

Shareholder Information

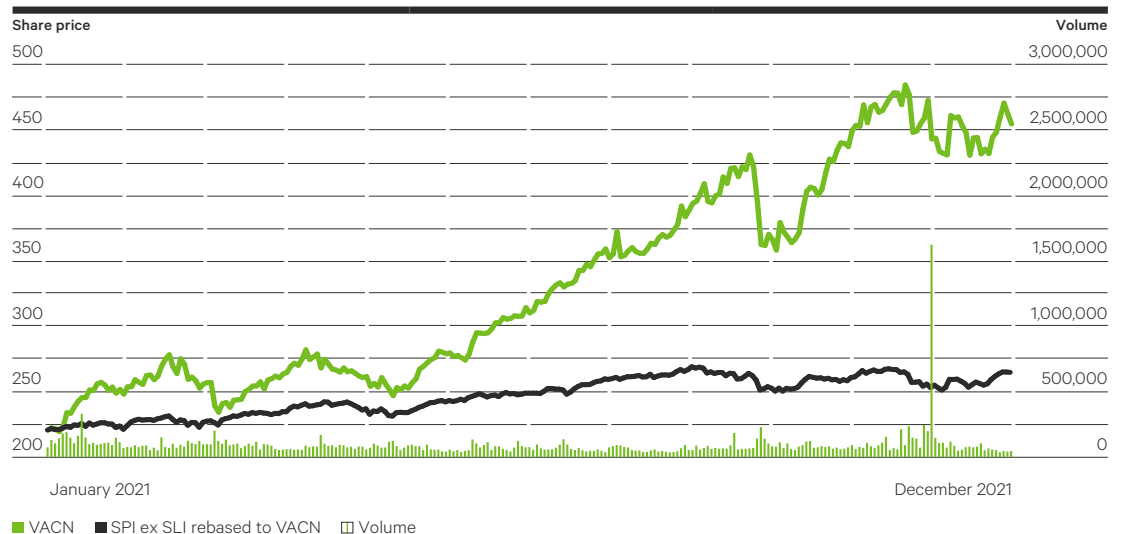
Driven by its strong business performance and a generally positive stock market climate, VAT's share price more than doubled during 2021. The company's primary end market, the semiconductor sector, saw record levels of capital investment to expand capacity in response to short-term chip shortages and continued long-term demand drivers, such as Big Data, device interconnectivity, the Internet of Things and artificial intelligence. The widespread shift to home office and increased e-commerce resulting from the COVID-19 pandemic continued in 2021 and further supported demand for semiconductors.

Record sales and ongoing internal improvement measures allowed VAT to increase its EBITDA margin by 4 percentage points compared with 2020, reaching a record 34.2%. Free cash flow also reached an all-time high, allowing VAT's Board of Directors to propose to shareholders an increase of its regular dividend to CHF 5.50 per share from CHF 4.50 a year earlier.

Stable shareholder base

VAT's core shareholder base remained largely unchanged compared with 2020, with the exception of Ameriprise Financial, who reduced their holdings during 2021 from 4% at the end of 2020 to below the SIX Swiss Exchange's reporting threshold of 3%. As of the publication of this annual report, there are four shareholders who each own more than 3% of VAT's outstanding shares and whose cumulative shareholding amounts to about 24% of VAT's shares. The free float of VAT shares, as defined by the SIX Swiss Exchange, was approximately 90% at the end of 2021. The number of registered shareholders increased from about 10,500 at the end of 2020 to about 13,400 at the end of 2021.

Share price development



In 2021, the price of VAT shares increased by 105% from CHF 220.80 to CHF 454.20. During the same period, the Swiss stock market as measured by the SPI ex SLI TR Index increased by 20%. On May 25, 2021, shareholders received a dividend of CHF 4.50 per share, half of the amount paid from capital contribution reserves, the other half from accumulated gains.

Stock exchange listing

Ticker symbol	VACN (SIX); VACN.S (Reuters); VACN SW (Bloomberg)	Legal Entity Identifier (LEI)	529900MVF7K7NVALR7Y83
Valor number	31 186 490	Nominal value	CHF 0.10 per share
ISIN	CH0311864901	Free Float	Approximately 90%
Market capitalization as of December 31, 2019	CHF 13.6 bn	Number of shares outstanding	30,000,000
Exchange	SIX Swiss Exchange (International Reporting Standard)	Segment	Mid & Small Cap Swiss shares

Distribution of shareholders by domicile and breakdown of registered shareholders by numbers of shares held

Switzerland	36%
Other countries	23%
Shares in transit	41%

The vast majority of registered shares not held in Switzerland are held in the rest of Europe (mainly the UK) and the US.

Number of shares held

1–100 shares	7,682
101–1,000 shares	4,922
1,001–10,000 shares	676
10,001–100,000 shares	110
100,001–1,000,000	15
More than 1,000,000 shares	3
Total number of shareholders	13,408

Market Capitalization

in CHF bn as of December 31, 2021

13.6

Dividend Payout Ratio

in % of Free Cash Flow to Equity

85.9

Disclosure of shareholdings

With effect from January 1, 2016, under Art. 110 of the Federal Act on Financial Market Infrastructure (FinMIA), anyone who acquires or sells equity securities on their own account and thereby attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33%, 50 or 66% of the voting rights in a company (whether or not such rights may be exercised), is subject to a reporting obligation. This obligation applies to anyone who directly, indirectly or in concert with third parties acquires or disposes of shares in a company incorporated in Switzerland whose equity securities are listed in whole or in part in Switzerland. It also applies to anyone who can exercise the voting rights attached to such equity securities at their own discretion. Disclosure must be made to the company and stock exchanges on which the equity securities in question are listed.

Significant shareholders

Information on significant shareholders is disclosed on page 43 of this report.

Dividend policy

VAT Group AG is committed to an attractive dividend policy that reflects the company's strong free cash flow generation and solid balance sheet. In line with this policy, VAT Group intends to distribute to its shareholders up to 100% of free cash flow to equity (FCFE) so long as the Group's net debt does not significantly exceed 1x EBITDA.

At its Annual General Meeting on May 17, 2022, VAT's Board of Directors will propose dividend for the fiscal year ending December 31, 2021, of CHF 5.50 per registered share, an increase of CHF 1.00 or 22%. CHF 5.25 of this amount will be paid from the company's accumulated gains and CHF 0.25 per registered share from the company's remaining CHF 7.8 million of reserves from capital contributions.

Disclosure policy

VAT Group AG is committed to open and transparent communication with shareholders, financial analysts, customers, suppliers and all other stakeholders. VAT aims to communicate material developments in its businesses in a timely manner and in compliance with the rules of the SIX Swiss Exchange.

Investor Relations

VAT's Investor Relations team manages the company's interaction with the financial community, including attendance at key investor conferences and providing institutional investors and analysts with various opportunities to learn more about VAT Group's strategy, business operations and governance. Investor Relations is based at the Group's headquarters in Haag, Switzerland.

More information is available on the VAT Group website: <https://ir.vatvalve.com>.

Key data on VAT registered shares

		2021	2020 restated
Share capital	CHF	3,000,000	3,000,000
Number of shares on December 31		30,000,000	30,000,000
Nominal value per share	CHF	0.10	0.10
Shares outstanding		30,000,000	30,000,000
EBITDA per share	CHF	10.26	7.01
Free cash flow per share	CHF	6.52	4.90
Book value per share	CHF	21.15	18.15
Dividend per share ¹	CHF	5.50	4.50
Share price high	CHF	484.20	224.20
Share price low	CHF	219.60	107.65
Closing share price on December 31	CHF	454.40	220.80
Average daily trading volume	Shares	81,002	149,347
Average daily trading value	CHF million	27.0	24.9

¹ Proposed by the Board of Directors

Financial Calendar

Date	Event
2022	
Thursday, April 14, 2022	Q1 2022 trading update
Friday, May 6, 2022	Record day
Tuesday, May 17, 2022	Annual General Meeting 2022
Thursday, May 19, 2022	Ex-date
Monday, May 23, 2022	Dividend payment
Thursday, August 4, 2022	Half-year 2022 results
Thursday, October 13, 2022	Q3 2022 trading update

5-year key figures

In CHF million	2021	2020 restated ¹	2019 restated	2018 restated	2017	CAGR 2017–2021
Order intake	1,227.9	724.5	585.0	648.0	736.2	13.6%
Order backlog as of December 31	461.2	145.3	114.5	113.6	165.6	29.2%
Net sales	901.2	692.4	570.4	698.1	692.4	6.8%
Gross profit	570.5	430.1	345.4	419.5	431.9	7.2%
Gross profit margin	63.3%	62.1%	60.6%	60.1%	62.4%	–
EBITDA adjusted ²	–	–	–	–	215.1	–
EBITDA margin adjusted	–	–	–	–	31.1%	–
EBITDA	307.9	210.5	148.2	214.0	212.2	9.8%
EBITDA margin	34.2%	30.4%	26.0%	30.7%	30.6%	–
EBIT	264.9	169.8	102.5	178.8	178.7	10.3%
EBIT margin	29.4%	24.5%	18.0%	25.6%	25.8%	–
Net income	217.4	127.9	70.3	134.9	115.7	17.1%
Net income margin	24.1%	18.5%	12.3%	19.3%	16.7%	–
Basic earnings per share (in CHF)	7.25	4.27	2.34	4.50	3.86	17.1%
Diluted earnings per share (in CHF)	7.24	4.26	2.34	4.50	3.86	17.1%
Cash flow from operating activities	239.8	166.2	151.9	170.5	155.6	11.4%
Capex ³	44.1	19.2	12.1	46.6	47.6	–2.7%
Capex margin	4.9%	2.8%	2.1%	6.7%	6.9%	–
Free cash flow ⁴	195.7	147.0	139.9	123.9	108.5	15.9%
Free cash flow margin	21.7%	21.2%	24.5%	17.7%	15.7%	–
Free cash flow conversion rate ⁵	63.6%	69.8%	94.4%	57.9%	51.1%	–
Free cash flow to equity ⁶	192.0	143.0	135.4	119.6	104.4	16.5%

As of December 31 In CHF million	2021	2020 restated	2019 restated	2018 restated	2017	CAGR 2015–2019
Total assets	1,064.9	989.1	966.5	967.3	991.1	1.8%
Total liabilities	430.5	444.5	448.3	403.9	433.1	–0.2%
Equity	634.4	544.6	518.2	563.4	558.0	3.3%
Net debt	79.7	128.5	144.3	147.6	143.7	–13.7%
Net debt/EBITDA	0.3	0.6	0.9	0.7	0.7	–21.4%
Invested capital ⁷	463.9	411.1	350.0	357.4	327.0	9.1%
NOPAT ⁸	235.5	155.6	99.0	163.4	159.6	10.2%
Return on invested capital (ROIC)	53.8%	40.6%	28.0%	47.7%	55.7%	–
Dividend per share ⁹ (in CHF)	5.50	4.50	4.00	4.00	4.00	–
Payout ratio ¹⁰	85.9%	94.4%	88.6%	100.4%	115.0%	–
Number of employees ¹¹	2,540	2,041	1,810	1,712	1,946	6.9%

1 Prior-period financial statements have been restated in line with a clarification in 2021 by the IFRS Interpretations Committee that costs for cloud-based services, such as VAT's new ERP system, are to be expensed through the income statement when they occur, rather than capitalized.

2 Adjusted EBITDA in 2017 excludes one-off items related to the IPO in April 2016.

3 Capex comprises acquisitions of subsidiaries net of cash, purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.

4 Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities.

5 The free cash flow conversion rate is calculated as free cash flow as a percentage of EBITDA.

6 Free cash flow to equity is calculated as cash flow from operating activities less cash flow from investing activities less interest paid and the current portion of loan and borrowings due at the end of the period.

7 Invested capital is defined as total assets (excluding current income tax receivables, goodwill, acquired technology & customer relationships, brands & trademarks, deferred income taxes and current income tax liabilities) less non-current liabilities (excluding loans & borrowings and deferred income tax liabilities).

8 Net operating profit less adjusted taxes (NOPAT) is calculated as EBITDA minus depreciation and amortization (excluding amortization of acquired technology and customer relationships) plus finance income (excluding net foreign exchange gains/losses from financing activity and excluding other finance income) less taxes at the average Group rate of 16.0% (previous year 16.0%).

9 2021 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on May 17, 2022; CHF 5.25 per share to be paid from accumulated gains, CHF 0.25 to be paid from reserves from capital contributions.

10 Percentage of free cash flow to equity proposed to be paid out as dividend.

11 Number of employees expressed as full-time equivalents (FTE).