

VAT ANNUAL GENERAL MEETING 2023:

Tuesday, May 16, 2023, 3.00 pm CEST

(doors open at 2.00 pm)

**Olma Messen St. Gallen, hall 2.1,
Splügenstrasse 12, 9008 St. Gallen**

Dear shareholders,

We are pleased to invite the shareholders of VAT Group AG
to our Annual General Meeting 2023.

Haag, April 21, 2023



Dr. Martin Komischke
Chairman of the Board of VAT Group AG

Agenda and Proposals

Introductory remarks

The Annual General Meeting of Shareholders has a number of non-transferable powers. These are set out in Article 6 of the Articles of Association and Articles 698 and 964c of the Swiss Code of Obligations. Accordingly, the Board of Directors submits the following agenda items 1 to 10 together with their subitems to the Annual General Meeting for voting, approval and resolution. The topic for voting, approval and resolution is shown in the title of the respective agenda item.

1. Approval of 2022 Annual Report

Proposal The Board of Directors proposes that the Annual General Meeting approves the 2022 Annual Report, the statutory financial statements of VAT Group AG and the consolidated financial statements for the 2022 financial year and acknowledges receipt of the audit report.

2. Appropriation of Results and Distribution of a Dividend

2.1. Appropriation of Results

Proposal The Board of Directors proposes that the Annual General Meeting approves that the accumulated profit of CHF 738,768,228 (comprising retained earnings of CHF 575,867,924 carried forward from the previous year and the gain for the period 2022 of CHF 162,901,304) be carried forward to the new account.

2.2. Dividend Distribution

Proposal The Board of Directors proposes to the Annual General Meeting to pay a dividend of CHF 6.25 per registered share to be paid from accumulated gains.

If this proposal is approved, the distribution from accumulated gains will be made on Tuesday, May 23, 2023. The last trading day with entitlement to receive a distribution is Wednesday, May 17, 2023. The shares will be traded ex-dividend as of Friday, May 19, 2023.

3. Discharge of the Members of the Board of Directors and the Group Executive Committee

Proposal The Board of Directors proposes that the Annual General Meeting grants discharge to all members of the Board of Directors and of the Group Executive Committee (GEC) for the 2022 financial year in a single vote.

4. Elections

4.1. Election of the Chairman of the Board of Directors and further Members of the Board of Directors

4.1.1. Re-election of Martin Komischke as independent member of the Board of Directors and Chairman of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Martin Komischke as independent member of the Board of Directors and Chairman of the Board of Directors until the end of the next Annual General Meeting.

4.1.2. Re-election of Urs Leinhäuser as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Urs Leinhäuser as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.3. Re-election of Karl Schlegel as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Karl Schlegel as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.4. Re-election of Hermann Gerlinger as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Hermann Gerlinger as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.5. Re-election of Libo Zhang as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Libo Zhang as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.6. Re-election of Daniel Lippuner as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Daniel Lippuner as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.7. Re-election of Maria Heriz as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Maria Heriz as independent member of the Board of Directors until the end of the next Annual General Meeting.

4.1.8. Election of Petra Denk as independent member of the Board of Directors

Proposal The Board of Directors proposes that the Annual General Meeting elects Petra Denk as independent new member of the Board of Directors until the end of the next Annual General Meeting.

A short CV of Petra Denk is available in Appendix A.

4.2. Re-election of the Members of the Nomination and Compensation Committee

Proposal The Board of Directors proposes that the Annual General Meeting re-elects individually the following persons each as members of the Nomination and Compensation Committee until the end of the next Annual General Meeting:

4.2.1. Re-election of Urs Leinhäuser as member of the Nomination and Compensation Committee

4.2.2. Re-election of Hermann Gerlinger as member of the Nomination and Compensation Committee

4.2.3. Re-election of Libo Zhang as member of the Nomination and Compensation Committee

5. Re-election of the Independent Proxy

Proposal The Board of Directors proposes that the Annual General Meeting re-elects Roger Föhn, attorney-at-law, Kalchbühlstrasse 4, 8038 Zurich, as Independent Proxy from May 16, 2023, until the end of the next Annual General Meeting.

6. Re-election of the Statutory Auditors

Proposal The Board of Directors proposes that the Annual General Meeting re-elects KPMG AG, St. Gallen, as Statutory Auditors for the financial year 2023.

7. Changes of Articles of Association

The Board of Directors proposes to amend the Articles of Incorporation of VAT Group AG to comply with both the requirements of the revision of the Swiss Stock Corporation Law effective January 1, 2023, as well as to reflect current best practice in the area of corporate governance. For the explanations of the proposals and the proposed revised Articles of Association, please refer to the brochure “Explanations of the Board of Directors on the Revision of the Articles of Incorporation” published at <https://ir.vatvalve.com/en/general-meeting>.

7.1.	Purpose	Art. 2
7.2.	Form of Shares, Share Register and Opting-Out	Art. 4, 5 para 1, 33
7.3.	Annual General Meeting and Auditors	Art. 6, 7, 8, 9, 10, 11, 20, 21, 22, 30, 31
7.4.	Share Register and Transfer of Shares	Art. 5 para 2 & 3, 13
7.5.	Virtual Annual General Meeting	Art. 8
7.6.	Board of Directors and Compensation	Art. 15, 16, 17, 18, 23, 29

8. Capital Band

8.1. Capital Band

Art. 3b

9. Term of Office Board of Directors

9.1. Term of Office Board of Directors

Art. 15

10. Compensation

10.1. Consultative Vote on the Compensation Report for the Financial Year 2022

Proposal The Board of Directors recommends that the Compensation Report 2022 contained in the Annual Report 2022 be approved (consultative vote).

Explanations The Compensation Report incorporates the basic principles for the compensation of the Board of Directors and the Group Executive Committee, as well as the remuneration awarded to the members of these two bodies for the financial year 2022. The Board of Directors is submitting the Compensation Report to shareholders for a consultative vote. The Compensation Report can be found on pages 61 to 76 of the Annual Report. The Annual Report can be accessed on the internet at <https://ir.vatvalve.com/en/financial-reports>.

10.2. Approval of actual Short-Term Variable Compensation (STI) of the Group Executive Committee (GEC) for the Financial Year 2022

Proposal The Board of Directors proposes that the shareholders approve the actual amount of CHF 869,093 for the short-term variable compensation of the GEC for the financial year 2022.

Explanations Pursuant to the Articles of Association of VAT Group AG, shareholders annually approve the effective short-term variable compensation amount of the GEC for the previous financial year.

The overall financial and individual performance achievement of the GEC of 111% on average of target was marked by the strong financial performance of the Group. Net sales for the year increased by 27% to CHF 1.145 billion. Reflecting the strong business performance, VAT posted an all-time record EBITDA margin of 35%. The EBITDA, free cash flow and specification win targets outperformed, and the individual performance achievements ranged from 125% to 132% of target for the GEC members. However, the overall target achievement was lower compared to the prior year given the ambitious financial and specification win performance targets, resulting in a decreased payout of -6% for 2022 compared to 2021, with an overall average payout for the GEC of 111% of target. There was no discretion applied by the Board when determining the final performance achievements for 2022.

The actual short-term variable compensation amount of CHF 869,093 for the GEC for the financial year 2022 is disclosed in the Compensation Report 2022 on pages 72 ff.

10.3. Approval of the Maximum Aggregate Amount of Fixed Compensation of the GEC for the Financial Year 2024

Proposal The Board of Directors proposes that the shareholders approve a maximum aggregate amount of CHF 2,700,000 for the fixed compensation of the GEC for the financial year 2024.

Explanations Pursuant to the Articles of Association of VAT Group AG, shareholders annually approve the maximum aggregate amount of fixed compensation of the GEC for the next financial year.

The compensation policy of VAT is designed to support the business strategy of the company and to motivate executives to achieve the long-term goals of the company. The compensation of the GEC members is well balanced between fixed and variable compensation components, as well as between short-term and long-term incentives, so that their interests are aligned to those of our shareholders.

The amount of CHF 2,700,000 for the fixed compensation has been calculated on the basis of the compensation structure disclosed in the Compensation Report for four GEC members. It includes annual base salaries for the GEC, estimated social security costs and a reserve for unforeseen circumstances. The proposed amount is 8% higher than the total amount approved for the previous year by the Annual General Meeting 2022, in line

with VAT's practice to set compensation of GEC members who are building experience in their role below market level and increase it to market level over time, subject to development and performance.

The overall compensation structure for the GEC is not expected to change and is described on pages 72 to 74 of the Compensation Report 2022. However, the Board decided to introduce share ownership guidelines for the GEC, starting from 2024 onwards. The fixed compensation actually paid to GEC members in financial year 2024 will be disclosed in the Compensation Report 2024, which will be submitted to a consultative vote by the shareholders at the Annual General Meeting in 2025.

10.4. Approval of the Maximum Aggregate Amount of Long-Term Incentive (LTI) Compensation of the GEC for the Financial Year 2024

Proposal The Board of Directors proposes that the shareholders approve a maximum aggregate amount of CHF 2,150,000 for the long-term incentive (LTI) compensation of the GEC for the financial year 2024.

Explanations Pursuant to the Articles of Association of VAT Group AG, shareholders annually approve the maximum aggregate amount of LTI compensation of the GEC for the next financial year.

The amount of CHF 2,150,000 for the LTI has been calculated on the basis of the compensation structure disclosed in the Compensation Report 2022 for four GEC members. The proposed amount is 7.5% higher than the total amount approved for the previous year by the Annual General Meeting 2022, in line with VAT's practice to set compensation of GEC members who are building experience in their role below market level and increase it to market level over time, subject to development and performance. The compensation structure for the GEC is not expected to change. The LTI is granted in form of Performance Share Units (PSU) that vest over a three-year period, conditionally upon the fulfillment of performance and employment conditions during the vesting period. The amount submitted to vote assumes a maximum vesting level of 200% and does not factor in the share price evolution during the vesting period. The LTI compensation actually to be granted to the GEC members in financial year 2024 will be disclosed in the Compensation Report 2024, which will be submitted to a consultative vote by the shareholders at the Annual General Meeting in 2025.

10.5. Approval of the Maximum Aggregate Amount of Compensation of the Board of Directors from the Annual General Meeting of 2023 to the Annual General Meeting of 2024

Proposal The Board of Directors proposes that a maximum aggregate amount of compensation of CHF 1,550,000 of the Board of Directors be approved for the term of office from the Annual General Meeting 2023 to the Annual General Meeting 2024.

Explanations Pursuant to the Articles of Association of VAT Group AG, shareholders annually approve the maximum aggregate amount of compensation of the Board of Directors for the term of office until the next Annual General Meeting of Shareholders.

In order to strengthen their independence, members of the Board of Directors of VAT receive a fixed compensation, delivered in cash (70%) and restricted shares (30%), as well as lump sum expenses. Members of the Board of Directors do not receive any performance-related compensation. Any pension participation required to comply with local regulation, is financed by the Board members at their own expense.

Structure and levels of Board compensation AGM 2023 until AGM 2024

Fixed basic fee	Cash compensation	Share-based compensation	Lump sum expenses (in CHF gross)
Board chair	224,000	96,000	1,500
Board vice-chair	112,000	48,000	1,500
Board member	77,000	33,000	1,500

Committee fees	Cash compensation	Share-based compensation
Committee chair	17,500	7,500
Committee member	10,500	4,500

The proposal is an overall increase in the maximum aggregate amount of 14.8% compared to the prior period, due to the proposed extension of the Board of Directors by one additional member (see agenda item 4.1.8.) to eight members. This new member of the Board of Directors would also assume a membership in one of the committees. The amount of CHF 1,550,000 has been calculated for eight members of the Board of Directors on the basis of the compensation structure outlined above and includes a reserve for unforeseen circumstances. Further details on the compensation for the Board of Directors can be found on page 72 of the 2022 Compensation Report. The compensation actually paid will be disclosed in the 2023 and 2024 Compensation Reports, which will be submitted to a consultative vote by the shareholders.

Organizational Notes

Documents

The **Summary Report 2022** is enclosed to this invitation. As of April 21, 2023, the **2022 Annual Report**, including the statutory financial statements of VAT Group AG and the consolidated financial statements for the 2022 financial year as well as the audit report, is available for inspection at the Company's headquarters at Seelistrasse 1, 9469 Haag (Rheintal). It can also be accessed online at <https://ir.vatvalve.com/en/financial-reports>. A printed version of the Annual Report can also be ordered by using the enclosed registration form or by sending an e-mail to investors@vat.ch. Further enclosed to this invitation are the **reply form** with the form for **proxy and instructions** to the Independent Proxy as well as a reply envelope.

Independent Proxy

With regard to representation at the Annual General Meeting on May 16, 2023, the following applies:

Roger Föhn, attorney-at-law, Kalchbühlstrasse 4, 8038 Zurich, acts as **Independent Proxy**. If you wish to appoint Roger Föhn as your representative, please return your signed authorization and your instructions with the enclosed envelope. Instead of the written authorization, you may also give your authorization and instructions to the Independent Proxy electronically. Please refer to section 1 of the enclosed reply form for further details. The deadline for voting instructions to the Independent Proxy is May 12, 2023, 11.59 pm.

Voting Rights of Shareholders

Only those shareholders whose names are on record in the share register of VAT Group AG with voting rights on **May 5, 2023** (effective date, closing of share register, 5.00 pm. CEST), are entitled to exercise their voting rights.

Publication

The resolutions of the Annual General Meeting may be inspected from **May 17, 2023** online at <https://ir.vatvalve.com/en/general-meeting>.

Enclosures

- Explanations of the Proposed Changes to the VAT Group AG Articles of Association
- Summary Report 2022
- Reply form with form for proxy and instructions to the Independent Proxy
- Reply envelope

The Invitation to vote at the Annual General Meeting via the Independent Proxy is published in English and German. The German version shall prevail.

Appendix A: CV of Proposed New Board Member

Petra Denk



Proposed Title and Function:
Member of the Board of Directors

Year of Birth:
1972

Nationality:
German

Professional Background

Since 10/2012	Director and Founder, Institute of Systemic Energy Consulting Ltd, Landshut
	Energy consulting of industry, energy suppliers and municipalities
	Development of energy concepts and potential analysis of renewable energy
	Applied research
Since 08/2009	Professor of Energy and Economics, University of Applied Sciences, Landshut
10/2001–07/2009	E.ON Energie AG, Munich
	Leading European energy company (revenues: approx. EUR 45 billion, approx. 44 000 employees)
08/2008–07/2009	Head of Portfolio Development
	Leading position in E.ON Energie & M&A Projects (transaction volume > EUR 2 billion)
	Development of business plans for new business segments
01/2006–07/2008	Head of Controlling International/Acquisitions
	Steering and Coordinating of the company-wide strategy process
	Responsibility for the strategic and economical controlling of all international E.ON Energie subsidiaries (total revenues of the subsidiaries > EUR 2 billion)
	Economical responsibility for all M&A projects of E.ON Energie
11/2002–12/2005	Project Manager, Department Controlling International
	Development of an international power procurement strategy in East Europe
	Strategic and economical coordination of the Czech and Slovakian subsidiaries (growth of revenues > EUR 500 million)
10/2001–10/2002	Project Manager, Department International Corporate Development

“We’re extremely pleased to welcome Petra to the Board,” said the Chairman of the Board Martin Komischke. “She brings significant expertise to the Board in the area of renewable energies and energy infrastructure, and has more than ten years of Supervisory Board experience in the semiconductor equipment sector.”

“The semiconductor industry is extremely dynamic, where customer relationships and cutting-edge technology innovation are key,” Ms. Denk said. “VAT is an outstanding name in this industry and has a fantastic track record in meeting the high demands of its customers with its leading market position, technology and people. I very much look forward to working with the other members of the Board to further strengthen VAT’s well-deserved reputation for value creation for all stakeholders.”

Contact

For information on the Annual General Meeting:

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This Invitation to the Annual General Meeting
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