VAT

Summary Report 2024

Empowering your tomorrow

We are celebrating 60 years of inspiring technology

60 years of VAT

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 [1]	55.7	69.2	−19.6%
Capex margin	5.9%	7.8%	–
Free cash flow [2]	183.2	188.8	−2.9%
Free cash flow margin	19.4%	21.3%	–
Free cash flow conversion rate [3]	62.4%	69.7%	–
Free cash flow to equity [4]	178.8	181.8	−1.7%
As of December 31 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 [5]	649.8	599.6	8.4%
NOPAT [6]	222.6	207.4	7.4%
Return on invested capital (ROIC)	35.6%	33.4%	–
Dividend per share (in CHF) [7]	6.25	6.25	0.0%
Payout ratio [8]	104.9%	103.1%	–
Number of employees [9]	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

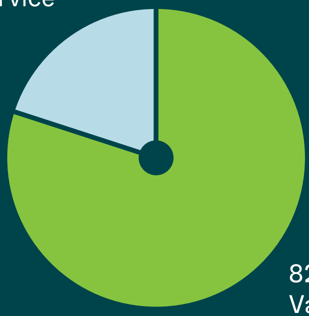
2023: 30.6

EBITDA in CHF million

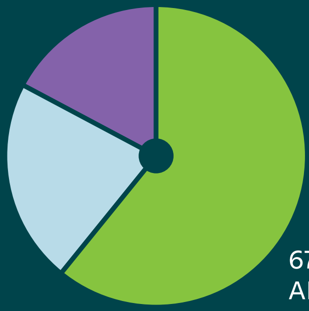
294

2023: 271

Net sales by segment in %



Net sales by region in %



* 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.

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.

> “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.

Dr. Martin Komischke
Chairman of the Board of Directors

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 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. 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

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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.

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

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.

Net sales
in CHF million

942

2023: 885

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 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 CO_2 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.

Net income
in CHF million

212

2023: 190

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[1] increased by 15% compared with 2023 to CHF 626 million. Gross profit margin[2] 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.

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 adaption. 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.

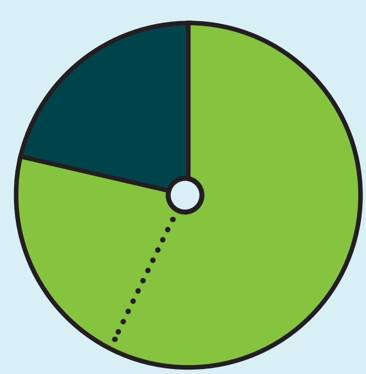
Overall, global market research firms expect WFE growth to amount to around 5% overall globally, and total WFE spend to reach between USD 100 and 110 billion. VAT is uniquely set up to outpace the market growth anticipated for 2025 and beyond. With its higher market share in leading-edge applications, 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, EBITDA, and EBITDA margin 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 (net sales share in 2024)

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.



Segments

- 82% Valves
- 18% Global Service

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.

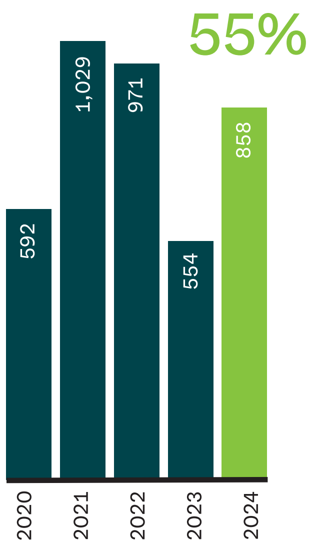
The Semiconductors business unit recorded important wins with adjacent products in areas where VAT is already present: deposition, etching, and lithography. But wins with new adjacent products were also recorded in applications where we expect substantial growth in the next upturn, such as atomic layer 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.

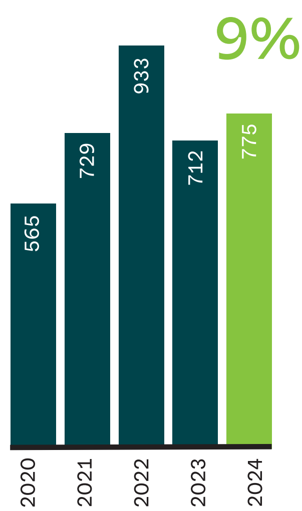
Advanced Industrials slows in 2024

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 million



Net 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.

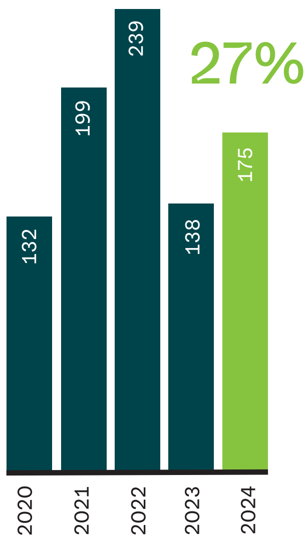
Following a slowdown in 2023, semiconductor chip manufacturing started to pick up again in 2024, and the Global Service segment saw an improvement in orders over the prior year. The utilization of local semiconductor producing fabs was very volatile during this year – advanced foundry and HBM fabs faced 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 where upgrading their fab equipment technology.

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

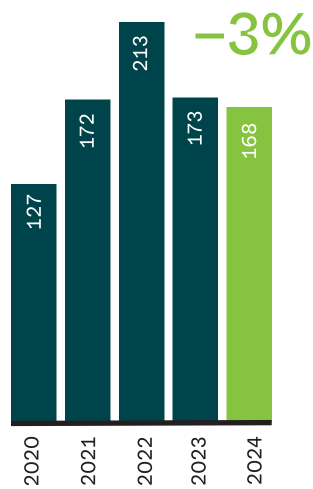
Key figures Global Service

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 million



Net 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 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.

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

Consolidated income statement

January 1 to December 31 In CHF thousand	**Note**	**2024**	**2023**
Net sales	2.1, 2.2	**942,200**	**885,316**
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
Earnings before interest, taxes, depreciation and amortization (EBITDA) [1]		**293,666**	**270,911**
Depreciation, amortization and impairment		−43,487	−42,327
Earnings before interest and taxes (EBIT) [1]		**250,179**	**228,584**
Finance income	5.1	9,480	2,611
Finance costs	5.1	−7,069	−24,110
Earnings before income taxes		**252,590**	**207,085**
Income tax expenses	6.1	−40,791	−16,775
Net income attributable to owners of the Company		**211,799**	**190,310**
Earnings per share (in CHF)			
Basic earnings per share	5.4	7.06	6.35
Diluted earnings per share	5.4	7.06	6.34

1 Interest includes other items as reported in the financial results.

Consolidated statement of comprehensive income

January 1 to December 31 In CHF thousand	Note	2024	2023
Net income attributable to owners of the Company		**211,799**	**190,310**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	4.3	–16,583	–16,421
Related tax	6.1	2,371	2,343
Subtotal		**–14,212**	**–14,078**
Items that are or may be subsequently reclassified to profit or loss:			
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
Subtotal		**–8,806**	**–8,794**
Other comprehensive income for the period (net of tax)		**–23,017**	**–22,872**
Total comprehensive income for the period attributable to owners of the Company		**188,782**	**167,438**

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 99 seq.

Consolidated balance sheet

In CHF thousand	Note	Dec 31, 2024	Dec 31, 2023
Assets			
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
Current assets		**557,402**	**465,692**
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
Non-current assets		**737,344**	**702,764**
Total assets		**1,294,746**	**1,168,456**

In CHF thousand	Note	Dec 31, 2024	Dec 31, 2023
Liabilities			
Trade and other payables	3.5	111,853	81,867
Loans and borrowings [2]	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
Current liabilities		**226,630**	**144,084**
Loans and borrowings [2]	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
Non-current liabilities		**314,240**	**267,211**
Total liabilities		**540,870**	**411,295**
Equity			
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 [1]		776,771	768,183
Total equity attributable to owners of the Company		**753,877**	**757,161**
Total liabilities and equity		**1,294,746**	**1,168,456**

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 99 seq.

Consolidated statement of changes in equity

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings	Total equity
Equity as of Jan 1, 2023	**3,000**	**344**	**4,657**	**–3,433**	**–5,317**	**781,069**	**780,320**
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
Equity as of Dec 31, 2023	**3,000**	**344**	**10,254**	**–17,824**	**–6,795**	**768,183**	**757,161**

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings	Total equity
Equity as of Jan 1, 2024	**3,000**	**344**	**10,254**	**–17,824**	**–6,795**	**768,183**	**757,161**
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
Equity as of Dec 31, 2024	**3,000**	**344**	**–10,033**	**–6,343**	**–9,863**	**776,771**	**753,877**

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 99 seq.

Consolidated statement of cash flows

January 1 to December 31 In CHF thousand	**Note**	**2024**	**2023**
Net income attributable to owners of the Company		**211,799**	**190,310**
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
Cash generated from operations		**272,920**	**301,425**
Income taxes paid		–32,278	–45,019
Cash flow from operating activities		**240,642**	**256,406**
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
Cash flow from investing activities		**–57,394**	**–67,648**
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
Cash flow from financing activities		**–172,500**	**–205,583**
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
Cash and cash equivalents at end of period		**158,121**	**144,108**

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 99 seq.

Statutory financial statements VAT Group AG for the financial year from January 1 to December 31, 2024

Income statement

January 1 to 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
Total income		**292,143**	**233,568**
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
Total expenses		**–9,632**	**–10,107**
Direct tax		–545	–270
Gain for the period		**281,965**	**223,190**

Balance sheet

As of December 31 In CHF thousand	**Note**	**2024**	**2023**
Assets			
Cash and cash equivalents		241	295
Other receivables due from third parties		48	40
Prepayments and accrued income	3.3	5,030	428
Current assets		**5,320**	**763**
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
Non-current assets		**1,099,140**	**976,131**
Total assets		**1,104,459**	**976,894**
Liabilities			
Other payables		75	23
Short-term provisions	3.6	5,312	241
Accrued expenses and deferred income	3.7	2,835	1,875
Current liabilities		**8,222**	**2,140**
Long-term interest-bearing liabilities due to third parties	3.4	230,000	200,000
Non-current liabilities		**230,000**	**200,000**
Total liabilities		**238,222**	**202,140**
Equity	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
Total equity attributable to owners of the Company		**866,237**	**774,754**
Total liabilities and equity		**1,104,459**	**976,894**

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
Total accumulated gains	**869,074**

The Board of Directors proposes to the General Meeting the following appropriation of available earnings:

In CHF thousand	2024
Dividend payment	–187,500
Total accumulated gains to be carried forward	**681,574**

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.

Financial calendar

Date	Event
2025	
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
2026	
Tuesday, March 3, 2026	Q4 and full-year 2025 results

Contact

This condensed report is published in both German and English. The English print version of VAT Group AG's Annual Report is legally binding. VAT Group AG's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

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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.

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Outlook 2025

VAT expects investments in semiconductor manufacturing equipment to grow further over the course of 2025, as new production 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.