Letter to the stakeholders

Dear stakeholders

It's a real pleasure to write these lines, with the powerful growth trend that started for VAT towards the end of 2025 further accelerating and leading to very strong demand for our products during the first six months of 2026. Our industry, and in particular the semiconductor-related business, is profiting from an unseen dynamic, and expectations of growth in wafer fab equipment spend (WFE) continue to grow almost every week. WFE reached USD 117 billion in 2025, and at the beginning of 2026 the market consensus predicted USD 130 billion for 2026 and USD 150 billion for 2027. But these numbers were quickly outdated. Now the WFE consensus is running at USD 145 billion for the current year and as much as USD 180 billion for 2027.

> Increasing greenfield investments allow VAT to gain growth momentum, resulting in record order intake and order books.

What drives these investment expectations is the need for more semiconductors, especially for AI related applications in datacenters. The demand growth is outpacing the supply additions and despite over 100 new fabs being built over the next three to four years, the industry already argues that this may not be enough to cope with the demand.

This growth, however, is not without challenges. Back in late 2025, while seeing another growth year ahead, no one in the industry expected such an acceleration of demand to happen in such a short period of time. As a result, the entire supply chain is now playing catch-up. This is true for the entire semiconductor ecosphere and certainly also for VAT.

During the first six months of 2026 we have increased our workforce by 22% to about 4,000 by adding over 700 new temporary and permanent staff, the majority in Malaysia. These additions were predominantly to production areas: machining, vulcanization, and assembly. Another important factor in VAT's capacity to grow is the flexibility of our supplier base. As the whole semiconductor industry is substantially increasing its production output, having a strong supplier base is crucial to manage this demand and VAT is working closely with its trusted supplier base along this growth journey.

The net result of all the above is a staggering increase in our order intake by 75% compared with a year earlier to a record of CHF 856 million in the first six months of 2026. We have also amassed a record order backlog of close to CHF 650 million, 120% more than in 2025. Sales after six months of CHF 512 million, 8% less than a year ago, have lagged this development; this is because the ramp of the semiconductor industry has been so much faster than expected, and it has taken time to adjust production to these new and unprecedented levels. Thanks to a factory run rate of approximately CHF 320 million per quarter at the end of June and our ongoing investment in further increasing this number by up to 30% in the following quarters, we are confident of achieving a factory run rate of more than CHF 450 million by the end of 2026, positioning VAT for further anticipated growth and backlog execution in 2027.

Day-to-day business is not the only thing keeping us busy in 2026. As announced on July 22, VAT has signed a share purchase agreement with Atonarp,

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a Japan-based pioneer in real-time molecular profiling for advanced semiconductor and industrial processes. As semiconductor manufacturing advances into sub-2nm node sizes, precise real-time monitoring and control equipment is becoming critical to avoid process deviations and protect chip manufacturing yields. This acquisition is a fantastic and decisive step in our three-pillar growth strategy, and together with our great adjacencies portfolio will enable us to continue to grow our unmatched market share in our core vacuum valve business and substantially increase our share of wallet on our customers' tools.

We expect the favorable market trends to continue for the rest of 2026 and into 2027.

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