SUMMARY REPORT 2022:

VAT passes CHF 1 bn in sales for the first time, with record profitability and cash flow, thanks to market-leading technology, a flexible global footprint, and dedicated people.

VAT is the leading supplier of high-vacuum valves and related services used in the manufacture of semiconductors, displays, solar cells and a variety of other high-precision products. The company again reported record results in 2022 in a dynamic business environment marked by both strong demand and increasing macroeconomic uncertainties. Thanks to its leading market position and technology strength, VAT is well positioned to capture the coming growth opportunities and aims to again outgrow the market through a period of cyclically softer demand in 2023.

PASSION. PRECISION. PURITY.

Key figures

In CHF million	2022	2021	Change
Order intake	1,209.9	1,227.9	–1.5%
Order backlog as of December 31	517.7	461.2	12.3%
Net sales	1,145.5	901.2	27.1%
Gross profit	733.7	570.5	28.6%
Gross profit margin	64.1%	63.3%	–
EBITDA	400.4	307.9	30.0%
EBITDA margin	35.0%	34.2%	–
EBIT	359.4	264.9	35.7%
EBIT margin	31.4%	29.4%	–
Net income	306.8	217.4	41.1%
Net income margin	26.8%	24.1%	–
Basic earnings per share (in CHF)	10.23	7.25	41.1%
Diluted earnings per share (in CHF)	10.22	7.24	41.0%
Cash flow from operating activities	294.0	239.8	22.6%
Capex[1]	66.2	44.1	55.4%
Capex margin	5.8%	4.9%	–
Free cash flow[2]	228.2	195.7	16.6%
Free cash flow margin	19.9%	21.7%	–
Free cash flow conversion rate[3]	57.0%	63.6%	–
Free cash flow to equity[4]	224.6	192.0	17.0%

As of December 31 In CHF million	2022	2021	
Total assets	1,274.8	1,064.9	19.7%
Total liabilities	494.5	430.5	14.9%
Equity	780.3	634.4	23.0%
Net debt	36.8	79.7	–53.8%
Net debt/EBITDA	0.1	0.3	–64.5%
Invested capital[5]	642.6	463.9	38.5%
NOPAT[6]	317.0	235.5	34.6%
Return on invested capital (ROIC)	57.3%	53.8%	–
Dividend per share[7] (in CHF)	6.25	5.50	13.6%
Payout ratio[8]	83.5%	85.9%	–
Number of employees[9]	2,991	2,540	+17.7%

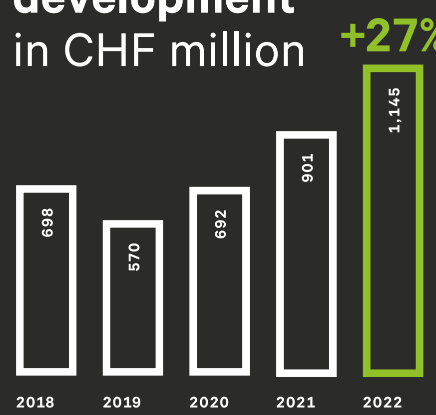
1 Capex: acquisitions of subsidiaries net of cash, purchases of property, plant and equipment, and intangible assets and proceeds from sale of property, plant and equipment.
2 Free cash flow: cash flow from operating activities minus cash flow from investing activities.
3 Free cash flow conversion rate: 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 non-current 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 15.9% (previous year 16.1%).
7 2022 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on May 16, 2023; 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

1,145

2021: 901

Net sales development
in CHF million



EBITDA
in CHF million

400

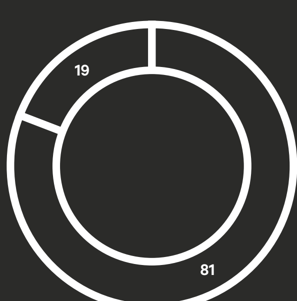
2021: 308

EBITDA margin
in %

35.0

2021: 34.2

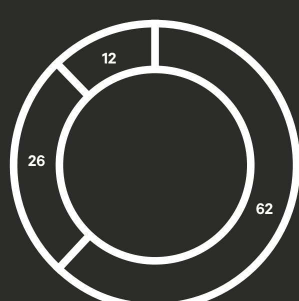
Net sales by segment
in %



81 VALVES
19 GLOBAL SERVICE

2021:
81 VALVES
19 GLOBAL SERVICE

Net sales by region
in %



62 ASIA
26 AMERICAS
12 EMEA

2021:
53 ASIA
34 AMERICAS
13 EMEA

Free cash flow
in CHF million

228

2021: 196

Dividend per share*
in CHF

6.25

2021: 5.50

* 2022 dividend proposal of the VAT Board of Directors to its shareholders at the AGM on May 16, 2023; CHF 6.25 per share to be paid from accumulated gains.

Dear Stakeholders,

In 2022, VAT delivered the best results in its history. We broke the CHF 1-billion mark in net sales for the first time. We further increased profitability with a record EBITDA margin and generated the best-ever free cash flow. At the same time, we consolidated our leading market position and reinforced our technology leadership with a range of new products and service solutions.

This is a remarkable achievement, especially in a dynamic environment with historically high demand combined with a variety of macroeconomic uncertainties. I can point to several reasons for our success. For example, we continue to benefit from our leadership position as the premier supplier of advanced vacuum valve technology to the semiconductor industry. Our products are indispensable for making the increasingly complex chips underlying digitalization. Another is the emergence of new opportunities in areas such as sustainable energy, the expansion of vacuum processes into a broader range of industries, and biomedical research.

In addition, we've been able to keep pace with this fast-changing market by consistently investing in technology innovation and in a robust and flexible global footprint and value chain. Combined with our ongoing efforts to steadily improve our operational performance—becoming faster, more efficient and, above all, keeping our customers at the center of everything we do—we've been able to create superior value reliably through the business cycle.

None of these accomplishments would have been possible without the energy, commitment and creativity of our 3,000 employees around the world. On behalf of the Board of Directors, I would like to express my thanks to this great team and their consistently outstanding performance.

Another highlight in 2022 was our second Capital Markets Day in December where we updated our medium-term business strategy. We showed that we've already surpassed some of the most ambitious targets that we set in 2020 for the period 2020–25 and so we've updated our new 2027 targets to reflect this positive development. I believe our performance in 2022 shows we are on the right track to meet these new targets.

We have also committed to play our part in the transition to a more sustainable society, and in 2022 we published our first Sustainability Review. There we highlighted the actions we've taken to reduce the impact of our business on the environment, to support the development of the communities in which we operate, and to provide our people with opportunities to grow, both professionally and personally. And we acknowledged that there is much more to do. We are strengthening our sustainability management and governance structures and you can expect to see continued improvements both in the scope of our sustainability activities in 2023 as well the way we report our progress.

As we look ahead, we operate in dynamic and fast-changing markets and 2023 will be no different. Short-term demand is currently being affected by factors such as inflation risks, uncertain consumer spending, the war in Ukraine and the ongoing trade tensions between the US and China. Our industry is adapting and many of our customers plan to reduce their capital investments in semiconductor manufacturing equipment this year.

"We have a robust financial foundation and a track record of value-creating capital allocation."

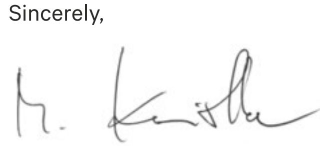
DR. MARTIN KOMISCHKE
CHAIRMAN OF THE BOARD OF DIRECTORS

However, we believe we're very well positioned not only to meet these challenges but to achieve even greater success when the cycle turns again. Our steady investment in innovation ensures our technology leadership. We have deep, long-term relationships with all the major players in the market, a competitive edge in an uncertain environment. The global service business provides a profitable buffer in periods of lower capital spending on semiconductor equipment.

Our increasingly efficient global production and supply footprint means we can adjust capacity and cost quickly while continuing to meet our customers' technology and service requirements. We have a robust financial foundation and a track record of value-creating capital allocation. Finally, our team of dedicated and engaged people around the world has proven they can deliver against our commitments over the long term.

That's why your Board of Directors looks to the future with optimism and will ask shareholders to approve a dividend of CHF 6.25 per share at our Annual General Meeting on May 16. The Board and I would like to thank you for your ongoing support and we look forward to working with you to make this company even more successful in the years to come.

Sincerely,



Dr. Martin Komischke

VAT again delivers record results in 2022 on strong demand, market leadership and operational flexibility

In 2022, the global semiconductor industry – VAT's largest market – continued the strong growth that began in 2020. Driven by long-term demand drivers, such as the Internet of Things, cloud computing, wireless communications and artificial intelligence, capital investments reached record levels.

For most of the year, chip manufacturers also continued to address the global chip shortage that began during the COVID-19 pandemic by expanding capacity in both the leading-edge chip technologies for node sizes of 7 nanometers and below, as well as legacy platforms. They also continued to invest in additional services – such as product upgrades and retrofits – to increase the productivity of their existing assets.

Customer investments in new equipment began to moderate in the fourth quarter, however, as short-term demand drivers, such as consumer spending, weakened in response to increasing inflation risks, slower economic growth in key markets and geopolitical uncertainties.

Record semiconductor spend, industrial and solar stronger

Global wafer fab equipment (WFE) spending grew by around 9% in 2022 versus the previous record in 2021, reaching approximately USD 95 billion*. Growth was seen in both memory chips used in data storage as well as logic applications needed for data processing.

Demand was driven by higher unit demand and technology advances in semiconductor design as node sizes continue to shrink to 7 nanometers and smaller. These new production platforms require purer vacuum conditions in combination with more process steps performed under vacuum, leading to greater demand for VAT's high-end valve solutions. Very high capacity utilization in the semiconductor industry also drove record sales in the Global Service segment.

* Source: TechInsights/VLSI, January 2023

Net sales
in CHF million

1,145

2021: 901

Industrial markets were stronger in several sectors, especially scientific instruments that require high vacuum conditions for electron beam applications. Demand in industrial coatings was flat, in part reflecting market softness in consumer electronics spending as the result of higher inflation and other macroeconomic uncertainties.

Solar photovoltaic markets continued to show strong demand, especially from China, while demand in the display market remained soft.

Continued focus on technology and operational excellence
VAT continued to make significant investments in technology innovation, which is a major driver of both growth and profitability. In 2022, R&D investments amounted to CHF 50 million, or 5% of net sales.

Specification wins, in which VAT successfully collaborates with customers to develop new tools for coming generations of semiconductor equipment, remained at high levels in 2022. These help consolidate VAT's market lead and provide a clearer view of future sales.

VAT also continued to reap the benefits of its flexible global footprint by expanding production in Malaysia by about 60% to over CHF 270 million. In addition, the company continued to make operational improvements, especially in the area of procurement, as supply chain challenges persisted in 2022. Cost reduction measures, coupled with certain price increases, helped offset rising input costs from higher raw materials, energy, and logistics expenses.

Third consecutive year of record results
Against this background of strong demand, continued market and technology leadership and improving operational performance, VAT reported record net sales, EBITDA, EBITDA margin, free cash flow and net income in 2022.

Total orders amounted to CHF 1,210 million, down 2% from 2021, primarily the result of the comparison with very strong orders in the fourth quarter of last year when many customers placed orders early in order to manage expected supply bottlenecks. The order backlog at the end of 2022 stood at CHF 518 million, 12% higher than at the end of the previous year. This increase partly reflects delays in executing orders because of supply constraints.

Group net sales in 2022 reached a new record of CHF 1,145 million, up 27% versus the previous year. Net sales achieved record levels in both the Valves and Global Service segments, growing 28% in Valves to CHF 933 million and 24% higher to CHF 213 million in Global Service. Foreign exchange movements, especially in the US dollar against the Swiss franc, had no material impact on 2022 Group net sales.

EBITDA margin
EBITDA as % of net sales

35.0

2021: 34.2

Net income
in CHF million

306

2021: 217

Gross profit* increased 29% compared with 2021 to CHF 734 million. The gross profit margin improved to 64% compared with 63% a year earlier, despite ongoing price pressure in certain raw materials and components.

Confirming VATs operational leverage and productivity improvements, personnel costs as a percentage of net sales decreased to 20% in 2022 from 22% a year earlier. Personnel costs increased 14% in absolute terms as the result of an 18 % increase in the number of employees (measured as full-time equivalents, FTEs) to 2,991 from 2,540 a year earlier.

EBITDA for the year increased by 30% to CHF 400 million, reflecting strong sales growth and execution of operational improvements. As a result, the full-year EBITDA margin improved from 34.2% in 2021 to a record 35.0%. Foreign exchange movements, primarily in the US dollar against the Swiss franc, had a positive impact of 0.1 percentage points on the reported 2022 EBITDA margin.

VAT's EBIT amounted to CHF 359 million, an increase of CHF 95 million, or 36%, compared with the year before. Compared with 2021, the EBIT margin increased by about 2 percentage points to 31%.

Below the EBIT line, VAT incurred substantially lower financing costs of CHF 3 million, less than half of the CHF 7 million reported a year earlier. This is mainly the consequence of higher finance income due to an adjustment of contingent considerations in connection with the change in timing expectations of revenues. At the same time, interest expense declined due to lower net foreign exchange losses on financing activities and lower other finance expenses.

Earnings before taxes (EBT) increased to CHF 356 million from CHF 258 million, up 38%. The effective tax rate for 2022 was 14%, down from 16% in 2021, driven by higher profits from Swiss entities, where statutory tax rates are lower.

As a result of these factors, and as indicated by company management during the year, realized net income attributable to shareholders substantially increased in 2021, amounting to CHF 307 million, an improvement of 41% compared with 2021.

On December 31, 2022, VAT's net debt amounted to CHF 37 million, representing a leverage ratio expressed as net debt-to-EBITDA of around 0.1 times. The year-end leverage improved by 0.2x compared with a year earlier. Average leverage over the course of 2022 was around 0.3 times net debt-to-EBITDA, as steady free cash flow generation continuously re-

* Gross profit = net sales minus cost of materials plus/minus changes in inventories of finished goods and work in progress

duced net debt after the seasonal peak at the end of May when VAT paid its dividend. The equity ratio at year-end amounted to 61% compared with 60% a year earlier.

Record EBITDA and free cash flow support increased dividend proposal
One of VAT's key performance indicators and the basis for its dividend consideration is free cash flow, which in 2022 reached a record CHF 228 million compared with CHF 196 million the previous year. Higher EBITDA not only offset the increase in trade working capital of about CHF 80 million and higher taxes paid but also higher capital expenditure (capex), which amounted to CHF 66 million in 2022 compared with CHF 44 million in 2021.

Capex amounted to approximately 6% of net sales in 2022, slightly above the company's guidance of 4–5% of sales. This is mainly due to investments in production capacity in Malaysia, where VAT is in the process of establishing a second factory scheduled to be opened in 2024, and investments in a new technology center in Haag, Switzerland.

At year-end 2022, net trade working capital amounted to CHF 297 million, approximately 36% higher than at the same time in 2021. Net trade working capital represented 26% of sales, a 2-percentage-point increase versus 2021, mainly due to the build-up of a buffer to meet supply chain constraints related to the high order backlog.

As a result, free cash flow as a percentage of net sales was 20% and the free cash flow conversion rate was at 57% of EBITDA. Free cash flow to equity amounted to CHF 225 million compared with CHF 192 million in 2021.

At its Annual General Meeting on May 16, 2023, VAT's Board of Directors will propose a dividend for the fiscal year ending December 31, 2022, of CHF 6.25 per registered share, an increase of CHF 0.75, or 14%. The whole amount of CHF 6.25 will be paid from the company's accumulated gains. The proposal amounts to a total dividend amount of CHF 187.5 million, or 83.5% of VAT's free cash flow to equity.

Display and solar businesses realigned within Valves segment for 2023
As of Jan. 1, 2023, the Display & Solar business unit was dissolved, with the display business integrated into the Semiconductor business and the Solar business moved to the Advanced Industrial business unit. The moves are aimed at taking advantage of synergies and scale economies related to technology, business drivers and customer needs.

Sales guidance 2027
in CHF million

~2,000

2022 actual: 1,145

Lower demand expected in 2023 before return to growth in 2024

VAT expects investments in semiconductor manufacturing equipment to decline in 2023 in response to short-term market factors such as higher inflation, economic slowdowns in several key markets and ongoing geopolitical tensions and related macroeconomic risks.

For example, softer demand for smartphones and personal computing devices in 2022 resulting from lower consumer confidence in many markets, has led some chip manufacturers to temporarily reduce capacity in both semiconductors and displays. The impact of this trend was visible in the lower orders VAT recorded in the fourth quarter of 2022.

Slower-than-expected economic growth in China as a result of lockdowns related to the ongoing COVID-19 pandemic, and steps taken by some western governments to encourage reshoring of semiconductor manufacturing, have also led some market players to re-assess their short-term investment plans. As a result, market research indicates that WFE spending could fall 20–30% in 2023 before returning to growth in 2024 and beyond.

At the same time, chip manufacturers are expected to continue to invest in valve service and retrofit solutions in order to improve the productivity of their currently installed asset base. The increasing use of semiconductors in markets such as automotive is expected to partly mitigate lower chip demand forecast in other areas. The expansion of vacuum-based manufacturing into industries such as industrial coatings and e-beam applications may also partly offset lower demand in semiconductors, while solar photovoltaic demand is expected to remain strong as the transition to renewable energies continues in most parts of the world.

On this basis, VAT expects full-year sales and EBITDA in 2023 to be below the records set in 2022. However, the company expects to remain within its EBITDA margin target range of 32–37% by building its market position in leading-edge valve technologies, further strengthening its global footprint, and improving operational performance. VAT's Global Service business also provides a profitable buffer against cyclical swings in customer capital investments and the company will continue to improve its network of global service centers and its portfolio of valve upgrades and retrofits.

VAT intends to continue ramping up production and engineering services at its facility in Malaysia, increasing sourcing from best-cost countries, and gaining greater economies of scale in global supply chains. Significant investments in R&D will also continue, including its new technology innovation center in Switzerland.

Net income is also expected to be lower than in 2022, with capex forecast at CHF 80 – 85 million and free cash flow below the 2022 record but still at a high level.

Valves

VAT's Valves segment designs and delivers the industry's broadest range of high-precision vacuum valves. In 2022, the segment comprised three business units: Semiconductors, serving the semiconductor sector; Display & Solar, serving the high-end flat-panel display and solar photovoltaic markets; and Advanced Industrials for customers in a variety of industries and in scientific research*. The Valves segment operates manufacturing facilities in Switzerland, Malaysia and Romania, with sales, product development and engineering support in all major markets.

Demand in 2022 continued to grow strongly over most of the year, driven by the third year in a row of higher customer investments in wafer fabrication equipment (WFE), close to USD 95 billion. This was largely driven by long-term megatrends, such as the spread of personal digital devices, cloud computing, the Internet of Things and the rapid development of artificial intelligence.

The segment's other markets also developed positively in 2022. The use of vacuum-based manufacturing continued to expand into various industries, such as precision coatings and electron beam equipment used in medical applications, 3D printing and scientific research. Demand in the solar photovoltaic sector also grew again on the back of increasing demand for renewable energy and more efficient solar cell technologies. The displays market remained soft as investments to manufacture organic light emitting diode (OLED) displays were delayed.

Demand softened in the second half of 2022 as chip manufacturers began to reduce capital investments in response to short-term macroeconomic factors, such as increasing interest rates and announced trade restrictions towards China.

* As of Jan. 1, 2023, the Display & Solar business unit was dissolved, with the display business integrated into the Semiconductor business and the Solar business moved to the Advanced Industrials business unit. The moves are intended to take advantage of synergies and scale economies related to technology, business drivers and customer needs.

Key figures Valves

In CHF million	2022	2021	Change
Order intake	970.9	1028.8	–5.6%
– Semiconductor	730.4	772.2	–5.4%
– Display & Solar	64.9	93.3	–30.4%
– Advanced Industrials	175.6	163.3	7.5%
Net sales	932.7	729.2	27.9%
– Semiconductor	716.5	534.7	34.0%
– Display & Solar	71.1	65.6	8.4%
– Advanced Industrials	145.1	128.9	12.6%
Inter-segment sales	89.2	75.0	18.9%
Segment net sales	1,021.9	804.2	27.1%
Segment EBITDA	354.5	269.7	31.9%
Segment EBITDA margin	34.7%	33.4%	
Segment net operating assets	840.4	737.7	13.9%
of which net trade working capital	260.9	191.0	36.6%

Another year of strong sales in Semiconductors

The semiconductor market accounts for approximately 75% of VAT's total sales and is thus the key driver of growth. Net sales grew 34% to CHF 714 million, driven by higher spending earlier in the year in logic and memory chips, both legacy platforms as well as high-end applications for the latest generation of semiconductors. Softer demand in the second half of 2022 resulted in a 5% full-year order decline in the Semiconductor business unit, to CHF 730 million from CHF 772 million in the prior year.

The number of specification wins, in which VAT collaborates with customers to develop vacuum technologies for coming generations of wafer fabrication equipment, remained at high levels in 2022. The segment also increased sales of adjacent products, such as motion components and advanced modules.

VAT continued to bring new valves to market along with technologies that enhance the performance of its core products. The company also qualified new valve modules and advanced assemblies for equipment being designed for sub-5-nanometer applications, along with additional products for manufacture at its plant in Penang, Malaysia.

Advanced Industrials continues to grow

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 and scientific research. The business achieved another record order intake in 2022 of CHF 176 million, up 7% compared with the previous year, while net sales increased 13% to CHF 145 million.

Demand was strong across several markets, especially electron beam-related scientific instruments. The coatings market was flat in 2022 as the result of lower demand for consumer electronics related to the macroeconomic uncertainties that developed over the year.

Demand strong in Solar, soft in Displays

VAT's Solar & Display business unit, its smallest, serves the solar photovoltaic and displays markets with vacuum valve solutions similar to those used in the manufacture of semiconductors, which uses related manufacturing processes under very high vacuum conditions.

Orders in 2022 declined by 30% to CHF 65 million, mainly the result of ongoing delays in capital investments for the fabrication of OLED display which could not be offset by stronger spending on solar panel manufacturing, especially in China. Net sales increased by 8% to CHF 71 million.

Performance review 2022

Total orders in the Valves segment in 2022 amounted to CHF 971 million, down 5% from the previous year. Net sales reached CHF 933 million, an increase of 28% compared with CHF 729 million in 2021. The segment reported EBITDA of CHF 354.5 million, up 32% from the year before, and an EBITDA margin of 34.7% versus 33.4% in 2021. The improved profitability was due to volume effects, increasing demand for higher-end vacuum solutions, and ongoing operational improvements.

Market outlook 2023

The 2023 market outlook for the Valves segment presents a mixed picture. Lower capital spending in semiconductor manufacturing, reflecting ongoing macroeconomic uncertainties, is expected to continue. New investments in OLED displays are also forecast to remain muted. Growth is expected to continue for vacuum valve solutions in industrial markets and solar photovoltaic, and VAT intends to further drive targeted growth measures to gain share in product adjacencies such as motion and pressure controls, as well as expanding its industrial exposure in new technologies, such as electron beam applications.

Global Service

The Global Service segment had a record year in 2022, with significant growth in all major areas of the business: spare parts and gates, valve repair, and complete valves, including upgrades to existing VAT valves, retrofitting of competitor valves, and spare and subfab valves. The segment serves wafer fabrication equipment OEMs, as well as integrated device manufacturers (IDMs) who design and manufacture semiconductors in-house primarily for their own use, and foundries who manufacture chips on behalf of companies that design the semiconductors but who outsource their fabrication.

Growth is driven primarily by VAT's installed base of valves, currently some 1.5 million worldwide. The company's constantly increasing portfolio of valve upgrades and retrofits also supports growth, allowing VAT to increase market share with the OEMs. At the same time, VAT is implementing more targeted programs to support the IDMs and foundries with comprehensive service solutions.

Semiconductor manufacturers continued to invest heavily in new capacity through most of 2022, which drove record sales of subfab valves used to isolate the extremely clean process environments in the semiconductor "fab" from the pumps and chemical disposal systems typically located below the fab.

At the same time, utilization rates in the industry remained extremely high as fabs strove to achieve maximum productivity and throughput from their existing equipment. As a result, demand was also strong for consumables and spare parts.

The Global Service segment also moved and upgraded three of its eight global service centers in late 2021 and in 2022—in Japan, South Korea and Taiwan—to provide key customers in the region with even cleaner facilities for valve repair and maintenance.

Performance review 2022
Orders in the Global Service segment increased 20% year-on-year to a new record of CHF 239 million. Net sales grew 24% to CHF 213 million, also a record. Growth was reported in all businesses and was strongest in upgrades and retrofits, partly reflecting the launch of new control valve upgrades. EBITDA grew 23% versus 2021, to CHF 97 million. The EBITDA margin was 45% and slightly below the level of 2021.

Market Outlook 2023
With the semiconductor industry cycling into lower levels of fab utilization in 2023, VAT expects decreasing demand for consumables and spare parts. The company expects this to be largely mitigated, however, by growing demand for upgrades and retrofits as manufacturers look to improve yield and productivity. VAT's expanding portfolio of new valves and motion components is also expected to start opening new service opportunities, along with the launch of new service products specifically tailored to the different needs of legacy fabs wanting to maintain high utilization rates, as well as leading edge fabs that need transition to smaller node sizes.

Key figures Global Service

In CHF million	2022	2021	Change
Order intake	239.0	199.1	20.0%
Net sales	212.7	172.0	23.7%
Inter-segment sales	–	–	–
Segment net sales	212.7	172.0	23.7%
Segment EBITDA	96.6	78.8	22.6%
Segment EBITDA margin	45.4%	45.8%	
Segment net operating assets	131.8	122.3	7.8%
of which net trade working capital	36.4	27.6	31.9%

Consolidated financial statements for the financial year from January 1 to December 31, 2022

Consolidated income statement

January 1–December 31 In CHF thousand	Note	2022	2021
Net sales	**2.1, 2.2**	**1,145,479**	**901,159**
Raw materials and consumables used		–443,884	–362,337
Changes in inventories of finished goods and work in progress		32,101	31,648
Personnel expenses	4.1	–230,261	–201,162
Other income	2.3	8,962	11,486
Other expenses	2.4	–111,984	–72,874
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]		**400,414**	**307,920**
Depreciation, amortization and impairment		–40,969	–43,058
Earnings before interest and taxes (EBIT)[1]		**359,446**	**264,862**
Finance income	5.1	2,233	239
Finance costs	5.1	–5,229	–7,366
Earnings before income taxes		**356,450**	**257,735**
Income tax expenses	6.1	–49,671	–40,295
Net income attributable to owners of the Company		**306,779**	**217,440**
Earnings per share (in CHF)			
Basic earnings per share	5.4	10.23	7.25
Diluted earnings per share	5.4	10.22	7.24

1 Interest includes other items as reported in the financial results

Consolidated statement of comprehensive income

January 1–December 31 In CHF thousand	Note	2022	2021
Net income attributable to owners of the Company		306,779	217,440
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	4.3	11,735	12,533
Related tax	6.1	–1,702	–1,817
Subtotal		**10,033**	**10,716**
Items that are or may be subsequently reclassified to profit or loss:			
Changes in the fair value of hedging reserves		2,583	–1,948
Related tax	6.1	–375	282
Currency translation adjustments		–5,591	–327
Subtotal		**–3,383**	**–1,993**
Other comprehensive income for the period (net of tax)		**6,650**	**8,723**
Total comprehensive income for the period attributable to owners of the Company		**313,429**	**226,163**

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 84 ff.

Consolidated balance sheet

In CHF thousand	Note	Dec 31, 2022	Dec 31, 2021
Assets			
Cash and cash equivalents		174,365	127,152
Trade and other receivables	3.1	163,204	124,548
Other investments, including derivatives	5.5	10,801	4,610
Prepayments and accrued income		9,621	4,047
Inventories	3.2	229,247	152,763
Current tax assets		2,602	563
Current assets		**589,839**	**413,684**
Property, plant and equipment	3.3	204,320	158,538
Investment properties		1,673	1,723
Intangible assets and goodwill	3.4	470,560	482,746
Other receivables	3.1	1,157	1,968
Other investments		876	861
Deferred tax assets	6.1	6,360	5,347
Non-current assets		**684,947**	**651,183**
Total assets		**1,274,786**	**1,064,867**

In CHF thousand	Note	Dec 31, 2022	Dec 31, 2021
Liabilities			
Trade and other payables	3.5	133,408	79,769
Loans and borrowings	5.3	202,998	2,105
Provisions	3.7	2,246	2,520
Derivative financial instruments	5.2	3,265	932
Accrued expenses and deferred income	3.6	42,360	43,954
Current tax liabilities		47,700	30,145
Current liabilities		**431,977**	**159,425**
Loans and borrowings	5.3	8,184	204,837
Other non-current liabilities		2,211	2,619
Deferred tax liabilities	6.1	49,358	49,821
Defined benefit obligations	4.3	2,737	13,796
Non-current liabilities		**62,490**	**271,072**
Total liabilities		**494,466**	**430,497**
Equity			
Share capital	5.4	3,000	3,000
Share premium		344	6,479
Reserves		1,223	4,606
Treasury shares	5.4	–5,317	–4,501
Retained earnings[1]		781,069	624,786
Total equity attributable to owners of the Company		**780,320**	**634,370**
Total liabilities and equity		**1,274,786**	**1,064,867**

1 Includes remeasurements of DBO and other reserves

The above consolidated balance sheet should be read in conjunction with the accompanying notes, which can be found in the VAT annual report page 84 ff.

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, 2021	**3,000**	**73,969**	**4,114**	**2,485**	**–414**	**461,419**	**544,573**
Net income attributable to owners of the Company						217,440	217,440
Total comprehensive income for the period attributable to owners of the Company			–1,665	–327		10,716	8,723
Treasury shares acquired					–4,344		–4,344
Dividend payment		–67,491				–67,491	–134,982
Share-based payments (net of tax)					257	2,703	2,960
Equity as of Dec 31, 2021	**3,000**	**6,479**	**2,448**	**2,158**	**–4,501**	**624,786**	**634,370**

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings	Total equity
Equity as of Jan 1, 2022	**3,000**	**6,479**	**2,448**	**2,158**	**–4,501**	**624,786**	**634,370**
Net income attributable to owners of the Company						306,779	306,779
Total comprehensive income for the period attributable to owners of the Company			2,208	–5,591		10,033	6,650
Treasury shares acquired					–4,459		–4,459
Dividend payment		–7,498				–157,459	–164,957
Reclassification[1]		1,363				–1,363	0
Share-based payments (net of tax)					3,644	–1,708	1,936
Equity as of Dec 31, 2022	**3,000**	**344**	**4,657**	**–3,433**	**–5,317**	**781,069**	**780,320**

[1] Transaction costs from the IPO in 2016 were treated differently in the consolidated financial statements than in the statutory financial statements of VAT Group AG. This reclassification aligns the share premium in the consolidated financial statements with the share premium of the statutory financial statements of VAT Group AG.

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 84 ff.

Consolidated statement of cash flows

January 1–December 31 In CHF thousand	Note	2022	2021
Net income attributable to owners of the Company		**306,779**	**217,440**
Adjustments for:			
Depreciation, amortization and impairment		40,969	43,058
(Profit)/loss from disposal of property, plant and equipment		–17	–114
Change in defined benefit obligations		752	760
Net impact from foreign exchange		5,737	824
Income tax expenses	6.1	49,671	40,295
Net finance costs	5.1	2,996	7,127
Other non-cash-effective adjustments		2,063	1,082
Change in trade and other receivables		–43,831	–31,143
Change in prepayments and accrued income		–5,743	–2,089
Change in inventories		–81,035	–47,779
Change in trade and other payables		54,587	33,408
Change in accrued expenses and deferred income		–1,092	7,558
Change in provisions		–352	–93
Cash generated from operations		331,485	270,336
Income taxes paid		–37,517	–30,546
Cash flow from operating activities		**293,968**	**239,790**
Purchases of property, plant and equipment		–58,974	–32,425
Proceeds from sale of property, plant and equipment		17	327
Purchases of intangible assets and development expenditure		–7,265	–10,542
Acquisition of subsidiary, net of cash acquired		0	–1,586
Interest received		426	131
Cash flow from investing activities		**–65,797**	**–44,095**
Proceeds from borrowings	5.3	80,000	110,000
Repayments of borrowings	5.3	–80,000	–170,000
Repayments of lease liabilities	5.3	–3,164	–2,433
Purchase of own shares		–4,459	–4,344
Dividend paid	5.4	–164,957	–134,982
Interest paid		–3,575	–3,732
Other finance expenses paid		–1,082	–1,217
Cash flow from financing activities		**–177,238**	**–206,707**
Net increase/(decrease) in cash and cash equivalents		**50,933**	**–11,012**
Cash and cash equivalents at beginning of period		127,152	137,871
Effect of movements in exchange rates on cash held		–3,720	292
Cash and cash equivalents at end of period		**174,365**	**127,152**

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 84 ff.

Statutory financial statements VAT Group AG for the financial year from January 1 to December 31, 2022

Income statement

January 1–December 31 In CHF thousand	Note	2022	2021
Dividend income		170,000	120,000
Interest income		1,001	1,189
Other financial income	3.1	7	1,217
Total income		**171,008**	**122,406**
Interest expenses		–3,302	–3,374
Other financial expenses		–1,317	–2,369
Personnel expenses		–1,209	–958
Other operating expenses	3.2	–2,216	–1,287
Total expenses		**–8,045**	**–7,988**
Direct tax		–62	–262
Gain for the period		**162,901**	**114,156**

Balance sheet

As of December 31 In CHF thousand	Note	2022	2021
Assets			
Cash and cash equivalents		1,432	5,520
Other receivables due from third parties		73	40
Prepayments and accrued income		533	277
Current assets		**2,038**	**5,837**
Financial assets	3.4	1,004	71
Loans granted to companies in which the entity holds an investment		73,330	71,840
Investments in subsidiaries	3.3	868,724	502,850
Non-current assets		**943,058**	**574,762**
Total assets		**945,095**	**580,599**
Liabilities			
Short-term interest-bearing liabilities due to third parties	3.4	200,000	0
Other payables		1,609	27
Short-term provisions		67	237
Accrued expenses and deferred income	3.5	2,942	2,839
Current liabilities		**204,618**	**3,103**
Long-term interest-bearing liabilities due to third parties	3.4	0	200,000
Non-current liabilities		**0**	**200,000**
Total liabilities		**204,618**	**203,103**
Equity	3.6		
Share capital		3,000	3,000
Legal capital reserves:			
– Reserves from capital contributions		344	7,842
– Other capital reserves		3,682	3,682
Accumulated gains:			
– Profit/loss brought forward	3.7	575,867	253,317
– Gain for the period		162,901	114,156
Treasury shares	3.8	–5,317	–4,501
Total equity attributable to owners of the Company		**740,478**	**377,496**
Total liabilities and equity		**945,095**	**580,599**

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	2022
Balance brought forward	**575,867**
Gain for the period	162,901
Total accumulated gains	**738,768**

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

In CHF thousand	2022
Dividend payment	–187,500
Total accumulated gains to be carried forward	**551,268**

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 own 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
2023	
Thursday, April 13, 2023	Q1 2023 trading update
Friday, May 5, 2023	Record date, closing of share register, 5.00 pm CEST
Tuesday, May 16, 2023	Annual General Meeting, St Gallen, Switzerland
Friday, May 19, 2023	Ex-date
Wednesday, May 24, 2023	Dividend payment
Thursday, July 27, 2023	Half-year 2023 results
Thursday, October 12, 2023	Q3 2023 trading update
2024	
Thursday, March 7, 2024	Q4 and Full-Year 2023 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 statement
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 2023:

VAT expects semiconductor equipment investments to decline in 2023 on increased inflation risks and other short-term macro-economic factors, before recovering in 2024.

VAT expects 2023 full-year sales* and EBITDA to be below the records set in 2022, and EBITDA margin in the target range of 32–37%. Net income and free cash flow are also expected to be lower.

* At constant foreign exchange rates

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