. The vacuum products on offer incorporate effective technologies that have already been developed and produced, and which have a real-life track record. ADV focuses on five distinct end markets, including scientific instruments and medical, coating, targeted industries, power generation, and research. We continue to assess new markets with a focus on applications that benefit from our product portfolio and require additional customization, while providing the same compelling TCO proposition to our customers.

At the last Capital Market Day in December 2022, VAT issued a set of financial targets for the period 2022 to 2027. Based on the visibility it has, VAT believes that it is on course to meet the targets based on the assumptions shared at the time. These assumptions are based on a 2027 wafer fab equipment (WFE) spend of about USD 135 billion and a US dollar/Swiss franc exchange rate of 0.95 to 1.

Current WFE investment forecasts for 2027 have declined somewhat relative to the company's assumptions in late 2022. Nonetheless, like-for-like results remain in line with the prior guidance, also including foreign exchange developments, which constitute a strong headwind. On this basis and including new estimates of revenue to be generated from service and adjacent technologies, VAT reiterates its 2027 net sales guidance of between CHF 1.8 billion and CHF 2.2 billion. The EBITDA margin is forecast to remain in the 32% to 37% range over the cycle, while return on invested capital (ROIC) is now expected to be above 45%, compared with above 40% for the prior target period.

Creating value  
sustainably



# Creating value sustainably

## Sustainability enables long-term success

Our goal is to excel in sustainability the way we excel in vacuum solutions, and to transform the way our industry works. Sustainability is crucial on more than one level. It enables us to contribute to addressing global challenges, but also to mitigate corporate risks and make our business more resilient. We believe that long-term economic success can only be achieved by embracing our responsibility to operate in a way that minimizes our impact on the environment, supports our people and the communities in which we operate, and complies with the highest ethical standards. The aim of VAT's sustainability strategy is to help us achieve lasting business success and position VAT as the preferred partner for our employees, customers, suppliers, local communities, and shareholders.

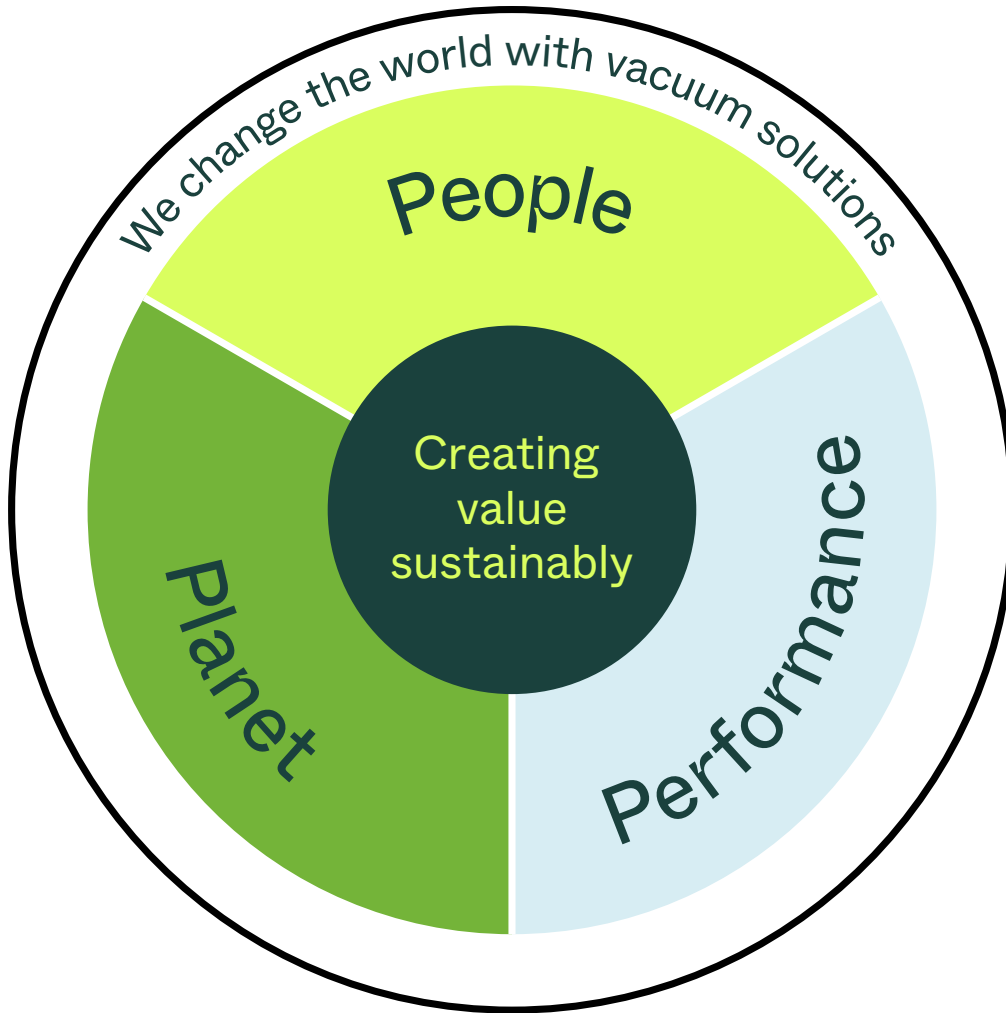
## VAT's sustainability strategy

VAT has always paid attention to the impact of its manufacturing activities on the environment. This reflects our origins in Switzerland, a country where environmental protection has a long tradition. Building on this, we now include sustainability as a key element in our strategy. In 2024, we further optimized our sustainability framework based on the material topics identified around our environmental impact, our social responsibility, our governance structure and the company's performance. In line with the

concept of double materiality, we considered our environmental and social impact along the entire value chain as well as sustainability-related opportunities and risks for the financial development of the company.

Our sustainability strategy is designed to make us more resilient, ensure compliance with regulatory requirements, and meet the increasing demand for sustainable solutions and practices. For this to happen, it must be aligned with our wider business strategy and executed effectively. We have therefore established a new Sustainability Committee at the Board of Directors level, responsible for the strategic steering of sustainability across the entire organization. We have also invested in people and in training on sustainability matters. Four members of staff are now dedicated full-time to working on all aspects of sustainability together with the respective functions in operations, human resources, procurement or legal.

As part of the implementation of our sustainability strategy, we provide an enhanced set of targets, summarized below.



Early April 2025, VAT will publish its fourth sustainability report, prepared in accordance with changes in the Swiss legislation on the reporting of non-financial information. Like all listed companies in Switzerland, the report will then be submitted to the Annual General Meeting 2025 on April 29, 2025.



### Planet: the environmental dimension

Our priority is to implement measures to limit climate change by reducing the greenhouse gas (GHG) emissions of our sites and along our entire value chain. We are also striving for more efficient use of energy while reducing our impact on natural resources such as water and land. In the future, we intend to assess our impact on biodiversity. In 2024, VAT committed to the Science Based Target initiative (SBTi) with the goal of setting and communicating ambitious GHG reduction targets in the next two years.



Topic	Targets
Climate change	Reduce Scope 1 and 2 emissions by 50% by 2025 (versus 2022)  Reduce Scope 3 emissions in line with our SBTi commitment
Use of energy	Increase the share of renewable energy consumed at VAT to over 90% by 2027



### People: the social dimension

We foster a diverse and inclusive work environment and encourage our employees to learn and develop, and we also make sure that the same ethical standards are applied along our supply chain, protecting workers' rights. We also take initiatives to increase our positive impact on the communities where we operate and on society at large. One highlight of 2024 was becoming an affiliate member of the Responsible Business Alliance (RBA), stepping up our commitment to social responsibility even further.

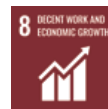


Topic	Targets
Diversity, equity and inclusion	Increase the share of women among new hires to 24% by 2027 and 25% by 2030  Increase the share of women in leadership positions to 25% by 2027



### Performance: the economic dimension

To continue creating value and growing our business, we want to harness the benefits of resource efficiency, circularity, and sustainable innovation. Our vacuum valves are important enablers of the green energy transition, in particular when it comes to manufacturing solar photovoltaic cells, operating electric vehicles, and improving the energy and resource efficiency of a wide variety of industrial processes.



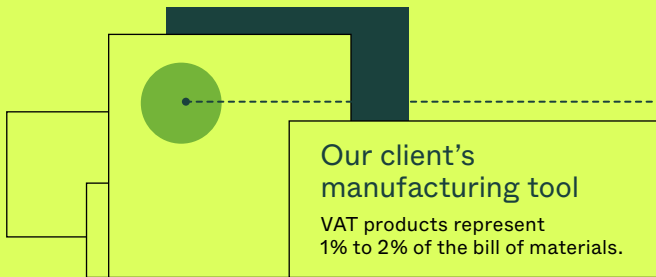


# Driving innovation, customer centricity, and market leadership

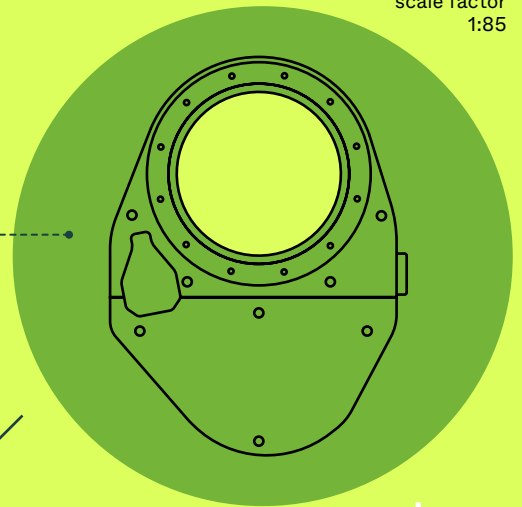
They say a picture is worth a thousand words. Combining words, figures, and pictures is even more powerful. The following infographics illustrate the keys to VAT's success, now and going forward.

# Empowering modern technologies

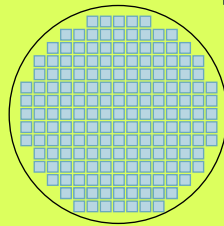
VAT valves ensure pristine vacuum conditions for our manufacturing clients, helping them increase production yields and reduce rejects.



VAT valve, scale factor 1:85



Vacuum environments are designed to minimize the particle count. Modern chips have nodes measuring 2nm across – about 40,000 times smaller than a human hair.



Series 65 control valves are one of VAT's most widely installed products globally. In semiconductor tools, they regulate gas flow for etch and deposition tools.

Precision to the nanometer ...and below!



### Semiconductor industry

Semiconductors are the building blocks of all our electronics. VAT has been a partner to the semiconductor industry since the late 1980s. As node sizes reach 2nm and continue to shrink, pristine manufacturing environments are essential. Another factor is that smaller nodes take longer to manufacture.

VAT has over

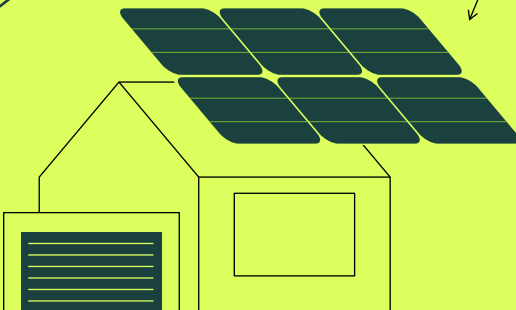
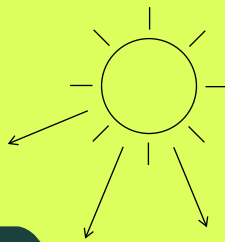
# 70%

market share in semi and semi-related valves in 2024



### Scientific instruments

VAT started its work in scientific research. To this day, scientists rely on perfect data collection with minimal noise. Our valves help maintain ultra-high vacuum environments for super-precise experiments and measurements.



### Solar panels

Manufacturing cheap solar energy is essential to reduce our dependency on CO2-producing fossil fuels. VAT's valves help create more efficient panels and keep manufacturing costs down.

# Aligned with global growth

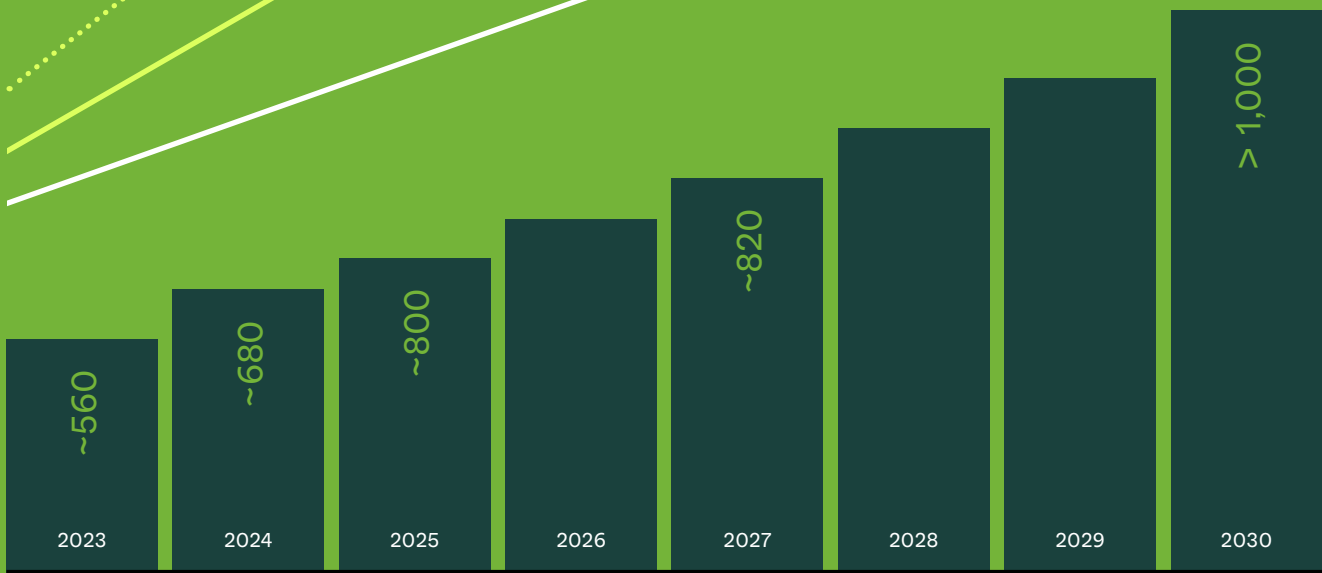
VAT benefits from exposure to the secular growth story in the semiconductor market. Shrinking node sizes also allow VAT to outgrow market trends.

**Growth factor 3:**  
Increasingly complex manufacturing

**Growth factor 2:**  
Evolving manufacturing technology

**Growth factor 1:**  
Data society

Semiconductor market to reach  
**> one trillion**  
USD by 2030



Size of semiconductor market, 2023 to 2030 (USD billion)  
Source: TechInsights (December 2024)

# Imagine a semiconductor chip as a small city with high-rise buildings.

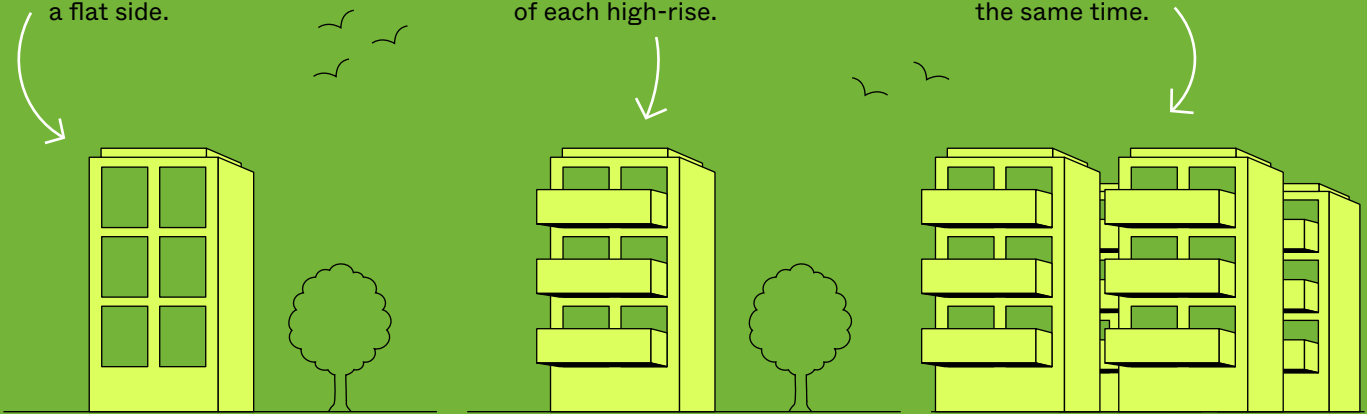
Shrinking node sizes and new architectures require more advanced etch and deposition tools.



You can only etch/  
depo buildings with  
a flat side.

You can also etch/  
depo the balconies  
of each high-rise.

You can etch/depo  
multiple buildings  
at the same time.



Up to 2024

2025 onwards

2032 onwards

**FinFET**  
(early 3D structure)

**GAA**  
(1<sup>st</sup> fully 3D structure)

**CFET**  
(stacking structure)

Current transistor structure has replaced CMOS structures thanks to superior switching times and density.

Gate all-around transistors are successors to FinFET. Here, logic gates surround the channel on all sides, allowing smaller node sizes and higher performance.

Below 1nm, CFET will be the transistor structure that allows channel width to be maximized going forward.

# At the cutting edge of progress

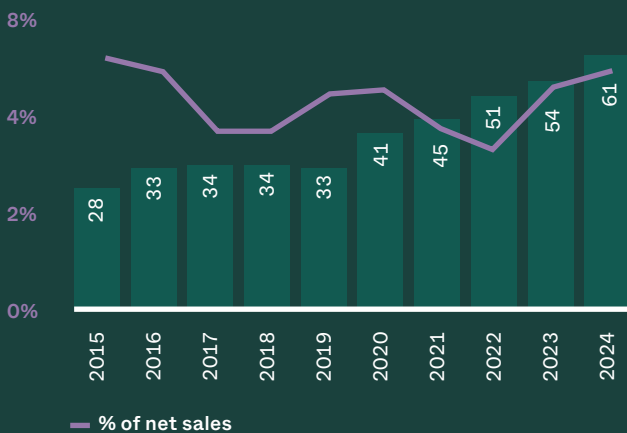
## R&D focus

Innovation is a market barrier but a differentiator once you're in. VAT's vacuum innovations leave its customers free to focus on innovating their production methods.

## Technology push in sync with market

Investing never stops at VAT: we maintain high capital expenditure and R&D spend no matter the cycle.

R&D investments in CHF million



### Pressure control

- Wafer path and motion component integration
- Dynamic control solutions
- Increased yield / throughput

### High purity

- Particle count and detection
- Increasing cleanliness requirements along the value chain

### Corrosion resistance

- Resistance to aggressive gases and chemicals
- Surfaces / coatings

### Temperature

- Increasing temperature windows
- Heating / cooling solutions
- Durability

# Investments in capacity

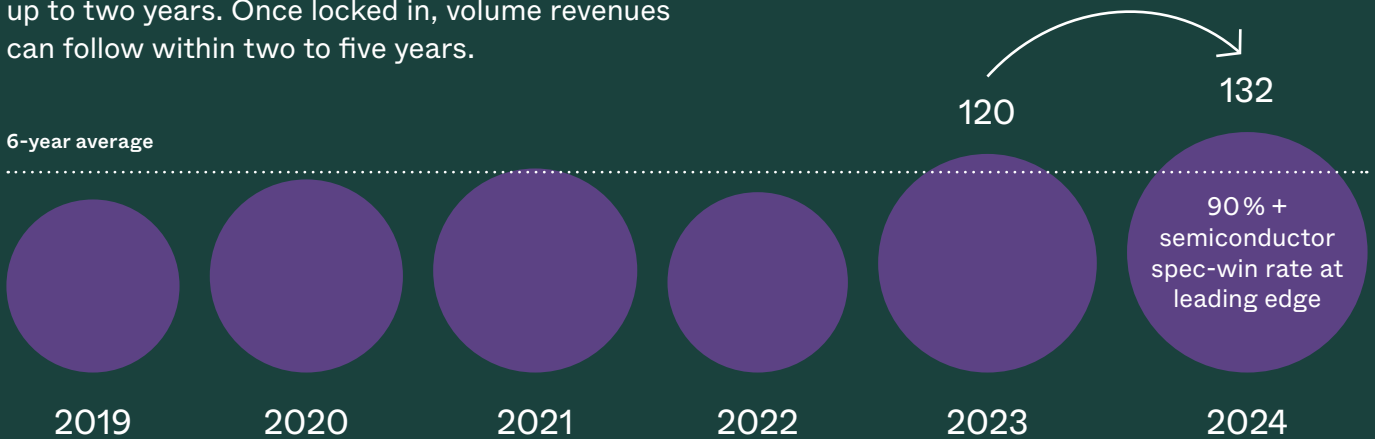
In position for the significant ramp ahead, VAT will have over CHF 2 billion in production capacity ready to handle customer requests by 2027.

Factory output in CHF million



# Specification wins

Agreeing specifications with a customer can take up to two years. Once locked in, volume revenues can follow within two to five years.



# We are where our business is

VAT has established a presence in key semiconductor manufacturing hubs. A network of 13 service centers allows us to provide repair and upgrade services to customers globally.

## ● VAT production and engineering centers

Haag, CH  
Penang, MY  
Arad, RO

## ● VAT innovation hubs

Haag, CH  
Penang, MY  
San Jose, USA  
Mendrisio, CH  
Zurich, CH

## ○ VAT service centers

Haag, CH  
Penang, MY  
San Jose, USA  
Hwaseong, ROK  
Shanghai, CN  
Singapore, SG  
Tokyo, JP  
Zhubei City, TW





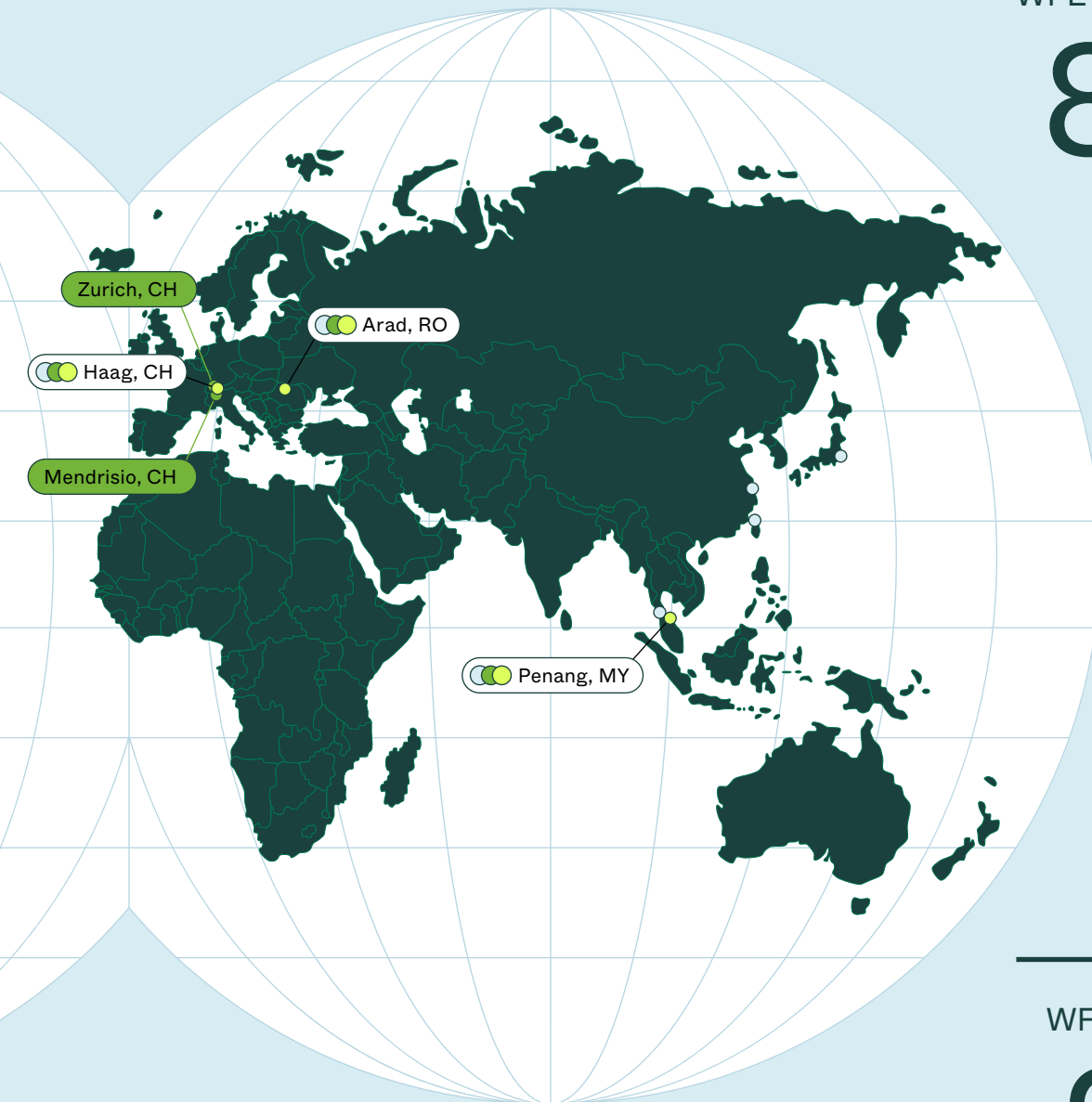
# of fabs that are newly built and/or are equipping in the next three years

~100

WFE spend in Asia over:

80%

of global total



WFE for leading edge:

25%

(2024) and growing

## A return to growth in orders, sales, and profitability in 2024 as semiconductor markets recover

In 2024, the global semiconductor industry – VAT’s largest market – experienced a transitional year. This followed a slowdown that started in late 2022 and only slowly recovered towards the end of 2023. The proliferation of artificial intelligence (AI) and continued growth in digitalization contributed to the market’s overall recovery. However, the lack of anticipated replacement cycles in consumer goods such as smartphones and personal computing indicates that the semiconductor market is still in transition. As things stand at present, AI computing, while growing, has not driven widespread upgrading of data centers, and manufacturing capacity for memory chips (DRAM and NAND) remains underutilized. Chip manufacturers have, however, continued to work towards key technology transitions, such as 2nm node sizes, GAA chip architecture, and manufacturing tools like ALD and extreme ultraviolet (EUV) lithography, that are expected to materialize soon.

Overall front-end investments in manufacturing capacity by the chip manufacturers, measured by their wafer fab equipment (WFE) spend, are estimated to have grown about 4% in 2024, indicating a slow recovery in market demand overall. Providing chips for investments in AI by hyperscalers has been a major source of this growth. In logic, capex declined by 6% as the high investment levels seen in 2022 and 2023 still needed to be digested. This trend was counterbalanced by spending in memory (+24%), with expanding DRAM capacities fueled by AI initiatives. NAND investments, however, remain constrained. The strongest growth in capex was observed at Japanese and Chinese fabs, up 33% and 11% respectively. Capex spending in Europe and South Korea was weaker, with major chip manufacturers delaying capex plans due to restructuring.

WFE spending is estimated to have increased by about 4% in 2024 to just over USD 100 billion. VAT’s core product areas, deposition and etching, have seen growth of 5% and 12% respectively, representing approximately 45% of total WFE spending. Lithography declined by 4% on the back of lower Chinese spending following two years of strong growth coupled with the high costs of the latest generation of EUV lithography tools. Lithography now accounts for about 28% of WFE. Chinese WFE sales were a key driver of 2024 WFE growth, estimated to reach USD 41 billion for 2024 as China aims to reach self-sufficiency in chip manufacturing as soon as possible.

Overall, VAT benefited in the semiconductor market from Chinese ambitions of self-sufficiency and the strong demand for both domestically built semiconductor manufacturing tools and imported tools from legacy manufacturers. WFE spending

Net sales  
in CHF million

942

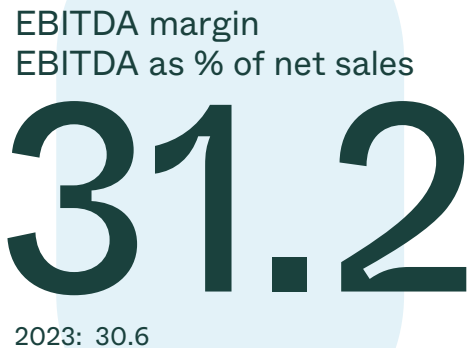
2023: 885

also increased in deposition and etch, where VAT has a stronger market share, which also contributed to overall revenue growth from new semiconductor valve sales. VAT's overall market share in semiconductor and semi-related vacuum valves increased to 70% from 68% a year earlier.

In the Global Service segment, which sells over 90% to the semiconductor market, orders increased by 27%. While fabs shut down entire production lines in 2023 during the trough, with inventories in spare parts and consumables being reduced, utilization rates picked up again in 2024, peaking at close to 80% for all chip types. Nonetheless, the fact that major chip manufacturers put capital expenditure on hold during mid-2024 resulted in slower service business in H2, with maintenance reduced owing to the possibility that fabs would be shut down. Upgrades and retrofits recovered in H2 as major logic and memory manufacturers disclosed plans to upgrade existing fabs for leading-edge chips.

Advanced Industrial markets present a mixed picture. In 2024, solar-related business remained weak and investment activity in the sector continued to be sluggish. Additionally, the anticipated return of demand for scientific and medical testing equipment after COVID did not materialize in 2024 and has been pushed back into 2025. Demand for automotive applications such as silicon carbide (SiC) has also been limited. However, demand for valves in the nuclear fusion industry remains strong, and the establishment of more privately funded ventures, especially in the United States, has created additional demand for all-metal valves. Finally, the reactivation of nuclear power plants in Europe and the United States, driven by CO2 reduction targets and the increasing need for data centers, has accelerated demand for VAT UF6 valves used in nuclear enrichment.

EBITDA margin  
EBITDA as % of net sales



31.2

2023: 30.6

**Innovation remains a key differentiator for VAT alongside the ability to provide sufficient production capabilities**

VAT has identified innovation, both in its existing production portfolio and in new products in adjacent product portfolios, as a key differentiator. Customers rely on VAT to drive progress in technology that will further benefit chip manufacturing and other high-vacuum applications. In 2024, VAT achieved a new record spend of CHF 61 million in R&D, representing a 13% increase in investments in innovation and product development. This equates to 6.5% of sales, in line with the long-term target range of 5 to 6%.

As a result of ongoing innovation efforts and close collaboration with its customers, VAT won 132 specifications for future manufacturing platforms, 10% higher than the previous record specification wins in 2023. These wins, achieved in Adjacencies and in leading-edge chip manufacturing applications, give VAT visibility on business two to five years out.

VAT also successfully completed the construction of its second manufacturing site in Penang, Malaysia. Site 1B will increase the total potential installed annual production capacity in Malaysia to more than CHF 1 billion, which will support VAT's growth plans beyond 2027. VAT's ability to invest proactively in capacity is a key differentiator for customers and is key to ensuring the company's preferred supplier status. In 2024, our site in Penang

achieved the highest ever factory output to date, with c. CHF 330 million or c. 35% of VAT's total output.

Work on the Innovation Center in Switzerland continued during 2024. It will open in April 2025, offering both R&D and corporate working space. Additionally, VAT is providing additional space to establish a dedicated production in Haag to manufacture vacuum solutions for European customers.

**Better results than 2023 reflect recovery in the semiconductor investing environment, with the ramp still to come**

Total orders amounted to CHF 1,033 million, up 49% from the depressed levels seen in 2023. The increase reflects a stronger overall investment environment in semiconductor manufacturing equipment. Overall order flows toward the end of 2024 reflect an ordinary run rate of client activity in the current market. Inventory levels at customers were back to normalized levels by year-end. At the end of 2024, VAT's order backlog amounted to CHF 370 million, up 27% versus 2023 but still about 28% lower than the record level seen at the end of 2022. Over 60% of these orders will be fulfilled over the next two quarters.

Group net sales in 2024 reached CHF 942 million, up 6% versus 2023. The recovery was most pronounced in the Semiconductor

business unit, which saw an increase of 22% over the course of the year. In Global Service, sales declined by 3% on the back of weaker upgrading activity. Sales in the Advanced Industrials business unit were 27% lower than in 2023 due to the steep decline of investment activity in solar end markets. Foreign exchange movements, especially in the US dollar against the Swiss franc, had a negative impact of about 3 percentage points on 2024 net sales.

Gross profit<sup>1</sup> increased by 15% compared with 2023 to CHF 626 million. Gross profit margin<sup>2</sup> for the year increased to 66% from 62% a year earlier, reflecting the effect of working capital build-up, benefits from operational efficiency gains and mix effects.

Personnel costs as a percentage of net sales increased from 24% in 2023 to 26% in 2024, reflecting VAT's continued investment in highly qualified permanent employees to prepare for the next market upswing. In absolute terms, personnel costs increased by CHF 32 million. The total number of employees (measured as full-time equivalents, FTEs) increased by 20% from 2,666 to 3,203 versus a year earlier.

Operational execution measures, operating leverage, and targeted investments enabled VAT to increase EBITDA by 8% to CHF 294 million in 2024. Continuous efficiency gains contributed around three percentage points to the EBITDA margin. The full-year EBITDA margin increased by 0.6 percentage points versus 2023 to 31.2%, still slightly below the EBITDA margin band of 32% to 37%. However, the H2 EBITDA margin exceeded 32%. VAT remains committed to maintaining surge capacity to be able to serve its customers in the event of the anticipated ramp in the market. Foreign exchange movements, primarily in the US dollar against the Swiss franc, had a positive impact of about 0.9 percentage points on the reported 2024 EBITDA margin on a like-for-like basis.

Net income  
in CHF million

212

2023: 190

1 Gross profit = net sales minus cost of materials plus/minus changes in inventories of finished goods and work in progress  
2 Gross profit margin: gross profit as a percentage of net sales

VAT's 2024 EBIT amounted to CHF 250 million, up 9% versus 2023, while the EBIT margin increased by about 0.8 percentage points to 26.6%.

Below the EBIT line, VAT showed a substantially improved financial net result of around CHF 2 million (positive) versus negative CHF 21 million a year ago, when the company suffered from net foreign exchange losses on financing activities.

Earnings before taxes (EBT) increased 22% to CHF 253 million from CHF 207 million. The effective tax rate for 2024 increased to 16% from 8% a year earlier. This is mainly attributable to additional tax expenses related to the global minimum top-up tax in Switzerland and one-off effects from previous years that had reduced the effective tax rate in 2023.

Net income for 2024 increased to CHF 212 million, 11% higher than in 2023. On December 31, 2024, VAT's net debt amounted to CHF 84 million, representing a leverage ratio (expressed as net debt-to-EBITDA) of around 0.3 times versus 0.2 times at the end of 2023.

**Substantial free cash flow despite higher net working capital, supported by lower capital investments**

One of VAT's key performance indicators and the basis for its dividend consideration is free cash flow, which in 2024 declined 3% to CHF 183 million from CHF 189 million in 2023. Cash inflows from operating activities decreased by about CHF 16 million while cash outflows for capex decreased by CHF 13 million, down from CHF 69 million in 2023 to CHF 56 million in 2024. In light of market developments, especially in semiconductors, VAT has deferred some of its investment activity into 2025. A capex-to-sales ratio of approximately 6% for the year is still slightly above the guidance corridor of 4 to 5% and includes investments in Plant 1B in Malaysia and the Innovation Center in Switzerland, which will be completed during the first half of 2025.

Dividend proposal  
in CHF

6.25

2023: 6.25

At year-end 2024, net trade working capital amounted to CHF 312 million, approximately 28% higher than at the end of 2023. Net trade working capital represented 33% of sales, a six-percentage-point increase versus 2023. This increase was driven by the preparation for required output increases to meet customer demand more effectively as well as a strategic rebalancing of our supply chain post-ERP transition, including selective stocking of key components to enhance operational efficiency and reduce lead times in the future.

Free cash flow as a percentage of net sales decreased slightly from 21% to 19% in 2024. The free cash flow conversion rate was 62% of EBITDA. Free cash flow to equity amounted to CHF 179 million compared with CHF 182 million in 2023.

At the annual general meeting on April 29, 2025, VAT's board of directors will propose an unchanged dividend for the fiscal year ending December 31, 2024, of CHF 6.25 per registered share. This reflects continued solid free cash flow generation in 2024 and the anticipated positive development of business in 2025. The proposed dividend of CHF 6.25 per registered share will be paid from the company's accumulated gains. The proposal amounts to a total dividend of CHF 187.5 million or 105% of VAT's free cash flow to equity.

## Technology transition in 2025 will allow VAT to outperform the market

VAT expects investments in semiconductor manufacturing equipment to grow further over the course of 2025, as the installation and upgrading of new manufacturing tools related to leading-edge logic chips and high-performance memory chips will require significant capex on the part of chip manufacturers. Large logic manufacturers have already announced extensive capex plans for 2025, which will enable them to build experience with low-volume production before moving to volume production in 2026. In memory, fabs are moving rapidly to build high bandwidth memory (HBM) capacity, announcing the partial conversion of existing DRAM capacity. The technology transition is taking place across multiple applications and markets and requires both green-field and upgrading activities.

Additionally, large investment programs have been announced by hyperscalers, partially in cooperation with the US government, in response to demand for artificial intelligence and data centers. While still a small part of the market, VAT believes that these investments will catalyze more rapid AI adaptation. Aside from the direct benefits of new data centers being built, AI proliferation will also fuel the sale of new devices such as AI-enabled smartphones and laptops that meet the requirements to run AI models.

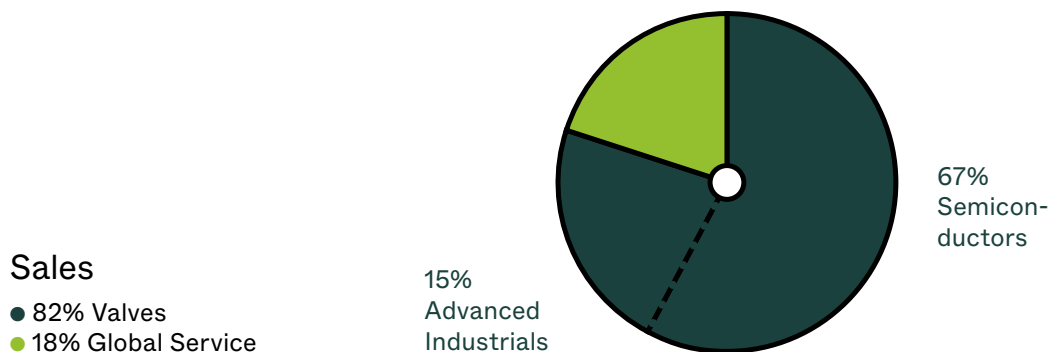
On the other hand, global geopolitics have created a more volatile backdrop to business overall. The regulatory environment has placed greater restrictions on the technologies and products that can be sold. Global trade is facing an increased risk of tariffs and potential retaliatory measures. China continues to invest in its domestic manufacturing capabilities and aims to achieve self-sufficiency in the coming years. In 2024, WFE sales in China reached more than 40% of total global spending; estimates for 2025 foresee a decline in China's spending. This spending was predominantly in the lagging-edge size bracket.

Overall, global market research firms expect WFE growth to amount to around 5% overall globally, and total WFE spend to reach between USD 100 and 110 billion. VAT is uniquely set up to outpace the market growth anticipated for 2025 and beyond. With its higher market share in leading-edge applications, VAT expects to benefit extraordinarily from the anticipated technology shift. VAT has historically been strong in the market for etch and deposition tools, so an anticipated shift in the WFE spend from lithography to etch and deposition will contribute positively, through mix effects, to VAT's growth. Finally, the time needed to create a chip is increasing overall because more process steps are needed to manufacture the nanometer nodes structures, requiring the installation of more tools in the fabs to achieve the same throughput and yield. This will serve as an additional growth driver for VAT in the coming year. The Adjacencies business will also benefit from the increased demand for leading-edge tools, as this also increases the demand for VAT's high-spec advanced modules and motion components.

In Global Services, VAT's consumables and spares business will benefit from a further increase in fab utilization. Given the announcement of major capex plans to upgrade from 7 to 3nm in logic and DRAM to HBM in memory, the upgrade and refurbishment business is expected to benefit as well. In ADV, a rebound in the scientific instrument and research business is expected. Customers supplying the semiconductor market, in line with the growth anticipated in VAT's semiconductor business, are expected to continue investments resulting in higher orders and sales.

On this basis, VAT expects full-year 2025 orders, sales, and EBITDA to be higher than in 2024. Net income and free cash flow are also expected to be higher in 2025; capex is forecast at CHF 90 to 100 million.

## Segments of VAT Group AG



VAT Group is organized and managed in two segments: Valves and Global Service. The Valves segment comprises the two business units Semiconductors, and Advanced Industrials.

## Valves

VAT's Valves segment designs and delivers the company's entire range of high-precision vacuum valves. In 2024, the segment comprised two business units: Semiconductors, serving the semiconductor industry and high-end flat-panel displays, and Advanced Industrials, for customers in a variety of industries including scientific research, scientific testing, nuclear fusion, uranium enrichment, and coatings for solar photovoltaic markets and other industrial applications. The Valves segment operates manufacturing facilities in Switzerland, Malaysia, and Romania with sales, product development, and engineering support in all major markets.

In 2024, demand in the semiconductor markets returned to ordinary levels after a sharp downturn in 2023 as customers saw their inventories normalize and demand for semiconductor manufacturing tools returned. However, the anticipated upturn in demand for consumer electronics through replacement sales did not materialize, and the paradigm for chip node sizes failed to advance, despite developments and investment in artificial intelligence, cloud computing, and wireless

communications. This restricted the appetite for investment in semiconductor valves in 2024.

In addition, persisting inflation and geopolitical uncertainties continued to weigh on overall investment activity in semiconductor manufacturing equipment and capacity. Major fab operators were occupied with in-house refocusing and digesting the existing capacity. Structurally, WFE spending was geared to areas in which VAT was less prevalent, in other words lagging edge and lithography, predominantly DUV. While WFE spend is measured in US dollars, VAT reports its performance in Swiss francs, which additionally impacts the comparison with industry growth.

The segment's other business unit, Advanced Industrials, recorded a more subdued performance. While the business is typically more project-driven, orders and sales performance reflect the performance of the end markets. In precision coatings and medical and scientific testing, demand remained muted in line with the overall development of the economy. Solar

### Key figures Valves

In CHF million	2024	2023	Change
Order intake	858.1	554.4	54.8%
– Semiconductors	713.4	387.7	84.0%
– Advanced Industrials	144.7	166.7	-13.2%
Net sales	774.7	712.4	8.7%
– Semiconductors	632.2	518.0	22.0%
– Advanced Industrials	142.5	194.4	-26.7%
Inter-segment sales	68.1	70.3	-3.1%
Segment net sales	842.8	782.7	7.7%
Segment EBTIDA	266.3	239.3	11.3%
Segment EBITDA margin	31.6%	30.6%	–
Segment net operating assets	901.5	798.6	12.9%
of which net trade working capital	278.8	202.8	37.5%



photovoltaic production remains at low utilization levels because of overcapacity in the space. Demand for scientific research applications remained strong but lumpy. In power generation applications such as fusion and nuclear fuel enrichment, follow-on sales remained strong in 2024.

#### **Specification wins rate remains high in Semiconductors**

The Semiconductor business unit is VAT's largest and accounts for approximately 70% of the group's total sales in 2024. Amid the overall normalization of investment appetite in the semiconductor equipment business, orders and sales accelerated by 84% and 22% respectively, giving orders of CHF 713 million and sales of CHF 632 million. This positive development was driven by order growth in leading-edge applications and from Chinese customers amid a normalization of inventories at our customers. Demand accelerated further in the second half compared with the first six months, with monthly order and sales run rates increasing gradually.

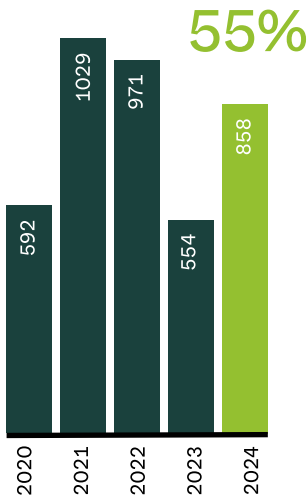
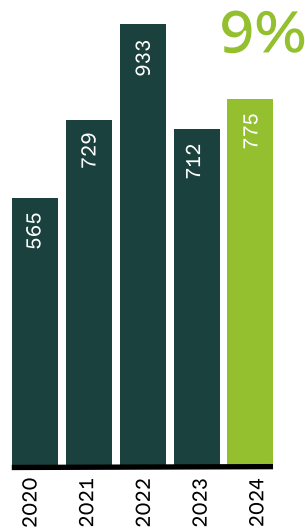
In light of these developments, the business unit took further strategic steps to position itself for future growth by continuing its investment in innovation and production capacity. The Innovation Center in Haag saw construction advance rapidly and is preparing to open in early 2025. In Haag, additional capacity expansion potential was identified and will be acted upon. Plant 1B in Penang, VAT's major expansion project, was completed in late 2024 and will see a further ramp-up in the years to come. Expansion and modernization work has commenced in Arad at VAT's in-house supplier. Finally, key spec wins in 2024 increased by 10% over 2023, representing new contracts that will convert into new sales in the years to come.

The Semiconductors business unit recorded important wins with adjacent products in areas where VAT is already present: deposition, etching, and lithography. But wins with new adjacent products were also recorded in applications where we expect substantial growth in the next upturn, such as atomic layer deposition (ALD), gate-all-around (GAA), and cryo-etching. In OLED displays, VAT has recorded a key spec win as the industry standard in the evaporator process.

VAT continued optimizing its supply chain for high-volume products in 2024 to ensure strategic supply chain security for its customers, and the build-out of capacity in Malaysia continues to give our customers efficiency and flexibility as well as reliability and certainty. In the spirit of improving our environmental footprint, the marginal Haag capacity expansion will provide European-based customers with additional capacity as required.

#### **Advanced Industrials slows in 2024**

The Advanced Industrials business unit serves a wide variety of customers with vacuum-based technologies in areas such as scientific instruments, crystal pulling for silicon production, thin-film coatings, nuclear fuel enrichment, and scientific research. In 2024, the business unit achieved net sales of CHF 143 million, a 27% decline over the previous year. This development in sales was due to a slowdown in demand in key end markets such as industrial coatings, solar equipment manufacturing, and medical and scientific analysis tools. Automotive applications such as SiC saw limited demand amid the slowing adoption of EVs globally. Fusion energy was one of the highlights in 2024, with healthy demand for VAT valves on the part of both privately and government funded experiments. Order intake was down 13% in 2024 at CHF 145 million, impacted by the lumpy nature of project business.

Order intake  
in CHF millionNet sales  
in CHF million

### Review of 2024 performance

Total orders in the Valves segment amounted to CHF 858 million in 2024, up 55% from the previous year. Net sales reached CHF 775 million, an increase of 9% compared with CHF 712 million in 2023. The segment reported EBITDA of CHF 266 million, up 11% from the year before, and a segment EBITDA margin of 31.6% versus 30.6% in 2023. There was a positive mix effect, with operating leverage offsetting adverse foreign exchange movements.

### Market outlook for 2025

The 2025 market outlook for the Valves segment is positive. Capital spending in semiconductor manufacturing is expected to accelerate during the year, with a faster-paced increase in the latter part of 2025. In logic, the roll-out of GAA technology alongside 2nm nodes will require investments in a completely new set of semiconductor manufacturing tools. In memory, the lack of capacity to fulfill demand in high bandwidth memory (HBM) or leading-edge memory to support the proliferation of artificial intelligence (AI) will result in new green-field projects globally. The display business is expected to further benefit from the expansion of OLED IT capacity in Asia. In the Advanced Industrials business unit, a rebound in the scientific instrument and research business is expected. Customers supplying the semiconductor market, in line with the growth anticipated in VAT's semiconductor business, are expected to continue investments resulting in higher orders and sales.

## Global Service

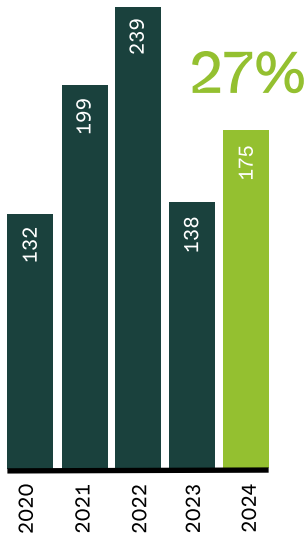
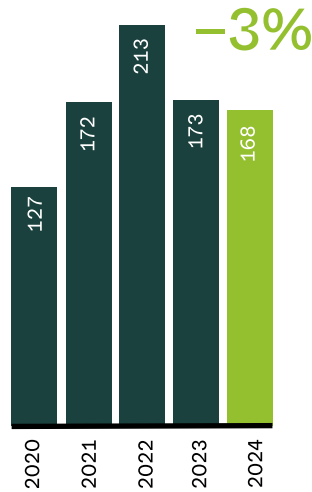
VAT's Global Service segment is focused on OEM and end user customers and is an important sales channel for VAT. It offers products, supplies customers with original spare parts, valve maintenance and service, sub-fab installations, and technical support and training. It also helps customers improve the performance of their equipment with customized product upgrades and retrofits. The key drivers of VAT's Global Service sales are still the installed base of VAT valves, fab utilization, and fab inventory levels.

VAT Global Service is operating eight local Service Centers located close to the end user customers. They ensure short transportation distances and allow VAT to work with local providers for additional services like decontamination or coating. During the roll-out of the new ERP system, the Service Centers and the local sales and engineering teams kept on repairing and servicing our customers' installed base and ensured the full VAT support for their operations.

Following a slowdown in 2023, semiconductor chip manufacturing started to pick up again in 2024, and the Global Service segment saw another improvement in orders over the prior year. The utilization of local semiconductor producing fabs was very volatile during this year – advanced foundry and HBM fabs faced high loads of around 90%, whereas classic memory (NAND/Flash and DRAM) as well as industrial semiconductor fabs (e.g. MEMS, Sensors) faced much lower utilization rates of around 50 to 70% due to the weakness in their end customer markets. While the fabs with a high utilization were focusing on safeguarding high yields, the fabs with a lower load were upgrading their fab equipment technology.

### Key figures Global Service

In CHF million	2024	2023	Change
Order intake	175.1	137.5	27.4%
Net sales	167.5	172.9	-3.1%
Inter-segment sales	-	-	-
Segment net sales	167.5	172.9	-3.1%
Segment EBITDA	63.6	69.1	-7.9%
Segment EBITDA margin	37.9%	39.9%	
Segment net operating assets	127.1	132.2	-3.9%
of which net trade working capital	33.9	40.7	-16.7%

Order intake  
in CHF millionNet sales  
in CHF million

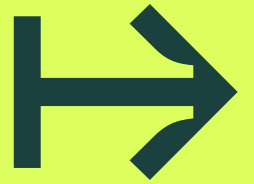
### Review of 2024 performance

Orders in the Global Service segment increased 27% year-on-year to CHF 175 million. Net sales were down 3% to CHF 168 million, as orders were biased towards the end of the year. The decline in sales was most notable in areas exposed to the sub-fab sector, as new fab construction projects were delayed or paused. Demand in the gates and spares businesses remained constant from the second half of 2023. Due to restricted OPEX budgets, end user customers tended to repair valves instead of buying new spare valves. This resulted in strong sales in repairs, but lower sales in spare valves. EBITDA fell 8% versus 2023 to CHF 64 million. The EBITDA margin in 2024 increased to 40%, compared to 38% a year earlier, reflecting the favorable portfolio mix of a lower share in sub-fab and a higher share in repairs.

### Market outlook for 2025

Orders for the Global Service business segment began to pick up during the second half of 2024, reflecting a further slow improvement in fab utilization in the semiconductor industry, which is expected to continue throughout 2025. This will support strong demand for spares, repairs, and gates. As there is still a great need to shift existing capacity to modern HBM and 3D NAND memory chip manufacturing as well as further technological progress in advanced foundry, the refurbishment and upgrade businesses are expected to see additional demand throughout 2025.

Board of  
Directors and  
Group  
Executive  
Committee





Martin Komischke  
Chairman of the Board of Directors



Urs Leinhäuser  
Vice-Chairman of the Board of Directors



Petra Denk  
Member of the Board of Directors



Daniel Lippuner  
Member of the Board of Directors



Karl Schlegel  
Member of the Board of Directors



Libo Zhang  
Member of the Board of Directors



Thomas Piliszczuk  
Member of the Board of Directors



Hermann Gerlinger  
Member of the Board of Directors

# Group Executive Committee



Fabian Chiozza  
CFO



Urs Gantner  
CEO





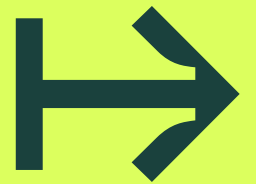
Thomas Berden  
COO



Finn Felsberg  
EVP SSG



# Corporate Governance Report



# Corporate Governance Report

VAT Group AG is committed to the highest principles of good corporate governance, aimed at ensuring transparency, achieving a balanced relationship between management and control, and safeguarding shareholder interests. VAT Group AG regularly reviews its corporate governance framework and discloses information on corporate governance in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Code of Best Practice for Corporate Governance, and the corporate governance provisions of the Swiss Code of Obligations. In addition, VAT Group has implemented a code of conduct setting out VAT Group's key principles.

To avoid duplication, some sections of this Corporate Governance Report contain cross-references, in particular to the Articles of Association of VAT Group AG, Committee Charters and the Organizational Regulations of VAT Group AG, published at [www.vatgroup.com/investor-relations/corporate-governance#articles-regulations-charters](http://www.vatgroup.com/investor-relations/corporate-governance#articles-regulations-charters).

For those disclosures under the SIX Swiss Exchange Directive on Information relating to Corporate Governance that are included in the notes to the consolidated financial statements, please consult the 2024 Consolidated Financial Statements of VAT Group AG in this document. The financial year of VAT Group AG ends on December 31 of each calendar year.

## 1. Group structure and shareholders

### 1.1 Group structure

VAT Group AG, a stock corporation, was founded on February 25, 2016 (registration number CHE-202.223.983, LEI: 529900MVFK7NVALR7Y83), and its registered office is at Seelistrasse 1, 9469 Haag, Switzerland. VAT Group consists of VAT Group AG (the ultimate holding company) and its subsidiaries in Switzerland and abroad: four production companies that can also perform a distribution function in Switzerland, Romania, and Malaysia; eleven distribution companies in Europe, North America, and Asia; and two holding companies. An overview of this structure, with company names, place of incorporation, share capital, and VAT Group AG's interest, is provided on page 131 of the 2024 Consolidated Financial Statements of VAT Group AG.

VAT Group's operational structure is organized into two business segments aimed at delivering maximum value to customers: Valves and Global Service. This structure is described in more detail in the segment information in the notes to the financial statements on pages 100 to 103.

### 1.2 Significant shareholders

As of December 31, 2024, 24,192 shareholders were registered in VAT Group AG's share register, holding 15,541,920 shares (as defined below under 2.1).

Disclosures notifications of significant shareholdings in VAT Group AG that were filed in 2024 with VAT Group AG and the SIX Swiss Exchange are available from the online publication platform of the SIX Swiss Exchange: [www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

As of December 31, 2024 (or the date indicated), VAT Group AG was notified of the following shareholders, representing 3% or more of the share capital of VAT Group AG:

## Name of shareholder

	In % of total share capital
Rudolf Maag, Switzerland	10.00%
UBS Fund Management (Switzerland) AG <sup>1</sup>	5.95%
BlackRock, Inc. <sup>2</sup>	5.73%

<sup>1</sup> Position for UBS Fund Management (Switzerland) AG as per filing dated May 9, 2024

<sup>2</sup> Position for BlackRock Inc. as per filing dated April 28, 2021

Further details are available from the online publication platform of the SIX Swiss Exchange: [www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/](http://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

VAT Group AG is not aware of any other person or institution holding, at the date of this report, directly or indirectly, on its own account or in concert with third parties, 3% or more of VAT Group AG's share capital.

### 1.3 Cross-shareholdings

VAT Group AG does not have any cross-shareholdings exceeding 5% of capital holdings or voting rights.

## 2. Capital structure

### 2.1 Company's share capital

The share capital of VAT Group AG amounts to CHF 3,000,000 divided into 30,000,000 registered shares with a nominal value of CHF 0.10 each. The shares are fully paid in. The shares have been listed on the SIX Swiss Exchange since the company's initial public offering on April 14, 2016. VAT Group AG's International Securities Identification Number (ISIN) is CH0311864901, its market capitalization as of December 31, 2024 was CHF 10.3 billion with a free float as defined by SIX Swiss Exchange of approximately 90%. During 2024, the free float remained unchanged versus a year ago.

VAT Group AG issues its registered shares only as uncertificated securities and registers them as book-entry securities. Shareholders have no right to request conversion of the form in which the registered shares are issued into another form. Shareholders may, however, at any time require from VAT Group AG the delivery of an attestation certifying their current shareholdings. Uncertificated securities may only be transferred by way of assignment, provided that they are not registered as book-entry securities. The transfer of book-entry securities and grants of security rights on book-entry securities have to be compliant with the Book Entry Securities Act. The transfer of book-entry securities or grants of security rights on book-entry securities by way of assignment is excluded.

## 2.2 Conditional and authorized capital

According to art. 3a of the Articles of Association<sup>1</sup>, VAT Group AG's share capital of CHF 3,000,000 may be increased by conditional capital of up to CHF 150,000, i.e., up to 5% of the share capital, by issuing up to 1,500,000 fully paid-in registered shares with a nominal value of CHF 0.10 each, upon the exercise of option rights or in connection with similar rights regarding shares (including restricted stock units) granted to officers and employees at all levels of the company. The preemptive rights and the advance subscription rights of the shareholders are excluded. The acquisition and subsequent transfer of registered shares is limited under art. 5 of the Articles of Association<sup>1</sup>. The conditions for the allocation and exercise of the option rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

VAT Group AG does not have any authorized share capital.

## 2.3 Capital band

At the Annual General Meeting on May 16, 2023, the shareholders approved the creation of a capital band of -5/+10% of the issued share capital for a period of three years. According to art. 3b. of the Articles of Association<sup>1</sup>, the Board of Directors is authorized until the 2026 Annual General Meeting to increase the share capital within a range by issuing a maximum of 3,000,000 registered shares or by canceling a maximum of 1,500,000 registered shares or by reducing the par value of the existing registered shares. The aforementioned number of shares relates to the existing par value of the shares of CHF 0.10. The upper limit of the capital band is therefore CHF 3,300,000 and the lower limit CHF 2,850,000. Within the authorization period, the Board of Directors may also change the capital several times, including in partial amounts, but only within the upper and lower limits of the capital band.

## 2.4 Changes in share capital

There have been no changes in the share capital during the reporting year.

## 2.5 Participation certificates, profit-sharing certificates, preference shares, and modified voting rights

As of December 31, 2024, VAT Group AG has not issued any participation certificates or profit-sharing certificates, nor has it issued any preference shares or shares with increased, limited, privileged or restricted voting rights.

## 2.6 Own shares

As of December 31, 2024, VAT Group AG held 24,011 of its own shares. None of its subsidiaries held any shares in VAT Group AG.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

## 2.7 Transfer restrictions and nominee registrations

Persons acquiring registered shares will on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired said shares in their own name and for their own account, that there is no agreement on the redemption or return of corresponding shares, that they bear the economic risk associated with the shares, and that they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FinMIA) of June 19, 2015. Entry in the share register of registered shares as a shareholder with voting rights is subject to the approval of VAT Group AG. Entry of registered shares with voting rights may be refused based on the grounds set out in art. 5 para. 3, 4 and 5 of the Articles of Association<sup>1</sup>.

Persons not expressly making the declaration referred to in art. 5 para. 2 of the Articles of Association<sup>1</sup> (hereafter referred to as nominees) will be entered in the share register with voting rights without further inquiry up to a maximum of 3% of the share capital outstanding at that time. Above this limit, registered shares held by nominees will be entered in the share register with voting rights only if the nominee in question, at the application for registration or thereafter upon request by VAT Group AG, makes known the names, addresses, and shareholdings of the persons for whose account they are holding 0.5% or more of the share capital outstanding at that time and provided that the disclosure requirement stipulated by the FinMIA is complied with.

The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

Subject to art. 652b para. 3 of the Swiss Code of Obligations, the abovementioned limit of registration also applies to the subscription for or acquisition of registered shares by exercising preemptive, option or convertible rights arising from shares or any other securities issued by VAT Group AG or third parties.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction, are considered as one shareholder or nominee. VAT Group AG may in special cases approve exceptions to these restrictions. No such cases were approved in 2024.

A resolution of the shareholders' meeting passed by at least two-thirds of the represented share votes and the majority of the par value of the shares represented is required for the easement or abolition of the restriction of the transferability of the registered shares.

## 2.8 Convertible bonds and options

VAT Group AG has neither convertible bonds nor options regarding its shares outstanding.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

## 3. Board of Directors

### 3.1 Members of the Board of Directors

The Articles of Association<sup>2</sup> provide that the Board of Directors shall consist of a minimum of three members, including the Chair of the Board of Directors, who is appointed by the meeting of shareholders. The Board of Directors currently consists of eight non-executive members (including the Chair).

None of the members of the Board has or had any significant business connection with VAT Group AG or any of its Group companies during the three years prior to December 31, 2024.

#### Board of Directors

Name	Age <sup>1</sup>	Position	Year of 1 <sup>st</sup> election
Martin Komischke	67	Chair	2017
Urs Leinhäuser	65	Vice-Chair	2016
Karl Schlegel	71	Member	2016
Hermann Gerlinger	71	Member	2017
Libo Zhang	54	Member	2018
Daniel Lippuner	55	Member	2020
Petra Denk	52	Member	2023
Thomas Piliszczuk	58	Member	2024

<sup>1</sup> As of December 31, 2024

### 3.2 Background, other activities, and functions

As of December 31, 2024, the members of the Board were:

**Dr. Martin Komischke, Chair, was born in 1957 and is a German citizen. He became the Chair of the Board of Directors of VAT Group AG in May 2017 and was re-elected as Chair of the Board of Directors at the Annual General Meeting (AGM) in May 2018 and has subsequently been re-elected annually.**

From 2004 to 2016, Martin Komischke served as CEO of Hoerbiger Holding AG, following his function as Head of the Drive Technology Strategic Business Unit and member of the Executive Board from 1996 to 2003. Before that, he held various functions at Kolbenschmidt AG and Mannesmann-Sachs AG.

Martin Komischke serves as Chairman of the Board of Hoerbiger Holding AG (since 2016), as a member of the Board of Directors of Stäubli Holding AG (since 2016) and the Vice President of the Board of Trustees of Hoerbiger-Stiftung (since 2016).

Martin Komischke holds a degree and a doctorate in Electrical and Mechanical Engineering from the University of Aachen.

<sup>2</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).



**Urs Leinhäuser, Vice-Chair, was born in 1959 and is a Swiss citizen. He became a member of the Board of Directors of VAT Group AG in March 2016 and has subsequently been re-elected annually. He became Vice-Chair in May 2022.**

From 1995 to 1999, Urs Leinhäuser was Head of Corporate Controlling at Georg Fischer AG and later CFO of Georg Fischer's Piping Systems Division. Between 1999 and 2003, he was CFO of Mövenpick Holding AG. From 2003 until 2011, he was CFO and Head Corporate Center at Rieter Holding AG. After the spin-off of Autoneum Holding AG from Rieter Holding AG in 2011, Urs Leinhäuser was CFO and Deputy CEO of Autoneum Holding AG until 2014.

Since 2014, Urs Leinhäuser has been self-employed; since 2016 he has been a managing partner at ADULCO GmbH.

Urs Leinhäuser has been on the Board of Directors of Ammann Group Holding AG since 2013.

He has been a member of the Board of Directors of Avesco AG since 2017, and a member of the Board of Directors of PENSADOR Partner AG since 2019. Since 2017 Urs Leinhäuser has also been a member of the Advisory Board of EAC International Consulting.

Urs Leinhäuser holds a degree in Business Administration from the University of Applied Sciences Zurich.

**Karl Schlegel was born in 1953 and is a Swiss citizen. He became a member of the Board of Directors of VAT Group AG in March 2016 and has subsequently been re-elected annually.**

Karl Schlegel served as CEO of Hamilton Medical AG between 1997 and 2003. Between 2004 and 2013, he was the CEO of VAT Group. From 2014 to 2016, he was a member of the Board of Directors of VAT Holding AG.

Karl Schlegel holds a Bachelor of Science degree from the Medical Engineering department of the University of Applied Sciences and Technology Buchs (NTB) and an executive MBA from the University of St. Gallen.

**Dr. Hermann Gerlinger was born in 1953 and is a German citizen. He became a member of the Board of Directors of VAT in May 2017 and has subsequently been re-elected annually.**

Between 2001 and 2016, Hermann Gerlinger was CEO of Carl Zeiss SMT GmbH and from 2006 to 2016 also a member of the Executive Board of Carl Zeiss AG. Before that, he held various functions at Carl Zeiss AG. He has been a member of the Supervisory Board of Siltronic AG since 2011 and was a guest member of the Technology Committee of the ASML Board of Directors from 2018 until 2024. He has also been a member of the advisory board of LR Pure Systems GmbH since July 2024.

Hermann Gerlinger holds a first degree and a doctorate in Physics and Astronomy from the University of Würzburg.

**Dr. Libo Zhang was born in 1970 and is a German citizen. She became a member of the Board of Directors of VAT Group AG in May 2018 and has subsequently been re-elected annually.**

Libo Zhang is an independent senior consultant in finance, controlling, and corporate structuring. She has served as the CFO of FFG Europa & Americas at MAG IAS GmbH, a German machine manufacturer, and Borgward Group AG, a German auto manufacturer. From 2010 to 2015, she held various senior financial management positions in Germany and Asia at SGL Group, a leading global manufacturer of carbon-based products, including regional CFO and senior manager of corporate development, mergers and acquisitions. For more than ten years prior to that, she held senior positions in finance and commercial operations in the German engineering and aerospace sector.

Currently, Libo Zhang serves as a member of the SPT Roth AG Advisory Board. In June 2024, she also joined LEM Holding SA as a member of the Board of Directors.

Libo Zhang holds a first degree and a doctorate in Economics and an MBA from Georg-August University in Göttingen, Germany.

**Daniel Lippuner was born in 1969 and is a Swiss citizen. He became a member of the Board of Directors of VAT Group AG in May 2020 and has subsequently been re-elected annually.**

From 2017 to 2019, Daniel Lippuner was the Chief Operating Officer of Meyer Burger Group, a global technology leader in the solar photovoltaic industry. Prior to that, he was CEO of Saurer AG, and over the course of more than 25 years has held senior management positions at several other international companies, including OC Oerlikon, Hilti Group and Rieter Automotive.

Daniel Lippuner is currently Chairman of the Board of Directors of Heberlein Technology AG, and a member of the Board of Directors of 3S Swiss Solar Solutions AG. He further serves as a member of the Board of Trustees of Remnex Anlagestiftung. Until 2024 Daniel Lippuner was a member of the Board of Directors of Juice Services AG.

Daniel Lippuner holds a degree in Economics and Business Administration from the University of Applied Sciences, St. Gallen, Switzerland.

**Professor Petra Denk was born in 1972 and is a German citizen. She became a member of the Board of Directors of VAT Group in May 2023.**

Petra Denk is currently Professor of Energy and Economics at the University of Applied Sciences in Landshut, Germany, and a director and founder of the Institute of Systemic Energy Consulting Ltd. Prior to her professorship, she held a number of senior management positions at E.ON Energie in Munich, with experience in mergers and acquisitions, business development, and strategy development.

Petra Denk is a member of the Supervisory Board of Pfisterer AG. She is also a member of the Board of Directors of Berner Kraftwerke AG and a member of the Board of Trustees for the Center of Applied Energy Studies in Germany. Until 2024, Petra Denk was a member of the Supervisory Board of Aixtron SE.

Petra Denk holds a Ph.D. in Physics from the University of Munich.

**Thomas Piliszcuk was born in 1966 and is a French citizen. He became a member of the Board of Directors of VAT Group in May 2024.**

Thomas Piliszcuk is Executive Vice-President of Imec, the world's biggest research and development center for nanoelectronics and digital technologies, headquartered in Leuven, Belgium. From 2009 to 2023, he held various senior and executive management positions at Soitec S.A., a global leader in the design and manufacture of engineered substrates for the semiconductor industry based in Bernin, France. Prior to his role at Soitec, Thomas Piliszcuk worked at KLA Corporation in San Jose, USA, a global leader in yield management solutions for the semiconductor industry and Sematech International in Austin, Texas, a worldwide development center for semiconductors.

Thomas Piliszcuk became a member of the board of NEXDOT in 2024. He holds an engineering degree from Gdansk University of Technology, a Ph.D. in Physics from Heidelberg University, and an executive MBA from Stanford University.

Thomas Piliszcuk replaced Maria Heriz, who did not stand for re-election.

### 3.3 Competencies

The Board has a diverse range of expertise. They focus on various areas such as technology in the semiconductor and equipment manufacturing industries, digitalization in engineering and process technology. Their financial competence includes corporate finance, auditing, reporting, and investor relations. Additionally, they are well-versed in risk management, corporate governance, and compliance with SIX Swiss Exchange regulations. The Board members' experience in legal matters covers corporate law, mergers and acquisitions, intellectual property, and labor regulations. The Board includes members with extensive knowledge of people management and leadership, including former CEOs and CFOs. Sustainable development is another area of expertise, with a focus on circular economy, materials and product development. Furthermore, the members of the board have broad international experience, having conducted business globally and particularly in VAT's main markets in Asia and the United States.

### 3.4 Mandates and other permitted activities

According to art. 23 of the Articles of Association<sup>1</sup>, the members of the Board of Directors may have, as a member of the Board of Directors or any other superior management or administrative body, up to six mandates in publicly traded companies, up to ten mandates in private companies, and up to 20 mandates in other commercial legal entities. Mandates are activities in the superior management or administrative bodies of legal entities that are obliged to register in a Swiss commercial register or a foreign equivalent and which are not controlled by VAT Group AG, do not control VAT Group AG or do not constitute pension funds insuring employees of VAT Group. Board members may also exercise up to ten mandates of any function in associations, charity foundations, and employee assistance foundations.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

### 3.5 Election and term of office

Each member of the Board of Directors, including the Chair, has to be elected, and may only be removed by a shareholders' resolution. The maximum term of office for a member of the Board of Directors is one year. A year refers to the period between one ordinary shareholders' meeting and the next or, if a member is elected at an extraordinary shareholders' meeting, between the extraordinary shareholders' meeting and the next ordinary shareholders' meeting. Based on VAT Group AG's Articles of Association<sup>1</sup> and its Organizational Regulations<sup>2</sup>, re-election is allowed as long as the relevant member has not reached the age of 72 at the time of re-election and has not served on the Board of Directors for more than 12 years. The Board of Directors appoints the Secretary, who does not need to be a member of the Board of Directors.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

### 3.6 Powers and duties

The Board of Directors is entrusted with the ultimate direction of the business of VAT Group AG and the supervision of the persons entrusted with the management of VAT Group AG. It represents VAT Group AG vis-à-vis third parties and regulates all matters that are not delegated to another governing body of VAT Group AG by law, the Articles of Association<sup>1</sup> or other regulations. VAT Group AG, including, depending on the context, its subsidiaries, is hereinafter generally referred to as the “Company”.

The Board of Directors has the following non-transferable and irrevocable duties:

- ultimately directing the Company and issuing the necessary directives;
- determining the organization;
- organizing the accounting, the system of internal controls, financial control and financial planning, as well as performing a risk assessment;
- appointing and recalling the persons entrusted with the management and representation of the Company and granting signatory power;
- ultimately supervising the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association<sup>1</sup>, regulations, and directives;
- preparing the business report, the compensation report, and the report on non-financial matters pursuant to article 964c of the Swiss Code of Obligations;
- preparing the General Meeting and executing its resolutions;
- filing a petition for probate and informing the court in the event of over-indebtedness;
- passing resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares and regarding the ensuing amendments to the Articles of Association<sup>1</sup>;
- passing resolutions on changes to the share capital, insofar as this is within the competence of the Board of Directors, confirming changes in the share capital, preparing the corresponding reports, and amending the Articles of Association<sup>1</sup>;
- examining compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors;
- executing the agreements pursuant to art. 12, 36 and 70 of the Merger Act.

If the office of the Chair of the Board of Directors is vacant, the Board of Directors shall appoint, for the period until the conclusion of the next ordinary General Meeting, a substitute, who must be a member of the Board of Directors.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).  
<sup>2</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

### 3.7 Meetings of the Board of Directors

According to the Organizational Regulations<sup>1</sup>, the Board of Directors meets at the invitation of the Chairman as often as required to fulfill its duties and responsibilities, but at least four times a year, or whenever a member or the CEO indicating the reasons so requests. If the Chairman of the Board of Directors does not comply with such a request within ten working days, the Vice-Chairman of the Board of Directors will be entitled to convene such meetings.

Resolutions of the Board of Directors are passed with the majority of the votes cast (simple majority). In the case of a tie, the director chairing the meeting has the casting vote. To validly pass a resolution, at least the majority of the members of the Board of Directors must attend the meeting or be present by electronic means of communication (telephone, video conference, etc.). Absent members cannot be represented and abstentions do not count as votes. A resolution in writing is permitted, provided that no member of the Board of Directors requests oral deliberation. A specific quorum is not necessary for approving resolutions and changes to the Articles of Association<sup>2</sup> in relation to capital increase or related actions under articles 652e, 652g, 653g, 653t, and 653u of the Swiss Code of Obligations. If a conflict of interest is believed to exist, a member of the Board of Directors shall abstain from voting on all matters involving the interest at stake.

The members of the Group Executive Committee attend the meetings of the Board of Directors in an advisory capacity. The members of the global senior management attend at least one meeting of the Board of Directors at which the strategy of VAT Group or other specific topics related to their responsibilities are on the agenda.

### 3.8 Committees of the Board of Directors

In compliance with the Articles of Association<sup>2</sup>, the Board of Directors has issued Organizational Regulations<sup>1</sup> that govern tasks and areas of responsibility of the Board of Directors and its Committees as described in this section 3. They are regularly reviewed and updated.

The Board of Directors has established the Audit Committee (AC) and has added nominating functions to the Compensation Committee legally required for listed companies to form the Nomination and Compensation Committee (NCC). In addition, the Technology Committee (TC) was introduced in 2017 and the Sustainability Committee (SC) in 2024. All committees aim to strengthen and support VAT Group AG's corporate governance structure.

<sup>1</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

<sup>2</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

The Committees may conduct or authorize investigations within their areas of responsibility; if necessary, they may involve external experts. The table below outlines the committee memberships of the current members of the Board of Directors as of December 31, 2024.

Board Member	Audit Committee (AC)	Nomination and Compensation Committee (NCC)	Technology Committee (TC)	Sustainability Committee (SC)
Martin Komischke				
Urs Leinhäuser	Chair	Member		
Karl Schlegel			Member	
Hermann Gerlinger		Member	Chair	
Libo Zhang	Member	Chair		
Daniel Lippuner	Member		Member	Chair
Petra Denk			Member	Member
Thomas Piliszczuk				Member

### 3.9 Audit Committee (AC)

In accordance with the AC Charter<sup>1</sup>, the AC consists of at least two members of the Board of Directors. The members and chair of the AC are appointed by the Board of Directors. The term of office of the members of the AC is one year. Re-appointment is possible.

The AC is currently chaired by Urs Leinhäuser, who is supported by Libo Zhang and Daniel Lippuner.

The AC assists the Board of Directors in fulfilling its duties of supervising the management. In particular, the AC has the following duties:

- evaluating the external auditors and ensuring that they are qualified in accordance with the applicable statutory provisions and submitting a proposal to the Board of Directors for the election of the auditors at the Annual General Meeting;
- assessing the work of the current auditors and approving the budgeted fee for the auditing activities of the external auditors at the request of the CFO;
- structuring and nominating the internal audit unit; issuing instructions to the internal auditors (upon request of the Board of Directors as the case may be) and assessing their work;
- checking, discussing with the affected parties, and approving the audit plans of the internal and external auditors;
- approving any non-audit services provided by the external auditors;
- making inquiries to the Group Executive Committee and the internal and external auditors on the Group's significant risks, contingent liabilities, and other liabilities, and assessing the measures to manage these risks and liabilities that have been implemented by the Group;
- reviewing and discussing the interim and annual financial statements of the Company and the Group, including material off-balance sheet items, with the relevant members of the Group Executive Committee;
- discussing the results of the annual audit with the external auditors, discussing the reports of the internal auditors, and issuing proposals or recommendations to the Board of Directors;
- assessing and facilitating collaboration between the internal and external auditors;
- summarily assessing the annual business expenses incurred by the members of the Group Executive Committee.

<sup>1</sup> The AC Charter of VAT Group AG is published at [www.vatgroup.com/en-audit-committee-2024.pdf](http://www.vatgroup.com/en-audit-committee-2024.pdf).

### 3.10 Nomination and Compensation Committee (NCC)

In accordance with the NCC Charter<sup>1</sup>, the NCC consists of at least three members of the Board of Directors. Each member of the NCC is elected by the shareholders' meeting. The term of office of the members of the NCC is one year. A year refers to the period between one ordinary shareholders' meeting and the next or, if a member is elected at an extraordinary shareholders' meeting, between the extraordinary shareholders' meeting and the next ordinary shareholders' meeting. Re-election is possible. If there are vacancies on the NCC, the Board of Directors shall appoint substitutes from amongst its members for the remaining term of office.

The NCC is currently chaired by Libo Zhang, who is supported by Urs Leinhäuser and Hermann Gerlinger.

The function of the NCC is to support the Board of Directors in establishing and reviewing a compensation strategy as well as in preparing the proposals to the shareholders' meeting regarding the compensation of the Board of Directors and the Group Executive Committee.

The NCC is responsible for preparing proposals to the full Board of Directors regarding:

- the compensation scheme of VAT Group pursuant to the principles of art. 25 and 26 of the Articles of Association<sup>2</sup>,
- the compensation of the executive management,
- the determination of compensation-related targets for the executive management,
- the approval of the individual compensation of the Chair of the Board of Directors and the other members of the Board of Directors, as well as the maximum individual aggregate compensation of the CEO,
- the individual compensation (fixed and variable) of the members of the executive management as well as their further terms of employment and titles,
- amendments to the Articles of Association<sup>2</sup> with respect to the compensation scheme for members of the executive management,
- mandates pursuant to art. 23 of the Articles of Association<sup>2</sup> and further additional occupation of the members of the executive management,
- criteria for the nomination and for the election/re-election of members to the Board of Directors and the nomination of members to the executive management.
- Further duties and responsibilities may be provided in the Articles of Association<sup>2</sup>, the Organizational Regulations<sup>3</sup> such as the NCC Charter<sup>1</sup> or the law.

Further information about the NCC and its duties is provided in the Compensation Report on page 75.

<sup>1</sup> The NCC Charter is published at <https://www.vatgroup.com/en-ncc-charter.pdf>.

<sup>2</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

<sup>3</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

### 3.11 Technology Committee

In accordance with the Organizational Regulations<sup>1</sup>, the Board of Directors can appoint committees to prepare and execute its resolutions and to supervise the Company. In 2017, the Board of Directors established the Technology Committee (TC).

In accordance with the TC Charter<sup>2</sup>, the TC consists of at least two members of the Board of Directors. It provides advice to the full Board of Directors in technological terms and support for the Board of Directors in its supervisory function, in particular regarding the selection of adequate technology and product options and the far-reaching effects of these decisions. It supports the management team in the development of the technology strategy and the evaluation of the Company's research, development, and product portfolio. The TC is currently chaired by Hermann Gerlinger, who is supported by Karl Schlegel, Daniel Lippuner, and Petra Denk.

### 3.12 Sustainability Committee

The Sustainability Committee (SC) is an expert committee formally appointed by the Board of Directors. It was established in 2024 in accordance with the Organizational Regulations<sup>1</sup>. The SC's purpose is to support the Board of Directors in the development of a sustainable growth and social responsibility strategy and in the Board of Directors' supervisory duty to all VAT stakeholders, namely employees, customers, suppliers, and the communities in which VAT operates. Sustainability is used as the umbrella term for all environmental, social, and governance (ESG) aspects of VAT's business activities.

In accordance with the SC Charter<sup>3</sup>, the SC consists of at least two members of the Board of Directors. The SC has oversight over the Company's sustainability initiatives and verifies that the overall approach is in line with the Company's sustainability strategy. The SC also reviews, discusses, and proposes the Company's non-financial reporting and verifies that the data reported in the annual sustainability report complies with applicable sustainability reporting requirements and regulations. The SC is currently chaired by Daniel Lippuner, who is supported by Petra Denk and Thomas Piliszczuk.

### 3.13 Meetings of the committees of the Board of Directors

According to the Organizational Regulations<sup>1</sup>, the meetings of the committees are convened by their Chair and are held as often as business requires, but usually ahead of each ordinary Board of Directors meeting.

To perform their duties, at least half of the committee members have to be present in person or participate through electronic means of communication. A minimum attendance of two is required. Resolutions or motions to the Board of Directors must be passed by a majority of the votes cast. Abstentions from voting are regarded as non-delivered votes.

<sup>1</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

<sup>2</sup> The TC Charter is published at [www.vatgroup.com/en-tc-charter.pdf](http://www.vatgroup.com/en-tc-charter.pdf).

<sup>3</sup> The SC Charter is published at [www.vatgroup.com/en-sc-charter.pdf](http://www.vatgroup.com/en-sc-charter.pdf).



Resolutions and motions to the Board of Directors may also be made in writing unless a member requires oral deliberation. Upon the invitation of the committee's Chair, the CEO, other representatives of the Group Executive Committee, and other persons may participate in the committee's meetings. If a conflict of interest is believed to exist, a member of the committee shall abstain from voting on all matters involving the interest at stake.

The committees inform the Board of Directors about the essential parts of discussion, decisions, and proposals at the following regular meeting of the Board of Directors, or immediately in urgent cases.

### 3.14 Overview of meetings in 2024

During 2024, the Board of Directors and the committees conducted regular formal meetings and video conferences.

#### Formal meetings and video conferences (calls)

	BoD	AC	NCC	TC	SC
Total number of meetings/calls in 2024	5/6	5/4	3/2	2/2	2/1
Usual average duration (approx., in hours) of meetings/calls in 2024	6/1.5	2.5/1	2/1	3/2	1.5/1.5
Martin Komischke	5/6				
Urs Leinhäuser	5/6	5/4	3/2		
Karl Schlegel	5/5			2/2	
Hermann Gerlinger	5/6		3/2	2/2	
Libo Zhang	5/6	5/4	3/2		
Daniel Lippuner	5/6	5/4		2/2	2/1
Maria Heriz <sup>1</sup>	2/2				
Petra Denk	4/3			2/2	2/1
Thomas Piliszczyk <sup>2</sup>	4/4				2/1
Internal Audit		4/0			
External Audit (KPMG)		4/3			
External Advisors	2/0		3/1		

<sup>1</sup> Member of the Board until May 2024

<sup>2</sup> Member of the Board from May 2024

Members of the Group Executive Committee attended the meetings and calls of the Board of Directors as well as the committee meetings and calls to the extent necessary. The CFO attended the AC meetings and calls. The CEO attended the NCC meetings and calls. The Head of the Legal and Compliance department attended the Board of Directors, the AC and NCC meetings and calls, acting as secretary. The respective secretaries of the TC and SC attended the committee meetings and calls. VAT employees were occasionally invited to the respective meetings and calls as required.

In addition, the Board of Directors and the committees held several private and informal meetings and calls with and without VAT management and/or guests to discuss current subjects between formal meetings and calls.

### 3.15 Determination of areas of responsibility of Board of Directors and Group Executive Committee

The Board of Directors is responsible for the ultimate direction of VAT Group AG as well as the supervision of the Group Executive Committee. The Board of Directors attends to all matters that are not delegated to or reserved for another corporate body of VAT Group AG by applicable laws, the Articles of Association<sup>1</sup> or the Organizational Regulations<sup>2</sup>. The Board of Directors is regularly informed about developments at VAT Group AG and VAT Group and decides on proposals and reports provided by the committees or the Group Executive Committee.

The Board of Directors has delegated the executive management of VAT Group AG and of VAT Group to the Group Executive Committee acting under the leadership of the CEO, subject to applicable laws and the Articles of Association<sup>1</sup>. Further, the Board of Directors may delegate the preparation, proposal, and execution of its resolutions or the supervision of certain projects and topics to one or several members of the Board of Directors, to a committee, to the CEO or to one of the members of the Group Executive Committee.

### 3.16 Information and control instruments vis-à-vis the Group Executive Committee

Each member of the Board of Directors may at any time request information on any matters related to VAT Group AG and its group companies.

Meetings of the Board of Directors are attended by the CEO, COO, CFO, and the EVP SSG. At each meeting, the Board of Directors is to be informed by the attending members of the Group Executive Committee on the current course of business and significant business transactions. This includes, but is not limited to, a consolidated annual budget, monthly financial reporting, quarterly financial projections, profit and loss forecasts, monthly KPI reports, and strategic risk management reports. Extraordinary events have to be reported immediately to the members of the Board of Directors by circular distribution, if necessary, after prior information by phone or e-mail. Any member of the Board of Directors may at any time request information or disclosure of business documents. Such requests are to be addressed in writing to the Chair of the Board of Directors. Each member of the Board of Directors may request that the Chair present accounts and files to the extent necessary for the performance of a task. Reports on the markets, on developments, projects, financials and operations are submitted to the Board of Directors on a monthly basis. A complete financial consolidation, including the cash flow statement, is carried out monthly.

Based on the Organizational Regulations<sup>2</sup>, the AC has implemented a comprehensive system for monitoring and managing the risks associated with VAT Group's business activities. This includes risk identification, analysis, and control, as well as regular reporting to the AC. The Group Executive Committee is operationally responsible for steering risk management. In addition, officers are appointed within VAT Group to take responsibility for significant individual risks and control activities, such as the regular internal audit of the systems of internal control (further details can be found in section 8.1).

<sup>1</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

<sup>2</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

## 4. Group Executive Committee

Subject to those affairs that lie within the responsibility of the Board of Directors according to Swiss law, the Articles of Association<sup>1</sup>, and the Organizational Regulations<sup>2</sup>, the Board of Directors has delegated the executive management of VAT Group AG and its subsidiaries to the Group Executive Committee acting under the leadership of the CEO. The Group Executive Committee is mainly responsible for the financial and operational management and for the efficiency of the corporate structure and organization of VAT Group.

### 4.1 Members of the Group Executive Committee

As of December 31, 2024, the members of the Group Executive Committee were:

**Urs Gantner, born 1970, Swiss citizen, appointed CEO in January 2024**

In 2004, Urs Gantner started at VAT as a product manager for transfer valve solutions. He later became head of the Semiconductor business unit in 2015 and Executive Vice President of the Semiconductor Solutions Group in 2022. He contributed to the company's growth by leveraging its global presence, enhancing operational efficiency, and expanding into new markets. Urs Gantner was instrumental in developing VAT's manufacturing facility in Malaysia, localizing engineering and product management, and diversifying the valves business into related product markets. Urs Gantner is a member of the Advisory Board of SEMI Europe, an industry association representing companies along the global semiconductor, electronics manufacturing, and design supply chain.

Urs Gantner holds a Master of Science degree in Mechanical Engineering from the Swiss Federal Institute of Technology (ETH).

**Fabian Chiozza, born 1981, Swiss citizen, appointed CFO of VAT Group AG in April 2021**

Fabian Chiozza joined VAT Group AG from Autoneum Group, the global leader in acoustic and thermal management for the automotive industry, where he was the divisional CFO for the Business Group South America, Middle East and Africa. Before that, Fabian Chiozza held a variety of senior finance positions at Rieter Group, including Group Controller, and established a successful track record in corporate development and mergers and acquisitions. Fabian Chiozza is a member of the Board of the Industrie- und Handelskammer St. Gallen/ Appenzell, an association that promotes the interests of local industry, trade, and service companies.

He holds a Master's degree in Accounting and Finance from the University of St. Gallen (HSG), Switzerland.

**Dr. Thomas Berden, born 1971, German citizen, appointed Chief Operating Officer of VAT Group AG in October 2020**

Thomas Berden joined VAT Group AG from the Swedish bearing and seal manufacturer AB SKF, where he headed the international spherical roller bearings business. Previously, he was Head of Global Manufacturing for the building and construction products company Hilti in Kaufering, Germany. He has also held management positions at BSH Bosch Siemens Hausgeräte and Siemens AG, Germany.

Thomas Berden holds a Ph.D. in Mechanical Engineering from the Rheinisch-Westfälische Technische Hochschule (RWTH) in Aachen, Germany, and a degree in Business Economics from the University of Hagen, Germany.

<sup>1</sup> The Organizational Regulations of VAT Group AG are published at [www.vatgroup.com/en-organizational-regulations.pdf](http://www.vatgroup.com/en-organizational-regulations.pdf).

<sup>2</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

**Finn Felsberg, born 1976, German citizen, was appointed Executive Vice President Semiconductor Solutions Group (EVP SSG) in December 2023. He succeeds Urs Gantner, who was appointed VAT Group AG's new CEO, effective January 1, 2024.**

Before joining VAT, Finn Felsberg worked for over 20 years at Infineon Technologies AG, based in Munich, Germany. There, he served in a variety of roles from purchasing and operations to project management for new semiconductor fabs and strategy development. More recently, he held senior management positions in Infineon's Automotive divisions, as general manager of the Powertrain, Safety, and ASICs (Application-specific Integrated Circuits) business and Senior Vice President & General Manager of the Power Integration & Supply business.

Finn Felsberg holds a degree in Industrial Engineering and Business Management from the Nordakademie University of Applied Sciences in Elmshorn, Germany.

## 4.2 Mandates and other permitted activities

According to art. 23 of the Articles of Association<sup>1</sup>, with the approval of the NCC, the members of the Group Executive Committee may have, as a member of the Board of Directors or any other superior management or administrative body, up to three mandates in publicly listed companies, up to five mandates in companies pursuant to art. 727 para. 1 number 2 of the Swiss Code of Obligations, and up to five mandates in other legal entities. Mandates are activities in the superior management or administrative bodies of legal entities that are obliged to register in a Swiss commercial register or a foreign equivalent and which are not controlled by VAT Group AG, do not control VAT Group AG or do not constitute pension funds insuring employees of VAT Group.

Mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

## 4.3 Management contracts

There are no management contracts with companies not belonging to VAT Group.

## 4.4 Transactions of members of the Board of Directors or the Group Executive Committee

Detailed information regarding related-party transactions with members of the Board of Directors and Group Executive Committee is provided on the website of SIX Swiss Exchange: [www.ser-ag.com/en/topics/management-transactions.html](http://www.ser-ag.com/en/topics/management-transactions.html).

# 5. Compensation of the Board of Directors and Group Executive Committee

## 5.1 Compensation, shareholdings, and loans

Information on the compensation and shareholdings of the members of the Board of Directors and the Group Executive Committee can be found in the Compensation Report starting on page 70. The provisions regarding the principles of performance-related compensation, the allocation of equity securities, participation plans, the additional amount for payments to members of the Group Executive Committee appointed after the vote on remuneration by the shareholders' meeting, as well as regarding loans, credits and pension benefits, are set out in art. 25 to 29 of the Articles of Association<sup>1</sup>. The rules regarding the approval of the remuneration by the shareholders' meeting are set out in art. 12 of the Articles of Association<sup>1</sup>.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

According to the Articles of Association<sup>1</sup>, VAT Group AG may not grant loans, credits or pension benefits other than from occupational pension funds or securities to members of the Board of Directors or the Group Executive Committee; advance payments of fees for lawyers, court fees and similar costs relating to the defense against corporate liability claims up to a maximum of CHF 1,000,000 are not subject to this provision. See also the information provided in the Compensation Report on pages 74, 75, 76, 84 and 85.

## 6. Shareholders' participation

### 6.1 Restrictions on voting rights

The identity of the owners or beneficiaries shall be entered in the share register stating first/last name (company name), domicile (registered office), address, and citizenship.

Voting rights may be exercised only after a shareholder has been registered in VAT Group AG's share register as a shareholder with voting rights. In shareholders' meetings, each shareholder has equal rights, including equal voting rights. According to the Articles of Association<sup>1</sup>, each share carries one vote. All shares are entitled to dividends. At shareholders' meetings, shareholders may be represented by a proxy appointed in writing, a representative by law or the independent proxy. The proxy need not be a shareholder. Under the Articles of Association<sup>1</sup> and after due consultation with the persons concerned, VAT Group AG is authorized to delete entries in the share register with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information. The person concerned has to be immediately informed about the deletion.

### 6.2 Independent proxy

Under art. 689c para. 4 of the Swiss Code of Obligation, the Board of Directors must ensure that the shareholders are able to grant proxies and instruct the independent proxy on (i) agenda items included in the invitation to the shareholders' meeting, and (ii) on unannounced motions on agenda items and on new agenda items in accordance with art. 704b of the Swiss Code of Obligations. The independent proxy is required to exercise the voting rights granted by shareholders only in accordance with shareholder instructions. In the absence of express voting instructions, the independent proxy is required to abstain from voting. If VAT Group AG does not have an independent proxy, the Board of Directors shall appoint a substitute for the time until the conclusion of the next ordinary shareholders' meeting.

At the ordinary shareholders' meeting held on May 14, 2024, Roger Föhn of ADROIT, Kalchbühlstrasse 4, 8038 Zurich, Switzerland, was elected as the independent proxy for the term ending at the conclusion of the next ordinary shareholders' meeting.

### 6.3 Quorums required

No statutory quorums other than those defined by Swiss corporate law and the Swiss Federal Merger Act apply. Any article of the Articles of Association<sup>1</sup> providing for a greater voting requirement than is prescribed by law or the existing Articles of Association must be adopted by a qualified majority of at least two-thirds of the represented share votes and the absolute majority of the represented shares' par value. The Articles of Association do not require a quorum of shareholders to be present at a shareholders' meeting.

<sup>17</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

## 6.4 Convocation of shareholders' meetings

Shareholders' meetings may be convened by the Board of Directors or, if necessary, by a company's statutory auditor or liquidator. The Board of Directors is required to convene an extraordinary shareholders' meeting within 60 days if requested by one or more shareholders representing in aggregate at least 5% of VAT Group AG's nominal share capital or votes.

Registered shareholders with voting rights individually or jointly representing at least 0.5% of the nominal share capital or votes of VAT Group AG may demand that items be put on the agenda or that a motion relating to an agenda item be included in the notice convening the shareholders' meeting. Such demands have to be submitted to the Chair of the Board of Directors at least 45 days before the date of the shareholders' meeting and shall be in writing, specifying the items and the proposals.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. To the extent that the post or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post or e-mail. The notice shall state the date, beginning, mode and venue of the meeting, the agenda items, the proposals of the Board of Directors together with a brief statement of the reasons, if applicable, the proposals of the shareholders together with a brief statement of the reasons, and the name and address of the independent proxy.

## 6.5 Entry in the share register

The Articles of Association<sup>1</sup> do not specify the date by which shareholders have to be entered into the share register to participate in the shareholders' meeting. For organizational reasons, no shareholders will be registered approximately 12 calendar days prior to the shareholders' meeting.

# 7. Change of control provisions

## 7.1 Duty to make an offer/opting-out, opting-up

Under the Swiss Financial Market Infrastructure Act (FinMIA), if a person acquires shares of a listed Swiss company exceeding more than 33.3% of the voting rights, that person must make a takeover bid to acquire all of the other listed shares of that company. A company's articles of association may either eliminate this provision (opting-out) or may raise the relevant threshold to 49% (opting-up).

VAT Group AG's Articles of Association do not contain an opting-out or opting-up clause.

## 7.2 Change of control

There are no change of control clauses for the members of the Board of Directors, except for the restricted shares, for which the three-year blocking period will be released in case of a successful takeover bid or the delisting of VAT Group AG. Information on the restricted shares is provided in the Compensation Report, pages 81 und 82.

There are no change of control clauses for the members of VAT Group AG's Group Executive Committee or of senior management.

<sup>1</sup> The Articles of Association of VAT Group AG are published at [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf).

## 8. Audits

### 8.1 Internal audit

Internal audit is an independent function acting on behalf of the Board of Directors under the guidance and oversight of the AC. VAT Group AG has an internal audit function to plan the individual audits and to conduct and report the audits. According to the audit plan approved by the AC, the internal audit function conducts a defined number of internal audits a year and issues the results in the form of a report to the Board of Directors. In 2024, five internal audits were conducted.

### 8.2 External audit

External auditors enhance transparency by ensuring accurate and reliable financial statements, improve accountability by holding management responsible for financial reporting, provide valuable insights into business processes and market conditions for strategic planning, and increase the credibility of financial reports, thereby boosting investor confidence.

The external auditor is elected for a period of one year at the shareholders' meeting. KPMG AG, St. Gallen, was appointed as statutory auditor and group auditor in 2016 (and has been re-elected since then annually), auditing the consolidated financial statements and the individual financial statements of VAT Group AG. Simon Niklaus was named lead auditor in 2021. The holder of this office changes every seven years in accordance with Swiss law.

In 2024, aggregate audit fees for KPMG's audit of VAT Group AG and VAT Group amounted to about CHF 440,000.

In 2024, KPMG rendered additional services with respect to compliance, tax returns, and tax advice, amounting to aggregate fees of about CHF 55,000.

The Board of Directors is responsible for the supervision and control of the external audit process. Its remit includes reviewing internal and external audit reports; it is assisted by the AC when discharging this duty. The AC discusses the audit report findings and evaluates their quality and comprehensiveness. In addition, the AC also assesses the cost and benefits associated with the audit work. The lead auditor in charge, who represents the external auditor, attended seven meetings and calls (in person or video conference) of the AC in the year under review. An overview of meetings and attendance can be found in section 3.14.

Once per year, the Board of Directors verifies the selection of potential auditors in order to propose the preferred audit firm for election at the annual shareholders' meeting. Evaluating the effectiveness of the auditors, the AC considers in particular the following criteria: independence of both the audit firm and the lead auditor, qualifications, including technical and operational competence, focus on significant risk areas, effectiveness and practicability of recommendations, efficiency of collaboration, and transparency of communication.

The AC also examines the proportions allotted to the external audit fees for the annual financial statements and the fees allotted to additional non-audit services performed by the auditors every quarter.

## 9. Blackout periods

VAT Group AG has adopted an Insider Dealing and Market Manipulation Policy (“Trading Policy”). In addition to the members of the Board of Directors, the Group Executive Board, the Group Management Board, their assistants, secretaries, and other personal employees, the Trading Policy applies to all other persons who have access to inside information and for whom the CEO or the CFO declares the Trading Policy to be applicable. This designated group of addressees (“Blocked Persons”) must not deal in VAT securities (shares of VAT Group AG, any other securities issued by VAT Group AG, or any derivatives or other financial instruments from the aforementioned securities) or make recommendations to any other person while in possession of inside information. Inside information is defined as confidential information which, if made public, can have a significant effect on the trading price of VAT securities.

In order to avoid any appearance of improper use of inside information, blackout periods have been defined in the Trading Policy. Blackout periods are specific periods before the publication of confidential and potentially price-sensitive information. Regardless of whether a Blocked Person is in the possession of inside information, Blocked Persons are barred from dealing in VAT securities

- from December 31 until the lapse of one SIX trading day following the public release of the annual results;
- from March 31 until the lapse of one SIX trading day following the public release of the Q1 trading update;
- from June 30 until the lapse of one SIX trading day following the public release of the semi-annual results;
- from September 30 until lapse of one SIX trading day following the public release of the Q3 trading update.

Exceptions from this ban may only be granted upon prior request in the form of written approval by the Board of Directors or the CEO/CFO, as applicable.

## 10. Information policy

VAT Group AG engages in transparent, timely, and regular communication with its shareholders, the capital markets, and the general public.

VAT Group AG publishes its annual results, interim reports (semi-annually), and quarterly trading updates on the dates listed in the financial calendar published on the Investor Relations website at [www.vatgroup.com/home/investor-relations/event-calendar.html](http://www.vatgroup.com/home/investor-relations/event-calendar.html). The financial statements are prepared according to the International Financial Reporting Standards (IFRS). Printed annual reports are available upon request. All interim reports, company press releases, and ad-hoc publications are also available on VAT Group AG’s website, as are subscription services for all such publications. VAT Group AG convenes media and investor conferences on a regular basis. Press releases and ad-hoc publications containing potentially price-sensitive information are published regularly and in accordance with the rules of the SIX Swiss Exchange. The SIX Swiss Exchange regulations can be found at [www.ser-ag.com/en](http://www.ser-ag.com/en).

Information about the share price, annual results and interim reports, financial calendar, minutes of the annual shareholders’ meeting, press releases as well as the Articles of Association are available at [www.vatgroup.com/investor-relations](http://www.vatgroup.com/investor-relations).



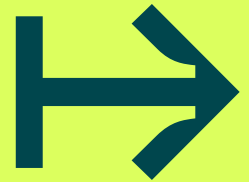
All upcoming dates can be found in the financial calendar on page 151 of this annual report.

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Financial reports: [www.vatgroup.com/investor-relations/financial-reports](http://www.vatgroup.com/investor-relations/financial-reports)  
Newsletter subscription: [www.vatgroup.com/home/investor-relations/news-service.html](http://www.vatgroup.com/home/investor-relations/news-service.html)

Notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Board of Directors may designate further means for official publications. Notices of VAT Group AG to shareholders are to be made by official publications of VAT Group AG. Notices to shareholders may also be made in writing to the addresses of the shareholders recorded in the share register.

## Compensation Report



# Compensation Report

The Compensation Report describes the compensation principles and programs as well as the governance framework related to the compensation of the Board of Directors (Board) and the members of the Group Executive Committee (GEC) of VAT Group AG (VAT Group). The report also provides details on the compensation awarded to members of the Board in the 2024 financial year.

The Compensation Report is written in accordance with the revised Swiss Code of Obligations, in effect as of January 1, 2023, the SIX Swiss Exchange Directive on Information relating to Corporate Governance, and the principles of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*.

## 1. Letter from the Nomination and Compensation Committee (NCC)

Dear Shareholders

On behalf of the Board, we are pleased to present VAT Group's Compensation Report.

In 2024, VAT's main market, the semiconductor industry, began its recovery after the down year experienced in 2023. Investments in semiconductor manufacturing equipment, as measured by wafer fab equipment (WFE) spend, grew by approximately 4% based on preliminary numbers. The optimism witnessed in the semiconductor industry at the beginning of the year saw a gradual cooldown as the year went on, mainly due to technology challenges at two large chip producers, the slow improvement in consumer spending on mobile phones and PCs, and geopolitical tensions resulting in meaningful restrictions on open trade. While higher AI-related spending offset some of these negative trends, the full potential of AI investment will only be realized in the years to come. In this environment, VAT continued to invest in its readiness to support all its customers during the stronger upswing anticipated in 2025 and beyond. Investments in R&D and additional production capacity remained high. As a result, the company achieved sales of CHF 942 million. The higher volume, coupled with VAT's ongoing measures to improve operational efficiency, resulted in an EBITDA margin of 31.2%, up from 30.6% a year earlier. Free cash flow amounted to CHF 183 million.

The Board is convinced that VAT Group's compensation system drives sustainable value creation for its shareholders, and plays a key role in attracting, motivating, and retaining talented people who strengthen the company's global leadership in high-end vacuum valve technology. Our goal is to balance fixed and variable compensation, as well as short- and long-term incentives, to align management's interests with those of all other stakeholders, and to ensure alignment with best-practice corporate governance standards and with VAT's sustainability goals.

In the reporting year, the NCC continued to focus on succession planning for positions on the Board and GEC. Thomas A. Piliszcuk was elected as a member of the Board at the 2024 Annual General Meeting (AGM) on May 14, 2024. Thomas has over 30 years of expertise and leadership experience in the semiconductor industry. Maria Heriz decided not to stand for re-election as a member of the Board. Finally, Urs Gantner started his new position as CEO of VAT Group on January 1, 2024.

In the 2024 reporting year, the Board established an Sustainability Committee to focus on implementation of the sustainability strategy and the sustainability targets across the business. The committee also aims to create a deeper understanding of VAT Group's contributions and impacts from environmental, social, and governance perspectives. Based on valuable feedback from shareholders and proxy advisors, the NCC decided to enhance disclosure practices related to ESG and sustainability performance objectives as well as the respective performance achievements.

Furthermore, the NCC continued to review the short- and long-term plans for the GEC based on market practice and shareholders' feedback. The NCC concluded that the 2024 compensation system is overall in line with market practice and will therefore remain unchanged for 2025. However, the NCC will continue to assess the short-term incentive plan in 2025 to ensure it remains aligned with the company's strategic objectives.

In 2024, the NCC conducted a thorough review of the GEC benchmarking peer group and performed a benchmarking analysis to evaluate the competitiveness of the elements and structure of GEC compensation relative to market practices. The NCC concluded that the compensation is broadly aligned with market standards and decided that no significant adjustments are required.

As approved in 2022, share ownership guidelines for the GEC were implemented with effect from January 1, 2024. GEC members are required to hold a certain minimum multiple of their annual base salary in VAT Group shares within five years of the implementation date.

The NCC performed its regular annual activities throughout the year, including reviewing and recommending to the Board the performance objectives for the GEC and assessing performance against these objectives, determining the compensation levels for the Board and the GEC, and preparing the 2024 Compensation Report and the say-on-pay vote for the 2025 AGM. You will find further details on the activities of the NCC, VAT Group's compensation system, and governance on the following pages.

At the 2024 AGM, a consultative vote on the Compensation Report for fiscal year 2023 was conducted for shareholders to express their opinion on the compensation principles and structure of the Board and the GEC. The shareholders approved the Compensation Report as well as the binding votes.

This Compensation Report will be submitted to a non-binding, consultative shareholders' vote at the upcoming AGM. You will also be asked to vote on the maximum aggregate amount of compensation for the Board for the term of office from the 2025 AGM until the 2026 AGM, on the amount of short-term variable compensation to be paid out to GEC members for the 2024 financial year, on the maximum aggregate amount of fixed compensation for the GEC for the 2026 financial year, and on the maximum aggregate amount of the long-term incentive plan for the GEC for financial year 2026.

In the future, we will continue to review our compensation programs to ensure that they support the achievement of our business goals, align with the interests of shareholders, and fully comply with the regulations applicable to a Swiss-listed company. We trust that you will find this report both interesting and informative.

NCC of VAT Group      Haag, March 4, 2025

## 2 Compensation at a glance

### Summary of current compensation system for Board of Directors

Members of the Board receive fixed compensation as an annual fee in the form of cash and shares. To ensure independence in their supervisory role, shares are subject to a three-year blocking period. The compensation system does not include any performance-related components.

#### Structure and levels of Board compensation: 2024 AGM – 2025 AGM

In CHF (gross)	Chair of the Board	Vice-Chair of the Board	Member of the Board
Fixed basic fee	320,000	160,000	110,000

In CHF (gross)	Committee chair	Committee member
Audit Committee (AC)	25,000	15,000
Sustainability Committee (SC)	25,000	15,000
Nomination and Compensation Committee (NCC)	25,000	15,000
Technology Committee (TC)	25,000	15,000

### Summary of current compensation system for Group Executive Committee

The compensation for the GEC comprises fixed and variable elements

- Fixed compensation includes base salary, pension contributions, and employee benefits.
- Variable compensation consists of short-term and long-term components. It is designed to drive and reward best-in-class performance against ambitious and stretched targets.

#### Structure of compensation for the GEC

Element	Purpose	Vehicle
Annual base salary (ABS)	Pay for the function and relevant experience; facilitate attraction and retention	Cash
Pensions and employee benefits	Cover retirement, death, and disability risks	Pension contributions, insurances
Short-term incentive (STI)	Reward annual financial and individual performance	1-year, performance-based cash; malus and clawback provisions
Long-term incentive (LTI)	Reward company's performance over a three-year period; align to shareholders' interests	Annual grants of performance-based share units (PSUs) with 3-year cliff vesting period, subject to performance conditions; malus and clawback provisions

Non-tangible rewards such as work environment and culture, personal development, and career opportunities

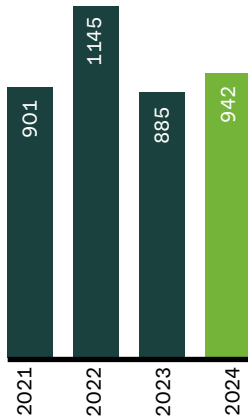
Share ownership guidelines: 200% of ABS for CEO, 100% of ABS for GEC

## Compensation policy and principles applicable to the GEC

VAT Group’s compensation principles support the company’s business strategy and foster the commitment of all employees to the company’s long-term goals. The compensation principles are:

- Internal fairness
- Reward for performance
- Focus on sustainable long-term value creation
- Alignment to shareholders’ interest
- Market competitiveness
- Simplicity and transparency

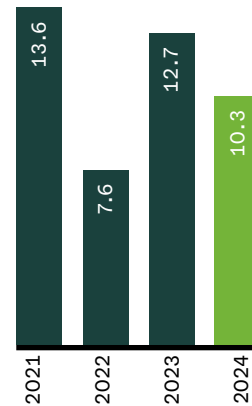
Sales  
in CHF million



EBITDA  
margin in %



Market capitalization  
in CHF billion



## VAT Group’s financial performance

While VAT operates in a growth industry, cyclical swings significantly influence its results. Following the negative performance development in 2023, the company fully captured the growth opportunities in 2024 and increased both its sales and EBITDA margin compared with the previous year. Despite this growth, the financial community grew less optimistic about the speed of the overall market recovery, resulting in a lower share price.

### Compensation awarded for the Board for 2023/2024

The compensation paid to the Board for the term AGM 2023 to AGM 2024 is within the maximum aggregate amount approved by the shareholders.

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2023 – AGM 2024	1,550,000	1,444,424

## Short-term performance achievement for 2024

The overall performance achievement was marked by resilient results and the average payout for the GEC resulted in 104.5% of the target (2023: 109%), which is similar to the prior year. The 12.33% decrease in STI payout versus 2023 is mainly due to the change in the composition of the GEC versus 2023.

### Fixed compensation awarded for the GEC for 2024

Compensation period	Approved amount (CHF)	Effective amount (CHF)
Financial year 2024	2,700,000	2,178,333

## Compensation governance

- Authority for decisions related to compensation are governed by the Articles of Association of VAT Group.
- The maximum aggregate amounts of compensation of the Board and the GEC are subject to binding votes at the Annual General Meeting.
- In addition, the Compensation Report for the preceding period is subject to a consultative vote at the AGM.
- The Board is supported by the NCC in preparing all compensation-related decisions regarding the Board and the GEC.

## 3 Compensation governance

### 3.1 Articles of Association

The Articles of Association of VAT Group can be found on the corporate website [www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf](http://www.vatgroup.com/en-articles-of-association-vat-group-ag.pdf). The provisions on compensation in the Articles of Association summarized in Table 1 below include the principles of compensation applicable to the Board and the GEC, the structure of the shareholders' vote on compensation, the additional compensation amount for GEC members appointed after the approval of the maximum aggregate compensation amount by the shareholders and provisions on credit and loans.

**Table 1: Articles of Association**

<b>Compensation principles (Board) – Article 25</b>	Members of the Board shall receive a fixed basic fee and fixed fees for memberships in committees of the Board, as well as lump sum compensation for expenses. The compensation may be awarded in cash and in shares.
<b>Compensation principles (GEC) – Article 26</b>	The compensation of the GEC members consists of a fixed compensation and of variable compensation components, which comprise short-term and long-term compensation elements. The short-term variable compensation is paid in cash and depends on the level of achievement of specific predefined targets for a one-year performance period. The long-term variable compensation is awarded in shares or rights to receive shares. The Board determines the terms and conditions of the long-term variable compensation.
<b>Compensation vote – Article 12</b>	Shareholders approve the maximum aggregate compensation amount for the Board for the upcoming term until the next ordinary AGM. Shareholders approve the short-term variable compensation of the GEC for the preceding business year, the maximum fixed compensation of the GEC to be paid in the subsequent business year and the maximum long-term variable compensation of the GEC to be granted in the subsequent business year.
<b>Additional compensation amount – Article 29</b>	For each GEC member newly appointed after the approval by shareholders of the maximum aggregate compensation amount, the company may pay an aggregate compensation of up to 50% of the last aggregate compensation amount approved by the AGM.
<b>Credit and loans – Article 28</b>	The company shall not grant loans, credits, pension benefits other than from occupational pension funds to the members of the Board or GEC.

### 3.2 Nomination and Compensation Committee

In accordance with the NCC charter<sup>1</sup>, the NCC consists of at least three members of the Board who are elected annually by the shareholders for a term of one year until the next AGM. At the 2024 AGM, Libo Zhang (NCC Chair), Hermann Gerlinger, and Urs Leinhäuser were re-elected as members of the NCC.

It is the responsibility of the NCC to:

- periodically review the company’s compensation policy and principles applicable to the Board and the GEC,
- annually review and propose to the Board the total compensation of the CEO and other members of the GEC, subject to shareholders’ approval,
- prepare all relevant Board proposals and recommendations related to the nomination and compensation of the members of the Board and of the GEC.

Additional information on the responsibilities of the NCC is provided in section 3.10 of the Corporate Governance Report on page 59.

The NCC acts in a preparatory capacity while the Board retains the decision authority on compensation matters, except for the maximum aggregate amounts of compensation paid to the Board and GEC, which are subject to shareholders’ approval at the AGM. The approval and authority levels of the different bodies on compensation matters are detailed in Table 2.

**Table 2: Decision authorities in compensation matters**

	CEO	NCC	Board	AGM
Maximum aggregate compensation amount, Board		●	●	●
Individual compensation of Board members		●	●	
Group compensation policy and principles		●	●	
Maximum aggregate amount of compensation, GEC		●	●	●
Performance target setting and assessment of CEO		●	●	
Performance target setting and assessment of other GEC members	●	●	●	
CEO compensation		●	●	
Individual compensation of other GEC members	●	●	●	Consultative vote
Compensation report		●	●	

● Proposes    ● Reviews    ● Approves

The NCC meets as often as business requires, but at least three times a year. In 2024, the NCC held five meetings. Details of the individual NCC members’ attendance of meetings are provided in section 3.14 of the Corporate Governance Report on page 61.

The Chair of the NCC reports to the Board on the activities of the committee after each meeting. The minutes of the NCC meetings are available to all members of the Board. The Chair of the NCC may decide to invite executives to attend the meetings as appropriate. Executives do not attend the meeting when their own compensation and/or performance are being discussed.

The NCC may choose to consult external advisors for specific compensation matters. In 2024, PricewaterhouseCoopers Switzerland (PwC) was mandated to provide independent advice and consulting services related to Board and executive compensation practices. PwC also provides other services to VAT Group.

1 The NCC charter of VAT Group AG is published at <https://vatvalve.vatstatic.com/uploads/downloads/file/ncc-charter-of-vat-group-ag.pdf>

## 4. Compensation for the Board of Directors

### 4.1 Compensation policy and principles

The compensation policy for the members of the Board is designed to attract and retain experienced people for the Board. Their compensation takes account of the responsibilities, time, and effort required to fulfill their roles on the Board and its committees and is generally positioned at levels similar to other Swiss-listed companies of comparable size and complexity.

To ensure their independence in performing their supervisory duties, Board members receive fixed compensation solely as an annual fee. The compensation is delivered partly in cash (70%) and partly in shares (30%) with a three-year restriction period, reinforcing alignment with shareholders' interests. The fees are not subject to the achievement of any specific performance conditions.

### 4.2 Compensation structure

Each member's annual compensation is determined based on their functions and tasks carried out during the year under review. It consists of an annual fixed basic fee for the Chair of the Board, the Vice-Chair of the Board, a fixed basic fee for the members of the Board, and additional fees for committee assignments, either as the chair or a member. The compensation period corresponds to the term of office, which starts with the election at the ordinary AGM and ends at the next ordinary AGM. The fixed basic fee and fixed committee fees reflect the responsibilities and time commitments required by each function, as shown in Table 3. To address VAT Group's contributions and impacts from environmental, social and governance (ESG) perspectives and to reiterate the commitment to creating a sustainability culture, the Board has established a new Sustainability Committee (SC). The SC focuses on the implementation of the sustainability strategy and the sustainability targets across the business. Detailed information on the scope and duties of each committee is available in section 3.8 of the Corporate Governance Report on page 57 to 60.

Board members do not receive any performance-based compensation and do not participate in the occupational pension plans of VAT Group. The cash compensation is paid out on a quarterly basis, and the restricted shares are allocated and transferred to each Board member's depository account within one month after the end of the compensation period. The number of restricted shares is determined by dividing 30% of each Board member's compensation by the average closing share price over the last 20 trading days prior to the AGM preceding the payment and rounded up to the next whole number of shares. During the three-year restriction period (blocking period), the shares cannot be transferred, sold, pledged or otherwise disposed of. The blocking period of the restricted shares can only lapse prior to the predefined date of unblocking and will do so automatically in case of death or due to a successful takeover bid or the delisting of the company. Shares remain blocked in all other cases, including cases where the Board member leaves office during the blocking period. In addition, Board members receive a lump sum expense reimbursement of CHF 1,500 (gross) per annum in cash to cover all expenses that occur in relation to meetings of the Board or its committees, as well as shareholder meetings.



**Table 3: Structure and levels of Board compensation: AGM 2024 to AGM 2025**

In CHF (gross)	Chair of the Board	Vice-Chair of the Board	Member of the Board
Fixed basic fee	320,000	160,000	110,000

In CHF (gross)	Chair of the committee	Member of the committee
Audit Committee (AC)	25,000	15,000
Sustainability Committee (SC)	25,000	15,000
Nomination and Compensation Committee (NCC)	25,000	15,000
Technology Committee (TC)	25,000	15,000

Board compensation is generally benchmarked every two to three years against the compensation of non-executive Board members of publicly traded companies in Switzerland that are comparable to VAT Group in terms of size and complexity. In 2021, a comprehensive review was conducted to assess the competitiveness of Board compensation in terms of both its structure and overall level. A peer group of Swiss multinational industrial companies listed on the Swiss Stock Exchange (SIX) was selected, including Bachem, Bobst Group (delisted in December 2022), Burckhardt Compression, Comet, Dätwyler, Georg Fischer, Inficon, Interroll, Landis + Gyr, LEM, OC Oerlikon, SFS, Siegfried Holding, Sulzer, and Tecan. This peer group is balanced in terms of market capitalization, revenue size, and headcount. The analysis concluded that while the overall compensation structure aligns with market practice, the compensation levels are below the market median. In 2022, the Board decided to increase compensation levels to closer to the market median for the term starting at the AGM 2022 and discontinued compensation for additional tasks or projects beyond the Board members' standard duties. Based on the changes made in 2022, no further adjustments were made in 2024. A review of the Board's compensation is planned for 2025 to ensure alignment with market practice.

## 5. Compensation for the Group Executive Committee

### 5.1 Compensation policy and principles

The GEC compensation policy and principles reflect VAT's commitment to attracting, motivating, and retaining individuals with the talent necessary to strengthen the company's global leadership in high-end vacuum valve technology.

VAT Group's compensation principles for the GEC support VAT Group's business strategy and foster the commitment of all employees to the company's long-term goals. The compensation principles are:

- internal fairness
- reward for performance
- focus on sustainable long-term value creation
- alignment to shareholders' interests
- market competitiveness
- simplicity and transparency
- alignment with best-practice corporate governance

## Equal Pay

VAT Group is committed to treating all employees in an inclusive and equal way across all countries in which it operates. To ensure continued compliance with pay equality standards, VAT Group has completed a recertification analysis in Switzerland for the FairOn-Pay certificate, first obtained in 2021 in accordance with the Swiss Federal Act on Gender Equality. Building on this commitment, the company is expanding its equal pay analysis to cover a broader group of employees globally.

## 5.2 Compensation structure

The structure of GEC compensation is designed to be competitive and performance-driven, encouraging executives to deliver exceptional results and create sustainable shareholder value while avoiding excessive risks. To achieve this, the GEC compensation framework balances fixed and variable compensation. Variable compensation is provided through short-term and long-term incentives tied to strategic, financial, and sustainability-related targets, as well as individual achievements. A significant portion of total compensation is linked to variable pay components, which are contingent on achieving challenging goals.

The structure consists of several elements: fixed compensation comprising an annual base salary (ABS), pensions, and employee benefits, as well as a variable component consisting of a short-term incentive (STI) and a long-term incentive (LTI) as illustrated in Table 4.

**Table 4: Structure of compensation for GEC**

Element	Program	Purpose	Plan period	Threshold and maximum opportunity
Annual base salary (ABS)	Monthly fixed cash pay for the role performed	Pay for the function and relevant experience; facilitate attraction and retention	Continuous	Fixed
Pensions and employee benefits	Pension and insurances	Cover retirement, death and disability risks	Continuous	Fixed
Short-term incentive (STI)	Annual variable cash compensation	Reward annual financial and individual performance	1 year	0–150% of an individual's target amount
Long-term incentive (LTI)	Equity-based incentive plan	Reward long-term performance; align to shareholders' interests	3 years	0–200% of an individual's target as performance share units (PSUs) granted, settled in shares following vesting
Non-tangible rewards such as work environment and culture, personal development and career opportunities				
Malus and clawback provisions: STI and LTI are subject to forfeiture conditions to reduce or eliminate unvested awards (malus) and clawback provisions to allow recovery of payments/vested awards				

Share ownership guideline: 200% of ABS for CEO, 100% of ABS for GEC within five years of the introduction of the guideline or their appointment to the GEC

To ensure competitiveness with the market, the compensation of the GEC is benchmarked every two to three years. In 2024, the peer group was thoroughly reviewed to reflect VAT Group's current market position in terms of market capitalization, sales, and headcount, with a focus on Swiss multinational industrial companies. As a result, the existing peer group was adjusted by removing Bobst (delisting) and OC Oerlikon (following the carve-out of its polymer processing business) and adding Bucher Industries and Sonova to maintain a balanced peer group. The updated peer group consists of the following companies: Bachem, Bucher Industries, Burckhardt Compression, Comet, Dätwyler, Georg Fischer, INFICON, Interroll, Landis + Gyr, LEM, SFS, Siegfried, Sonova, Sulzer, and Tecan.

Based on this peer group, a GEC compensation benchmark analysis was conducted by PwC. The results of this analysis were used to assess the competitiveness of the compensation system of the GEC members. The NCC concluded that the compensation system of the GEC is broadly in line with market practice and, as such, no significant adjustments are required.

### 5.3 Fixed compensation: annual base salary (ABS)

The annual base salary (ABS) is a fixed component of compensation paid in cash, typically monthly, to attract and retain employees. It reflects the scope, complexity, and key responsibilities of the role as well as the qualifications and skills required to perform the role, along with the employee's skill set, professional experience, and geographic location.

The ABS is reviewed annually on the basis of the following factors:

- external benchmark: market value of the role
- internal benchmark: internal pay structure and internal peer comparison
- individual profile and past performance of the employee
- financial considerations such as budget and affordability.

### 5.4 Fixed compensation: pensions and employee benefits

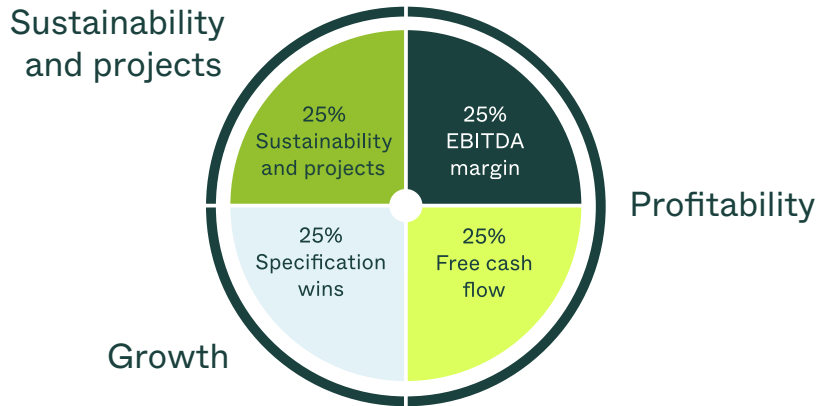
GEC members participate in the benefits plan available in the country of their employment contract. These benefits primarily include pension, insurance, and health care plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death, and illness and accident. The current members of the GEC are all employed under a Swiss employment contract and participate in VAT Group's pension plan, which is available to all employees in Switzerland. This plan insures both a base salary and the STI up to the maximum amount permitted by law. VAT Group's pension benefits exceed the legal requirements outlined in the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with those offered by other international industrial companies.

In addition, GEC members are eligible for standard benefits, such as a representation allowance and other benefits in kind, according to competitive market practice. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation tables.

### 5.5 Variable compensation: short-term incentive (STI)

The short-term (one-year) incentive (STI) is designed to drive outstanding performance across the organization by closely aligning compensation with the achievement of annual financial and non-financial objectives set at the beginning of the year. Starting in 2023, to reinforce the commitment to fostering a sustainability culture, ESG (environment, social and governance) and sustainability objectives for the GEC were specified and aligned with the sustainability report. The performance objectives of the STI are equally weighted (25%) and include EBITDA margin, free cash flow, growth, and sustainability and projects.

**Table 5: STI key performance objectives for the CEO and other GEC members in 2024**



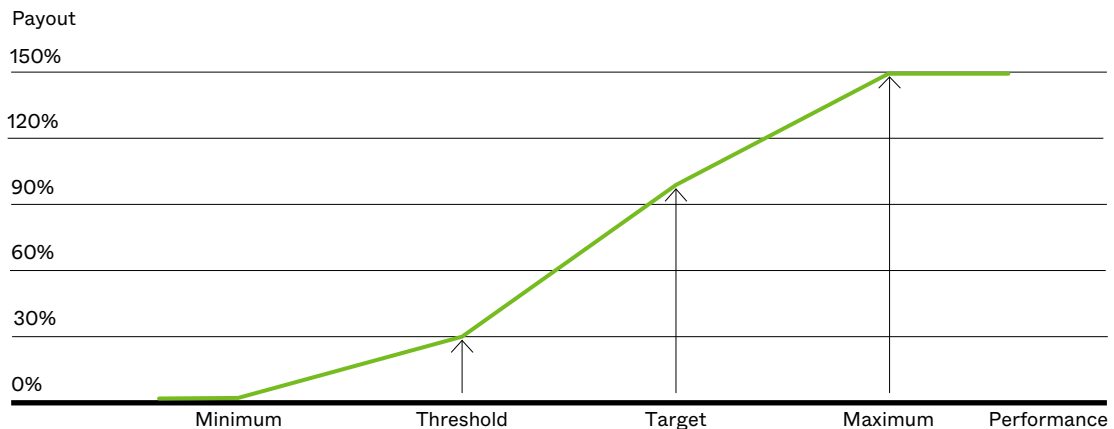
**Growth:** Number of auditable significant specification wins, co-development agreements, new business models or sales channels

**Sustainability and projects:** Sustainalytics rating, Scope 3 targets and roadmap, Gallup engagement ratio, Unity (ERP system implementation), operational excellence, and increasing sustainable footprint

The individual STI target amounts for the GEC are reviewed annually in the context of total compensation. For 2024, the target STI nominal value corresponds to 64% of annual base salary for the CEO and between 43% and 50% for the other GEC members, based on full-year performance at 100% of target. The plan also includes a minimum performance threshold below which the STI payout is zero, and a maximum performance level, beyond which the payout factor is capped at 150% of the target STI value.

An additional threshold target for 30% payout level is set to promote ambitious target setting and ensure performance during substantial market shifts.

**Table 6: STI payout curve for 2024**



The STI performance objectives are proposed annually by the NCC and approved by the Board. These objectives are directly derived from the business strategy of profitable growth, such as specifications wins that translate into revenues as customers roll out new equipment for the semiconductor, display, and solar markets. Additionally, ESG and sustainability performance objectives take into account the company's commitment to sustainability as part of the 2030 long-term sustainability strategy, alongside key strategic projects to support growth and profitability. Table 5 provides a detailed breakdown of the performance objectives and their weightings.

After year-end, the NCC assesses the achievement of these performance objectives and calculates the corresponding payout factor, which is subject to Board approval. For the ESG and sustainability objectives, the NCC assesses the individual contributions of each GEC member at year-end based on a predetermined grid of criteria, applying linear interpolation between the measures, and proposes the corresponding performance achievement percentage to the Board for approval. The STI award is paid out in cash, at the latest by June 30 of the following year, subject to shareholder approval.

## 5.6 Variable compensation: long-term incentive (LTI)

GEC members are also eligible to participate in the LTI plan, which is designed to incentivize executives to create long-term value for VAT Group and its shareholders in a sustainable manner.

The LTI is granted in the form of performance share units (PSUs), subject to a three-year cliff vesting based on the achievement of the following performance criteria:

- relative net sales growth, with a 33.3% weighting
- relative total shareholder return (TSR), with a 33.3% weighting
- relative return on invested capital (ROIC), with a 33.3% weighting.

The weighted average of the three payout factors (relative sales growth, relative ROIC, and relative TSR) determines the overall vesting level of the LTI award.

These performance objectives were chosen to ensure alignment with the overall business strategy and financial targets. In particular, relative sales growth is a top-line target and is accompanied by relative TSR to provide investors with strong returns and ROIC, which expresses how well VAT Group is generating profit relative to the capital it has invested in its business. All three performance objectives are meaningful and balanced performance objectives for VAT Group.

In 2024, the nominal amounts for the LTI represent 64% of the annual base salary for the CEO and between 43% and 50% for other GEC members on a full-year basis. To calculate the number of PSUs granted, the nominal LTI is divided by the average daily closing share price of the VAT Group shares during the 20 trading days prior to the grant date.

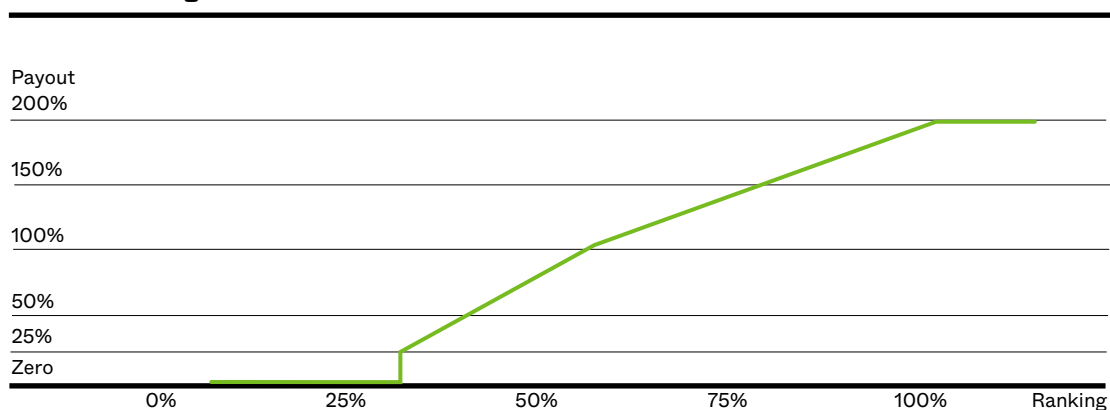
The vesting formula within the plan limits both upside potential and downside risk to foster a balanced pay-for-performance alignment. There is no vesting below the threshold performance (25th percentile), and the vesting level is capped at 200% for the best performance within the peer group. Specifically, when determining the final performance factor for the 2021 LTI, vesting in 2023, there was no discretion applied.

At vesting, the performance of relative net sales growth, relative ROIC, and relative TSR performance will be compared with peer companies and expressed as a percentile rank, which determines a payout factor of between 0% and 200% as follows:

- below the lower quartile of the peer group (threshold): 0% payout
- at the lower quartile of the peer group: 25% payout
- at the median of the peer group: 100% payout
- at the upper quartile of the peer group: 150% payout
- best of the peer group (cap): 200% payout

Linear interpolation is used between these points.

**Table 7: Vesting schedule for the LTI**



In case of termination of employment, the PSUs are forfeit without any compensation, except in the event of retirement or disability, in which case the PSUs are subject to pro rata vesting at the regular vesting date, or in the event of death or change of control with termination of employment or cessation of the LTI plan, in which case the PSUs are subject to immediate pro-rata vesting.

The LTI plan is specifically designed to reward the performance of VAT Group relative to a selected peer group of companies. The goal is to reward relative performance rather than absolute performance, as the latter can be strongly impacted by market factors that are outside the control of senior management. The relative performance is measured based on an evaluation provided by an independent Swiss consulting firm, Obermatt AG.

The peer group is determined by the Board prior to the annual grant of PSUs and may be adjusted if necessary. For the 2024 LTI grants, the peer group was reviewed and two peer companies, Pfeiffer Vacuum and Pivotal Systems, were excluded owing to corporate events. The 2024 LTI peer group includes 21 selected industrial companies with a similar market cycle and comparable products, technology, customers, and suppliers. Unlike a general equity sector index such as the PHLX Semiconductor Sector Index (SOX), which includes companies primarily involved in the production and sale of semiconductor products, the selected peers represent high-performing companies in VAT's industry, strengthening the performance benchmarking. The peer group for the grants made in 2024 is illustrated in Table 8.

**Table 8: Peer group for the 2024 LTI grant**

Advanced Energy Industries	Advantest Corporation	Aixtron	Applied Materials	ASM International
ASML	Axcelis Technologies	CKD Corporation	Comet	Ferrotec
Horiba	Ichor	Inficon	KLA Corporation	LAM Research
Manz	MKS Instruments	SMC	Tokyo Electron	Ulvac
Veeco Instruments				

In 2024, the Board conducted a comprehensive review of the peer group for future LTI grants, beginning with the 2025 LTI grant to intensify the performance benchmarking with sector peers and to account for corporate events such as mergers, acquisitions, business combinations, delisting or bankruptcy at peer companies. As part of this review, the Board approved the removal of Manz and the inclusion of Jenoptik.

### 5.7 Employment contracts

GEC members are employed under employment contracts of unlimited duration with a notice period of six months, and twelve months for the CEO. GEC members are not contractually entitled to sign on payments, termination payments, change-of-control provisions (except the accelerated vesting under the LTI plan) or non-competition compensation.

### 5.8 Malus and clawback provisions

Malus and clawback provisions apply to STI and LTI awards for GEC members and other executives. If VAT Group (or one of its companies) is required to prepare an accounting/financial restatement, the Board will determine the amount of variable compensation that would have been due under the restated financial results. VAT Group reserves the right to forfeit (malus provision) and/or to obtain reimbursement (clawback provision) of any variable compensation that was paid or granted in excess of the amount determined. This forfeiture or clawback is limited to accounting/financial restatements of the previous three financial years and to variable compensation whose amount is determined, exclusively or in combination with other performance metrics, on the basis of the financial results and performance of VAT Group as reported in its financial statements.

### 5.9 Share ownership guidelines

With effect from January 1, 2024, the Board introduced share ownership guidelines for the GEC members to align the interests of the shareholders with those of the GEC members and to promote a long-term perspective. GEC members are required to own at least a minimum multiple of their annual base salary in VAT Group shares, as outlined below:

- CEO: 200% of the annual base salary
- Other GEC members: 100% of the annual base salary.

GEC members are expected to meet the minimum holding requirement within five years of either the introduction of the guideline or their appointment to the GEC. To determine whether the minimum holding requirement is met, all vested shares are considered, regardless of whether they are blocked or not and including any shares privately owned, directly or indirectly. Unvested PSUs, vested PSUs not yet allocated in shares, and shares that are hedged or pledged are excluded.

The NCC reviews compliance with the share ownership guideline on an annual basis.

## 6. Compensation awarded to the Board and GEC in 2024

### 6.1 Compensation awarded to the Board in 2024

For 2024, the members of the Board received total compensation of CHF 1.4 million (2023: CHF 1.36 million) in the form of fixed basic fees of CHF 1.1 million (2023: CHF 1.1 million), committee fees, and other expenses of CHF 0.2 million (2023: CHF 0.2 million) and social security contributions of CHF 0.1 million (2023: CHF 0.1 million). Out of the total compensation of CHF 1.4 million (2023: CHF 1.36 million), CHF 0.4 million (2023: CHF 0.4 million) was awarded in the form of restricted shares. The slight increase of 6% versus the previous year results from changes in the composition of the Board since the 2023 AGM.

**Table 9: Compensation of the Board in 2024 and 2023**

(CHF, gross)	Year	Fixed basic fee	Committee fees	Other payments	Social security	Total compensation	Of which in shares
Martin Komischke, Chair	2024	320,000	–	1,500	21,147	342,647	96,656
	2023	320,000	–	1,500	21,573	343,073	98,226
Urs Leinhäuser, Vice-Chair	2024	160,000	40,000	1,500	13,596	215,096	60,410
	2023	160,000	40,000	1,500	15,896	217,396	61,408
Petra Denk <sup>1</sup>	2024	110,000	23,750	1,500	–	135,250	40,333
	2023	64,167	8,750	875	–	73,792	21,875
Hermann Gerlinger	2024	110,000	40,000	1,500	9,349	160,849	45,405
	2023	110,000	40,000	1,500	9,537	161,037	46,056
Maria Heriz <sup>2</sup>	2024	45,834	–	625	–	46,459	14,073
	2023	110,000	–	1,500	–	111,500	33,830
Daniel Lippuner	2024	110,000	44,584	1,500	12,463	168,547	46,662
	2023	110,000	30,000	1,500	11,649	153,149	42,931
Thomas A. Piliszczuk <sup>3</sup>	2024	64,167	8,750	875	–	73,792	21,875
	2023	–	–	–	–	–	–
Karl Schlegel	2024	110,000	15,000	1,500	7,614	134,114	37,708
	2023	110,000	15,000	1,500	7,767	134,267	38,380
Libo Zhang	2024	110,000	40,000	1,500	12,145	163,645	45,405
	2023	110,000	40,000	1,500	12,357	163,857	46,056
<b>Total</b>	<b>2024</b>	<b>1,140,001</b>	<b>212,084</b>	<b>12,000</b>	<b>76,314</b>	<b>1,440,399</b>	<b>408,527</b>
	<b>2023</b>	<b>1,094,167</b>	<b>173,750</b>	<b>11,375</b>	<b>78,779</b>	<b>1,358,071</b>	<b>388,762</b>

<sup>1</sup> Member since AGM of May 16, 2023

<sup>2</sup> Member until AGM of May 14, 2024

<sup>3</sup> Member since AGM of May 14, 2024



At the AGM on May 16, 2023, the shareholders approved a maximum aggregate compensation amount of CHF 1,550,000 for the Board for the compensation period from the 2023 AGM until the 2024 AGM. The compensation paid to the Board for this term was CHF 1,444,424 and is therefore within the approved limits.

At the AGM of May 14, 2024, the shareholders approved a maximum aggregate compensation amount of CHF 1,550,000 for the Board for the term from the 2024 AGM until the 2025 AGM. The maximum aggregate amount compared with the prior period remained unchanged. The compensation paid to the Board for this term is expected to be approximately CHF 1,461,681. The final amount will be disclosed in the 2025 Compensation Report.

In the year under review, no compensation was paid to former members of the Board or to parties closely related to members or former members of the Board.

In accordance with the Articles of Association, loans to members of the Board are not permitted. Hence, no member, former member, or closely related parties of the Board was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

## 6.2 Compensation awarded to the GEC for 2024

In 2024, the members of the GEC received total compensation of CHF 3.67 million (2023: CHF 3.87 million). This amount comprises annual base salaries of CHF 1.62 million (2023: CHF 1.69 million), STI of CHF 0.88 million (2023: CHF 1.01 million), other expenses of CHF 0.01 million (2023: CHF 0.01 million), contributions to social security and post-employment benefits of CHF 0.56 million (2023: CHF 0.56 million), and an LTI grant worth CHF 0.61 million (2023: CHF 0.60 million). The variable compensation amounts to 81% (2023: 84%) of the fixed compensation for the CEO and 62% (2023: 63%) on average for all the other GEC members.

**Table 10: Compensation of the GEC in 2024 and 2023**

(CHF, gross)	Year	ABS	Other payments <sup>2</sup>	Pension and social security (fixed) <sup>3</sup>	Total fixed compensation	STI payout <sup>4</sup>	LTI grant <sup>5</sup>	Total compensation <sup>6</sup>
Urs Gantner	2024	550,004	2,000	210,336	762,340	365,750	250,911	1,379,001
Michael Allison	2023	630,000	–	221,520	851,520	449,532	268,779	1,569,831
Other GEC	2024	1,065,001	–	350,992	1,415,993	517,035	355,139	2,288,167
	2023	1,064,167	10,000	336,604	1,410,771	557,461	328,025	2,296,257
<b>Total GEC <sup>1</sup></b>	<b>2024</b>	<b>1,615,005</b>	<b>2,000</b>	<b>561,328</b>	<b>2,178,333</b>	<b>882,785</b>	<b>606,050</b>	<b>3,667,168</b>
	2023	1,694,167	10,000	558,124	2,262,291	1,006,993	596,804	3,866,088

<sup>1</sup> Four GEC members were in office on December 31, 2024. Five GEC members were in office on December 31, 2023, including one month in office for the Executive Vice-President Semiconductor Solutions Group.

<sup>2</sup> Includes payments related to the relocation of the new GEC member in 2023 and an anniversary payment to the CEO in 2024.

<sup>3</sup> In 2024, the employer pension contribution was slightly increased with the introduction of the elective plans.

<sup>4</sup> STI for 2024 to be paid out by June 30, 2025; STI for 2023 was paid out by June 30, 2024.

<sup>5</sup> Grant value of the LTI awarded is based on the Monte Carlo evaluation of the PSU. The total number of PSU granted in 2024 amounted to 857 (2023: 1,547) for the CEO and 1,213 (2023: 1,888) for the other GEC members, based on the average daily closing share price of the VAT Group shares during the 20 trading days preceding the grant date.

<sup>6</sup> All compensation amounts are disclosed gross

The total aggregate annual base salaries of the GEC decreased by 4.67% overall versus the prior year (2023: +25%). This decrease was mainly due to the change in the composition of the GEC versus 2023 and an overlap in payments for one function in 2023.

In 2024, the overall achievement of the GEC's financial and individual performance targets was influenced by a noticeable improvement in a slowly recovering market environment. VAT Group returned to a growth path and exceeded 2023 levels for nearly all the key performance indicators. Focusing on the established flex cost model, profitability as measured by the EBITDA margin increased from 30.6% in 2023 to 31.2% in 2024. Sales also grew, making 2024 the second-best business year in VAT's history. The CHF 942 million in sales represents a 6% increase over 2023, offsetting some foreign exchange headwinds due to the strengthening of the Swiss franc against all major trading currencies. Free cash flow amounted to CHF 183 million, slightly below the 2023 level, reflecting an increase in overall inventory.

The total aggregate amount of STI payouts of CHF 0.88 million is 12.33% lower than previous year, mainly because of the change in the composition of the GEC from one year to the next (Mike Allison stepped down at the end of 2023 and no new GEC member was appointed) and a slight decline in the achievement of performance targets. The overall average payout to the GEC was 104.5% compared to target (109% for 2023). There was no discretion applied by the Board when determining the final payout for 2024.

**Table 11: Summary of 2024 performance for the STI**

		Weighting	Performance achievement	Threshold (30%)	Target payout (100%)	Maximum (150%)
Profitability	EBITDA margin	25%	31.2%		111.4%	
	Free cash flow	25%	CHF 183 million		73%	
	Specification wins <sup>1</sup>	25%	130.7%			130.7%
Sustainability <sup>2</sup> and projects	Sustainalytics rating / Scope 3 targets and roadmap / Gallup engagement ratio	25%	23.8 / SBTi commitment signed, reduction path indicated / 4.27		102%	
	Projects: Unity / Operational Excellence / increase in sustainable footprint		ERP implementation in CH / DarWin cost savings / localization		100%	
Total		100%		The overall average payout to the GEC was 104.5% (2023: 109%)		

<sup>1</sup> Weighted performance objectives, disclosed as achievement rate.

<sup>2</sup> Sustainability at VAT comprises the dimensions environment, social, and governance (ESG).

The LTI grant value under the LTIP amounted to CHF 0.61 million (2023: CHF 0.60 million). The PSU numbers were determined by dividing the LTI nominal target by the market value of shares prior to the grant date. Overall, the fair value of the PSU in 2024 was higher than the prior year (LTI grant value per PSU 2024: CHF 292.78, 2023: CHF 173.75). The higher overall grant value of 1.55% is mainly due to a slight increase in the target LTI for some GEC members.

Although the total compensation for the GEC decreased in 2024, social security and pension contributions slightly increased versus the previous year. This was driven by an adjustment to the pension plan contribution to align with market standards.

The total fixed compensation of CHF 2.18 million (including pension and social security contributions) awarded for the 2024 financial year is within the maximum aggregate compensation of CHF 2.70 million approved by the shareholders.

The aggregate grant value of CHF 0.61 million awarded under the LTIP at target is within the maximum amount of CHF 2.15 million approved by the shareholders for the 2024 financial year.

The STI for 2024 of CHF 0.88 million will be submitted to a shareholder vote at the 2025 AGM.

In the year under review, no compensation was paid to former members of the GEC or to parties closely related to members or former members of the GEC.

In accordance with the Articles of Association, loans to members of the GEC are not permitted. Hence, no member or former member of the GEC was granted a loan during the reporting year. No loans were outstanding at the end of the year under review.

## 7. Shareholdings and vesting of outstanding LTI award

### 7.1 Shareholdings as of December 31, 2024

At the end of 2024, members of the Board held a total of 50,229 (2023: 49,328) registered shares of VAT Group. GEC members held a total of 7,589 (2023: 15,940) registered shares of VAT Group and a total of 4,985 (2023: 8,878) performance share units.

The details of shareholdings of the members of the Board and the GEC are included in Table 12, Number of shareholdings.

At the end of 2024, members of the Board and the GEC did not hold any stock options.

**Table 12: Number of shareholdings<sup>1</sup>**

Shares held by the Board	December 31, 2024	December 31, 2023
Martin Komischke, Chair	2,671	2,463
Urs Leinhäuser, Vice-Chair	5,039	4,909
Petra Denk (since May 16, 2023)	81	–
Hermann Gerlinger	1,684	1,566
Maria Heriz (until May 14, 2024)	–	106
Daniel Lippuner	1,112	1,021
Thomas A. Piliszczuk (since May 14, 2024)	–	–
Karl Schlegel	38,630	38,549
Libo Zhang	1,012	714
<b>Total</b>	<b>50,229</b>	<b>49,328</b>
Shares held by the GEC	December 31, 2024	December 31, 2023
Michael Allison, CEO (until December 31, 2023)	–	9,131
Urs Gantner, CEO (since January 1, 2024)	6,159	5,724
Fabian Chiozza, CFO	430	–
Thomas Berden, COO	1,000	1,085
Finn Felsberg EVP Semiconductor Solutions Group (since December 1, 2023)	–	–
<b>Total</b>	<b>7,589</b>	<b>15,940</b>

<sup>1</sup> includes shareholding of related parties of the respective members.

## 7.2 Vesting of outstanding LTI award

The vesting for the 2021 LTI award, which was due to vest by end of 2023 (LTI performance period 2021-23), considers the performance in terms of relative sales growth, relative TSR against the peer group, and the relative return on invested capital (ROIC). The performance condition relative sales growth ranked 57.3% against the peer group, the relative TSR ranked 73.7% against the peer group, and the relative return on invested capital ranked 96.3% against the peer group. The combined performance thus led to an overall payout factor of the three equally weighted performance conditions of 152%, and the 3,230 units granted to the current members of the GEC in office at the time of grant have been vested into 4,910 shares (3,230 PSUs granted multiplied by the payout factor of 152%) with a vesting value of CHF 2,361,710.

The PSU grant under the LTI plan in 2022 was vested at the end of 2024. The final payout factor will be available in May 2025 after the annual results of the peers for 2024 have been published, and will be reported in the 2025 Compensation Report.

**Table 13: Vesting level of PSUs (includes members of the GEC as of December 31, 2024)**

Grant year	Vesting year	Overall payout factor (in %)
2019	2021	118%
2020	2022	160%
2021	2023	152%
2022	2024	vested, performance evaluation pending
2023	2025	Pending <sup>1</sup>
2024	2026	Pending <sup>1</sup>

<sup>1</sup> Performance periods are still ongoing. Numbers will be available after the end of the respective performance period.

## 8. External mandates

Members of the Board and the GEC have the following external mandates according to Article 734e of the Swiss Code of Obligations.

**Table 14: External mandates of the Board and the GEC as of December 31, 2024 and December 31, 2023**

Name	Company	Function	2024	2023
Martin Komischke	Hoerbiger Holding AG	Chairman of the Board of Directors	x	x
	Hoerbiger-Stiftung	Vice-Chairman of the Board of Trustees	x	x
	Stäubli Holding AG	Member of the Board of Directors	x	x
	value&focus Consulting GmbH	Managing Partner	x	x
Urs Leinhäuser	Amman Group Holding AG	Member of the Board of Directors	x	x
	Avesco AG	Chairman of the Board of Directors	–	x
	Avesco AG	Member of the Board of Directors	x	–
	PENSADOR Partner AG	Member of the Board of Directors	x	x
	EAC International Consulting ADULCO GmbH	Member of the Advisory Board Managing Partner	x x	x x
Petra Denk	Aixtron SE	Member of the Supervisory Board	–	x
	Pfisterer AG	Member of the Supervisory Board	x	x
	BKW AG	Member of the Board of Directors	x	x
	Institut für Systemische Energieberatung GmbH	Managing Partner	x	x
Hermann Gerlinger	Siltronic AG	Member of the Supervisory Board	x	x
	ASML	Guest Member of the Technology Committee	–	x
	LR Pure Systems GmbH	Member of the Advisory Board	x	–
	GeC GmbH	Managing Partner	x	x
Daniel Lippuner	Heberlein Technology AG	Chairman of the Board of Directors	x	x
	Remnex Anlagestiftung	Member of the Board of Trustees	x	x
	3S Swiss Solar Solutions AG	Member of the Board of Directors	x	x
	Juice Services AG	Member of the Board of Directors	–	x
	Lippuner Consulting GmbH	Managing Partner	x	x
Thomas A. Piliszczuk (since May 14, 2024)	Nexdot	Member of the Board of Directors	x	–
Karl Schlegel	Cresta Services GmbH	Managing Partner	x	x
Libo Zhang	LEM Holding SA	Member of the Board of Directors	x	–
	SPT Roth AG	Member of the Advisory Board	x	x
<b>External activities of the GEC</b>				
Name	Company	Function	2024	2023
Urs Gantner	SEMI Europe	Member of the Advisory Board	x	–
Thomas Berden	–	–	–	–
Fabian Chiozza	Industrie- und Handelskammer St. Gallen-Appenzell	Member of the Board	x	x
Finn Felsberg	–	–	–	–



# Report of the Statutory Auditor

To the General Meeting of VAT Group AG, Sennwald

## Report on the Audit of the Remuneration Report

### Opinion

We have audited the Remuneration Report of VAT Group AG (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections 6.1, 6.2, 7.1 and 8 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Remuneration Report complies with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Remuneration Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Board of Directors' Responsibilities for the Remuneration Report**

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's Responsibilities for the Audit of the Remuneration Report**

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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

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

KPMG AG

Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge

Simon Hörler  
Licensed Audit Expert

St. Gallen, 3 March 2025

Enclosure:

- Remuneration Report

## Financial statements

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# Consolidated financial statements for the financial year from January 1 to December 31, 2024

## Consolidated income statement

January 1-December 31 In CHF thousand	Note	2024	2023
<b>Net sales</b>	2.1, 2.2	<b>942,200</b>	<b>885,316</b>
Raw materials and consumables used		-341,791	-320,157
Changes in inventories of finished goods and work in progress		25,668	-18,486
Personnel expenses	4.1	-245,049	-213,409
Other income	2.3	10,823	24,643
Other expenses	2.4	-98,185	-86,996
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)<sup>1</sup></b>		<b>293,666</b>	<b>270,911</b>
Depreciation, amortization and impairment		-43,487	-42,327
<b>Earnings before interest and taxes (EBIT)<sup>1</sup></b>		<b>250,179</b>	<b>228,584</b>
Finance income	5.1	9,480	2,611
Finance costs	5.1	-7,069	-24,110
<b>Earnings before income taxes</b>		<b>252,590</b>	<b>207,085</b>
Income tax expenses	6.1	-40,791	-16,775
<b>Net income attributable to owners of the Company</b>		<b>211,799</b>	<b>190,310</b>
<b>Earnings per share (in CHF)</b>			
Basic earnings per share	5.4	7.06	6.35
Diluted earnings per share	5.4	7.06	6.34

<sup>1</sup> Interest includes other items as reported in the financial results.

## Consolidated statement of comprehensive income

January 1-December 31 In CHF thousand	Note	2024	2023
<b>Net income attributable to owners of the Company</b>		<b>211,799</b>	<b>190,310</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of defined benefit obligations	4.3	-16,583	-16,421
Related tax	6.1	2,371	2,343
<b>Subtotal</b>		<b>-14,212</b>	<b>-14,078</b>
<b>Items that are or may be subsequently reclassified to profit or loss:</b>			
Changes in the fair value of hedging reserves		-23,768	6,518
Related tax	6.1	3,482	-921
Currency translation adjustments		11,481	-14,391
<b>Subtotal</b>		<b>-8,806</b>	<b>-8,794</b>
<b>Other comprehensive income for the period (net of tax)</b>		<b>-23,017</b>	<b>-22,872</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>188,782</b>	<b>167,438</b>

The above consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, which can be found in the VAT annual report page 90 ff.

## Consolidated balance sheet

In CHF thousand	Note	Dec 31, 2024	Dec 31, 2023
<b>Assets</b>			
Cash and cash equivalents		158,121	144,108
Trade and other receivables	3.1	141,056	108,752
Other investments, including derivatives	5.5	3,028	18,089
Prepayments and accrued income		5,604	4,375
Inventories	3.2	247,596	188,455
Current tax assets		1,996	1,913
<b>Current assets</b>		<b>557,402</b>	<b>465,692</b>
Property, plant and equipment	3.3	273,180	234,822
Investment properties		1,582	1,624
Intangible assets and goodwill	3.4	448,358	459,422
Other receivables	3.1	1,066	1,029
Other investments		3,942	891
Deferred tax assets	6.1	9,216	4,976
<b>Non-current assets</b>		<b>737,344</b>	<b>702,764</b>
<b>Total assets</b>		<b>1,294,746</b>	<b>1,168,456</b>

In CHF thousand	Note	Dec 31, 2024	Dec 31, 2023
<b>Liabilities</b>			
Trade and other payables	3.5	111,853	81,867
Loans and borrowings <sup>2</sup>	5.3	2,440	2,071
Provisions	3.7	2,075	2,207
Derivative financial instruments	5.2	19,882	544
Accrued expenses and deferred income	3.6	59,250	36,783
Current tax liabilities		31,131	20,611
<b>Current liabilities</b>		<b>226,630</b>	<b>144,084</b>
Loans and borrowings <sup>2</sup>	5.3	239,346	205,235
Other non-current liabilities		2,181	1,548
Deferred tax liabilities	6.1	40,898	43,492
Defined benefit obligations	4.3	31,814	16,936
<b>Non-current liabilities</b>		<b>314,240</b>	<b>267,211</b>
<b>Total liabilities</b>		<b>540,870</b>	<b>411,295</b>
<b>Equity</b>			
Share capital	5.4	3,000	3,000
Share premium		344	344
Reserves		-16,376	-7,570
Treasury shares	5.4	-9,863	-6,795
Retained earnings <sup>1</sup>		776,771	768,183
<b>Total equity attributable to owners of the Company</b>		<b>753,877</b>	<b>757,161</b>
<b>Total liabilities and equity</b>		<b>1,294,746</b>	<b>1,168,456</b>

1 Includes remeasurements of DBO and other reserves

2 The term loan facility was previously reported as current. Due to a change in accounting policy (amendments to IAS 1), the figures have been reclassified as at December 31, 2023 (refer to Note 1).

The above consolidated balance sheet should be read in conjunction with the accompanying notes, which can be found in the VAT annual report page 90 ff.

## Consolidated statement of changes in equity

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings	Total equity
<b>Equity as of Jan 1, 2023</b>	<b>3,000</b>	<b>344</b>	<b>4,657</b>	<b>-3,433</b>	<b>-5,317</b>	<b>781,069</b>	<b>780,320</b>
Net income attributable to owners of the Company						190,310	190,310
Total other comprehensive income for the period attributable to owners of the Company			5,597	-14,391		-14,078	-22,872
Treasury shares acquired					-5,742		-5,742
Dividend payment						-187,436	-187,436
Share-based payments (net of tax)					4,264	-1,683	2,581
<b>Equity as of Dec 31, 2023</b>	<b>3,000</b>	<b>344</b>	<b>10,254</b>	<b>-17,824</b>	<b>-6,795</b>	<b>768,183</b>	<b>757,161</b>

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings	Total equity
<b>Equity as of Jan 1, 2024</b>	<b>3,000</b>	<b>344</b>	<b>10,254</b>	<b>-17,824</b>	<b>-6,795</b>	<b>768,183</b>	<b>757,161</b>
Net income attributable to owners of the Company						211,799	211,799
Total other comprehensive income for the period attributable to owners of the Company			-20,287	11,481		-14,212	-23,017
Treasury shares acquired					-7,019		-7,019
Dividend payment						-187,415	-187,415
Share-based payments (net of tax)					3,951	-1,584	2,367
<b>Equity as of Dec 31, 2024</b>	<b>3,000</b>	<b>344</b>	<b>-10,033</b>	<b>-6,343</b>	<b>-9,863</b>	<b>776,771</b>	<b>753,877</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes, which can be found in the VAT annual report page 90 ff.

# Consolidated statement of cash flows

January 1-December 31 In CHF thousand	Note	2024	2023
<b>Net income attributable to owners of the Company</b>		<b>211,799</b>	<b>190,310</b>
Adjustments for:			
Depreciation, amortization and impairment		43,487	42,327
(Profit)/loss from disposal of property, plant and equipment		-32	-120
Change in defined benefit obligations		-1,707	-2,199
Net impact from foreign exchange		8,885	7,681
Income tax expenses	6.1	40,791	16,775
Net finance costs	5.1	-2,411	21,499
Other non-cash-effective adjustments		2,241	2,116
Change in trade and other receivables		-29,571	42,833
Change in prepayments and accrued income		-1,238	4,949
Change in inventories		-49,866	25,859
Change in trade and other payables		28,441	-49,565
Change in accrued expenses and deferred income		21,307	-1,029
Change in provisions		794	-12
<b>Cash generated from operations</b>		<b>272,920</b>	<b>301,425</b>
Income taxes paid		-32,278	-45,019
<b>Cash flow from operating activities</b>		<b>240,642</b>	<b>256,406</b>
Purchases of property, plant and equipment		-46,646	-60,267
Proceeds from sale of property, plant and equipment		44	294
Purchases of intangible assets and development expenditure		-9,022	-8,969
Interest received		1,272	1,294
Loans granted		-3,042	0
<b>Cash flow from investing activities</b>		<b>-57,394</b>	<b>-67,648</b>
Proceeds from borrowings	5.3	140,000	310,000
Repayments of borrowings	5.3	-110,000	-310,000
Repayments of lease liabilities	5.3	-2,756	-3,137
Purchase of treasury shares		-7,019	-5,742
Dividend paid	5.4	-187,415	-187,436
Interest paid		-4,469	-6,952
Other finance expenses paid		-842	-2,316
<b>Cash flow from financing activities</b>		<b>-172,500</b>	<b>-205,583</b>
Net increase/(decrease) in cash and cash equivalents		10,747	-16,825
Cash and cash equivalents at beginning of period		144,108	174,365
Effect of movements in exchange rates on cash held		3,267	-13,432
<b>Cash and cash equivalents at end of period</b>		<b>158,121</b>	<b>144,108</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes, which can be found in the VAT annual report page 90 ff.

# Notes to the consolidated financial statements

## 1. General information and accounting policies

### General information

VAT Group AG (“the Company”) is a limited liability company incorporated in accordance with Swiss law. The registered office of the Company is Seelistrasse 1, CH-9469 Haag, Switzerland.

The consolidated financial statements as at and for the year ended December 31, 2024, comprise VAT Group AG and all companies under its control (together referred to as “VAT” or “the Group”).

These consolidated financial statements were authorized for issue by the Group’s Board of Directors on March 3, 2025.

### Basis of accounting

The consolidated financial statements of the Group have been prepared based on IFRS Accounting Standards. The presentation currency is Swiss Francs, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on the historical cost basis, except for items that are required to be accounted for at fair value (e.g. derivative financial instruments) and the defined benefit liability which is measured at the present value of the defined benefit obligation less the fair value of plan assets.

Details of the Group’s material accounting policies that are relevant for the understanding of these consolidated financial statements are included in the corresponding notes.

### Changes in accounting policies

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements for the previous financial year.

The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The related liabilities are reclassified as non-current as at December 31, 2023.

A number of other accounting standards have been modified on miscellaneous points with effect from January 1, 2024. None of these amendments had a material effect on the Group’s financial statements.

### Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Estimates and underlying assumptions are reviewed frequently. Revisions to estimates are recognized prospectively. Important estimates and assumptions with the related uncertainties were primarily made in the following areas:

- a) intangible assets and goodwill, see note 3.4,
- b) property, plant and equipment, see note 3.3,
- c) income taxes, see note 6.1,
- d) post-employment benefits, see note 4.3,
- e) contingent considerations, see note 5.2.

## 2. Operating performance

### 2.1 Segment information

#### Background

The segment information is presented as provided to the Board of Directors and the Group Executive Committee in their role as Chief Operating Decision Maker (CODM).

#### Basis of segmentation

The Group reports in two segments: Valves and the Global Service segment:

- **Valves:** The Valves segment is a global developer, manufacturer and supplier of vacuum valves for the semiconductor, displays, photovoltaics and vacuum coating industries as well as for the industrial and research sector.
- **Global Service:** Global Service provides local expert support to customers and offers genuine spare parts, repairs and upgrades.

#### Corporate and eliminations

Inter-company transactions, balances, income and expenses between segments are eliminated and reported in the column "Corporate and eliminations". In addition, this column contains figures relating to the cross functions Corporate Research, Corporate Quality, Corporate Finance, HR, and IT.

While net sales in the segment Valves only arise from sales of goods, net sales in the Global Service segment come from sales of services and sales of goods.

The segment information provided to the CODM is measured in a manner consistent with that of the financial statements. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Therefore, a profit measure based on EBITDA is reported by segment. Sales between segments are carried out at arm's length and are eliminated on consolidation. Segment assets are measured in the same way as in the financial statements and allocated based on the operations of the segment and the physical location of the asset.



### Information about reportable segments

January 1-December 31, 2024 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Net sales	774,675	167,525	942,200		942,200
Inter-segment sales	68,087		68,087	-68,087	0
<b>Segment net sales</b>	<b>842,763</b>	<b>167,525</b>	<b>1,010,288</b>	<b>-68,087</b>	<b>942,200</b>
<b>Segment EBITDA</b>	<b>266,273</b>	<b>63,571</b>	<b>329,844</b>	<b>-36,177</b>	<b>293,666</b>

January 1-December 31, 2023 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Net sales	712,449	172,867	885,316		885,316
Inter-segment sales	70,292		70,292	-70,292	0
<b>Segment net sales</b>	<b>782,741</b>	<b>172,867</b>	<b>955,608</b>	<b>-70,292</b>	<b>885,316</b>
<b>Segment EBITDA</b>	<b>239,314</b>	<b>69,055</b>	<b>308,370</b>	<b>-37,459</b>	<b>270,911</b>

As of December 31, 2024 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Segment assets	973,319	127,335	1,100,654	1,582	1,102,236
Segment liabilities	71,840	285	72,125	312	72,437
<b>Segment net operating assets</b>	<b>901,478</b>	<b>127,050</b>	<b>1,028,529</b>	<b>1,270</b>	<b>1,029,799</b>
Of which net trade working capital	278,777	33,889	312,666	-312	312,354

As of December 31, 2023 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Segment assets	847,220	134,084	981,304	1,624	982,928
Segment liabilities	48,613	1,895	50,508		50,508
<b>Segment net operating assets</b>	<b>798,607</b>	<b>132,190</b>	<b>930,797</b>	<b>1,624</b>	<b>932,420</b>
Of which net trade working capital	202,802	40,687	243,489		243,489

Net operating assets by reportable segment include trade receivables, inventories, property, plant and equipment, investment properties, intangible assets and goodwill as well as trade payables. Intangible assets and goodwill are allocated to the segments based on quotas defined as a result of the purchase price allocation.

### Reconciliation of segment results to income statement and balance sheet

#### Income statement

January 1-December 31 In CHF thousand	2024	2023
Segment EBITDA	329,844	308,370
Corporate and eliminations	-36,177	-37,459
Depreciation, amortization and impairment	-43,487	-42,327
Finance costs net	2,411	-21,499
<b>Earnings before income taxes</b>	<b>252,590</b>	<b>207,085</b>

## Assets

As of December 31 In CHF thousand	2024	2023
Segment assets	1,100,654	981,304
Corporate and eliminations	1,582	1,624
Cash and cash equivalents	158,121	144,108
Other assets <sup>1</sup>	34,389	41,420
<b>Assets</b>	<b>1,294,746</b>	<b>1,168,456</b>

1 The main positions included in other assets are other receivables, other investments, deferred tax assets and prepayments and accrued income.

## Liabilities

As of December 31 In CHF thousand	2024	2023
Segment liabilities <sup>1</sup>	72,125	50,508
Corporate and eliminations	312	0
Loans and borrowings	241,786	207,306
Other liabilities and provisions	226,646	153,481
<b>Liabilities</b>	<b>540,870</b>	<b>411,295</b>

1 Only trade payables are allocated to segments.

## Geographic information

### Net sales

January 1-December 31 In CHF thousand	2024	2023
Switzerland	3,494	8,734
Europe excl. Switzerland	127,128	136,047
USA	172,868	192,062
Japan	74,079	86,640
Korea	72,143	61,867
Singapore	111,087	106,294
China	281,136	224,001
Asia excl. Japan, Korea, Singapore and China	92,605	63,608
Other	7,660	6,062
<b>Total</b>	<b>942,200</b>	<b>885,316</b>

No other individual country represented more than 10% of net sales in 2024 and 2023.

### Non-current assets

As of December 31 In CHF thousand	2024	2023
Switzerland	589,882	593,090
Europe excl. Switzerland	13,384	6,643
USA	5,495	701
Malaysia	109,002	88,942
Asia excl. Malaysia	5,357	6,492
<b>Total</b>	<b>723,120</b>	<b>695,868</b>

Non-current assets by location include property, plant and equipment, investment properties, intangible assets and goodwill. No other individual country represented more than 10% of non-current assets in 2024 and 2023.

### Major customers

Revenues from three customers of the Group's Valves and Global Service segments represented approximately 19%, 14% and 12%, respectively, of the Group's total revenues (prior year: two customers represented approximately 17% and 10%, respectively).

## 2.2 Revenue

In the following table, revenue from contracts with customers is disaggregated by net sales by region and reportable segments. The table also includes a disaggregation of order intake by segments.

### Disaggregation of order intake and net sales

January 1-December 31, 2024 In CHF thousand	Valves	Global Service	Total
<b>Order intake</b>	858,135	175,144	1,033,280
<b>Net sales by region</b>			
Asia	534,488	96,562	631,050
Americas	120,855	53,716	174,571
EMEA	119,333	17,247	136,580
<b>Net sales</b>	<b>774,675</b>	<b>167,525</b>	<b>942,200</b>

January 1-December 31, 2023 In CHF thousand	Valves	Global Service	Total
<b>Order intake</b>	554,387	137,495	691,881
<b>Net sales by region</b>			
Asia	453,558	88,852	542,411
Americas	131,164	63,239	194,403
EMEA	127,726	20,776	148,502
<b>Net sales</b>	<b>712,449</b>	<b>172,867</b>	<b>885,316</b>

### Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. Customers obtain control of the goods dependent on standard trade terms (Incoterms) or when services are rendered. The Group uses different Incoterms, generally CIF, FCA and DDP. Contracts include only standard warranty clauses and do not provide for separate purchase of warranty. Payment conditions are short term and therefore do not contain significant financing components.

## 2.3 Other income

January 1-December 31 In CHF thousand	2024	2023
Net foreign exchange gains on operating and investing activities	0	11,873
Work performed by the entity and capitalized	8,070	8,699
Rental income from investment properties	71	72
Change in provision for impairment on trade receivables	0	2
Gains from sale of fixed assets	38	120
Other income	2,644	3,877
<b>Total other income</b>	<b>10,823</b>	<b>24,643</b>

## 2.4 Other expenses

January 1-December 31 In CHF thousand	2024	2023
Marketing and advertising	1,574	1,182
Distribution	9,819	11,474
Office rent	681	368
Administrative expenses	27,616	28,165
Travel expenses	5,852	3,768
Repair and maintenance	23,804	19,268
Energy and supplies	16,907	15,326
Insurance, duties and other charges	3,452	3,547
Net foreign exchange losses on operating and investing activities	4,780	0
Research and development expenses <sup>1</sup>	1,490	879
Other operating expenses	2,211	3,019
<b>Total other expenses</b>	<b>98,185</b>	<b>86,996</b>

<sup>1</sup> Includes only third-party expenses.

## 3. Operating assets and liabilities

### 3.1 Trade and other receivables

As of December 31 In CHF thousand	2024	2023
Trade receivables - gross	131,843	98,831
Less allowance for expected credit losses	-323	-226
<b>Trade receivables - net</b>	<b>131,519</b>	<b>98,605</b>
Recoverable value added tax and withholding tax	8,635	6,651
Deposits	1,151	1,108
Receivables from social security	692	3,202
Other	125	216
<b>Total trade and other receivables</b>	<b>142,123</b>	<b>109,781</b>
Thereof:		
Current trade and other receivables	141,056	108,752
Non-current other receivables	1'066	1'029

### 3.2 Inventories

As of December 31 In CHF thousand	2024	2023
Raw materials and consumables	125,794	92,798
Work in progress	14,260	11,630
Semi-finished goods	56,374	46,077
Finished goods	51,168	37,950
<b>Total inventories</b>	<b>247,596</b>	<b>188,455</b>

In the financial year 2024, inventories of CHF 5.6 million (previous year: CHF 3.1 million) were scrapped and recognized as expense.

#### Accounting policies

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method and standard cost method.  
The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

### 3.3 Property, plant and equipment

January 1-December 31, 2024 In CHF thousand	Land <sup>1</sup>	Buildings	Buildings right- of-use assets	Machi- nery	Furniture/ fixtures	Other equip- ment	Other equip- ment right- of-use asset	Assets under con- struction	Total
<b>Cost</b>									
Balance at Jan 1, 2024	13,753	96,427	18,565	128,262	14,341	23,311	440	101,415	396,515
Additions		3,141		9,606	90	389		31,824	45,051
Movement non-cash			6,535				224		6,760
Disposals			-547	-31	-18	-124	-130		-851
Transfer		40,456		17,588	683	2,205		-60,932	0
Exchange differences	814	4,555	316	4,506	60	663		2,858	13,772
<b>Balance at Dec 31, 2024</b>	<b>14,567</b>	<b>144,579</b>	<b>24,869</b>	<b>159,931</b>	<b>15,156</b>	<b>26,445</b>	<b>534</b>	<b>75,165</b>	<b>461,246</b>
<b>Accumulated depreciation and impairment</b>									
Balance at Jan 1, 2024	-478	-36,284	-9,595	-91,130	-7,497	-16,416	-293		-161,692
Depreciation charge	-166	-4,654	-3,047	-11,898	-1,000	-2,443	-134		-23,342
Impairment loss									0
Disposals			514	25	12	124	130		805
Transfer									0
Exchange differences	-60	-471	-203	-2,431	-52	-618	-2		-3,838
<b>Balance at Dec 31, 2024</b>	<b>-704</b>	<b>-41,408</b>	<b>-12,332</b>	<b>-105,433</b>	<b>-8,538</b>	<b>-19,353</b>	<b>-299</b>		<b>-188,067</b>
<b>Net book value on Dec 31, 2024</b>	<b>13,864</b>	<b>103,171</b>	<b>12,537</b>	<b>54,497</b>	<b>6,618</b>	<b>7,092</b>	<b>235</b>	<b>75,165</b>	<b>273,180</b>

<sup>1</sup> Includes long-leased land with a carrying amount of CHF 7.8 million.

January 1-December 31, 2023 In CHF thousand	Land <sup>2</sup>	Buildings	Buildings right- of-use assets	Machi- nery	Furniture/ fixtures	Other equip- ment	Other equip- ment right- of-use asset	Assets under con- struction	Total
<b>Cost</b>									
<b>Balance at Jan 1, 2023</b>	<b>14,864</b>	<b>96,759</b>	<b>19,110</b>	<b>118,759</b>	<b>8,395</b>	<b>23,786</b>	<b>492</b>	<b>72,359</b>	<b>354,523</b>
Additions				2,764	34	1,547		59,968	64,314
Movement non-cash			689						689
Disposals		-199	-240	-261	-92	-4,407	-27		-5,225
Transfer		3,095		12,792	6,155	3,809		-25,851	0
Exchange differences	-1,111	-3,228	-993	-5,793	-151	-1,424	-25	-5,061	-17,786
<b>Balance at Dec 31, 2023</b>	<b>13,753</b>	<b>96,427</b>	<b>18,565</b>	<b>128,262</b>	<b>14,341</b>	<b>23,311</b>	<b>440</b>	<b>101,415</b>	<b>396,515</b>
<b>Accumulated depreciation and impairment</b>									
<b>Balance at Jan 1, 2023</b>	<b>-369</b>	<b>-32,990</b>	<b>-7,199</b>	<b>-84,281</b>	<b>-6,781</b>	<b>-18,367</b>	<b>-216</b>		<b>-150,203</b>
Depreciation charge	-170	-3,853	-3,136	-10,248	-814	-3,018	-117		-21,355
Impairment loss		-122		-369	-50	-299			-840
Disposals		153	236	190	34	4,407	27		5,047
Transfer				59		-59			0
Exchange differences	60	527	504	3,518	114	921	13		5,658
<b>Balance at Dec 31, 2023</b>	<b>-478</b>	<b>-36,284</b>	<b>-9,595</b>	<b>-91,130</b>	<b>-7,497</b>	<b>-16,416</b>	<b>-293</b>		<b>-161,692</b>
<b>Net book value on Dec 31, 2023</b>	<b>13,275</b>	<b>60,143</b>	<b>8,970</b>	<b>37,132</b>	<b>6,844</b>	<b>6,896</b>	<b>147</b>	<b>101,415</b>	<b>234,822</b>

2 Includes long-leased land with a carrying amount of CHF 7.2 million.

### Commitments for future capital expenditures

Firm contractual commitments for future capital investment in property, plant and equipment as of December 31, 2024, aggregate to CHF 53.9 million (prior year: CHF 52.3 million).

### Accounting policies

Property, plant and equipment are measured at historic or manufacturing costs less accumulated depreciation and any accumulated impairment losses. Depreciation of property, plant and equipment is calculated using the straight-line method based on the following useful lives:

Category	Useful life (in years)
Long-leased land	60
Buildings	20-40
Machinery	5-8
Furniture/fixtures	3-8
Other equipment	3-12

Land is not depreciated, except long-leased land.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment are assessed for impairment when there is a triggering event that provides evidence that an asset may be impaired. To assess whether any impairment exists, estimates of expected future cash flows are used. Actual outcomes could vary significantly from such estimates. Factors such as changes in discount rates, the planned use of buildings, machinery or equipment or closure of facilities, the presence of competition, technical obsolescence and lower than anticipated product sales could lead to shorter useful lives or impairments.

### Leases – as a lessee

Leases mainly consist of warehouses, factory facilities and offices. In addition, the Group leases vehicles and IT equipment. Lease payments are determined in corresponding contracts.

The Group recognizes a right-of-use asset at the lease commencement date. Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

During the period ending December 31, 2024, the Group recognized CHF 3.2 million (prior year: CHF 3.3 million) of depreciation charges and CHF 0.2 million (prior year: CHF 0.2 million) of interest costs from these leases.

In 2024, expenses related to short-term leases as well as leases of low-value assets amount to CHF 0.7 million (prior year: CHF 0.4 million). Total cash outflows for leases amount to CHF 2.8 million (prior year: CHF 3.1 million).

### Accounting policies

Right-of-use assets are initially measured at cost and subsequently depreciated using the straight-line method.

## 3.4 Intangible assets and goodwill

January 1-December 31, 2024 In CHF thousand	Goodwill	Software	Acquired technology and customer relationships	Brands and trademarks	Other intangible assets	Development costs in progress	Total
<b>Cost</b>							
Balance at Jan 1, 2024	183,923	11,975	270,491	120,900	17,864	23,179	628,332
Additions		54				8,968	9,022
Disposals		-291	0		0		-291
Transfer		545			735	-1,280	0
Exchange differences		53			1	2	55
<b>Balance at Dec 31, 2024</b>	<b>183,923</b>	<b>12,336</b>	<b>270,491</b>	<b>120,900</b>	<b>18,600</b>	<b>30,869</b>	<b>637,119</b>
<b>Accumulated amortization and impairment</b>							
Balance at Jan 1, 2024	0	-8,598	-152,664	0	-7,647	0	-168,909
Amortization charge		-1,078	-15,652		-3,338		-20,068
Impairment loss		-36			0		-36
Disposals		291	0		0		291
Exchange differences		-37			-1		-39
<b>Balance at Dec 31, 2024</b>	<b>0</b>	<b>-9,458</b>	<b>-168,316</b>	<b>0</b>	<b>-10,987</b>	<b>0</b>	<b>-188,761</b>
<b>Net book value on Dec 31, 2024</b>	<b>183,923</b>	<b>2,878</b>	<b>102,175</b>	<b>120,900</b>	<b>7,613</b>	<b>30,869</b>	<b>448,358</b>

January 1-December 31, 2023 In CHF thousand	Goodwill	Software	Acquired technology and customer relationships	Brands and trademarks	Other intangible assets	Development costs in progress	Total
<b>Cost</b>							
Balance at Jan 1, 2023	183,923	15,863	270,491	120,900	12,498	20,078	623,754
Additions		60				8,910	8,969
Disposals		-4,192			-36		-4,228
Transfer		386			5,415	-5,801	0
Exchange differences		-142			-14	-8	-164
Balance at Dec 31, 2023	183,923	11,975	270,491	120,900	17,864	23,179	628,332
<b>Accumulated amortization and impairment</b>							
Balance at Jan 1, 2023	0	-11,502	-137,013	0	-4,677	0	-153,193
Amortization charge		-1,345	-15,652		-3,008		-20,004
Impairment loss		-68			-10		-77
Disposals		4,192			36		4,228
Exchange differences		126			12		138
Balance at Dec 31, 2023	0	-8,598	-152,664	0	-7,647	0	-168,909
Net book value on Dec 31, 2023	183,923	3,377	117,827	120,900	10,217	23,179	459,422

#### Commitments for future capital expenditures

Firm contractual commitments for future capital investment in intangible assets as of December 31, 2024, aggregate to CHF 0.2 million (prior year: CHF 0.8 million).

#### Research and development costs

In 2024, research and development expenses amounting to CHF 61.1 million (previous year: CHF 54.2 million) were included in the items “Raw materials and consumables used”, “Personnel expenses”, “Other expenses” and “Depreciation, amortization and impairment”. For 104 development projects, the capitalization criteria according to IAS 38.57 were met and expenses of CHF 8.1 million (previous year: CHF 8.7 million) were capitalized.

#### Impairment testing for goodwill and intangible assets with indefinite useful lives

The intangible assets and goodwill to be tested were allocated to and measured on cash-generating units (CGUs) at the segment levels as follows.

As of December 31 In CHF thousand	Valves	Global Service	2024	Valves	Global Service	2023
			Total			Total
Goodwill	148,181	35,742	183,923	148,181	35,742	183,923
Brand and trademarks	94,618	26,282	120,900	94,618	26,282	120,900
<b>Total carrying amount</b>	<b>242,799</b>	<b>62,024</b>	<b>304,823</b>	<b>242,799</b>	<b>62,024</b>	<b>304,823</b>

Goodwill and intangible assets with indefinite useful lives have been allocated to the CGUs by using the relative fair value approach based on the financial performance of those CGUs as well as management’s best estimate. The allocation corresponds to the lowest level at which those assets are monitored by management.



Recoverable amounts used in the impairment testing are based on the value in use and on the latest forecasts approved by management, discounting the future cash flows to be generated from the continuing use. The forecast period used for future cash flows covers the years 2025 to 2027. The discount rates used are based on the weighted average cost of capital (WACC) derived from peer groups adjusted to specific risks of the businesses concerned and the countries in which they operate. The capital costs were determined using the Capital Asset Pricing Model (CAPM). The annual impairment tests carried out supported the carrying amounts, therefore, no need for impairment was identified.

The key assumptions used in the estimation of fair value in use were as follows:

As of December 31, 2024	Valves	Global Service
Discount rate (WACC) before tax	14.4%	14.4%
Terminal value growth rate	1.5%	1.5%

As of December 31, 2023	Valves	Global Service
Discount rate (WACC) before tax	14.0%	14.0%
Terminal value growth rate	1.5%	1.5%

A reasonably possible change in any of the above key assumptions would not cause the recoverable amount to be less than the carrying amount.

## Accounting policies

### Goodwill and intangible assets

Goodwill arising on the acquisition of subsidiaries and intangible assets with indefinite useful lives, such as brands and trademarks, are measured at cost less accumulated impairment losses. The Group considers that it is appropriate that the acquired brands and trademark have an indefinite useful life as VAT-branded products are globally known and have a strong market position. They have a history of strong revenue and cash flow performance, and VAT has the intent and ability to support the brand with spending to maintain its value for the foreseeable future.

Intangible assets, including technology and customer relationships that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated using the straight-line method over the estimated useful lives and is generally recognized in the consolidated income statement.

The estimated useful lives are as follows:

Category	Useful life (in years)
Acquired technology and customer relationships	13.5-20
Brand and trademarks	indefinite
Software	3-5
Other intangible assets	3-5

The capitalization of internally generated intangible assets is subject to the following development categories: development of own software applications or product-related development activities. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognized as intangible assets when the criteria are met. Directly attributable costs capitalized as part of the developed product include employee costs, third-party material and advisory expenses.

### Impairment of non-financial assets

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the value in use of the asset and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Research and development costs**

The majority of the expenses are incurred in relation to basic research product management and R & D support/overheads, and these are charged directly to the income statement. Expenses directly related to development costs for new products are capitalized and amortized over a period of five years if these concern major development projects.

**Cloud computing arrangements**

Cloud-based software arrangements are generally service contracts under which VAT does not receive a software asset but is provided a right to access the supplier's application software. Fees to obtain access to the software as well as up-front implementation costs incurred to configure or customize the software are recognized as operating expenses when the services are received, unless they relate to the development of additional software code and meet the definition of, and the recognition criteria for, an intangible asset that the Company controls.

**3.5 Trade and other payables**

As of December 31 In CHF thousand	2024	2023
Trade payables	72,437	50,508
Value added tax and other tax payables	4,381	3,733
Employee benefit liabilities	12,529	6,972
Prepayments received from customers	22,380	19,436
Contingent considerations		800
Other liabilities	126	418
<b>Total trade and other payables</b>	<b>111,853</b>	<b>81,867</b>

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

As of December 31 In CHF thousand	2024	2023
Swiss Franc	34,713	28,462
Euro	15,380	10,280
US Dollar	27,879	16,989
Malaysian Ringgit	15,765	10,259
Romanian Leu	2,664	1,252
Chinese Yuan	11,224	11,169
Other currencies	4,228	3,455
<b>Total trade and other payables</b>	<b>111,853</b>	<b>81,867</b>

**3.6 Accrued expenses and deferred income**

As of December 31 In CHF thousand	2024	2023
Accrued expenses - personnel related	26,961	11,386
Accrued expenses - other	32,095	25,398
Deferred income	194	0
<b>Total accrued expenses and deferred income</b>	<b>59,250</b>	<b>36,783</b>

### 3.7 Provisions

January 1-December 31, 2024 In CHF thousand			
	Warranties	Other provisions	Total provisions
<b>Balance at Jan 1, 2024</b>	<b>2,207</b>	<b>932</b>	<b>3,139</b>
Additions	2,075	915	2,990
Used	-1,656		-1,656
Unused amount released	-552		-552
Unwind of discount		12	12
Exchange differences	0	1	1
<b>Balance at Dec 31, 2024</b>	<b>2,075</b>	<b>1,860</b>	<b>3,935</b>
Thereof:			
Current provisions	2,075		2,075
Non-current provisions <sup>1</sup>		1,860	1,860

<sup>1</sup> Non-current provisions are included in other non-current liabilities.

#### Warranties

Warranty provisions cover the risk of expenses in regard to product liability claims that are expected to occur before the warranty period expires. Warranty provisions are calculated on the basis of effective warranty cases and past experience and are used as payments are made. The warranty provisions are subject to a degree of uncertainty with regard to timing and the amount to be paid.

#### Other provisions

Other provisions mainly consist of a restoration liability for a rented warehouse and provisions for onerous contracts. The provisions are subject to a degree of uncertainty with regard to timing and the amount to be paid.

## 4. Employees

### 4.1 Employee FTE and personnel expenses

As of December 31 In CHF thousand	2024	2023
Wages and salaries	200,021	174,547
Share-based payment	2,332	2,297
Social security costs	20,645	18,975
Pension costs - defined contribution plans	1,068	1,016
Pension costs - defined benefit plans	9,828	7,561
Other personnel expenses	11,154	9,013
<b>Total personnel expenses</b>	<b>245,049</b>	<b>213,409</b>
Number of employees (FTE)	3,203	2,666

## 4.2 Share-based payments

At December 31, 2024, the Group had the following share-based payment arrangements:

### Board member share compensation (equity-settled share-based payment)

Members of the Board receive 30% of the total compensation in restricted shares. The restricted shares are subject to a three-year blocking period during which they cannot be transferred, sold, pledged or otherwise disposed of. The members of the Board received 859 shares (prior period: 1,147 shares) with a fair value of CHF 469.10 per share for the period 2023/24. For the period 2024/25, the Group allocated 904 shares (prior period: 735 shares).

### Long-term incentive plan – LTIP (equity-settled share-based payment)

Long-term incentive plans (LTIP) are in place for the Group's management. So-called Performance Share Units (PSUs) were allocated to the management. One PSU represents a conditional right to receive a certain number of underlying shares free of charge pursuant to the vesting period of three years and performance conditions. The number of shares allocated to each PSU ranges between zero and two shares. The allocation is dependent upon achievement of the performance targets of VAT compared to a predefined peer group on the equally weighted metrics of relative sales growth, relative Total Shareholder Return (TSR) and relative Return on Invested Capital (ROIC). This LTIP is specifically designed for rewarding the performance of VAT relative to a selected peer group of companies. The inputs used in the measurement of the fair values at grant date were as follows:

	Share price at grant date	TSR fair value at grant date	Sales growth fair value at grant date	ROIC fair value at grant date	Volatility	Risk-free rate	Dividend yield
Long-term incentive plan 2022	CHF 454.40	CHF 322.79	CHF 346.34	CHF 346.34	35.2%	0.0%	1.7%
Long-term incentive plan 2023	CHF 252.80	CHF 176.39	CHF 189.26	CHF 189.26	38.8%	1.6%	2.9%
Long-term incentive plan 2024	CHF 421.50	CHF 295.43	CHF 318.35	CHF 318.35	39.0%	0.7%	1.7%

The Group's management received 11,880 shares with a fair value of CHF 481.00 per share in 2024 from the LTIP 2021 (prior period: 13,114 shares with a fair value of CHF 319.60 per share from the LTIP 2020). For the LTIP 2024, the VAT Group granted 7,630 PSUs to the Group's management. As of December 31, 2024, the number of outstanding PSUs under the plan are 17,636 (prior year: 18,904).

### Accounting policies

The grant date fair value of the equity-settled share-based payment arrangement granted to management (LTIP) is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

## 4.3 Post-employment benefits

The present value of the defined benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the defined benefit liabilities. The assumptions used in determining the net cost for pensions include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group

considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligations.

Throughout the world, the Group maintains defined contribution plans for its employees under which the relevant contributions are expensed as they accrue.

There are two defined benefit plans in place: all employees in France are covered by a non-funded defined benefit plan and all Swiss entities have a funded contributory defined benefit pension plan covering their employees with the following amounts recognized in the balance sheet and income statement:

### Balance sheet

As of December 31 In CHF thousand	2024	2023
France	8	53
Switzerland	31,806	16,883
<b>Net defined benefit liability in the balance sheet</b>	<b>31,814</b>	<b>16,936</b>

### Income statement

January 1–December 31 In CHF thousand	2024	2023
France	-5	-19
Switzerland	9,834	7,580
<b>Pension costs - defined benefit plans</b>	<b>9,828</b>	<b>7,561</b>

### Swiss pension plan

The Swiss pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Swiss Group entities are affiliated to a semi-autonomous foundation. The Board of Trustees, which consists of employee and employer representatives in parity ratio, governs the semi-autonomous foundation. All governing and administration bodies have an obligation to act in the interests of the plan participants. They are also responsible for the investment strategy. When defining the investment strategy, they take into account the foundation's objectives, benefit obligations and risk capacity.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG, which specifies the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital, which can either be drawn as a lifelong annuity or as a lump sum payment. The annuity is calculated by multiplying the retirement capital with the currently applicable conversion rate. The accumulated retirement capital is made up of the yearly contributions towards the old-age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old-age risk are based on the rules defined by the Board of Trustees of the semi-autonomous foundation. Minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2024, the minimum interest was 1.25% (prior year: 1.00%).

Some demographic risks are safeguarded through a life insurance Company (disability and death). There is a risk that the insurance coverage is only temporary in nature (e.g. cancellation by the life insurance firm), and that the inherent risks of the plan may lead to variable insurance premiums over time.

All other actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries and the return on plan assets) and are regularly assessed by the Board of Trustees. In case of an underfunding, various measures can be taken such as adjusting the pension commitment by altering the conversion rates or increasing current contributions. The BVG prescribes how employees and employer have to jointly fund potential restructurings. A sharing of the funding gap between employer and employee (risk sharing) is taken into account. The restructuring contributions for the employer must, at a minimum, be equal to the sum of employee contributions. Under the formal regulatory framework of the pension plan, the employer has no legal obligation to pay additional contributions to eliminate more than 60% of a funding deficit or of a structural funding shortfall. In the case of the actuarial valuation, the legal obligation is regarded as the upper limit of the employer's share of the costs of future benefits within the meaning of IAS 19.87(c).

The foundation amended their pension fund regulations due to the old-age and survivor's insurance reform 21 (OASI 21) and streamlined the retirement and risk benefits for all salary levels in the prior year. This resulted in a plan amendment, which was recognized as part of the service costs in the financial year 2023.

The amounts recognized in the balance sheet are determined as follows:

As of December 31 In CHF thousand	2024	2023
Present value of defined benefit obligation	283,334	243,767
Fair value of plan assets	251,528	226,884
<b>Net defined benefit liability</b>	<b>31,806</b>	<b>16,883</b>

The movement in the defined benefit obligation and the plan assets over the period is as follows:

January 1–December 31 In CHF thousand	2024	2023
<b>Opening defined benefit obligation</b>	<b>243,767</b>	<b>203,719</b>
Service costs	9,514	6,809
Plan participants contributions	10,755	9,636
Interest expense	3,574	4,468
Remeasurement (gains)/losses	19,432	24,513
Plan amendments	0	665
Benefits paid through pension assets	-3,708	-6,043
<b>Closing defined benefit obligation</b>	<b>283,334</b>	<b>243,767</b>

January 1–December 31 In CHF thousand	2024	2023
<b>Opening fair value of plan assets</b>	<b>226,884</b>	<b>201,058</b>
Interest income	3,477	4,614
Return on plan assets (excl. amounts in net interest)	2,849	8,092
Plan participants contributions	10,755	9,636
Employer contributions	11,583	9,636
Benefits received/(paid) through pension assets net	-3,708	-6,043
Administration expense	-312	-109
<b>Closing fair value of plan assets</b>	<b>251,528</b>	<b>226,884</b>

As of the reporting date, the present value of the defined benefit obligation was comprised of:

As of December 31 In CHF thousand	2024	2023
Defined benefit obligation for active employees	228,932	199,712
Defined benefit obligation for pensioners	54,402	44,055
<b>Total defined benefit obligation</b>	<b>283,334</b>	<b>243,767</b>

The defined benefit cost for the period is as follows:

January 1–December 31 In CHF thousand	2024	2023
Current service costs	9,514	6,809
Interest expense on defined benefit obligation	3,574	4,468
Interest income on plan assets	-3,477	-4,614
Plan amendment	0	665
Administration expense	312	109
<b>Total defined benefit cost/(income) recognized in income statement</b>	<b>9,923</b>	<b>7,437</b>
Thereof:		
Employee benefit expenses	9,826	7,583
Finance (income)/expenses	97	-146
Actuarial (gain)/loss arising from financial assumptions	15,467	21,163
Actuarial (gain)/loss arising from experience adjustment	3,965	3,350
Return on plan assets (excl. amounts included in net interest)	-2,849	-8,092
<b>Total defined benefit cost/(income) recognized in OCI</b>	<b>16,583</b>	<b>16,421</b>

The major asset categories are as follows:

As of December 31 In CHF thousand	2024	2023
Equity instruments (quoted market prices)	80,557	65,729
Debt instruments (quoted market prices)	67,195	58,746
Real estate (quoted market prices)	56,210	54,325
Alternative investments (quoted market prices) and others	28,753	33,205
Cash	18,813	14,879
<b>Total</b>	<b>251,528</b>	<b>226,884</b>

The significant actuarial assumptions were as follows:

As of December 31	2024	2023
Discount rate	0.97%	1.52%
Salary growth rate	1.25%	1.25%
Pension growth rate	0.00%	0.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Switzerland. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

As of December 31	2024	2023
Retiring at the end of the reporting period:		
Male	22.95	22.82
Female	24.70	24.59
Retiring 20 years after the end of the reporting period:		
Male	25.17	25.07
Female	26.67	26.58

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Impact on defined benefit obligation 2024		Impact on defined benefit obligation 2023	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate (+/- 0.25%)	-7,090	7,264	-7,135	6,635
Salary growth rate (+/- 0.25%)	1,336	-656	1,007	-614
Life expectancy at age 65 (+/- 1 year)	5,629	-5,812	3,714	-3,867

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized within the balance sheet.

Expected contributions to defined benefit plans for the year ending December 31, 2025, amount to CHF 12.3 million.

The weighted average duration of the defined benefit obligation is 14.2 years (prior year: 13.3 years).



## Accounting policies

### Defined benefit plans

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Concerning the Swiss pension plan, the formal regulations include the rules of the pension fund as well as the relevant laws, ordinances and directives concerning occupational benefit plans, in particular the provisions contained therein referring to funding and measures to be taken to eliminate pension fund deficits. Risk-sharing features are considered in the formal rules when determining financial assumptions, which will limit the employer's share of the cost of future benefits and also include employees in the obligations to pay possible additional contributions in case of underfunding. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) are charged or credited to equity in other comprehensive income in the period in which they arise. In the income statement, the net interest effect is recognized within "Finance income and costs." Other expenses related to defined benefit plans are recognized within "Employee benefit expenses."

### Defined contribution plans

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

## 4.4 Related-party transactions

The following transactions were carried out with related parties:

January 1–December 31 In CHF thousand	2024	2023
Contribution to Swiss pension plan	-11,583	-9,636
Administration charge to Swiss pension plan	196	196

Business transactions with related parties are based on arm's-length conditions.

Key management personnel includes members of the Board of Directors and Group Executive Committee (GEC) of VAT Group AG. The compensation paid or payable to key management personnel for employee services is shown below:

January 1–December 31 In CHF thousand	2024	2023
Short-term employee benefits	-3,343	-3,907
Post-employment benefits	-533	-488
Share-based payments	-967	-1,504
<b>Total</b>	<b>-4,843</b>	<b>-5,899</b>

Year-end balances arising from transactions with related parties include:

January 1–December 31 In CHF thousand	2024	2023
Other payables due to Swiss autonomous employee benefit plan	5,697	3,101
Accrued expenses and deferred income due to governing bodies	242	305
Post-employment benefit obligation (Swiss autonomous employee benefit plan)	31,806	16,883

Shares held by the Board of Directors and the Group Executive Committee are disclosed in note 4.3 of the statutory financial statements of VAT Group AG.

## 5. Capital and financial risk management

### 5.1 Finance income and costs

January 1–December 31 In CHF thousand	2024	2023
Interest income	1,281	1,309
Net foreign exchange gains on financing activities	7,097	
Other finance income	1,102	1,302
<b>Finance income</b>	<b>9,480</b>	<b>2,611</b>
Interest expenses	-5,774	-5,308
Net foreign exchange losses on financing activities		-17,537
Other finance expenses	-1,295	-1,265
<b>Finance costs</b>	<b>-7,069</b>	<b>-24,110</b>
<b>Total finance result</b>	<b>2,411</b>	<b>-21,499</b>

#### Accounting policies

Interest income or expense is recognized using the effective interest method.

## 5.2 Fair value estimation

The following table shows the fair values of financial assets and financial liabilities measured at fair value including their levels in the fair value hierarchy.

As of December 31 In CHF thousand	Measurement principle	Contract value		Fair value	
		2024	2023	2024	2023
Derivatives held for hedging (USD)	Level 2 <sup>2</sup>	0	311,213	0	13,683
Derivatives held for hedging (JPY)	Level 2 <sup>2</sup>	40,600	51,569	934	3,391
Derivatives held for hedging (KRW)	Level 2 <sup>2</sup>	25,060	10,344	2,061	132
Derivatives held for hedging (CNY)	Level 2 <sup>2</sup>	0	35,540	0	845
<b>Derivative assets</b>		<b>65,660</b>	<b>408,666</b>	<b>2,995</b>	<b>18,052</b>
<b>Equity shares</b>	<b>Level 1<sup>1</sup></b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>37</b>
Thereof:					
Current assets		65,660	408,666	3,028	18,089
Derivatives held for hedging (USD)	Level 2 <sup>2</sup>	380,372	0	-18,344	0
Derivatives held for hedging (JPY)	Level 2 <sup>2</sup>	13,527	7,591	-211	-25
Derivatives held for hedging (KRW)	Level 2 <sup>2</sup>	0	16,629	0	-353
Derivatives held for hedging (CNY)	Level 2 <sup>2</sup>	38,270	3,006	-1,326	-165
<b>Derivative liabilities</b>		<b>432,169</b>	<b>27,226</b>	<b>-19,882</b>	<b>-544</b>
<b>Contingent considerations<sup>4</sup></b>	<b>Level 3<sup>3</sup></b>	<b>300</b>	<b>1,400</b>	<b>-300</b>	<b>-1,400</b>
Thereof:					
Current liabilities		432,169	28,026	-19,882	-1,344
Non-current liabilities		300	600	-300	-600

1 Level 1: The fair values of equity shares are based on quoted market prices in active markets.

2 Level 2: The fair values of the derivatives held by the VAT Group are based on market/broker quotes. Similar contracts are traded in an active market and quotes reflect the actual transactions in similar instruments. If all significant inputs required for the valuation of an instrument are observable, the instrument is included in Level 2.

3 Level 3: Fair values measured using unobservable inputs are categorized within Level 3 of the fair value hierarchy. This applies particularly to contingent considerations in business combinations.

4 Contingent considerations are disclosed in trade and other payables and other non-current liabilities.

The Group recorded foreign exchange contracts (derivative financial assets/liabilities) at fair value, which are Level 2 financial instruments. There were no transfers in either direction between Level 1 and Level 2 in 2024 and 2023. Contingent considerations are Level 3 financial instruments and linked to the fulfillment of certain parameters related to earn-out clauses. The calculation of the contingent considerations is based on current achievements and the assumption that the target revenue will be reached. The contingent considerations were reduced by CHF 1.1 million via finance income in 2024. This reduction was caused by a change of expectation in the timing of the respective revenue.

### Forward foreign exchange contracts

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months.

### Hedge accounting

The VAT Group uses cash flow hedges to reduce and manage the economic impact of its main currency risks. As of December 31, 2024 and December 31, 2023, the Group held currency forwards and non-deliverable forwards as hedging instruments. The forward contracts were denominated in the same currency as the highly probable future transactions; therefore the hedge ratio on all hedges conducted by the VAT Group was 1:1 as of December 31, 2024. The hedging reserves included net unrealized losses of CHF 10.0 million, net of tax, on derivatives designated as cash flow hedges (prior year: unrealized gains of CHF 10.3 million). Net losses of CHF 9.6 million (prior year: net gains of CHF 23.1 million) were reclassified to earnings in 2024. The maturity of derivatives classified as a cash flow hedge was up to 12 months.

### Accounting policies

The measurement of derivatives in the Group's balance sheet is based on internal valuations or on the valuation of the respective financial institution. VAT applies hedge accounting in accordance with IFRS 9 to hedge balance sheet items and future cash flows, thus reducing income statement volatility. Changes in the value of instruments designated as fair value hedges are recorded together with the change in fair value of the underlying item directly in the income statement, net. The effective portion of instruments designated as cash flow hedges is recognized in other comprehensive income. The ineffective portion of such instruments is recorded in the financial result, net.

## 5.3 Loans and borrowings

The terms and conditions of outstanding loans are as follows:

As of December 31, 2024 In CHF thousand	Currency	Nominal interest rate <sup>1</sup>	Year of maturity	Carrying amount
Revolving loan facility	CHF	SARON + 0.85%	2027	29,404
Term loan facility	CHF	SARON + 0.90%	2026	199,934
Lease liability				12,448
<b>Total loans and borrowings</b>				<b>241,786</b>
Thereof:				
Current				2,440
Non-current				239,346

<sup>1</sup> Margin applicable at year end.

As of December 31, 2023 In CHF thousand	Currency	Nominal interest rate <sup>1</sup>	Year of maturity	Carrying amount
Revolving loan facility	CHF	SARON + 0.85%	2027	0
Term loan facility	CHF	SARON + 0.90%	2025	198,982
Lease liability				8,324
<b>Total loans and borrowings</b>				<b>207,306</b>
Thereof:				
Current <sup>2</sup>				2,071
Non-current <sup>2</sup>				205,235

<sup>1</sup> Margin applicable at year end.

<sup>2</sup> The term loan facility was previously reported as current. Due to a change in accounting policy (amendments to IAS 1), the figures have been reclassified as at December 31, 2023.

VAT Group AG maintains a syndicated revolving loan facility of CHF 250.0 million, maturing on December 21, 2027, and includes an uncommitted extension option of two times one year. The outstanding loan as of December 31, 2024 amounts to CHF 30 million (prior year: CHF 0.0 million). The movement of the outstanding loan in the financial year 2024 was driven by raising CHF 140 million (prior year: CHF 110 million) and repaying CHF 110.0 million (prior year: CHF 110 million).

Additionally, VAT Group AG maintains a syndicated term loan facility of CHF 200.0 million, maturing on May 30, 2026. The extension option of one time one year was executed in 2024. The outstanding loan as of December 31, 2024 and 2023 amounts to CHF 200.0 million. The movement of the outstanding loan in the financial year 2023 was driven by raising CHF 200.0 million. The term loan facility has been utilized to repay the fixed-rate bond with a nominal value of CHF 200.0 million, which matured on May 23, 2023.

The facilities are subject to the financial covenant “total net debt/EBITDA” ratio, which is tested semi-annually and with which the Group complied with for the financial year 2024 and 2023.

The carrying amount as of December 31, 2024 includes financing costs of CHF 0.7 million (prior year: CHF 1.0 million), which will be recognized in profit and loss over the remaining duration of the facilities.

#### Reconciliation of movements of liabilities to cash flows from financing activities

As of December 31 In CHF thousand	2024		Cash-effective adjustment		Non-cash-effective adjustment		2023
	Addition	Repayment	Transaction costs	Addition <sup>1</sup>	Foreign exchange		
Loans and borrowings	241,786	140,000	-112,756	0	7,123	113	207,306
<b>Total liabilities from financing activities</b>	<b>241,786</b>	<b>140,000</b>	<b>-112,756</b>	<b>0</b>	<b>7,123</b>	<b>113</b>	<b>207,306</b>

<sup>1</sup> Includes changes of lease liabilities and amortization of finance costs

As of December 31 In CHF thousand	2023		Cash-effective adjustment		Non-cash-effective adjustment		2022
	Addition	Repayment	Transaction costs	Addition <sup>1</sup>	Foreign exchange		
Loans and borrowings	207,306	310,000	-313,137	-1,375	1,116	-479	211,181
<b>Total liabilities from financing activities</b>	<b>207,306</b>	<b>310,000</b>	<b>-313,137</b>	<b>-1,375</b>	<b>1,116</b>	<b>-479</b>	<b>211,181</b>

<sup>1</sup> Includes changes of lease liabilities and amortization of finance costs.

## 5.4 Equity

### Share capital

As of December 31, 2024 and 2023, the total authorized and issued number of ordinary shares comprises 30,000,000 shares with a nominal value of CHF 0.10 each. A conditional capital increase of up to 1,500,000 shares, which is included in the Articles of Association of VAT Group AG, was not drawn as of December 31, 2024 and 2023.

A capital band between CHF 2,850,000 (lower limit) and CHF 3,300,000 (upper limit) was approved at the General Meeting 2023 and added to the Articles of Association of VAT Group AG. The Board of Directors is authorized within the capital band to increase or reduce the share capital once or several times and in any amounts until May 16, 2026 or until the capital band expires earlier, or to acquire or sell shares directly or indirectly. The capital band was not utilized as of December 31, 2024.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### Treasury shares

VAT Group AG purchased its own shares held as treasury shares at a weighted average purchase price of CHF 410.76 (prior year CHF 333.19) pursuant to the share-based payment plans as shown in note 4.2. As of December 31, 2024, the Group held 24,011 own shares (prior year: 20,394).

### Dividends

The Board of Directors proposed a dividend of CHF 6.25 per share from accumulated gains for the financial year 2023 (for the financial year 2022: CHF 6.25). The dividends for the financial years 2023 and 2022 were approved and paid out in May 2024 and May 2023 respectively.

In CHF thousand	2024	2023
<b>Dividends paid</b>	<b>187,415</b>	<b>187,436</b>

The proposed 2024 dividend per share amounts to CHF 6.25 and will be paid out in May 2025 subject to approval at the Annual General Meeting.

### Earnings per share

In CHF thousand	2024	2023
<b>Basic earnings per share (in CHF)</b>	<b>7.06</b>	<b>6.35</b>
Net profit	211,799	190,310
Weighted average number of shares outstanding (in thousands of units)	29,980	29,984

Diluted earnings per share is calculated by dividing net income attributable to owners of the Company by the weighted average number of shares adjusted for all potentially dilutive shares. Dilutive shares arise from the share-based payments as shown in note 4.2.

In CHF thousand	2024	2023
<b>Diluted earnings per share (in CHF)</b>	<b>7.06</b>	<b>6.34</b>
Net profit	211,799	190,310
Weighted average number of shares outstanding (in thousands of units)	29,997	30,004

## 5.5 Financial instruments

### Categories of financial instruments

The following table discloses the carrying amounts of all financial instruments for each category:

As of December 31 In CHF thousand	2024	2023
<b>Financial assets measured at amortized cost</b>		
Cash and cash equivalents	158,121	144,108
Trade and other receivables	132,440	99,570
Accrued income	529	73
Long-term loans	3,942	891
<b>Total financial assets recorded at amortized cost</b>	<b>295,033</b>	<b>244,643</b>
<b>Financial assets measured at fair value</b>		
Equity shares	33	37
Forward exchange contracts	2,995	18,052
<b>Total financial assets measured at fair value</b>	<b>3,028</b>	<b>18,089</b>
<b>Financial liabilities recorded at amortized cost</b>		
Trade and other payables	72,563	50,926
Accrued expenses	32,095	25,398
Other non-current liabilities	21	15
Loans and borrowings	229,338	198,982
Lease liability	12,448	8,324
<b>Total financial liabilities recorded at amortized cost</b>	<b>346,465</b>	<b>283,645</b>
<b>Financial liabilities measured at fair value</b>		
Forward exchange contracts	19,882	544
Other payables		800
Other non-current liabilities	300	600
<b>Total financial liabilities measured at fair value</b>	<b>20'182</b>	<b>1'944</b>

The carrying amounts of financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values.

### Accounting policies

#### Recognition and measurement

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Loss rates are based on actual credit loss experience over the past years and current and future conditions. Current and future conditions are reflected in the development of the country risk premium of the Group's sales region. The allowance matrix is reviewed periodically to determine an adequate impairment provision. Losses on trade and other receivables are not material. Individual impairment provisions are recorded for accounts where collection cannot be expected.

## 5.6 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

### Market risk

**Foreign exchange risk** The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, JPY, KRW, CNY and MYR. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group hedges its foreign exchange risk exposure from future cash flows in USD, JPY, KRW and CNY. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group uses forward contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency translation risk. The risk is monitored periodically. The foreign exchange exposure of these investments is currently not material for the Group and is not hedged.

The carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

As of December 31, 2024 In CHF thousand	Assets	Liabilities	Net exposure
USD/CHF	511,879	387,497	124,383
EUR/CHF	42,259	28,489	13,770
JPY/CHF	49,137	23,594	25,544
KRW/CHF	12,191	2,189	10,001
CNY/CHF	22,655	4,649	18,006
MYR/CHF	2,209	21,303	-19,093

As of December 31, 2023 In CHF thousand	Assets	Liabilities	Net exposure
USD/CHF	353,192	250,900	102,292
EUR/CHF	37,589	23,589	14,000
JPY/CHF	42,955	16,001	26,954
KRW/CHF	19,180	3,321	15,860
CNY/CHF	14,842	2,707	12,135
MYR/CHF	8,071	14,095	-6,024



The management's assessment for a reasonably possible change in the foreign exchange rates could be a 5% shift in the major currencies against the Swiss Franc with all the other variables held constant. In case of net financial assets/liabilities, as of December 31, 2024 and 2023, the cumulated impact on net financial assets/liabilities would be as follows:

As of December 31 In CHF thousand	2024	2023
USD/CHF	5,224	4,296
EUR/CHF	578	588
JPY/CHF	1,073	1,132
KRW/CHF	420	666
CNY/CHF	756	510
MYR/CHF	802	253

An increase in major currency rates would have a positive impact for USD, EUR, JPY, KRW and CNY and a negative impact for MYR (prior year: positive impact for USD, EUR, JPY, KRW and CNY / negative impact for MYR). A decrease would have an equal negative / positive (prior year: negative / positive) impact on profit or loss and equity.

**Interest rate risk** The interest rate risk includes an interest-related cash flow risk and an interest-related risk of a change in market value. The interest-bearing financial assets and liabilities held by the Group mainly relate to cash and cash equivalents and borrowings.

**Cash flow sensitivity analysis for variable-rate instruments**

As in the prior year, a reasonably possible change of 50 basis points in interest rates at the reporting date would not have increased (decreased) profit or loss by a material amount. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The carrying amounts of financial assets presented in the table in the previous note represent their maximum credit exposure.

Credit risk is managed on Group level, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial assets and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated counterparties with a minimum rating of "A" are accepted. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No collateral is required.

Further information about trade receivables and the provision for impairment of trade receivables is provided in note 3.1.

With respect to trade receivables, the Group has three main customers representing 45% (prior year: two main customers representing 27%) of the Group's total revenues. This concentration of credit risk is considered low due to the strong market position of these customers. Country risk is mitigated by the broad geographic spread of the Group's customer base.

### Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Surplus cash held by the operating entities above the balance required for working capital management is transferred to Group treasury. Group treasury utilizes surplus cash for repayment of loans as per the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At Dec 31, 2024 In CHF thousand	Carrying amount	Total	Contractual cash flows				
			Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	72,563	-72,563	-51,489	-21,074			
Accrued expenses	32,095	-32,095	-24,131	-7,964			
Other non-current liabilities	321	-321			-321		
Loans and borrowings	229,338	-231,993	-31,993		-200,000		
Lease liabilities	12,448	-13,086	-633	-1,927	-2,427	-5,524	-2,574
<b>Non-derivative financial liabilities</b>	<b>346,765</b>	<b>-350,057</b>	<b>-108,245</b>	<b>-30,965</b>	<b>-202,748</b>	<b>-5,524</b>	<b>-2,574</b>
<b>Forward exchange contracts used for hedging:</b>							
- Outflow	19,882	-452,051	-161,419	-290,631			
- Inflow		432,169	152,138	280,030			
<b>Derivative financial liabilities</b>	<b>19,882</b>	<b>-19,882</b>	<b>-9,281</b>	<b>-10,601</b>			

At Dec 31, 2023 In CHF thousand	Contractual cash flows						
	Carrying amount	Total	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	51,726	-51,726	-48,928	-2,798			
Accrued expenses	25,398	-25,398	-19,794	-5,604			
Other non-current liabilities	615	-615			-15	-600	
Loans and borrowings	198,982	-201,315	-1,315	-200,000			
Lease liabilities	8,324	-8,966	-620	-1,583	-1,709	-1,960	-3,093
<b>Non-derivative financial liabilities</b>	<b>285,045</b>	<b>-288,019</b>	<b>-70,656</b>	<b>-209,986</b>	<b>-1,724</b>	<b>-2,560</b>	<b>-3,093</b>
<b>Forward exchange contracts used for hedging:</b>							
- Outflow	544	-27,770	-1,982	-25,789			
- Inflow		27,226	1,930	25,297			
<b>Derivative financial liabilities</b>	<b>544</b>	<b>-544</b>	<b>-52</b>	<b>-492</b>			

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital is measured based on the Group's consolidated financial statements and monitored closely on an ongoing basis. The target of the management for the period under review was to maintain a strong capital basis. This goal was achieved by the positive operating results of the Group.

The equity ratio was as follows:

As of December 31 In CHF thousand	2024	2023
Total equity	753,877	757,161
Total liabilities and equity	1,294,746	1,168,456
<b>Equity ratio</b>	<b>58.23%</b>	<b>64.80%</b>

## 6. Other disclosures

### 6.1 Income tax

#### Income tax expenses

This note provides an analysis of the Group's income tax expenses, shows what amounts are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

January 1–December 31 In CHF thousand	2024	2023
Current tax:		
Current tax on earnings for the period	45,466	35,028
Adjustments in respect of prior periods	-353	-15,875
<b>Total current tax expense</b>	<b>45,113</b>	<b>19,154</b>
Change in deferred tax	-4,322	-2,379
<b>Total deferred tax expense</b>	<b>-4,322</b>	<b>-2,379</b>
<b>Income tax expense</b>	<b>40,791</b>	<b>16,775</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

January 1–December 31 In CHF thousand	2024	2023
Earnings before income taxes	252,590	207,085
<b>Tax at the average Group tax rate of 14.84% (previous year: 14.70%)<sup>1</sup></b>	<b>37,480</b>	<b>30,451</b>
Effect of tax rates in foreign jurisdictions <sup>1</sup>	-388	-155
Effect in change of tax rate	79	-151
Expenses not deductible for tax purposes	253	2,855
Income not subject to tax	-79	-713
Effect of prior year items <sup>2</sup>	-353	-15,875
Withholding taxes included in the tax expenses	760	1,290
Current tax expense related to global minimum top-up tax	4,695	
Other tax effects	-1,655	-927
<b>Total tax expenses recorded in consolidated income statement</b>	<b>40,791</b>	<b>16,775</b>
<b>Effective tax rate</b>	<b>16.1%</b>	<b>8.1%</b>

1 The applicable tax rate is determined using the average statutory tax rate applicable to the Group, calculated on a weighted average basis ignoring algebraic signs. Therefore, the effect of tax rates in foreign jurisdictions is disclosed.

2 The prior year item in 2023 mainly reflects a one-off tax benefit granted in respect of prior years and a prior year tax income related to a counter adjustment to mitigate international double taxation.

The Group's effective tax rate increased to 16.1% in 2024 (2023: 8.1%). This rise is mainly attributed to additional tax expense related to the global minimum top-up tax in Switzerland and one-off effects from previous years that had reduced the effective tax rate in 2023.

The following deferred taxes and income taxes were (charged)/credited to other comprehensive income during the period:

January 1–December 31 In CHF thousand	2024			2023		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Remeasurements of defined benefit obligations	-16,583	2,371	-14,212	-16,421	2,343	-14,078
Changes in the fair value of hedging reserves	-23,768	3,482	-20,287	6,518	-921	5,597

The following income taxes were (charged)/credited to equity during the period:

January 1–December 31 In CHF thousand	2024			2023		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Share-based payments	2,204	163	2,367	2,038	543	2,581

### Deferred tax balances

The deferred tax assets and liabilities were as follows:

As of December 31 In CHF thousand	2024			2023		
	Deferred tax assets	Deferred tax liabilities	Net closing balance	Deferred tax assets	Deferred tax liabilities	Net closing balance
Other current assets	216	-337	-121	662	-772	-109
Inventories	6,540	-6,312	228	3,795	-4,419	-624
Property, plant and equipment	350	-4,724	-4,373	173	-5,459	-5,285
Investment properties		-29	-29		-33	-33
Intangible assets	14	-31,899	-31,885	21	-34,129	-34,107
Other current liabilities	2,823	-54	2,769	1,838	-125	1,713
Provisions		-2,263	-2,263	1	-2,524	-2,523
Other non-current liabilities	622	0	622	497		497
Defined benefit obligations	4,550		4,550	2,428		2,428
Non-refundable withholding taxes on future distributions		-1,181	-1,181		-473	-473
<b>Total deferred tax assets/(liabilities) before set-off</b>	<b>15,114</b>	<b>-46,797</b>	<b>-31,683</b>	<b>9,417</b>	<b>-47,933</b>	<b>-38,516</b>
Set-off of balances within the same tax jurisdiction	-5,899	5,899	0	-4,441	4,441	0
<b>Net deferred tax assets/(liabilities)</b>	<b>9,216</b>	<b>-40,898</b>	<b>-31,683</b>	<b>4,976</b>	<b>-43,492</b>	<b>-38,516</b>

The movement in deferred tax balances is as follows:

In CHF thousand	2024	2023
<b>Net tax liabilities as of January 1</b>	<b>-38,516</b>	<b>-42,998</b>
Recognized in income statement	4,322	2,379
Recognized in OCI	2,371	2,343
Exchange differences	140	-241
<b>Net tax liabilities as of December 31</b>	<b>-31,683</b>	<b>-38,516</b>

For some Group companies, dividend payments are subject to a withholding tax which cannot be fully recovered in Switzerland. Deferred tax liabilities in the amount of the non-recoverable withholding tax credits are recorded in profit and loss. The balance of these deferred tax liabilities was CHF 1.2 million (prior year: CHF 0.5 million).

#### **Tax losses**

The Group has no tax loss carry-forwards as at December 31, 2024 and 2023.

There are temporary differences with respect to investments in subsidiaries of CHF 7.0 million (prior year: CHF 5.9 million), for which no deferred tax liabilities were recognized. The Group is able to control the timing of the reversal and it is not intended to reverse the temporary difference in the foreseeable future.

#### **Global minimum tax**

The Group is subject to the OECD Pillar Two model rules to prevent Base Erosion and Profit Shifting (BEPS). Pillar Two legislation has been enacted and is in effect in Switzerland, the jurisdiction in which the company is incorporated, as of 1 January 2024. Other jurisdictions in which the Group operates have also implemented the legislation starting from 1 January 2024. Under Pillar Two, the Group is required to pay a top-up tax for the difference between its GloBE (Global Anti-Base Erosion) effective tax rate per jurisdiction and the 15% minimum rate. The Group has applied the temporary mandatory exemption from recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023, and accounts for the impact of the top-up tax as a current tax when it is incurred.

All of the Group's entities have a statutory tax rate that exceeds 15% except for the group entities operating in Switzerland.

In 2024, the Group recognized a current tax expense of CHF 4.7 million related to the top-up tax, applicable to its operations in Switzerland, where the statutory tax rate is 14.3%.

The Group is actively assessing its exposure to the Pillar Two legislation in the Group's other jurisdictions to ensure thorough preparation and compliance.

#### **Accounting policies**

##### **Current and deferred income tax**

The amount of current income tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current income tax also includes any tax arising from dividends.

Deferred income tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are netted whenever they relate to the same taxing authority and taxable entity.

## 6.2 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying hedges.

For consolidation purposes, the results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement are translated at yearly average exchange rates which are reasonable approximations of the spot rates. All resulting exchange differences are recognized in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the income statement within "Finance income/(expenses)". All other foreign exchange gains and losses are presented in the income statement within "Other income/(expenses)".

The following table summarizes the principal exchange rates used for translation purposes:

	Average exchange rates in CHF		Closing exchange rates in CHF	
	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
1 Chinese Yuan	0.12	0.13	0.13	0.12
1 Euro	0.95	0.97	0.94	0.93
100 Japanese Yen	0.58	0.64	0.58	0.60
100 Korean Won	0.06	0.07	0.06	0.07
1 Malaysian Ringgit	0.19	0.20	0.20	0.18
1 US Dollar	0.88	0.90	0.90	0.84

## 6.3 Contingencies and commitments

As at the date of the financial statements, the Group had no contingent assets or liabilities. As of December 31, 2024, assets in the amount of CHF 0.3 million were pledged (prior year: assets in the amount of CHF 0.3 million were pledged).

## 6.4 List of subsidiaries

The subsidiaries of the Company as of December 31, 2024 and 2023, are as follows:

Country	Company	Function	Currency	Capital in thousands	Share 2024	Share 2023
China	VAT Vacuum Valves Shanghai Company Ltd., Shanghai	D	CNY	1,618	100%	100%
	VAT Vacuum Valves Beijing Company Ltd., Beijing	D	USD	800	100%	100%
France	VAT SARL, Grenoble	D	EUR	50	100%	100%
Germany	VAT Deutschland GmbH, Dresden	D	EUR	26	100%	100%
Japan	VAT Ltd., Tokyo	D	JPY	96,470	100%	100%
Korea	VAT Korea Ltd., Pyeongtaek City	D	KRW	300,000	100%	100%
Malaysia	VAT Manufacturing Malaysia Sdn. Bhd., Penang	P	MYR	100,000	100%	100%
Netherlands	VAT Netherlands B.V., Utrecht	D	EUR	0	100%	100%
Romania	VAT Romania S.R.L., Arad	P	RON	7,821	100%	100%
Singapore	VAT Singapore Pte. Ltd., Singapore	D	SGD	500	100%	100%
Switzerland	VAT Vakuumventile AG, Sennwald	D/P	CHF	100	100%	100%
	Comvat AG, Sennwald	D/P	CHF	275	100%	100%
	VAT Holding AG, Sennwald	H	CHF	300	100%	100%
Taiwan	VAT Taiwan Co. Ltd., Hsin-Chu City	D	TWD	12,000	100%	100%
United Kingdom	VAT Vacuum Products Ltd, Warwickshire	D	GBP	1	100%	100%
USA	VAT Inc., Delaware	D	USD	0	100%	100%

D: Distribution, H: Holding, P: Production

## 6.5 Subsequent events

The Company has evaluated subsequent events through March 3, 2025, which is the date when the consolidated financial statements were approved.

## 6.6 Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after January 1, 2024, and earlier application is permitted; however, the Group has not applied the new or amended accounting standards early in preparing these consolidated financial statements.

In 2024, IFRS 18 Presentation and Disclosure in Financial Statements was issued, which replaces IAS 1. IFRS 18 will apply for annual reporting periods beginning on or after January 1, 2027. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

Other new accounting standards and amendments are not expected to have a material effect on the Group's consolidated financial statements.



# Statutory Auditor's Report

To the General Meeting of VAT Group AG, Sennwald

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of VAT Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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## Key Audit Matters

### Revenue Recognition

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

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## Revenue Recognition

### Key Audit Matter

Revenue is an important metric considered by external and internal stakeholders. Revenues recognized for the year ended 31 December 2024 amounted to CHF 942m (2023: CHF 885m) and are primarily related to the sale of vacuum valves and service support.

Revenue is a key performance indicator and therefore in the focus of internal and external stakeholders. VAT Group recognizes revenues related to the sale of goods when risks, rewards and control are transferred to the counterparty. In general, contractual agreements with customers define when risks and rewards are transferred, as specific terms and conditions are mentioned in the contracts or order confirmations. There is a risk that revenues may be recognized in the wrong accounting period.

There is an additional risk that revenues may be deliberately over- or understated as a result of management override resulting from the pressure management may feel to achieve planned results.

### Our response

When performing the audit, we had a focus on the appropriate recognition of revenue transactions, in accordance with the Group's accounting policies.

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

Furthermore, our procedures included detailed cut-off testing of revenue transactions with reference to shipping documentation to either side of the balance sheet date. Moreover, we obtained trade debtors confirmations and if required performed alternative procedures, such as subsequent cash-receipts or traced our samples taken to invoices and delivery notes.

In addition to the procedures described above, we considered the risk of management override by testing the monthly key control of matching sales subledger to the general ledger. Together with this control we checked whether any other persons than accounting staff have performed journal entries in the revenue accounts and if user access rights in the general ledger are appropriately allocated.

Moreover, we assessed the Group's disclosures relating to revenue recognition.

For further information on revenue recognition refer to the following:

- Note 2.2 "Summary of material accounting policies"

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## Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Board of Directors' Responsibilities for the Consolidated Financial Statements**

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

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

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

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

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

KPMG AG

Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge

Simon Hörler  
Licensed Audit Expert

St. Gallen, 3 March 2025

# Statutory financial statements

## VAT Group AG

### for the financial year from January 1 to December 31, 2024

### Income statement

January 1–December 31 In CHF thousand	Note	2024	2023
Dividend income		285,000	230,000
Interest income		4,974	3,262
Other financial income	3.1	2,168	306
<b>Total income</b>		<b>292,143</b>	<b>233,568</b>
Interest expenses		-5,537	-5,066
Other financial expenses		-1,070	-1,289
Personnel expenses		-1,399	-1,421
Other operating expenses	3.2	-1,626	-2,332
<b>Total expenses</b>		<b>-9,632</b>	<b>-10,107</b>
Direct tax		-545	-270
<b>Gain for the period</b>		<b>281,965</b>	<b>223,190</b>

## Balance sheet

As of December 31 In CHF thousand	Note	2024	2023
<b>Assets</b>			
Cash and cash equivalents		241	295
Other receivables due from third parties		48	40
Prepayments and accrued income	3.3	5,030	428
<b>Current assets</b>		<b>5,320</b>	<b>763</b>
Financial assets	3.4	397	662
Loans granted to companies in which the entity holds an investment		230,019	106,746
Investments in subsidiaries	3.5	868,724	868,724
<b>Non-current assets</b>		<b>1,099,140</b>	<b>976,131</b>
<b>Total assets</b>		<b>1,104,459</b>	<b>976,894</b>
<b>Liabilities</b>			
Other payables		75	23
Short-term provisions	3.6	5,312	241
Accrued expenses and deferred income	3.7	2,835	1,875
<b>Current liabilities</b>		<b>8,222</b>	<b>2,140</b>
Long-term interest-bearing liabilities due to third parties	3.4	230,000	200,000
<b>Non-current liabilities</b>		<b>230,000</b>	<b>200,000</b>
<b>Total liabilities</b>		<b>238,222</b>	<b>202,140</b>
<b>Equity</b>	3.8		
Share capital		3,000	3,000
Legal capital reserves:			
- Reserves from capital contributions		344	344
- Other capital reserves		3,682	3,682
Accumulated gains:			
- Profit brought forward		587,108	551,333
- Gain for the period		281,965	223,190
Treasury shares	3.9	-9,863	-6,795
<b>Total equity attributable to owners of the Company</b>		<b>866,237</b>	<b>774,754</b>
<b>Total liabilities and equity</b>		<b>1,104,459</b>	<b>976,894</b>

# Notes to the financial statements of VAT Group AG

## 1. General information

VAT Group AG (“the Company”) is the parent Company of the VAT Group. VAT Group AG was incorporated in Switzerland on February 25, 2016. The registered office of the Company is Seelistrasse 1, CH-9469 Haag, Switzerland. VAT Group AG has been listed on the SIX Swiss Exchange since April 14, 2016.

## 2. Basis of preparation

### 2.1 General

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

### 2.2 Investments in subsidiaries

Investments are valued and accounted for separately at the respective acquisition costs. If there are concrete indications that an investment is overvalued, an impairment loss is recognized.

## 3. Information on income statement and balance sheet items

### 3.1 Other financial income

Other financial income for the year 2024 and 2023 mainly consists of gains from the disposal of treasury shares.

### 3.2 Other operating expenses

January 1 - December 31 In CHF thousand	2024	2023
Insurance, duties and other charges	184	178
Rental expenses	5	5
Travel expenses	53	56
Consulting and audit fees	417	890
Administration expenses	968	1,202
<b>Total other operating expenses</b>	<b>1,626</b>	<b>2,332</b>

### 3.3 Prepayments and accrued income

As of December 31 In CHF thousand	2024	2023
Prepayments and accrued income to third parties	335	428
Prepayments and accrued income to companies in which the entity holds an investment	4,695	
<b>Total prepayments and accrued income</b>	<b>5,030</b>	<b>428</b>

The indirect investments are shown in note 6.4 of the consolidated financial statements of VAT Group.

### 3.4 Interest-bearing liabilities

As of December 31 In CHF thousand	2024	2023
Long-term interest-bearing liabilities due to third parties	230,000	200,000
<b>Total long-term interest-bearing liabilities</b>	<b>230,000</b>	<b>200,000</b>

The terms and conditions of outstanding loans due to third parties are as follows:

As of December 31, 2024 In CHF thousand	Currency	Nominal interest rate <sup>1</sup>	Year of maturity	Carrying amount
Revolving loan facility	CHF	SARON + 0.85%	2027	30,000
Term loan facility <sup>2</sup>	CHF	SARON + 0.90%	2026	200,000
<b>Total loans and borrowings at Dec 31, 2024</b>				<b>230,000</b>
Thereof:				
Current				0
Non-current				230,000

1 Margin applicable at year end.

2 The extension option was exercised prolonging the maturing date to May 30, 2026.

As of December 31, 2023 In CHF thousand	Currency	Nominal interest rate <sup>1</sup>	Year of maturity	Carrying amount
Revolving loan facility	CHF	SARON + 0.85%	2027	0
Term loan facility	CHF	SARON + 0.90%	2025	200,000
<b>Total loans and borrowings at Dec 31, 2023</b>				<b>200,000</b>
Thereof:				
Current				0
Non-current				200,000

1 Margin applicable at year end.

Financing expenses in connection with the revolving loan facility and the term loan have been capitalized. As at December 31, 2024, CHF 0.3 million (prior year: CHF 0.4 million) are recognized within "Prepayments and accrued income". CHF 0.4 million (prior year: CHF 0.7 million) are disclosed as "Financial assets".



### 3.5 Significant investments in subsidiaries

VAT Group AG holds the following investment as of December 31:

Country	Company	Currency	Capital in thousands		Share in capital and voting rights	
			2024	2023	2024	2023
Switzerland	VAT Holding AG	CHF	300	300	100%	100%

The indirect investments are shown in note 6.4 of the consolidated financial statements of VAT Group.

### 3.6 Short-term provisions

Short-term provisions for the year 2024 and 2023 consist of provision for income taxes.

### 3.7 Accrued expenses and deferred income

As of December 31 In CHF thousand	2024	2023
Accrued expenses and deferred income due to third parties	2,283	1,260
Accrued expenses and deferred income due to governing bodies	552	615
<b>Total accrued expenses</b>	<b>2,835</b>	<b>1,875</b>

### 3.8 Equity

As of December 31, 2024 and 2023, the share capital amounts to CHF 3.0 million and consists of 30,000,000 registered shares at a par value of CHF 0.10 each.

The legal capital reserves consist of the premium from contributions in kind. From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital.

A conditional capital increase of up to 1,500,000 shares, which is included in the Articles of Association of VAT Group AG, was not drawn as of December 31, 2024 and 2023.

A capital band between CHF 2,850,000 (lower limit) and CHF 3,300,000 (upper limit) was approved at the General Meeting 2023 and added to the Articles of Association of VAT Group AG. The Board of Directors is authorized within the capital band to increase or reduce the share capital once or several times and in any amounts until May 16, 2026 or until the capital band expires earlier, or to acquire or sell shares directly or indirectly. The capital band was not utilized as of December 31, 2024.

### 3.9 Treasury shares

	Jan 1–Dec 31, 2024		Jan 1–Dec 31, 2023	
	Number of shares	Average price	Number of shares	Average price
Treasury shares as at January 1	20,394	CHF 333.19	18,082	CHF 294.02
Purchase of treasury shares	16,356	CHF 429.13	16,573	CHF 346.48
Share-based payments	-12,739	CHF 310.16	-14,261	CHF 298.98
<b>Treasury shares as at December 31</b>	<b>24,011</b>	<b>CHF 410.76</b>	<b>20,394</b>	<b>CHF 333.19</b>

On December 31, 2024, VAT Group AG held 24,011 treasury shares with an acquisition price of CHF 9.9 million.

## 4. Other information

### 4.1 Full-time equivalents

VAT Group AG does not have any employees.

### 4.2 Collateral for third-party liabilities

Collateral provided for liabilities of third parties amounts to CHF 1.6 million (prior year: CHF 1.5 million). These are guarantees issued on behalf of subsidiaries.

### 4.3 Shares held by the Board of Directors and the Group Executive Committee

As of December 31, the members of the Board of Directors and the Group Executive Committee held the shares listed in the following table:

As of December 31	2024	2023
<b>Board of Directors</b>		
Martin Komischke, Chairman	2,671	2,463
Urs Leinhäuser	5,039	4,909
Petra Denk	81	0
Maria Heriz (until May 14, 2024)	n/a	106
Hermann Gerlinger	1,684	1,566
Daniel Lippuner	1,112	1,021
Thomas Piliszczuk (since May 14, 2024)	0	n/a
Karl Schlegel	38,630	38,549
Libo Zhang	1,012	714
<b>Group Executive Committee</b>		
Michael Allison, CEO (until December 31, 2023)	n/a	9,131
Urs Gantner, CEO (since January 1, 2024, EVP SSG until December 31, 2023)	6,159	5,724
Fabian Chiozza, CFO	430	0
Thomas Berden, COO	1,000	1,085
Finn Felsberg, EVP Semiconductor Solutions Group	0	0

As of December 31, 2024 and 2023, none of the members of the Board of Directors or the Group Executive Committee held conversion rights or options, and no loans or credits were outstanding between the parties and the Company.

### 4.4 Shares granted to the Board of Directors

Members of the Board of Directors receive 30% of the total compensation in restricted shares. The members of the Board received 859 shares with a fair value of CHF 469.10 per share for the period 2023/24 (prior period: 1,147 shares, amounting to CHF 0.4 million). As of December 31, 2024, VAT Group AG allocated 904 shares (prior year: 735 shares) amounting to CHF 0.3 million (prior year: CHF 0.3 million) to its Board of Directors, which will be transferred in financial year 2025.

### 4.5 Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

## Proposed appropriation of available earnings

Proposal for the appropriation of available earnings by the Board of Directors to the General Meeting:

### Appropriation of available earnings as proposed by the Board of Directors

In CHF thousand	2024
Balance brought forward	587,108
Gain for the period	281,965
<b>Total accumulated gains</b>	<b>869,074</b>

The Board of Directors proposes to the General Meeting the following appropriation of available earnings:

In CHF thousand	2024
Dividend payment	-187,500
<b>Total accumulated gains to be carried forward</b>	<b>681,574</b>

The Board of Directors proposes to the General Meeting to pay a dividend of CHF 187.5 million from accumulated gains.

The number of shares with dividend rights will change if the number of shares held by VAT Group AG changes. The Board of Directors may therefore adapt the total amount of the proposed dividend to the number of shares with dividend rights at the General Meeting.

# Statutory Auditor's Report

To the General Meeting of VAT Group AG, Sennwald

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of VAT Group AG (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with Swiss law and the Company's articles of incorporation.

### Basis for Opinion

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

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

### Key Audit Matters

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

### Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Board of Directors' Responsibilities for the Financial Statements**

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

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

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

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

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Simon Niklaus  
Licensed Audit Expert  
Auditor in Charge

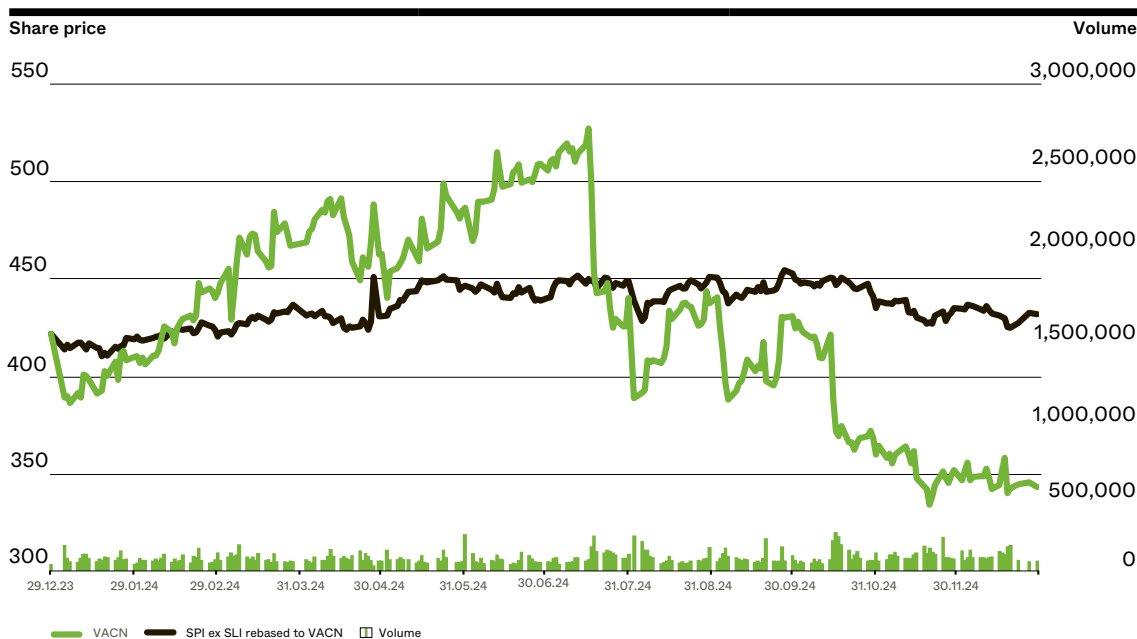
Simon Hörler  
Licensed Audit Expert

St. Gallen, 3 March 2025

## Shareholder information

VAT's share price further increased during the first six months of 2024 as investors continued to focus on improving market conditions, especially in semiconductor equipment spending. However, during the second half of 2024, market expectations for the continuing recovery in the semiconductor market started to cool off as renewed geopolitical trade tensions came back into the focus of investors. WFE spending failed to accelerate in the second half of 2024 as anticipated, and market experts now predict that this acceleration will be seen only in 2026. Therefore, WFE only grew about 4% instead of the expected low double-digit growth expected at the beginning of 2024. As a result, the VAT share price, after reaching the 2024 high of CHF 527.60 per share, witnessed a sharp correction especially after some negative market news in connection with the third quarter semiconductor results. On December 31, 2024, VAT's share price amounted to CHF 342.80 per share, down 19% year-on-year, corresponding to a total market capitalization of CHF 10.3 billion. The Swiss Leader Index increased by about 3% during the same period. Trading liquidity in VAT shares was approximately 74,000 shares per day or CHF 31 million in value.

### Share price development



VAT expects investments in semiconductor manufacturing equipment to grow further over the course of 2025 as the installation and upgrading of new manufacturing tools related to leading-edge logic chips and high-performance memory chips will require significant capex by the chip manufacturers. Large logic manufacturers have already announced extensive capex plans for 2025, which will enable them to gain experience in low-volume production before moving to high volume production in 2026. In memory, fabs are rapidly moving to build High Bandwidth Memory (HBM) capacity, announcing partial conversion of existing DRAM capacity. The technology transition is taking place across multiple applications and markets and requires both green-field and upgrading activities. Global geopolitics, however, have created a more volatile



backdrop to business overall. The regulatory environment has become more restrictive on the technologies and products that can be sold. Global trade is facing an increased risk of tariffs and potential retaliatory measures.

On this basis, VAT expects full-year 2025 orders, sales and EBITDA to be significantly higher compared to 2024. The EBITDA margin is also expected to increase in 2025 with operating leverage.

### VAT's major shareholders

There have been some changes among VAT's major shareholders since the beginning of 2024. As of the publication of this annual report, there are now three institutions (formerly four) who each own more than 3% of VAT's outstanding shares and whose cumulative shareholding amounts to about 22% (previously 22%) of VAT's shares. The free float of VAT shares, as defined by the SIX Swiss Exchange, amounted to approximately 90% at the end of 2024 and the number of registered shareholders amounted to 24,192 (2023: 20,160).

### Stock exchange listing

<b>Ticker symbol</b>	VACN (SIX); VACN.S (Reuters); VACN SW (Bloomberg)	<b>Legal Entity Identifier (LEI)</b>	529900MVFK7NVALR7Y83
<b>Valor number</b>	31 186 490	<b>Nominal value</b>	CHF 0.10 per share
<b>ISIN</b>	CH0311864901	<b>Free float</b>	Approximately 90%
<b>Market capitalization as of December 31, 2024</b>	CHF 10.3 billion	<b>Number of shares outstanding</b>	30,000,000
<b>Exchange</b>	SIX Swiss Exchange (International Reporting Standard)	<b>Segment</b>	Mid & Small Cap Swiss shares

### Distribution of shareholders by domicile and breakdown of registered shareholders by numbers of shares held

Switzerland	40%
Other countries	12%
Shares in transit	48%

The vast majority of registered shares not held in Switzerland are held in the rest of Europe (mainly the UK) and the US.

The vast majority of registered shares not held in Switzerland are held in the rest of Europe (mainly the UK) and the US.

Number of shares held	
1–100 shares	17,238
101–1,000 shares	6,149
1,001–10,000 shares	670
10,001–100,000 shares	120
100,001–1,000,000	14
More than 1,000,000 shares	1
<b>Total number of shareholders</b>	<b>24,192</b>

**Disclosure of shareholdings**

With effect from January 1, 2016, under Art. 110 of the Federal Act on Financial Market Infrastructure (FinMIA), anyone who acquires or sells equity securities on their own account and thereby attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔% of the voting rights in a company (whether or not such rights may be exercised), is subject to a reporting obligation. This obligation applies to anyone who directly, indirectly or in concert with third parties acquires or disposes of shares in a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland. It also applies to anyone who can exercise the voting rights attached to such equity securities at their own discretion. Disclosure must be made to the company and stock exchanges on which the equity securities in question are listed.

**Significant shareholders**

Information on significant shareholders is disclosed on page 48 of this report.

**Dividend policy**

VAT Group AG is committed to an attractive dividend policy that reflects the company's strong free cash flow generation and solid balance sheet. In line with this policy, VAT Group intends to distribute to its shareholders up to 100% of free cash flow to equity (FCFE).

At its Annual General Meeting on April 29, 2025, VAT's Board of Directors will propose an unchanged dividend for the fiscal year ending December 31, 2024, of CHF 6.25 per registered share. The whole amount will be paid from the company's accumulated gains.

**Disclosure policy**

VAT Group AG is committed to open and transparent communication with shareholders, financial analysts, customers, suppliers and all other stakeholders. VAT aims to communicate material developments in its business in a timely manner and in compliance with the rules of the SIX Swiss Exchange.

**Investor Relations**

VAT's Investor Relations team manages the company's interaction with the financial community, including attendance at key investor conferences and providing institutional investors and analysts with various opportunities to learn more about VAT Group's strategy, business operations and governance. Investor Relations is based at the Group's headquarters in Haag, Switzerland. More information is available on the VAT Group website: <https://ir.vatvalve.com>.

### Key data on VAT registered shares

		2024	2023
Share capital	CHF	3,000,000	3,000,000
Number of shares on December 31		30,000,000	30,000,000
Nominal value per share	CHF	0.1	0.1
Shares outstanding		30,000,000	30,000,000
EBITDA per share	CHF	9.79	9.03
Free cash flow per share	CHF	6.11	6.29
Book value per share	CHF	25.13	25.24
Dividend per share <sup>1</sup>	CHF	6.25	6.25
Share price high	CHF	527.60	422.70
Share price low	CHF	333.70	252.80
Closing share price on December 31	CHF	342.80	421.50
Average daily trading volume	Shares	73,182	84,868
Average daily trading value	CHF million	31.3	28.1

<sup>1</sup> Proposed by the Board of Directors

## Financial calendar

Date	Event
<b>2025</b>	
Thursday, April 17, 2025	Q1 2025 trading update
Thursday, April 17, 2025	Record day
Tuesday, April 29, 2025	Annual General Meeting, St.Gallen
Friday, May 2, 2025	Ex-date
Tuesday, May 6, 2025	Dividend payment
Tuesday, May 20, 2025	Capital Markets Day, Haag
Wednesday, July 23, 2025	Half-year 2025 results
Thursday, October 16, 2025	Q3 2025 trading update
<b>2026</b>	
Tuesday, March 3, 2026	Q4 and full-year 2025 results

## 5-year key figures

In CHF million	2024	2023	2022	2021	2020 restated <sup>1</sup>	CAGR 2020-2024
Order intake	1,033.3	691.9	1,209.90	1,227.90	724.5	9.3%
Order backlog as of December 31	370.3	291.6	517.7	461.2	145.3	26.3%
Net sales	942.2	885.3	1,145.50	901.2	692.4	8.0%
Gross profit	626.1	546.7	733.7	570.5	430.1	9.8%
Gross profit margin	66.4%	61.7%	64.1%	63.3%	62.1%	-
EBITDA	293.7	270.9	400.4	307.9	210.5	8.7%
EBITDA margin	31.2%	30.6%	35.0%	34.2%	30.4%	-
EBIT	250.2	228.6	359.4	264.9	169.8	10.2%
EBIT margin	26.6%	25.8%	31.4%	29.4%	24.5%	-
Net income	211.8	190.3	306.8	217.4	127.9	13.4%
Net income margin	22.5%	21.5%	26.8%	24.1%	18.5%	-
Basic earnings per share (in CHF)	7.06	6.35	10.23	7.25	4.27	13.4%
Diluted earnings per share (in CHF)	7.06	6.34	10.22	7.24	4.26	13.5%
Cash flow from operating activities	240.6	256.4	294	239.8	166.2	9.7%
Capex <sup>2</sup>	55.7	69.2	66.2	44.1	19.2	30.5%
Capex margin	5.9%	7.8%	5.8%	4.9%	2.8%	-
Free cash flow <sup>3</sup>	183.2	188.8	228.2	195.7	147	5.7%
Free cash flow margin	19.4%	21.3%	19.9%	21.7%	21.2%	-
Free cash flow conversion rate <sup>4</sup>	62.4%	69.7%	57.0%	63.6%	69.8%	-
Free cash flow to equity <sup>5</sup>	178.8	181.8	224.6	192	143	5.7%
<b>As of December 31</b>						<b>CAGR</b>
In CHF million	2024	2023	2022	2021	2020	2020-2024
Total assets	1,294.7	1,168.5	1,274.8	1,064.9	989.1	7.0%
Total liabilities	540.9	411.3	494.5	430.5	444.5	5.0%
Equity	753.9	757.2	780.3	634.4	544.6	8.5%
Net debt	83.7	63.2	36.8	79.7	128.5	-10.2%
Net debt/EBITDA	0.3	0.2	0.1	0.3	0.6	-17.3%
Invested capital <sup>6</sup>	649.8	599.6	642.6	463.9	411.1	12.1%
NOPAT <sup>7</sup>	222.6	207.4	317.0	235.5	155.6	9.4%
Return on invested capital (ROIC)	35.6%	33.4%	57.3%	53.8%	40.6%	-
Dividend per share <sup>8</sup>	6.25	6.25	6.25	5.5	4.5	-
Payout ratio <sup>9</sup>	104.9%	103.1%	83.5%	85.9%	94.4%	-
Number of employees <sup>10</sup>	3,202	2,666	2,991	2,540	2,041	11.9%

1 Prior-period financial statements have been restated in line with a clarification in 2021 by the IFRS Interpretations Committee that costs for cloud-based services, such as VAT's new ERP system, are to be expensed through the income statement when they occur, rather than capitalized.

2 Capex: acquisitions of subsidiaries net of cash, purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.

3 Free cash flow: cash flow from operating activities minus cash flow from investing activities.

4 Free cash flow conversion rate: free cash flow as a percentage of EBITDA.

5 Free cash flow to equity: free cash flow less interest paid.

6 Invested capital is defined as total assets less acquired intangibles and non-interest bearing liabilities.

7 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization plus finance income less taxes at the average Group rate of 17.0% (previous year 16.0%).

8 2024 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on April 29, 2025; CHF 6.25 per share to be paid from accumulated gains.

9 Percentage of free cash flow to equity proposed to be paid out as dividend.

10 Number of employees expressed as full time equivalents (FTE).

# Technical glossary

**AI** (artificial intelligence) The simulation of human intelligence processes by machines, especially computer systems, and used in applications such as natural language processing, speech recognition and machine vision.

**ALD** (atomic layer deposition) An advanced deposition technique that allows for ultra-thin films of a few nanometers to be deposited in a precisely controlled way.

**Control valve** A valve that controls pressures or gas flows in different steps of semiconductor manufacturing.

**Deposition** The transfer of material onto a semiconductor wafer, including physical vapor deposition (PVD), chemical vapor deposition (CVD), molecular beam epitaxy (MBE) and as latest development, ALD.

**e-beam technologies** The use of a focused beam of electrons within a vacuum to perform processes such as ultra-thin coating and precision welding, as well as in medical and scientific research.

**Etching** A process for removing material in a specified area through a chemical reaction or physical bombardment.

**EUV** (extreme ultraviolet) lithography A photolithography process using light with a wavelength near 13.5 nm to make extremely small integrated circuits on the most advanced semiconductors.

**Fab** Common name for a semiconductor fabrication plant, a factory used to manufacture integrated circuits (chips).

**Gate valve** A valve that regulates the flow of gases, fluids or materials by opening, closing or obstructing a port or passageway.

**High bandwidth memory (HBM)** 3D-stacked DRAM memory, which achieves higher data transfer rates while using less power.

**Internet of Things (IoT)** The interconnection via the Internet of computing devices embedded in everyday objects, enabling them to send and receive data.

**Isolation valve** Used to seal high-vacuum process chambers from neighboring processes that are at different pressure levels.

**Liquid-crystal display (LCD)** A type of flat-panel display that uses an array of backlit thin-film transistors to control each pixel.

**Load lock** A chamber used to transfer a wafer from an environment at atmospheric pressure into and out of the vacuum environment used for processing.

**MEMS** (micro-electromechanical systems) A process technology used to create microscopic integrated devices or systems that combine mechanical and electrical components.

**Nanometer (nm)** A unit of length; one billionth of a meter, commonly used in the semiconductor industry to describe device dimensions.

**Packaging** The protective container or housing for an electronic component or die, with external terminals to provide electrical access to the components inside.

**Organic light-emitting diode (OLED)** A flat light-emitting technology made by placing a series of organic thin-films between two conductors. OLEDs can be used to make displays and lighting.

**Process Chamber** An enclosed area in which a single process is performed in the manufacture of an integrated circuit or other device.

**Photovoltaic (PV)** The generation of electricity from solar radiation.

**Semiconductor** A material whose electrical conductivity is between that of metals (conductors) and insulators (non-conductors) and can be modified physically or chemically to increase or decrease its conductivity.

**Sub-fab** The area underneath a semiconductor fabrication plant that contains support equipment (pumps, etc.) for processing tools.

**Thin-film** A layer of material ranging from fractions of a nanometer to several micrometers thick.

**Transfer valve** Used to move substrates such as wafers, glass panels and other materials into and out of manufacturing process chambers.

**Vacuum** A pressure below the ambient atmosphere.

- Typical atmospheric pressure at sea level: 1,000 millibars (mbar).
- Pressure at typical cruising altitude for commercial aircraft: 100 mbar.
- High vacuum used in coating processes:  $10^{-8}$  mbar (1 one-hundred-millionth of a millibar).
- Ultra-high vacuum used in deposition processes:  $10^{-10}$  mbar (1 ten-billionth of a millibar).

# Contact

This complete report is only available in English.

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## Forward-looking statements

Forward-looking statements contained herein are qualified in their entirety as there are certain factors that could cause results to differ materially from those anticipated. Any statements contained herein that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should be considered to be forward-looking statements. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the company to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the company's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the performance, security and reliability of the company's information technology systems, political, economic and regulatory changes in the countries in which the company operates or in economic or technological trends or conditions. As a result, investors are cautioned not to place undue reliance on such forward-looking statements.

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

# Outlook 2025

VAT expects investments in semiconductor manufacturing equipment to grow further over the course of 2025, as new manufacturing tools will require significant capex.

On this basis, VAT expects full-year 2025 orders, sales, EBITDA, EBITDA margin, net income and free cash flow to be higher than in 2024.