HALF-YEAR REPORT 2021:

Record Q2 and H1 2021 results driven by continued high market growth and strong business execution; second half 2021 results expected to be above first six months.

Q2 2021 results

- Group orders up 43% and sales up 29% vs 2020; driven by technology advances and investments in additional chip manufacturing capacity due to accelerating pace of digitization
- Strong operational performance amid supply chain risk; increased global footprint and supply chain strengthens production continuity

Half-year 2021 results

- VAT benefits from leading market position and technological leadership
- Orders up 38% year-on-year, sales increased by 31% vs H1 2020
- Record EBITDA margin of 33.9%, up 420 basis points on operational leverage and strong productivity and cost focus

Outlook for remainder of 2021

- Global semiconductor capex outlook remains very positive and industrial recovery is expected to continue; supply chain challenges remain a risk factor
- VAT expects H2 results to be higher than in the first six month of the year, FY 2021 sales, EBITDA, EBITDA margin, net income and free cash flow to be substantially above 2020
- 2021 capital expenditure at circa CHF 40 million

Guidance for Q3 2021

- VAT expects sales of CHF 220–230 million (includes Q3 supply chain risk)

PASSION. PRECISION. PURITY.

Key figures

In CHF million	6M 2021	6M 2020	Change
Order intake	494.2	358.1	38.0%
Order backlog	218.3	153.5	42.2%
Net sales	416.4	318.9	30.6%
Gross profit	263.0	201.6	30.5%
Gross profit margin	63.2%	63.2%	
EBITDA	141.2	94.8	49.0%
Adjusted EBITDA margin	33.9%	29.7%	
EBIT	120.6	74.4	62.1%
EBIT margin	29.0%	23.3%	
Net income	99.2	55.7	78.0%
Net income margin	23.8%	17.5%	
Earnings per share (in CHF)	3.31	1.86	78.0%
Cash flow from operating activities	73.6	51.5	42.8%
Capex	13.0	11.6	11.6%
Capex margin	3.1%	3.7%	
Free cash flow[1]	60.7	39.9	52.1%
Free cash flow margin	14.6%	12.5%	
Free cash flow conversion rate	43.0%	42.1%	

In CHF million	2021 as of June 30	2020 as of June 30	
Total assets	1,014.2	1,005.5	0.9%
Total liabilities	487.4	546.8	−10.9%
Equity	526.8	458.7	14.8%
Net debt	207.5	230.0	−9.8%
Number of employees (FTEs)	2,258	2,013	+12.2%

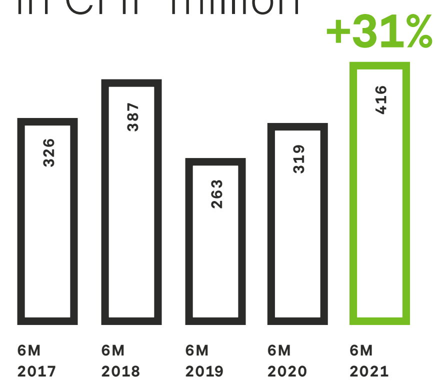
1 Free cash flow is calculated as cash flow from operating activities minus cash flow from investing activities.

Net sales
in CHF million

416.4

2020 **318.9**

Net sales development
in CHF million



EBITDA
in CHF million

141.2

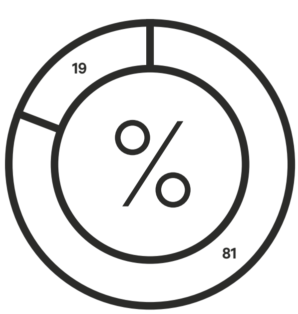
2020 **94.8**

EBITDA margin
in %

33.9

2020 **29.7**

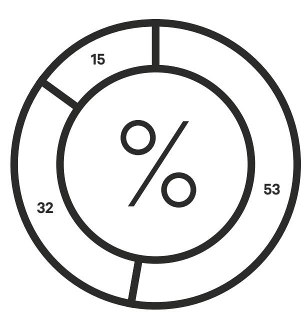
Net sales
by segment



81 VALVES
19 GLOBAL SERVICE

2020
82 VALVES
18 GLOBAL SERVICE

Net sales
by region



53 ASIA
32 AMERICAS
15 EMEA

2020
54 ASIA
31 AMERICAS
15 EMEA

Free cash flow
in CHF million

60.7

2020 **39.9**

Strong market growth driven by chip shortage and ongoing technology innovation

Q2 2021 summary
In Q2 2021, VAT experienced continued strong market growth driven by the global shortage of semiconductors and ongoing technology advances. Investments in the semiconductor industry reached record levels as the chip shortage required investments in additional capacity in both new chip technologies and legacy platforms, driving record sales in both the Semiconductor and Global Services business units. Growth was supported by VAT's strong business execution capabilities across all its markets. In addition, the Advanced Industrials business unit fully captured the growth opportunities resulting from the recovering market, supported by recent strategic initiatives in a number of key areas. The Display & Solar business unit showed the expected weaker performance versus the prior-year period, although to a smaller extent than originally forecast. At the same time, supply chain disruptions due to high demand and impacts of COVID-19 were less severe than expected. The increased global footprint further strengthened VAT's production continuity.

As a result, and as preannounced on July 15, 2021, Q2 net sales reached CHF 224 million, a 29% increase compared with the same quarter in 2020 and above the guidance of CHF 205–215 million the company provided in April. Order intake in the second quarter grew 43% to CHF 254 million, resulting in a Q2 book-to-bill ratio of 1.13.

Q2 segment review
The Valves segment – VAT's largest business and the one most exposed to the semiconductor sector – reported record net sales of CHF 183 million in the second quarter, a 28% increase compared with the same period a year earlier. Net sales in Global Service were 35% higher at CHF 41 million.

Six-month 2021 summary
VAT's order intake in the first half of 2021 was CHF 494 million, an increase of 38% compared with the previous year. The order backlog at the end of June was CHF 218 million, 42% higher than at the end of the same period in 2020.

Group net sales grew 31% to CHF 416 million in the first six months compared with the same period in 2020. Foreign exchange rate movements (especially in USD) had a negative impact on VAT's net sales growth of about 5%. Based on preliminary market analysis from VLSI research, VAT further increased its leading market share across all industries to 58%. The company's market share in semiconductors reached 74%.

The solid growth in orders and net sales in the first half of 2021 reflects the ongoing strength in VAT's key semiconductor market, coupled with a recovery of the industrial sectors following the COVID-19-induced slowdown in 2020. Strong business execution coupled with VAT's technology leadership further supported VAT's overall performance.

Segment review
In the Valves segment, orders and sales increased by 37% and 29% in the first half of 2021, to records of CHF 403 million and CHF 339 million, respectively. This increase was led by the Semiconductor business unit, which benefited from an unprecedented upswing in capital expenditures (capex) in the semiconductor industry. In addition, the expansion of VAT's key account model and progress in the strategy to tap new growth opportunities in adjacent market segments added to the strong performance. The Advanced Industrials business unit continued its recovery, driven mainly by both the base and the project business. The coating business grew significant-

ly in markets like Japan, China or Germany, while the automotive business recovered strongly in Europe and Asia. In addition, VAT's strategic initiatives of leveraging existing product offerings into new markets paid off as well. As expected, sales in the Display & Solar business were lower, mainly due to the display sector where the lack of new customer investments in OLED technologies were not offset by the LCD-related businesses. Sales increased in the Solar business, as investments into new production capacities using high-efficiency PERC photovoltaic cell technology continued.

The Global Service segment reported 45% higher orders year-on-year and a record sales volume of CHF 78 million, up 40% compared to the first six months of 2020. This reflects customers' very high utilization rates coupled with the strong increase in the building of new semiconductor fabs worldwide. This has led to strong demand for VAT's entire service portfolio of products including consumables, valve repair, valve upgrades, and valves used in pumping and abatement systems.

Strong EBITDA reflects higher volumes and operational leverage

Gross profit[1] for the first six months of 2021 amounted to CHF 263 million, an increase of 31%. The gross profit margin[2] was unchanged at 63% compared to the previous year period.

EBITDA for the first half of the year increased 49% to CHF 141 million and the EBITDA margin reached 33.9% versus 29.7% a year earlier, reflecting the improved operational leverage resulting from higher volumes, as well as the company's strong ongoing focus on productivity and cost. EBIT for the first six months of 2021 increased 62% to CHF 121 million, leading to an EBIT margin of 29.0%.

VAT reported net finance costs of CHF 2.5 million for the first six months, a substantial reduction versus the CHF 10 million recorded in the first six months of 2020. This reflects the absence of foreign exchange losses in 2021 that were recorded on loans and bank balances in 2020. The effective tax rate for the first six months of 2021 was 16% compared with 14% a year earlier. The change in the effective tax rate was mainly caused by higher volumes from foreign production sites where statutory tax rates are usually higher than in Switzerland. For the full year, VAT continues to expect the tax rate to normalize towards a long-term level of 18–20%.

Higher sales and EBITDA combined with the lower finance charge led to a first-half 2021 net income of CHF 99 million, 78% higher than in the first six months of 2020.

On June 30, 2021, net debt amounted to CHF 208 million compared to CHF 230 million at the end of 2020. The leverage ratio on a last-twelve-month (LTM) basis and measured as net debt to EBITDA was 0.8 times. The equity ratio on June 30, 2021 was at 51.9%.

Investments in innovation and execution of internal improvement measures key for future success

Innovation and customer focus are two key drivers of VAT's sustainable success, together with ongoing improvements in operational productivity, efficiency and flexibility. With this focus, VAT aims to deliver sustainable growth and value for all its stakeholders. During the first six months of 2021, the company again achieved a high number of specification wins, especially in high-end vacuum valves needed for the next generation of advanced semiconductors, where VAT is the clear market leader. These spec wins form the basis for future profitable growth.

Operationally, total factory output at the company's production sites in Switzerland, Malaysia and Romania increased 26% compared with the first half of 2020, despite the COVID-19 pandemic. Further capacity increases are being implemented to meet expected demand growth as the market upturn continues. VAT's Malaysian factory continues its ramp-up and is on target to increase output by more than 70% compared with 2020. This reflects both the compa-

1 Gross profit is calculated as net sales minus costs of raw materials and consumables used plus/minus changes in inventory of finished goods and work in progress.
2 Gross profit margin: gross profit as a percentage of net sales

ny's Best-Cost Country strategy for improved productivity as well as its ambition to further deepen customer relationships by strengthening its capabilities closer to its customers. In addition, VAT is taking measures to secure critical areas of the supply chain by, for example, targeting the increased global demand for material and electronic components.

Sales-driven increase in net working capital impacts free cash flow generation

Free cash flow in the first six months of 2021 amounted to CHF 61 million, 52% higher than the year before. Capital expenditures of CHF 13 million in the first half of the year were some 12% higher than the previous year, reflecting continued investments in new equipment in Switzerland and Malaysia. Net working capital (NWC) requirements also grew in the first half to support the strong sales increase. As a percentage of LTM net sales, NWC remained at around 28%. VAT maintains its mid-term NWC guidance of about 20% of LTM net sales over the cycle; however, the current strong market growth coupled with certain supply chain risks warrant temporarily higher inventory levels for critical materials, parts or electronic components.

The free cash flow margin for the first six months of the year was 15%, and the free cash flow conversion rate was 43% of EBITDA.

At the end of June 2021, VAT had 2,258 employees worldwide (measured as full-time equivalents, FTEs), an increase of 245 FTEs versus the end of June 2020 and 217 more compared with the end of 2020.

Full-year 2021 outlook: favorable demand and market share gains expected

The medium-term growth drivers for VAT – mainly in the semiconductor industry, VAT's largest end market – remain firmly in place. Megatrends such as the Internet of Things, cloud computing and artificial intelligence have been boosted by pandemic-related developments, such as the shift to home office and the sharp increase in e-commerce.

Technology advances in logic and memory chips also continue to drive further growth. As node sizes shrink and chip architectures change, the need for purer vacuums and the number of process steps under vacuum also increase. Vacuum-based production processes are also critical in the displays and solar photovoltaic (PV) markets and continue to gain importance in other industries.

The current capacity shortage in many semiconductor chip categories requires additional capex from chip producers, and several players have announced higher capex budgets for 2021 and well into 2022. Market analysts now estimate that investments in wafer fab equipment in 2021 could increase more than 30% to around USD 85 billion, compared with the previous record level of USD 64 billion in 2020. The main growth will come from new chip technologies, which often require more, and more sophisticated, vacuum valves. As the clear market and technology leader, VAT is well positioned for continued profitable growth.

In displays, investments in large OLED screens and additional capacity for smartphones are expected to remain muted. Declining investments in LCD displays are forecast to continue, leading to a generally softer market in 2021. However, recent market data suggest that the trough in displays could be reached during 2021. In solar PV, the current investment cycle in PERC technology is expected to continue, while the shift to higher-efficiency heterojunction (HJT) solar cells is forecast to occur at a later stage.

The market rebound for advanced industrials valves remains positive, driven by both a general global economic recovery plus expected strong growth in China. In addition, upgrades of large synchrotrons globally continue especially in the US, and Asia. The company also expects to make further progress in the area of scientific instruments with several prototype deliveries.

VAT's Global Service segment is also expected to grow, driven not only by demand in its main semiconductors market but also by new product launches as well as the increase of its large installed base, which is opening additional opportunities for upgrades and retrofits.

On this basis, VAT expects its full-year 2021 business performance to be substantially higher compared with 2020. Full-year orders, net sales, EBITDA and EBITDA margin are expected to increase and also net income is forecast to be substantially higher than in 2020.

The stronger operational performance is also expected to drive substantially higher free cash flow in 2021, despite a planned increase in capital expenditure to approximately CHF 40 million and growth investments in working capital.

Guidance for Q3 2021

VAT expects net sales[1] in the third quarter of 2021 of CHF 220–230 million (includes Q3 supply chain risk).

Key figures Valves

In CHF million	Q2 2021	Q2 2020 Restated	Change[1]	6M 2021	6M 2020 Restated	Change[2]
Order intake	202.6	144.9	+39.8%	403.3	295.3	+36.6%
Semiconductors	148.0	104.7	+41.3%	288.7	203.2	+42.1%
Display & Solar	17.3	13.5	+28.4%	37.8	37.4	+1.1%
Advanced Industrials	37.4	26.8	+39.6%	76.8	54.7	+40.3%
Net sales	182.8	142.7	+28.1%	338.8	263.6	+28.5%
Semiconductors	133.5	96.1	+39.0%	245.5	175.9	+39.6%
Display & Solar	16.9	22.8	–25.7%	31.5	42.7	–26.3%
Advanced Industrials	32.3	23.8	+35.8%	61.8	45.0	+37.2%
Inter-segment sales	18.0	13.3	+35.0%	34.2	24.8	+37.6%
Segment net sales	200.8	156.0	+28.7%	372.9	288.5	+29.3%
Segment EBITDA				124.5	89.4	+39.3%
Segment EBITDA margin[3]				33.4%	31.0%	

Key figures Global Service

In CHF million	Q2 2021	Q2 2020	Change[1]	6M 2021	6M 2020	Change[2]
Order intake	50.9	31.9	+59.7%	90.9	62.8	+44.6%
Net sales	41.4	30.8	+34.5%	77.6	55.3	+40.4%
Inter-segment sales	–	–	–	–	–	–
Segment net sales	41.4	30.8	+34.5%	77.6	55.3	+40.4%
Segment EBITDA				35.2	22.5	+56.4%
Segment EBITDA margin[2]				45.4%	40.7%	

1 Quarter-on-Quarter
2 Year-on-Year
3 Segment EBITDA margin as a percentage of Segment net sales

Starting January 1, 2021, VAT integrated the former segment Industry into the Valves segment and in particular into the business unit Advanced Industrials (formerly General Vacuum) as the type of this business organizationally fits better into this business unit. The Group now reports in two segments: Valves, which encompasses the development, production, sales of vacuum valves and components, and the Services segment, which comprises spare parts, upgrades and retrofits and the maintenance business of the Group. The Valves segment consists of the three business units Semiconductors, Display & Solar, and Advanced Industrials. Starting 2021, VAT will separately disclose orders and net sales of these three business units in an effort to further increase the transparency of its reporting. As a consequence, the reported segment figures have been restated accordingly.

Consolidated income statement

January 1–June 30 In CHF thousand	Note	2021 unaudited	2020 unaudited
Net sales	**4, 5, 6**	**416,381**	**318,932**
Raw materials and consumables used	6	–174,030	–144,199
Changes in inventories of finished goods and work in progress		20,627	26,841
Personnel expenses	6, 8	–99,042	–87,089
Other income		9,270	7,375
Other expenses	6	–31,989	–27,105
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]		**141,218**	**94,755**
Depreciation and amortization		–20,626	–20,350
Earnings before interest and taxes (EBIT)[1]		**120,591**	**74,405**
Finance income		310	69
Finance costs		–2,760	–9,980
Earnings before income taxes		**118,142**	**64,494**
Income tax expenses	6	–18,932	–8,766
Net income attributable to owners of the Company		**99,210**	**55,727**
Earnings per share (in CHF)			
Basic earnings per share		3.31	1.86
Diluted earnings per share		3.31	1.86

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

Consolidated statement of comprehensive income

January 1–June 30 In CHF thousand	Note	2021 unaudited	2020 unaudited
Net income attributable to owners of the Company		**99,210**	**55,727**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	11	13,751	–135
Related tax	11	–1,994	20
Subtotal		**11,757**	**–115**
Items that are or may be subsequently reclassified to profit or loss:			
Changes in the fair value of hedging reserves		–7,191	–1,699
Related tax		1,043	238
Currency translation adjustments		1,062	766
Subtotal		**–5,086**	**–696**
Other comprehensive income for the period (net of tax)		**6,671**	**–811**
Total comprehensive income for the period attributable to owners of the Company		**105,881**	**54,916**

Consolidated balance sheet

In CHF thousand	Note	30.06.2021 unaudited	31.12.2020 audited
Assets			
Cash and cash equivalents		87,731	137,871
Trade and other receivables		136,226	94,679
Other investments, including derivatives	12	1,398	6,871
Prepayments and accrued income		4,462	1,773
Inventories		135,449	104,749
Current tax assets		668	233
Current assets		**365,933**	**346,176**
Property, plant and equipment		140,800	146,468
Investment properties		1,748	1,773
Intangible assets and goodwill		497,693	498,600
Trade and other receivables		1,651	1,825
Other investments		853	846
Deferred tax assets		5,500	5,930
Non-current assets		**648,246**	**655,442**
Total assets		**1,014,180**	**1,001,619**

In CHF thousand	Note	30.06.2021 unaudited	31.12.2020 audited
Liabilities			
Trade and other payables		55,966	48,981
Loans and borrowings	10	91,392	61,522
Provisions		2,571	2,615
Derivative financial instruments	12	4,292	26
Accrued expenses and deferred income		45,740	32,105
Current tax liabilities		23,180	22,793
Current liabilities		**223,141**	**168,042**
Loans and borrowings	10	203,870	204,817
Other non-current liabilities		282	265
Deferred tax liabilities		47,610	47,591
Defined benefit obligations		12,453	25,552
Non-current liabilities		**264,214**	**278,225**
Total liabilities		**487,355**	**446,266**
Equity			
Share capital		3,000	3,000
Share premium		6,479	73,969
Reserves		1,512	6,598
Treasury shares		–1,320	–414
Retained earnings		517,154	472,199
Total equity attributable to owners of the Company		**526,825**	**555,352**
Total liabilities and equity		**1,014,180**	**1,001,619**

Consolidated statement of changes in equity

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings[1]	Total equity
VAT Group AG Equity as of 01.01.2020	**3,000**	**133,950**	**2,663**	**3,215**	**–571**	**381,179**	**523,436**
Net income attributable to owners of the Company						55,727	55,727
Total comprehensive income for the period attributable to owners of the Company			–1,462	766		–115	–811
Dividend payment		–59,981				–59,981	–119,961
Purchase treasury shares					–55		–55
Share-based payments (net of tax)					211	181	392
Equity as of 30.06.2020 unaudited	**3,000**	**73,969**	**1,201**	**3,981**	**–414**	**376,991**	**458,729**

In CHF thousand	Share capital	Share premium	Hedging reserves	Translation reserves	Treasury shares	Retained earnings[1]	Total equity
VAT Group AG Equity as of 01.01.2021	**3,000**	**73,969**	**4,114**	**2,485**	**–414**	**472,199**	**555,352**
Net income attributable to owners of the Company						99,210	99,210
Total comprehensive income for the period attributable to owners of the Company			–6,148	1,062		11,757	6,671
Dividend payment		–67,491				–67,491	–134,982
Purchase treasury shares					–1,163		–1,163
Share-based payments (net of tax)					257	1,479	1,736
Equity as of 30.06.2021 unaudited	**3,000**	**6,479**	**–2,035**	**3,547**	**–1,320**	**517,154**	**526,825**

1 Includes remeasurements of DBO and other reserves.

Consolidated statement of cash flows

January 1–June 30 In CHF thousand	Note	2021 unaudited	2020 unaudited
Net income attributable to owners of the Company		**99,210**	**55,727**
Adjustments for:			
Depreciation and amortization		20,626	20,350
(Profit)/loss from disposal of property, plant and equipment		–26	–15
Change in defined benefit obligations		638	1,507
Net impact from foreign exchange		573	227
Income tax expenses	6	18,932	8,766
Net finance costs		2,450	9,911
Other non-cash-effective adjustments		641	152
Change in trade and other receivables		–39,920	–19,677
Change in prepayments and accrued income		–2,669	3
Change in inventories		–29,369	–32,608
Change in trade and other payables		7,023	–1,162
Change in accrued expenses and deferred income		15,006	11,189
Change in provisions		–45	–48
Cash generated from operations		93,070	54,321
Income taxes paid		–19,456	–2,774
Cash flow from operating activities		**73,614**	**51,548**
Purchases of property, plant and equipment		–4,498	–2,861
Proceeds from sale of property, plant and equipment		80	25
Purchases of intangible assets		–8,589	–8,870
Interest received		51	60
Cash flow from investing activities		**–12,956**	**–11,646**
Purchase of treasury shares		–1,163	–55
Proceeds from borrowings	10	110,000	120,000
Repayments of borrowings	10	–80,000	–39,094
Repayments of lease liabilities		–1,245	–1,324
Dividend paid	7	–134,982	–119,961
Interest paid		–3,471	–3,597
Other finance expenses paid		–654	–386
Cash flow from financing activities		**–111,515**	**–44,416**
Net increase/(decrease) in cash and cash equivalents		**–50,858**	**–4,515**
Cash and cash equivalents at beginning of period		137,871	109,822
Effect of movements in exchange rates on cash held		717	–1,153
Cash and cash equivalents at end of period		**87,731**	**104,154**

Notes to the condensed consolidated interim financial statements

1. General information

VAT Group AG ("the Company") is a limited liability company incorporated in accordance with Swiss law. The registered office of the Company is Seelistrasse 1, 9469 Haag, Switzerland.

The condensed consolidated interim financial statements as at and for the six-month period ended June 30, 2021 comprise VAT Group AG and all companies under its control (together referred to as "VAT" or "Group").

The Group develops, manufactures and sells vacuum valves for the semiconductor, displays, photovoltaics and vacuum-coating industries as well as for the industrial and research sector.

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on August 4, 2021.

2. Basis of accounting of half-year report

The consolidated interim financial statements of the Group are presented in a condensed form and have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 "Interim Financial Reporting" and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2020. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

In general, the sales of the Group are not subject to significant seasonal variations.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Estimates and underlying assumptions are reviewed frequently. Revisions to estimates are recognized prospectively. Important estimates and assumptions with related uncertainties primarily affect intangible assets and goodwill, property, plant and equipment, income taxes, employee benefits and provisions.

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2020. A number of new standards are effective from January 1, 2021, but they do not have a material effect on the Group's financial statements.

4. Segment information

Starting January 1, 2021, VAT integrated the former segment Industry into the Valves segment and in particular into the business unit Advanced Industrials (formerly General Vacuum) as the type of this business organizationally fits better into this business unit. The Group now reports in two segments: Valves and the Global Service segment. Prior-year figures have been restated. The segment information is presented as provided to the Board of Directors and the Group Executive Committee in their role as Chief Operating Decision Maker (CODM) and measured in a manner consistent with that of the financial statements. Sales between the segments are carried out at arm's length and are eliminated on consolidation.

Information about reportable segments

January 1–June 30, 2021 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Net sales	338,770	77,612	416,381		416,381
Inter-segment sales	34,168		34,168	–34,168	0
Segment net sales	**372,938**	**77,612**	**450,549**	**–34,168**	**416,381**
Segment EBITDA	**124,399**	**35,190**	**159,590**	**–18,372**	**141,218**

January 1–June 30, 2020 In CHF thousand Restated [1]	Valves	Global Service	Total segments	Corporate and eliminations	Total
Net sales	263,639	55,293	318,932		318,932
Inter-segment sales	24,834		24,834	–24,834	0
Segment net sales	**288,473**	**55,293**	**343,766**	**–24,834**	**318,932**
Segment EBITDA	**89,418**	**22,532**	**111,950**	**–17,195**	**94,755**

As of June 30, 2021 In CHF thousand	Valves	Global Service	Total segments	Corporate and eliminations	Total
Segment assets	771,167	130,307	901,475	1,748	903,223
Segment liabilities	35,479	3,683	39,162	288	39,450
Segment net operating assets	**735,688**	**126,624**	**862,313**	**1,460**	**863,773**
of which net trade working capital	192,067	31,752	223,819	–288	223,531

As of December 31, 2020 In CHF thousand Restated [1]	Valves	Global Service	Total segments	Corporate and eliminations	Total
Segment assets	717,208	122,581	839,789	1,773	841,562
Segment liabilities	29,162	3,166	32,328	97	32,425
Segment net operating assets	**688,047**	**119,415**	**807,461**	**1,676**	**809,137**
of which net trade working capital	138,735	23,658	162,393	–97	162,296

1 The Group has changed its internal organisation and integrated its former Industry segment into the Valves segment, which resulted in a change in the composition of its segments. Accordingly, the previously reported segment information has been restated.

Net operating assets by reportable segment include trade receivables, inventories, property, plant and equipment, investment properties, intangible assets and goodwill as well as trade payables. Intangible assets and goodwill are allocated to the segments based on quotes defined as a result of the purchase price allocation.

Reconciliation of segment results to income statement and balance sheet

Income statement

January 1–June 30 In CHF thousand	2021	2020
Segment EBITDA	159,590	111,950
Corporate and eliminations	–18,372	–17,195
Depreciation and amortization	–20,626	–20,350
Finance costs net	–2,450	–9,911
Earnings before income taxes	**118,142**	**64,494**

Assets

In CHF thousand	30.06.2021	31.12.2020
Segment assets	901,475	839,789
Corporate and eliminations	1,748	1,773
Cash and cash equivalents	87,731	137,871
Other assets[1]	23,226	22,186
Assets	**1,014,180**	**1,001,619**

Liabilities

In CHF thousand	30.06.2021	31.12.2020
Segment liabilities	39,162	32,328
Corporate and eliminations	288	97
Loans and borrowings	295,262	266,339
Other liabilities[2] and provisions	152,643	147,502
Liabilities	**487,355**	**446,266**

1 The main positions included in other assets are other receivables and deferred tax assets.
2 Only trade payables are allocated to segments.

5. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers and is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer. Customers obtain control of the goods dependent on standard trade terms (Incoterms) or when services are rendered. The Group uses different Incoterms, generally EXW, FCA and DDP. Contracts include only standard warranty clauses and do not provide for separate purchase of warranty. Payment conditions are short term and therefore do not contain significant financing components.

Disaggregation of order intake and net sales

January 1–June 30, 2021 In CHF thousand Adjusted	Valves	Global Service	Total
Order intake	403,319	90,883	494,202
Net sales by region			
Asia	184,969	35,715	220,685
Americas	105,537	29,789	135,326
EMEA	48,264	12,108	60,371
Segment net sales	**338,770**	**77,612**	**416,381**

January 1–June 30, 2020 In CHF thousand Adjusted	Valves	Global Service	Total
Order intake	295,302	62,847	358,149
Net sales by region			
Asia	147,044	25,750	172,794
Americas	77,889	21,602	99,491
EMEA	38,707	7,940	46,647
Segment net sales	**263,640**	**55,293**	**318,932**

6. Profit and loss information

Profit for the half-year includes the following significant items that reflect a major change compared to the previous year:

Despite the COVID-19 pandemic and the associated market uncertainty, demand across the semiconductor industry has risen, leading to substantially increased net sales and expenses for raw materials and consumables. Other expenses increased due to higher distribution, energy, supplies and maintenance expenses arising from this increase in net sales. Furthermore, VAT increased its number of employees by 245 full-time equivalents compared to June 30, 2020, which led to higher personnel costs.

Finance cost decreased compared to prior year by CHF 7.2 million. This is due to the fact, that there was a small gain on financing activities in 2021, while there was a significant loss on financing activities in the first six months in 2020.

Income tax expenses are recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six-month period ended June 30, 2021 is 14.9% compared to 16.2% for the six-month period ended June 30, 2020.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended June 30, 2021 increased compared to the six-month period ended June 30, 2020. The change in the effective tax rate was mainly caused by higher volumes from foreign production sites where statutory tax rates are regularly higher than in Switzerland.

7. Dividend

In CHF thousand	2021	2020
Dividends paid	134,982	119,961

At the AGM, held on May 18, 2021, the shareholders approved a dividend in the amount of CHF 4.50 per share for the financial year 2020 (prior year: CHF 4.00 per share). The dividend was paid out on May 25, 2021.

8. Share-based payments

Members of the Board receive 30% of total compensation in restricted shares. VAT Group granted 950 shares with a fair value of CHF 276.00 per share for the period 2020/21 (prior period: 1,421 shares). The shares were transferred in May 2021. For the period 2021/22, the Group allocated 180 shares (prior year: 291 shares).

Long-term incentive plans (LTIP) are in place for the Group's senior management. 4,765 shares with a fair value of CHF 252.80 per share were transferred in May 2021 for the LTIP 2018. For the ongoing plans, the number of outstanding performance share units (PSU) is 31,242 (prior year: 28,901).

These programs are accounted for as equity-settled share-based payment compensation. A total amount of CHF 1.3 million (prior period: CHF 0.3 million) was recognized directly in equity.

9. Intangible assets and goodwill

Following the reorganization described in note 4, intangible assets and goodwill in the amount of CHF 13.1 million have been reclassified from segment Industry to segment Valves.

10. Loans and borrowings

VAT Group AG maintains a syndicated Revolving Credit Facility (RCF) of USD 300.0 million, maturing in September 23, 2023. The outstanding loan as of June 30, 2021 amounts to CHF 89.1 million. The movement of the outstanding loan in financial year 2021 was mainly driven by raising of CHF 110.0 million and a repayment of CHF 80.0 million. The RCF is subject to the financial covenant "net senior debt/EBITDA" ratio, with which the Group complied for the six-month period 2021. The carrying amount as of June 30, 2021 includes financing costs of CHF 0.9 million (prior year: CHF 1.4 million), which will be recognized in profit and loss over the remaining duration of the credit facility.

The Credit Facility Agreement with a total facility of USD 95.0 million, maturing on April 30, 2021, was not extended.

On May 23, 2018, VAT Group issued a fixed-rate bond with a nominal value of CHF 200.0 million, which is listed on the SIX Swiss Exchange (ISIN: CH0417086052). The bond carries a coupon rate of 1.5% and has a term of five years with a final maturity on May 23, 2023. On June 30, 2021, the market value of the bond was CHF 204.0 million.

11. Retirement benefit obligation

An actuarial gain, net of tax, of CHF 11.8 million (June 30, 2020, loss: CHF 0.1 million) was recognized through comprehensive income in the six-month period ended June 30, 2021. This gain arises mainly due to a positive return on plan assets.

12. Derivative financial instruments

The following table shows the carrying amounts of the derivatives, which are the only financial instruments measured at fair value material to VAT Group.

Derivative financial instruments

In CHF thousand	Measurement principle	Contract value		Fair value	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
Derivatives held for hedging (USD)	Level 2[1]	64,576	160,452	211	5,830
Derivatives held for hedging (JPY)	Level 2[1]	47,449	47,051	1,156	1,010
Derivative assets		**112,025**	**207,503**	**1,367**	**6,840**
Thereof:					
Current derivative assets		112,025	207,503	1,367	6,840
Derivatives held for hedging (USD)	Level 2[1]	166,384	2,275	–4,179	-2
Derivatives held for hedging (JPY)	Level 2[1]	8,883	9,004	–112	-24
Derivative liabilities		**175,267**	**11,280**	**–4,292**	**-26**
Thereof:					
Current derivative liabilities		175,267	11,280	–4,292	-26

1 The fair values of the derivatives held by VAT Group are based on market/broker quotes. Similar contracts are traded in an active market and quotes reflect the actual transactions in similar instruments. If all significant inputs required for the valuation of an instrument are observable, the instrument is included in level 2.

On June 30, 2021, the cash flow hedge reserve included net unrealized losses of CHF 2.0 million (prior period: unrealized gains of CHF 1.2 million), net of tax, on derivatives designated as cash flow hedges. Net gains of CHF 0.4 million (prior period: net gains of CHF 3.0 million) were reclassified to earnings in 2021. The maturity of derivatives classified as a cash flow hedge was up to 12 months.

13. Principal exchange rates

The following table summarizes the principal exchange rates for translation purposes.

	Average exchange rates in CHF		Closing exchange rates in CHF		
	01.01.–30.06.2021	01.01.–30.06.2020	30.06.2021	31.12.2020	30.06.2020
1 Euro	1.09	1.06	1.10	1.08	1.06
100 Japanese Yen	0.84	0.89	0.83	0.86	0.88
100 Korean Won	0.08	0.08	0.08	0.08	0.08
1 Malaysian Ringgit	0.22	0.23	0.22	0.22	0.22
1 US Dollar	0.91	0.97	0.92	0.88	0.95

14. Events occurring after the end of the reporting period

There are no events occurring after the end of the reporting period that warrant disclosure.

Haag, Switzerland, August 5, 2021

Shareholder information

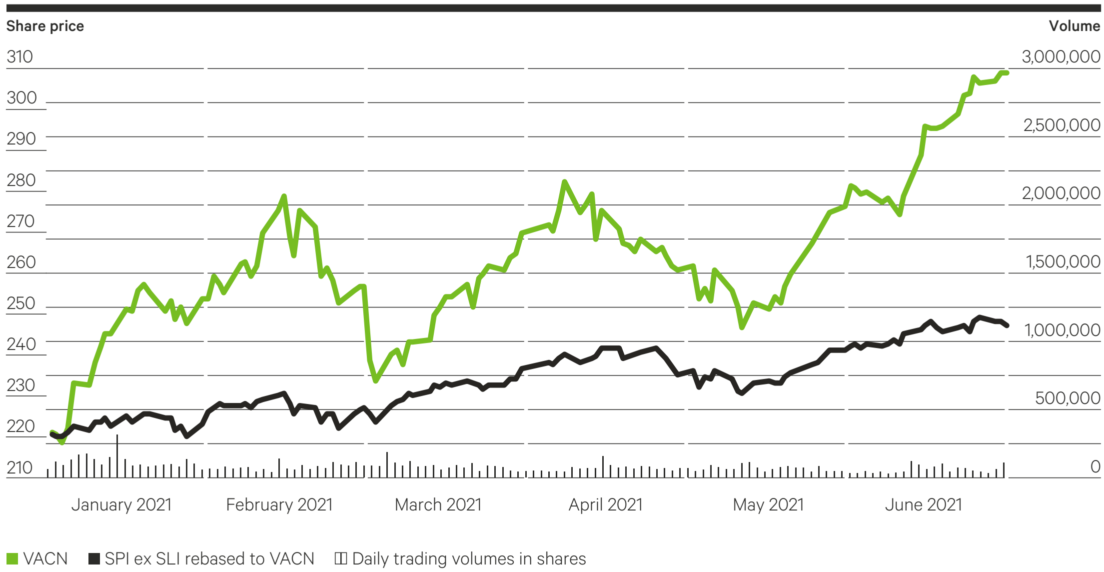
VAT's share price development during the first six months of the year reflected the company's strong business performance communicated after the first quarter of 2021 and the positive business outlook provided at that time for the second quarter and 2021 full-year. VAT's positive expectations were supported by generally very positive news flows coming from the semiconductor industry at large and the expectations of a recovery in the global industrial activities after the COVID-induced slowdown. On June 30, 2020, VAT's share price closed at CHF 307.60, 40% above the closing price on December 31, 2020, representing a market capitalization of CHF 9.2 billion. In the same period, the Swiss Leader Index decreased by 12%. At about 80,000 shares per day or CHF 16.8 million, trading volumes remained at a very healthy level.

The medium-term growth drivers for VAT – mainly in the semiconductor industry, VAT's largest end market – remain firmly in place. Megatrends such as the Internet of Things, cloud computing and artificial intelligence have been boosted by pandemic-related developments, such as the shift to home office and the sharp increase in e-commerce. Technology advances in logic and memory chips also continue to drive further growth. As node sizes shrink and chip architectures change, the need for purer vacuums and the number of process steps under vacuum also increase. Vacuum-based production processes are also critical in the displays and solar photovoltaic (PV) markets and continue to gain importance in other industries.

VAT's major shareholders

There have been no substantial changes among VAT's top shareholders since the beginning of 2021. As of the publication of this half-year report, there are five shareholders who each own more than 3% of VAT's outstanding shares and whose cumulative shareholding amounts to about 27% of VAT's shares. The free float of VAT shares, as defined by the SIX Swiss Exchange, amounted to approximately 90% at the end of June 2021 and the number of registered shareholders amounted to 12,356.

Share price development



Stock exchange listing

Ticker symbol	VACN (SIX); VACN.S (Reuters); VACN SW (Bloomberg)	**Legal Entity Identifier (LEI)**	529900MVFK7NVALR7Y83
Valor number	31 186 490	**Nominal value**	CHF 0.10 per share
ISIN	CH0311864901	**Free float**	Approximately 89%
Market capitalization as of June 30, 2021	CHF 9.2 bn	**Number of shares outstanding**	30,000,000
Exchange	SIX Swiss Exchange (International Reporting Standard)	**Segment**	Mid & Small Cap Swiss shares

Financial calendar

Date	Event
2021	
Friday, October 15, 2021	Q3 2021 trading update
2022	
Thursday, March 3, 2022	Full-year 2021 results
Thursday, April 14, 2022	Q1 2022 trading update
Thuesday, May 17, 2022	Annual General Meeting 2022
Thursday, August 4, 2022	Half-year 2022 results
Thursday, October 13, 2022	Q3 2022 trading update

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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 2021:

VAT expects the Internet of Things, cloud computing and other digitalization megatrends to continue to drive mid-term growth. These have been boosted by pandemic-related trends, such as increased home office and online commerce.

For 2021, the company expects net sales*, EBITDA, EBITDA margin, net income and free cash flow to be substantially above 2020.

* At constant foreign exchange rates

PASSION. PRECISION. PURITY.