

Dear Stakeholders,

Your company again performed strongly in 2021. Record sales, profitability, cash flow and net income, along with further technology innovations, market share gains, operational improvements and footprint adjustments – all of this despite the second year of a global pandemic that has challenged all of us, both personally and professionally.

With that in mind and on behalf of the entire Board of Directors, I'd first like to thank our more than 2,500 employees who made this performance possible. Their dedication to our customers, their passion for technology and innovation, and their adaptability in the face of rapidly changing markets were the keys to our success last year. This includes another year of disciplined implementation of all the measures needed to reduce the impact of the COVID-19 pandemic and to keep themselves, our customers and our suppliers safe. As I've said before, our people really are a significant competitive advantage.

From a market perspective, 2021 was another year of strong demand. Our high-end vacuum valves are mission-critical components in the manufacture of semiconductors, the driving force behind global digitalization. With our technology and market leadership, VAT continues to benefit from megatrends such as cloud computing, smart devices, the Internet of Things and artificial intelligence. These trends were augmented in 2021 by a global semiconductor shortage that prompted a number of chip makers to accelerate capital investments to boost production.

Against this positive market background, we continued to implement the profitable growth strategy we first presented in 2020. This is based on gaining market share in our core valves business; growing our global service business; expanding into value-adding adjacencies; and continuing to improve our operational performance and optimizing our global footprint. Our 2021 results show that we have made progress in all these areas.

Our cumulative market share is higher across all the sectors in which we operate, and close to 75% in the higher-end semiconductor market, where our technology lead and deep customer relationships are critical differentiators. Net sales in our Global Service segment were up 35% on the year as we help customers get more from their existing assets, and we're on track with our expansion into adjacent products, such as motion components and advanced valve modules.

Furthermore, we continued to implement operational excellence initiatives to optimize our global footprint, make the organization faster and more flexible, and secure sustainable profitable growth. For example, in December we announced a CHF 160 million capital expenditure plan that includes the further expansion of our production capabilities in Malaysia. This will yield supply chain benefits as well as make us more responsive to customer needs in the increasingly important Asia market. We will also build an innovation center at our head office location in Haag, Switzerland, to further strengthen our technology lead and bring together all of our research and development capabilities into a single, more powerful and cost-effective unit.

We continue to develop meaningful ways to create value that is sustainable over the long term, for our customers and shareholders, but also for our people and the communities in which they work and live. These include extensive training, international talent development and know-how transfer across borders. Promoting diversity of experience fuels innovation and makes VAT a more attractive employer. We also continue to reduce our environmental footprint in areas such as renewable energy and packaging and to establish metrics on our sustainability performance to drive further improvements.

“The business environment looks positive, and we have both the market position and the people to capture the growth opportunities ahead.”



DR. MARTIN KOMISCHKE
CHAIRMAN OF THE BOARD OF DIRECTORS

Since VAT was listed on the SIX Swiss Exchange in 2016, the company has come a long way. Net sales have more than doubled since then, to CHF 900 million in 2021, and our EBITDA margin has increased from 30% to 34%, all despite the cyclical downturn we had to weather in 2019.

I believe this demonstrates the incredible strength of our company and gives us confidence to view 2022 and beyond with optimism. We expect the impact of the COVID-19 pandemic to continue to wane over the course of the year. The business environment looks positive, and we have the market position, operational flexibility and the people to capture the growth opportunities ahead and continue our successful track record of value creation. Consequently, we plan to recommend a 22% higher dividend of CHF 5.50 per share at our Annual General Meeting in May.

Finally, the Board and I would like to thank you for your continued support. I look forward to a fruitful collaboration with you in the years ahead.

Sincerely,

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

Dr. Martin Komischke