



V-ZUG Group – Full-year Results 2022

15 March 2023



V-ZUG

In 2022, our **customer focus** remained highest priority **despite adverse circumstances** such as supply bottlenecks and drastically increasing purchase prices.



A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood with a herringbone pattern. A floor lamp with a black shade and a thin metal stand is visible on the right side of the image. The overall atmosphere is clean and minimalist.

Agenda

1. Overview
2. Strategic Transformation
3. Sustainability
4. Financial Information 2022
5. Outlook
6. Investment Case
7. Q&A

1. Overview: Full year 2022 at a glance

Adverse circumstances are reflected in the annual results 2022 – We remain ambitious and determined

A tough financial year

- Net sales on previous year level despite supply challenges:
CHF 636.3 million
- EBIT under pressure:
CHF 10.3 million
EBIT margin at 1.6 %
- Free cash flow:
CHF -52.2 million

Strategic transformation on track

- Evolution of the product portfolio
- Strengthening of the premium brand V-ZUG
- International expansion
- Digitalisation: products, processes, platforms
- Site transformation

Sustainability – one step further

- Scope 1 and 2
 - CO₂-neutral since 2020
 - Reduction of actual emissions by 14.9 %
- Scope 3
 - Energy classes A-C: + 8.6 % more appliances vs. prior year
 - New “CO₂ -Webshop” (offered in Switzerland)
- Awarded as “Friendly Work Space”

1. Overview: Main challenges in 2022

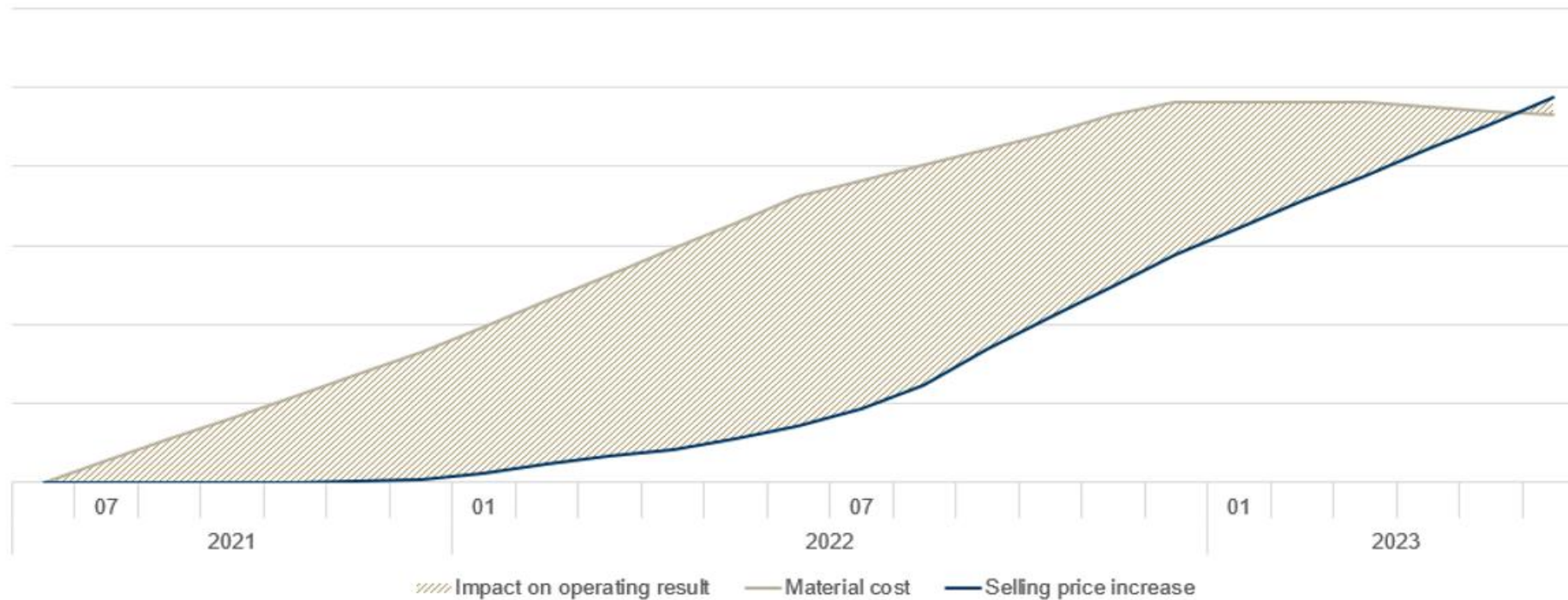
Operations with challenges in supply chains and elevated cost levels

- **Disruptions in supply chains** – in Q2 2022, situation deteriorated significantly due to COVID-19 lockdown in Shanghai area. Situation started easing as of Q3 2022.
- **Lack of availability** – causing temporary delivery delays on vital parts of the product range and short-term production adjustments resulting in relevant higher workload and inefficiencies in operation.
- **Temporary purchases on spot-buy markets at drastically higher cost** – in order to maintain delivery capability with a view to prioritizing customer satisfaction, followed by a redesign of software to fit new microprocessors to be sourced from new suppliers.
- **Significantly increased material, component and freight costs** – passed on to business partners with consciously phased sales price adjustments.

1. Overview: Main challenges in 2022

Purchasing costs increase faster than sales prices led to a negative impact on the operating result

Schematic development of procurement cost and selling prices (06/2021 = reference point)

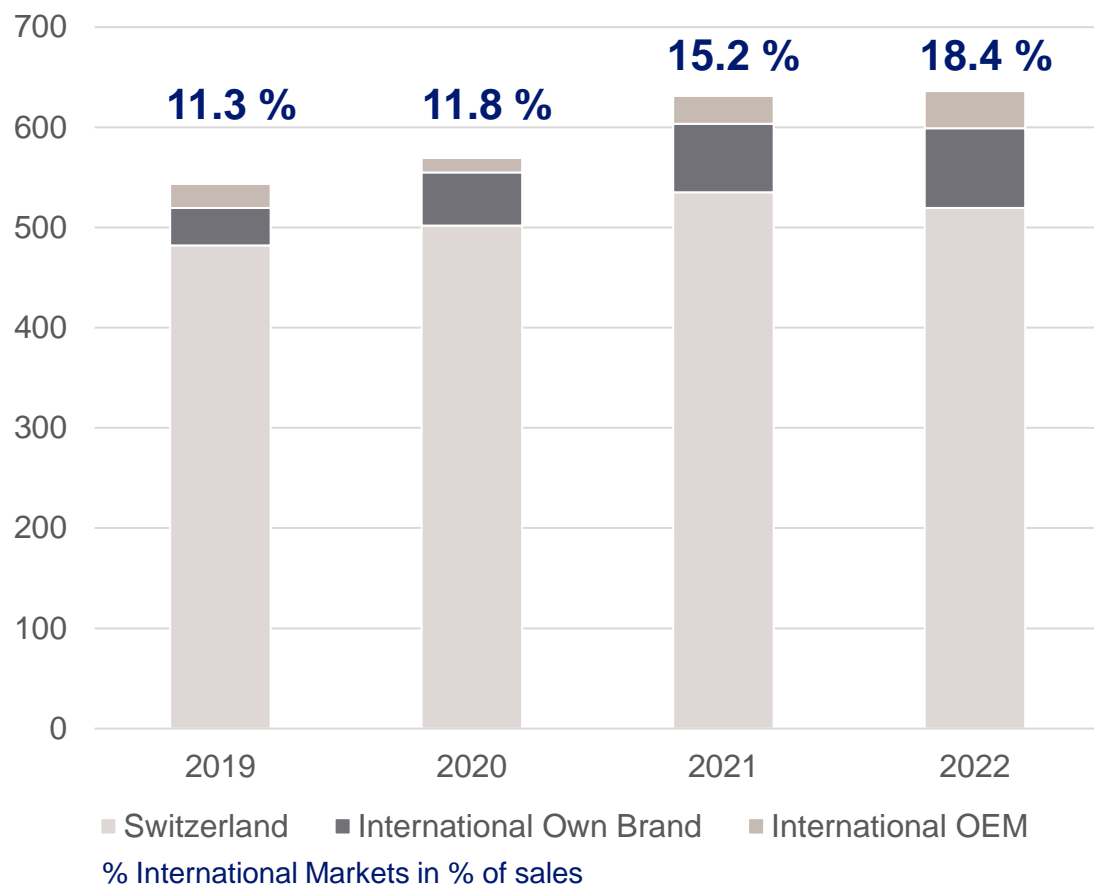


- Sales price increases introduced to the Swiss market: Oct. '21: + 4 %; April '22: +5 %; July '22: +3 %; Aug. '22: +6 %, Feb. '23: +3 %
- Sales price increases in Swiss market have been delayed by around 3 – 4 months to allow business partners time to adjust their prices towards end customers. The full effect of the price increases only occurs with a time lag of 9 – 12 months
- In International Markets sales price adjustments are done based on individual market possibilities

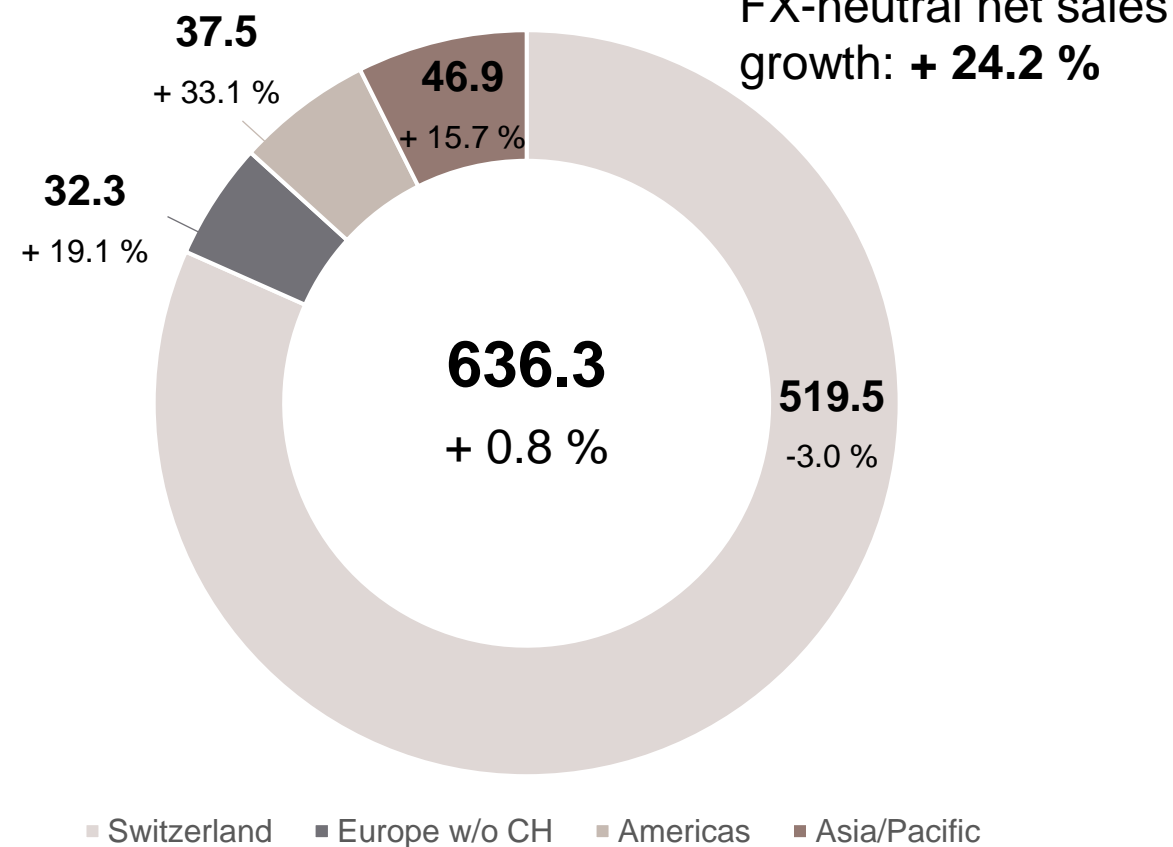
1. Overview: Key figures 2022

Continued growth despite disruptions in supply chain

Net sales in CHF million



Net sales¹⁾ by region in CHF million



1) The figures for the prior-year period have been partially adjusted in connection with changes in the accounting principles; see Annual Report 2022, page 76.

A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood with a herringbone pattern. A floor lamp with a black shade is visible on the right side of the image. The overall atmosphere is clean and minimalist.

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**Continued evolution of our
premium product portfolio**



PowerSteam



Grand CombiSteamer



CombiCookTop



Stacked sweaters
Two small woven baskets

Roll of fabric

Stack of books

Dark wardrobe door with a small white panel

Four white shirts hanging on a rack
A pair of patterned socks hanging from a rack
A small handbag and a belt on a shelf

Two jackets hanging on a rack

Vertical slat panel

Blue jacket and white dress hanging on a rack
A brown leather bag on a shelf

Quilted ottoman with a glass and books

Two jackets hanging on a rack
A pair of shoes on a shelf

Refresh Butler

Two cylindrical wall sconces



Strengthening the V-ZUG brand

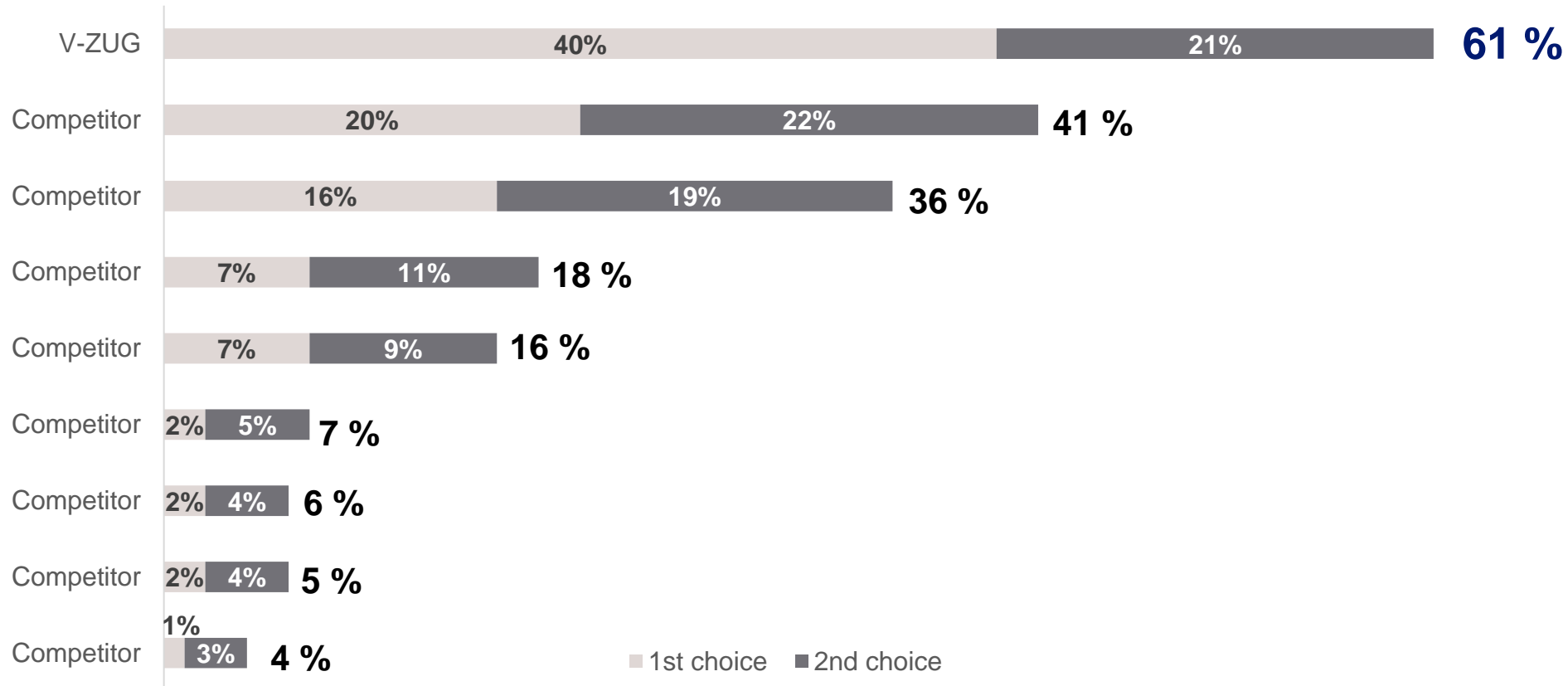


V-ZUG Studio
Zug

2. Strategic Transformation: Strengthening the V-ZUG brand

Brand Monitor: Consideration in favour of V-ZUG by a wide margin

Q: If you had to buy a kitchen or laundry appliance for your home today, which brand would be your first choice? And which would be your second choice?



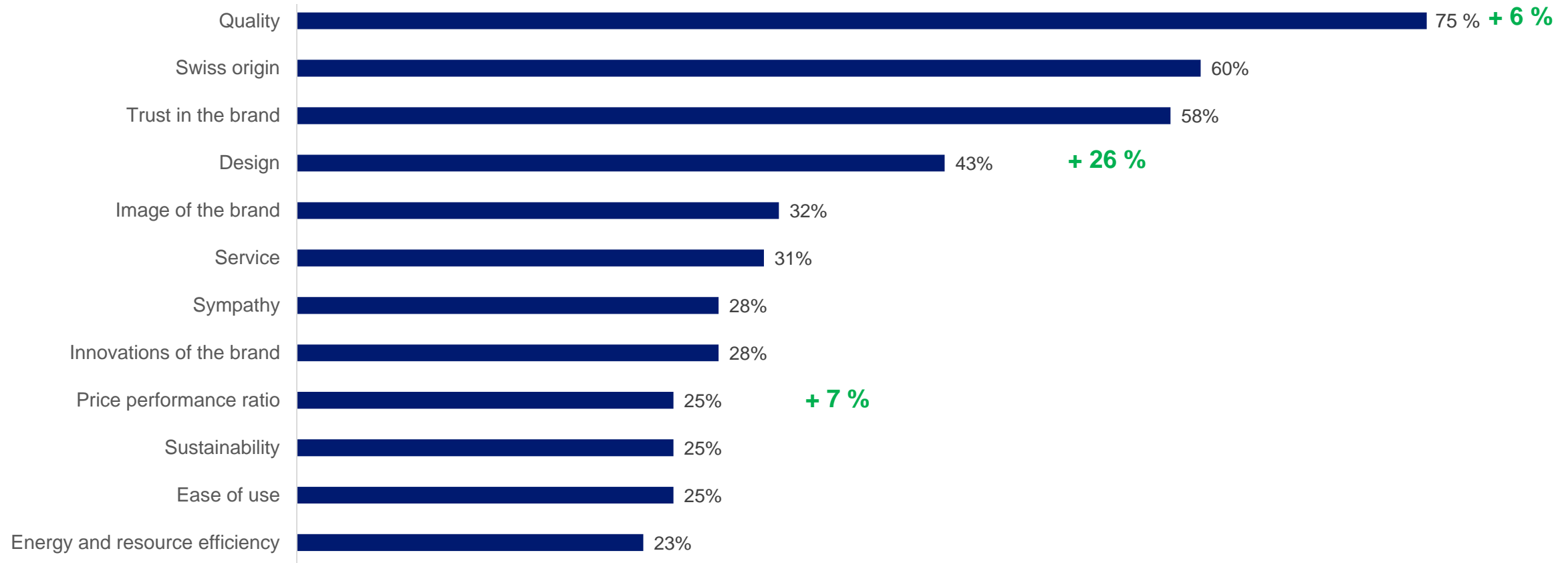
Online survey with language-assimilated people from the German, French and Italian-speaking parts of Switzerland conducted in November 2022 (compared to November 2021), n=1'597 participants. Deviations in the total may result from rounding

2. Strategic Transformation: Strengthening the V-ZUG brand

V-ZUG gains substantially in quality, design and price performance ratio – otherwise stable development

Q: You have indicated that when buying a kitchen or laundry appliance, V-ZUG would be your first choice.

What are the reasons for this?





**Seize opportunities
in International Markets**



**V-ZUG booth at
Salone Del Mobile
Milano**

CLOSING THE CIRCLE

Il progetto è stato ideato e realizzato da [unreadable] in collaborazione con [unreadable].

Il design è di [unreadable].

Il progetto è stato realizzato nel [unreadable] a Milano.

Il progetto è stato realizzato in collaborazione con [unreadable].

Il progetto è stato realizzato in collaborazione con [unreadable].



**V-ZUG Studio
London**



**V-ZUG Studio
Paris**



V-ZUG Studio
Singapore



Development of platforms for new products and services including digitalisation of products and processes

2. Strategic Transformation: Digital

Digital solutions further enhanced

- **V-ZUG App:**
Based on a new technology, the V-ZUG app is evolving into a life companion that goes beyond pure IoT use-cases
- **V-Kitchen:**
Growing partner network with strong brands and constantly increasing user base
- **V-Connect:**
Increasing relevance in the B2B segment of managed properties





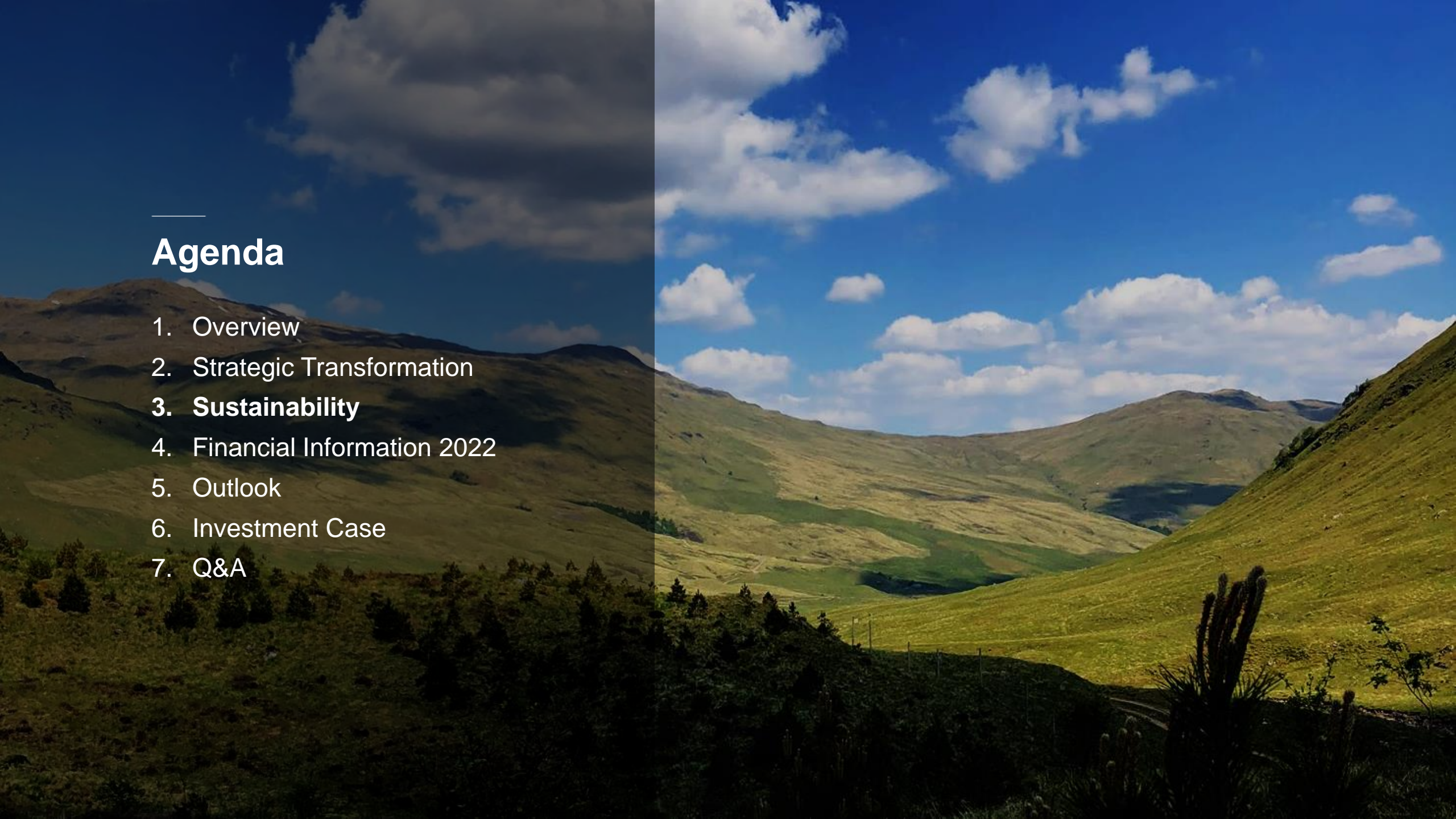
Site transformation





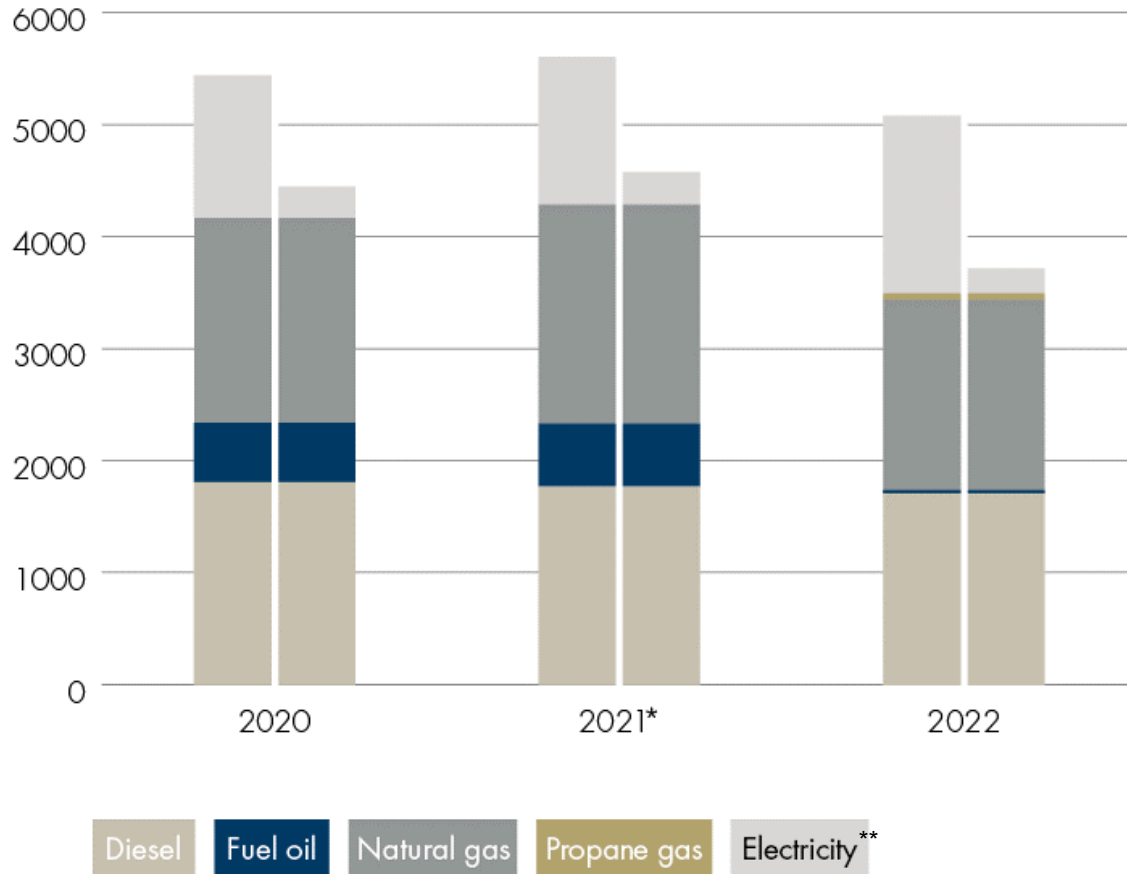
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3. Sustainability

Operational CO₂ emissions (scope 1 and 2) fell substantially by 14.9 %



- **CO₂-neutral for Scope 1 and 2 since 2020** (including compensation, V-Forest)
 - Existing reduction target set for scope 1 and 2: -80 % by 2030 (base year 2020, on track)
 - New reduction target set for scope 3: -30 % by 2030 (base year 2020)
- **New CO₂ -Webshop:** Users of V-ZUG appliances can now make a personal contribution to compensate Scope 3 CO₂ emissions at home (offered in Switzerland, global rollout in 2023).
- **Further decarbonisation activities** with the support of our CO₂ fund

* Natural gas-related emissions were corrected in comparison to the 2021 report (change to calorific value)

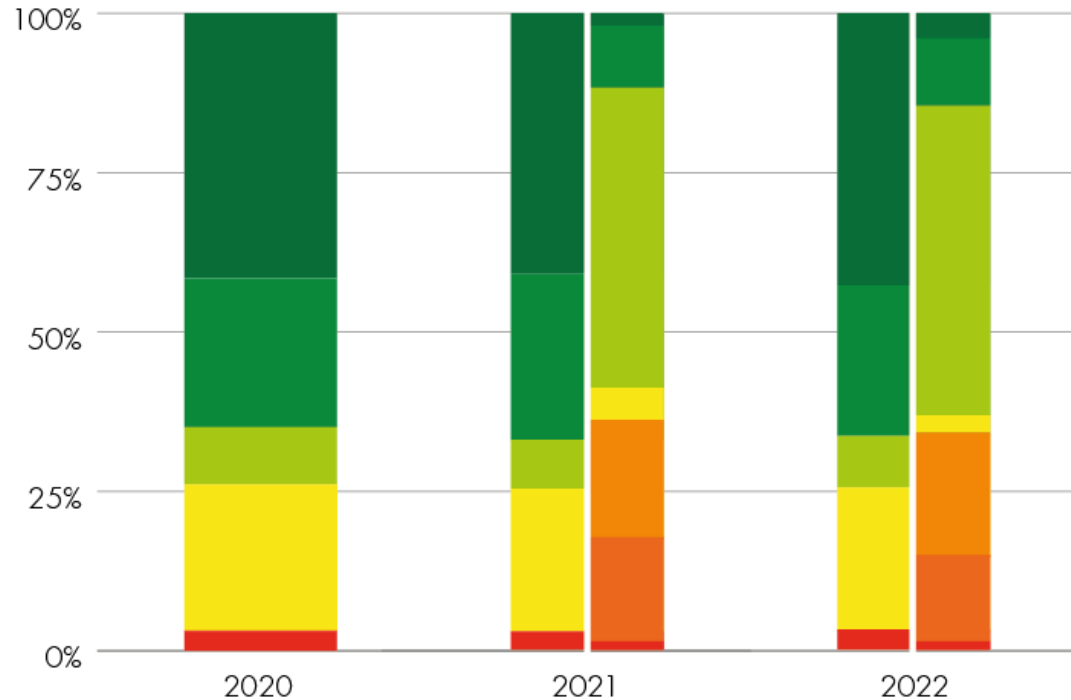
** Location based → actually used electricity (left column)
Market based → contractually bought electricity (right column)



V-Forest in Scotland

3. Sustainability

Delivered appliances by energy efficiency class – old and rescaled – shows improved

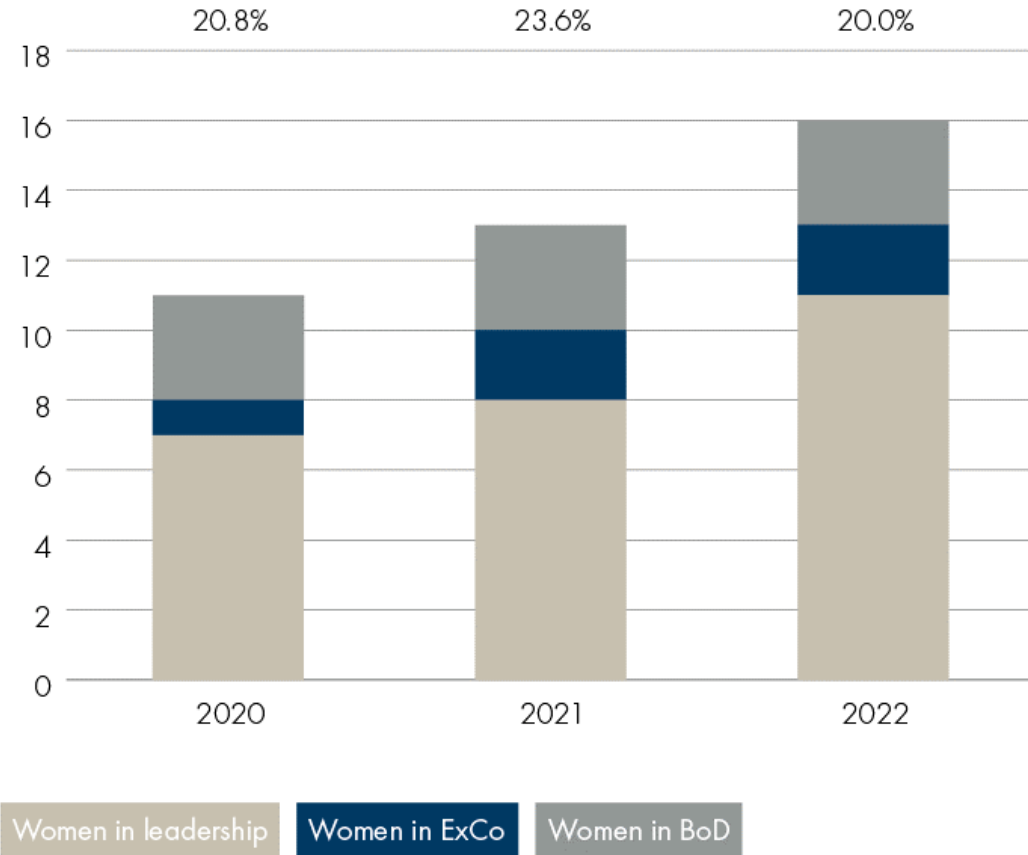


- Old scale: 97 % of all delivered appliances with an energy rating A
- New scale: 63 % of all delivered appliances in the range of A – C (up from 58 % in 2021)
- As important as the label itself is how the consumers use the appliance day to day – digitalisation will become an important enabler towards ecological behaviour



3. Sustainability

Number of women in leadership positions increased by number



- 16 out of 80 colleagues across V-ZUG's 3 leadership tiers are women.
- We expect to further increase the proportion of women in leadership positions.
- Proportion of women in overall workforce increased to 24.4 % (previous year: 23.2 %).

% of women in Leadership Team

A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood. A floor lamp with a black shade is visible on the right side of the image. The overall atmosphere is clean and minimalist.

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4. Financial Information 2022

V-ZUG Group – Key figures

in CHF million	FY 2022	FY 2021 ¹⁾	△
Net sales	636.3	631.3	0.8 %
EBITDA	42.7	94.7	-54.9 %
EBITDA in % of net sales	6.7 %	15.0 %	-830 bp
Operating result (EBIT)	10.3	62.7	-83.6 %
EBIT in % of net sales	1.6 %	9.9 %	-830 bp
Free cash flow	-52.2	9.0	-678%
ROCE in % ²⁾	2.4 %	17.0	-1'460 bp

- Net sales impacted by delivery delays due to supply chain disruptions.
- Net sales growth FX-neutral: 1.2 %
- Significant lower EBITDA and EBIT due to supply chain impacts like higher purchasing cost, inefficiencies in operation, missing volumes and delayed sales price increases.
- Negative free cash flow mainly due to low net result, built-up inventories and ongoing investments in site transformation.
- Lower ROCE due to lower EBIT and higher weighted capital employed, mainly due to investments in the site transformation.

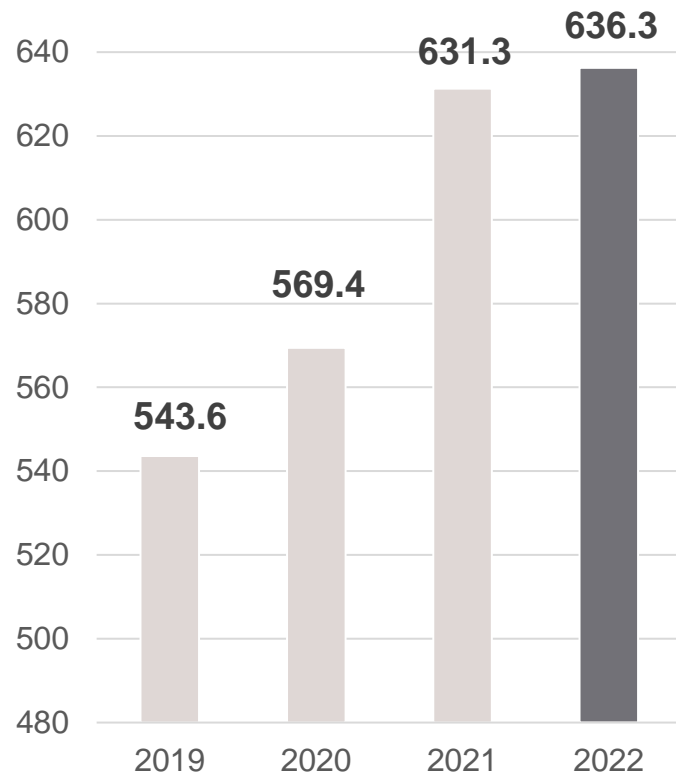
¹⁾ The figures 2021 have been partially adjusted due to changes in accounting principles, see annual report, p. 76.

²⁾ EBIT of last 12 months / weighted capital employed (extended net working capital + fixed assets + operating cash - provisions)

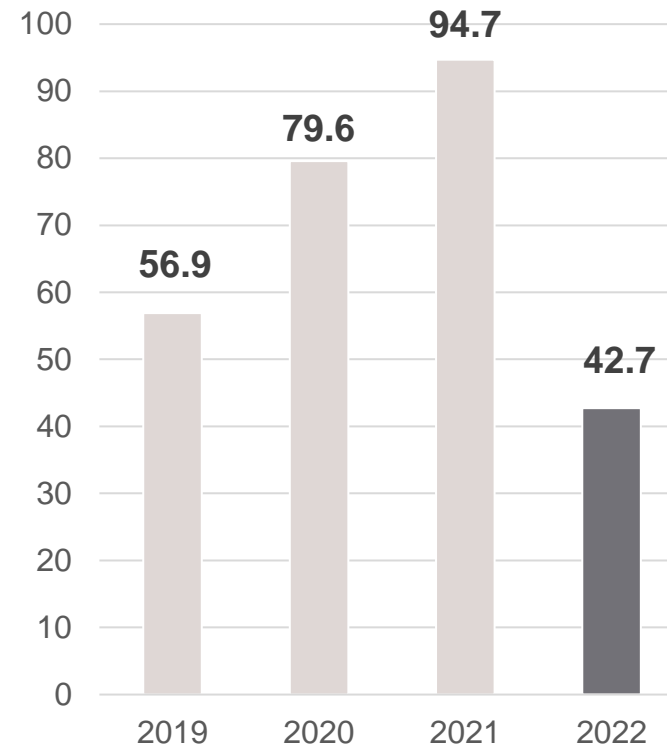
4. Financial Information 2022

V-ZUG Group – Earnings under pressure due to supply chain constraints and drastically higher purchasing cost

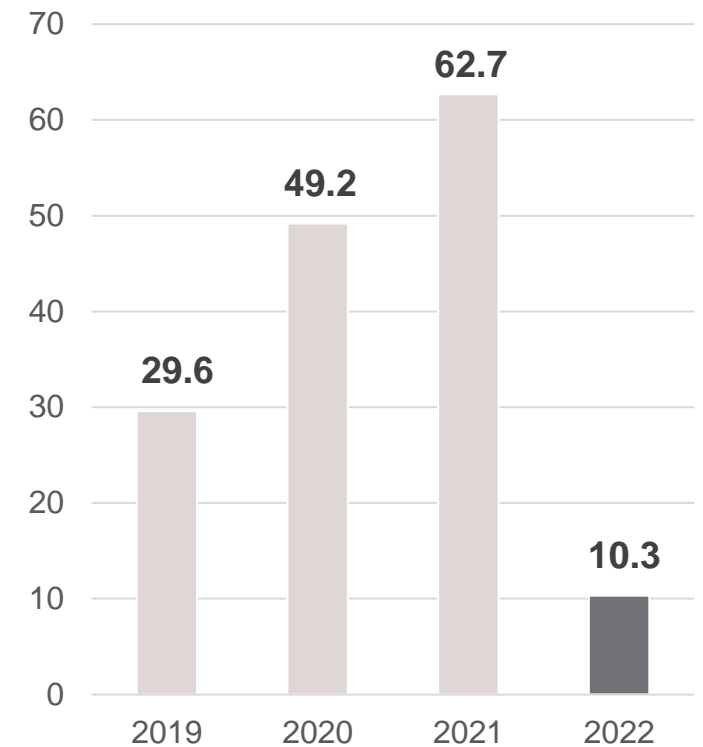
Net sales
in CHF million



EBITDA
in CHF million



Operating result (EBIT)
in CHF million



The figures for the prior-year period have been partially adjusted in connection with changes in the accounting principles; see Annual Report 2022, page 76.

4. Financial Information 2022

Household Appliances segment – Key figures

in CHF million	FY 2022	FY 2021 ¹⁾	△
Net sales	636.3	631.3	0.8 %
Operating result (EBIT)	5.6	58.1	-90.3 %
EBIT in % of net sales	0.9 %	9.2 %	-830 bp
ROCE in % ²⁾	2.2 %	28.0 %	-2'580 bp

- Net sales development impacted by supply chain constraints:
 - Switzerland: CHF 519.5 million, -3.0 %
 - International: CHF 116.8 million, +21.8 %
- Operating result substantially lower due to delivery constraints and higher cost levels (procurement cost, temporary personal increase)
- Ongoing strategic investments into branding, international growth and innovation.

¹⁾ The figures 2021 have been partially adjusted due to changes in accounting principles, see annual report, p. 76.

²⁾ EBIT of last 12 months / weighted capital employed (extended net working capital + fixed assets + operating cash - provisions)

4. Financial Information 2022

Real Estate segment – Key figures

in CHF million	FY 2022	FY 2021	△
Net sales	–	–	–
Operating result (EBIT)	5.9	5.4	+7.8 %
ROCE in % ¹⁾	3.4 %	3.5 %	-10 bp

- Higher operating result related to refrigerator factory in Sulgen.
- Stable ROCE.

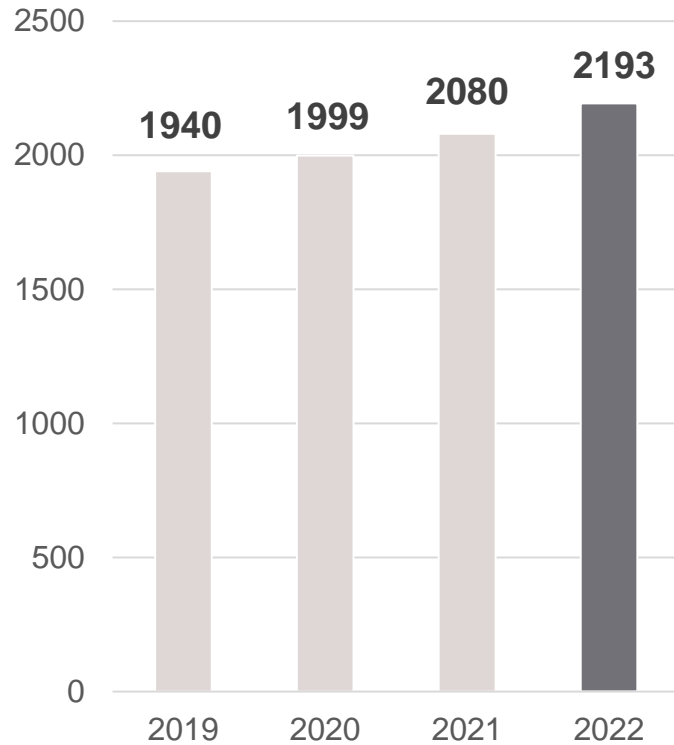
¹⁾ EBIT of last 12 months / weighted capital employed (extended net working capital + fixed assets + operating cash - provisions)

4. Financial Information 2022

V-ZUG Group – FTE increase mainly in operations and international growth

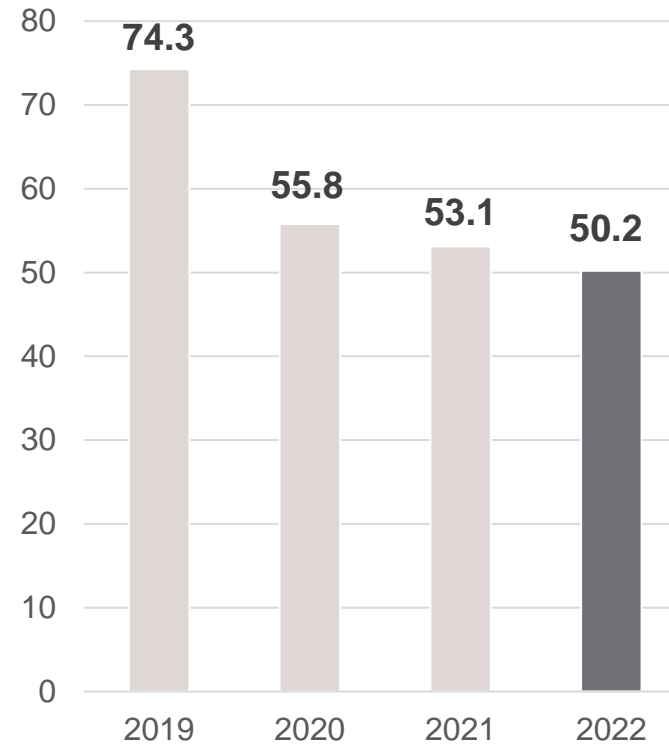
Total FTEs

as of 31 December 2022 incl. temps



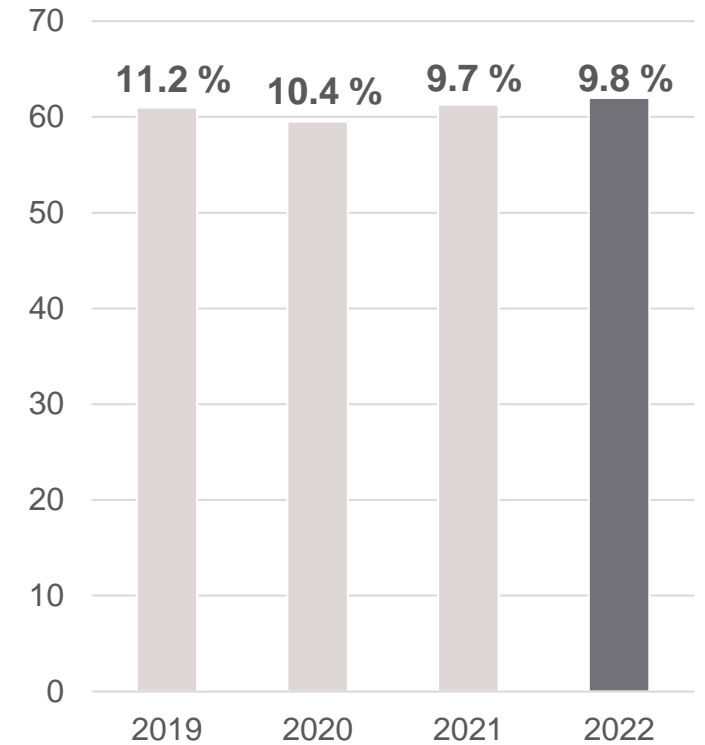
CAPEX

in CHF million



R&D expenses

in CHF million & in % of net sales



4. Financial Information 2022

V-ZUG Group – Cash flow statement

in CHF million	FY 2022	FY 2021
Cash flow from operating activities	1.0	63.5
▪ of which taxes paid	-6.1	-6.4
Cash flow from investing activities	-53.3	-54.4
▪ of which investments in tangible assets	-44.9	-52.3
▪ of which investments in intangible assets	-4.7	-2.2
Cash flow from financing activities	0.1	–
▪ of which dividend	–	–
Currency translation effects	-0.6	0.4
Change in “net cash & cash equivalents”	-52.8	9.5
Free cash flow	-52.2	9.0

- Deteriorating free cash flow development from low Group net results and further build-up of inventories.
- Continued investments in site transformation.

4. Financial Information 2022

V-ZUG Group – Income statement per half year

in CHF million	H2 2022	H1 2022	H2 2021	H1 2021
Net sales	333.3	303.0	319.0	312.3
EBITDA	23.4	19.2	40.9	53.7
EBITDA in % of net sales	7.0 %	6.3 %	12.8 %	17.2 %
Operating result (EBIT)	6.0	4.3	24.4	38.3
EBIT in % of net sales	1.8 %	1.4 %	7.6 %	12.3 %

After a very strong H1 2021 (“Sonderkonjunktur”) H2 2021 to H2 2022 impacted by

- Supply chain challenges, incl. drastically increased procurement prices, delivery constraints and inefficiencies in operations
- Ongoing strategic investments into branding, international growth and innovation

4. Financial Information 2022

V-ZUG Group – Balance sheet

in CHF million	31.12.2022	<i>in %</i>	31.12.2021	<i>in %</i>
Cash and cash equivalents incl. securities	64.5	10.6	117.3	19.0
Other current assets	190.7	31.4	166.8	27.1
Current assets	255.2	42.0	284.1	46.1
Tangible assets	313.4	51.6	295.4	47.9
Financial & intangible assets	38.3	6.3	36.6	5.9
Fixed assets	351.7	58.0	332.0	53.9
Total assets	606.8	100.0	616.1	100.0
Financial liabilities	–	–	–	–
Other liabilities	153.0	25.2	167.3	27.1
Total liabilities	153.0	25.2	167.3	27.1
Shareholders' equity	453.8	74.8	448.9	72.9
Total liabilities and shareholders' equity	606.8	100.0	616.1	100.0

4. Financial Information 2022

Dividend policy

- V-ZUG Holding AG pursues a dividend policy that is primarily based on the amount of distributable profit.
- In the medium to long term, the profit distribution ratio should be between 20 % and 40 % of the group's net result.
- As communicated in context of the spin-off: In the first three years after the spin-off, it can be assumed that no dividend will be paid. It is planned to use the funds primarily for investments in products, markets and the production sites in Zug and Sulgen.



A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood with a herringbone pattern. A floor lamp with a black shade and a thin metal stand is visible on the right side of the image. The overall atmosphere is clean and minimalist.

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5. Outlook

Cornerstones of V-ZUG's Strategy

- Strengthening of the V-ZUG brand
- Sharpening and expanding the market position in Switzerland
- Expansion in meaningful markets outside Switzerland - primarily in affluent metropolitan regions
- Site transformation: 60% footprint reduction in Zug and productivity increases
- Investments into innovative product portfolio
- Sustainability



5. Outlook

Mid-term targets confirmed

	Mid-term expectation
Net sales	3 % annual organic growth
International net sales	> 10 % annual organic growth
EBIT margin	10 – 13 %
Dividends	20 to 40 % pay-out ratio



A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood with a herringbone pattern. A floor lamp with a black shade and a thin metal stand is visible on the right side of the image. On the left, there is a white countertop with a small decorative object and a bowl of bread. A white cabinet with a glass door is the central focus, showing a dark interior with shelves. The background wall is a light, neutral color.

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6. Why invest in V-ZUG?

1

Proven ability to generate **double-digit EBIT margins**

- On track to sustain double-digit profitability levels
- Significantly above industry average

2

Market leader in Switzerland with a unique and strong position

- Exemplary brand recognition and customer loyalty
- Long-standing network with key partners
- Unmatched service network and proximity to end-customers

3

Established player in **premium segment** in selected **international markets**

- Increasing brand recognition based on positive perception of “Swiss Made”
- “Best in class” service as a distinction

4

Ongoing ability to **lead innovations** in the industry

- Committed and enthusiastic teams
- Lean and fast processes to remain leading edge

5

Sustainability as a key **Unique Selling Proposition**

- Quality and durability
- Timeless design
- Energy consumption
- Products as a service

A modern kitchen scene with a white countertop, a white cabinet with a glass door, and a floor lamp. The scene is dimly lit, with a focus on the white cabinetry and the glass door. The floor is made of light-colored wood with a herringbone pattern. A floor lamp with a black shade and a thin metal stand is visible on the right side of the image. The background wall is a neutral color, and a framed abstract artwork is mounted on the wall behind the countertop.

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Q&A



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- Philippe Hubler, Cham
- Hosoya Schaefer Architects, Zurich
- Other photos provided