

## Dear Stakeholders,

**Despite the market headwinds that characterized 2023, VAT continued to benefit from its leadership position in long-term growth markets, driven by global digitalization – including the application and rapid adoption of Artificial Intelligence (AI). This is being augmented by other factors, such as the need for sustainable energy and the increased use of vacuum processes in a wider range of industries. This proliferation of vacuum processes is playing optimally to VAT’s core strength in vacuum valves and adjacencies, and is at the core of our sustainable growth strategy and value creation.**

As expected, we experienced a softer trading year and consequently our results were lower than the record performance of 2022. Despite these challenging markets, macroeconomic and geopolitical uncertainties – but thanks to the efforts of our colleagues globally – VAT again delivered a very decent set of results overall. Maintaining the EBITDA

margin above the 30% mark, despite a drop in sales of about 23% and a significant foreign exchange headwind, is further proof of the company’s resilience and ability to weather changes in the business environment.

Despite the slower market in 2023, VAT continues to operate in an industry that is characterized by a variety of strong and sustainable growth drivers. While our business has cyclical swings, our markets are growing over time and periods of increased demand tend to last longer than the temporary softness. VAT constantly monitors and anticipates its customers’ current and future needs to always be ready to support them and move quickly to meet their evolving requirements, from both capacity and technology perspectives. This includes having adequate production capacity, providing leading-edge technologies, a comprehensive product offering and employing the most skilled and experienced workforce who are ready and able to deliver.

VAT is also set to continue its success story and further widen its competitive position thanks to the benefits derived from our operational excellence and best-cost supply chains.

After six years at the helm of VAT, the end of 2023 saw the retirement of Chief Executive Officer Mike Allison. On behalf of the board, I would like to thank Mike for his professionalism, commitment and steady leadership of VAT. Over the past six years he has been a key force in leading and shaping our transition process and in putting VAT into the strong position it currently occupies.

VAT continued to focus on innovation, customer intimacy and being an attractive employer to bring the best people in our industry to VAT. In addition, we develop our own people, and our strong internal talent pipeline has enabled us to promote several internal candidates to top jobs in VAT. I was therefore delighted

when the Board appointed Urs Gantner as our new Chief Executive Officer. As he takes up his role in 2024, Urs also marks two decades with the company. In addition, we also tapped into our internal talent pool when promoting Loïc Mazet as the new head of our Advanced Industrials business unit following Karin Dahlström’s retirement.

In late 2023, the Board of Directors reviewed and confirmed the overall strategy communicated during the Capital Markets Day in December 2022. In practice, this means the previously identified growth and focus areas – and the overall direction for growth – are firmly in place and there was no need for major changes. VAT is on track to deliver on its 2027 targets, assuming underlying assumptions on the semiconductor industry’s investments measured by the overall wafer fabrication equipment (WFE) volume remain broadly as forecast at about 135 billion US dollars in 2027.

VAT operates in dynamic and fast-changing markets and 2024 will be no different. We do expect to see gradually improved trading as we meet increased demand due to anticipated renewed investments, especially in the semiconductor industry. Indeed, our ongoing multi-million Swiss franc investments in our Swiss-based Innovation Center and in additional production capacity in Malaysia – even during the downturn – show we have a long-term strategic commitment to innovation, growth and in continuing to meet customer demand.

“These solid results show the company’s resilience and ability to weather changes in the business environment.”



DR. MARTIN KOMISCHKE  
CHAIRMAN OF THE BOARD OF DIRECTORS

As sustainability and Environment, Social and Governance (ESG) in business grows in importance, VAT continues to integrate sustainability considerations – in their widest sense – within our core business. In 2023, VAT published its inaugural set of sustainability targets in its second Sustainability Report. As we continue to build a sustainability focused culture and mindset in the company, we have strengthened our management and governance structures. You can expect to see ongoing improvements in the implementation and transparent reporting of our sustainability related efforts in 2024 and beyond. Separately, our 2023 Sustainability Report outlines performance to date and progress towards our overall targets.

Recognizing that we experienced a tough year, I would like to extend my and the Board’s thanks and gratitude to our employees. I would also like to take this opportunity to put on record our appreciation for their cooperation in adjusting to the slower market and business dynamics, which even included a period of short time working in our Swiss facilities. I am in no doubt that our skilled, committed colleagues around the world are central to the long-term success of our business.

Our global production and value chain allows us to adjust capacity and cost while continuing to meet customers’ technology and service requirements. Our financial foundation and prudent yet value-generating capital allocation creates a stable platform for our business.

With 2023 behind us, and prospects for the future look brighter, your Board of Directors will recommend a dividend

of CHF 6.25 per share and will ask for approval of this payout at the Annual General Meeting on May 14, 2024.

And finally, the Board and I extend our thanks to all our stakeholders. Without our loyal customers, dedicated suppliers and the good standing with the communities VAT operates in, our success would not be possible. We look forward to your continuing support and to working with you to develop and nurture this successful business, now and for the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Komischke', written in a cursive style.

Dr. Martin Komischke