

Half-Year Report

2023



V-ZUG Group

Key figures for the first half of 2023

26.1 (+6.0%)

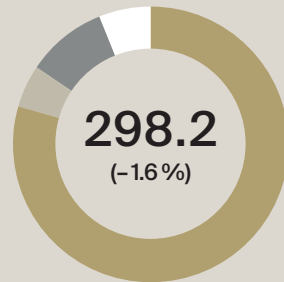
Investments (Capex¹)
in CHF million

5.1 (+20.0%)

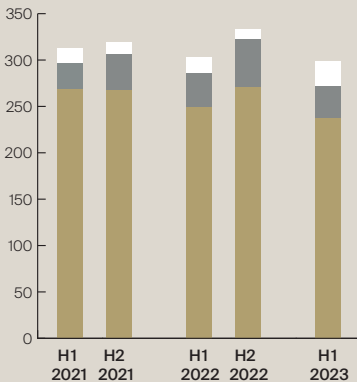
Operating result (EBIT)
in CHF million

Improved results with stable sales development. Sales-increasing and cost-saving measures are being implemented.

Net sales total and by region
in CHF million



Net sales 2021–2023 per half year
in CHF million



- Switzerland
- V-ZUG international brand
- International OEM business

International markets
proportion 20.4%

- Switzerland **237.4**
- Europe (excl. Switzerland) **15.1**
- North and South America **27.6**
- Asia/Pacific/Other **18.1**

17.9 (+171.0%)

Cash flow from
operating activities
in CHF million

¹“Capex” refers to additions to tangible and intangible assets

Letter to shareholders

Zug, 21 July 2023

Dear Shareholders

Following the pandemic-induced economic conditions characterised by exceptionally high demand for V-ZUG appliances in 2021 and significant supply chain disruptions linked with strong purchase price increases in 2022, we have faced challenging market conditions in recent months. For quite some time now, there has been uncertainty about the geopolitical situation as well as factors affecting investments such as rising interest rates and inflation. This is reflected in many industries and companies, including ours. Demand for household appliances was lower in the first half of 2023 compared to the previous year. Our customers' inventories were still well stocked, which put further pressure on volumes. Purchase prices remained high. However, purchases on spot-buy markets, could be avoided to a large extent. V-ZUG is back to unrestricted delivery capacity since February 2023.

Lower volumes in Switzerland, sales growth in International Markets and sales price increases resulted in net sales of CHF 298.2 million, 1.6% below the previous year (CHF 303.0 million). However, EBIT improved on a low level, as operating expenses had to

be allocated to lower volumes. At CHF 5.1 million, it was 20.0% above the previous year (CHF 4.3 million). The V-ZUG Group is addressing this development with sales-increasing and cost-saving measures. Continuous efforts are being made to lower procurement costs, the number of temporary jobs has been reduced, vacancies were only selectively filled and recruitment activities by and large suspended. Projects have been reprioritised and expenditures cut. V-ZUG adjusts its structural cost base successively in order to remain agile without negatively impacting product, delivery and service quality.

Cash flow from operating activities was CHF 17.9 million in the first half of 2023 (previous year's period: CHF -25.2 million) as a consequence of deviations in trade receivables and inventory changes. As in the previous year, cash flow from investing activities was mainly influenced by the site transformation; it amounted to CHF -25.4 million, i.e. it was on the level of last year's period (CHF -24.0 million). Free cash flow was CHF -7.5 million (previous year's period: CHF -49.2 million).

As of 30 June 2023, the balance sheet remained strong with an equity ratio of 75.4% (31 December 2022: 74.8%) and cash



Oliver Riemenschneider
Chairman of the Board of Directors

Peter Spirig
Chief Executive Officer

and cash equivalents including securities of CHF 56.4 million (31 December 2022: CHF 64.5 million).

Slowdown in the Swiss market

The Swiss industry is influenced by the global economy, which is currently marked by uncertainty. The situation in the Swiss market for household appliances has been challenging since the beginning of the year. The sluggish development of new builds in the construction industry – partly due to delayed approval processes – and the reluctance to invest in renovations, as a direct consequence of the strong activities during the Corona pandemic, had a corresponding impact on V-ZUG. However, replacement investments and service have held steady.

“Replacement investments and service are weathering the challenging market conditions.”

These challenges are reflected in net sales, which at CHF 237.4 million were 4.7% below the previous year (CHF 249.2 million). In addition to the cost-saving measures already mentioned, various measures were also introduced to improve sales.

Attractive growth in International Markets

In International Markets, V-ZUG's total net sales increased 13.0% to CHF 60.8 million;

sales development varied across regions. Order intake was affected to some extent by the global uncertainties and cautious consumer behaviour.

“Premium positioning in international metropolitan areas progressing as planned.”

V-ZUG systematically invests in the growth of carefully selected international markets and metropolitan areas. The focus is on the clear premium positioning of products and solutions that offer numerous customer benefits and enable the company's business partners to deliver a new value proposition. V-ZUG has made strategic preparations to enter the Danish market; this was accomplished on the occasion of the event “3daysofdesign” in Copenhagen at the beginning of June 2023. The “Nordic chic” style, characterised by a bold, minimalist design and high quality, aligns well with V-ZUG's positioning.

Distinct identity of V-ZUG

V-ZUG's positioning gives both the company and its products a unique identity and a dedicated place in the market: V-ZUG is synonymous with high quality of products, delivery and service. In Switzerland, V-ZUG covers the premium and mid-range segments. In the international markets, it focuses exclusively on the premium segment.

This clear distinction facilitates product development and also allows the marketing activities to be carried out in an even more differentiated manner. In spring, V-ZUG was present at the Salone del Mobile in Milan, positioning itself among opinion leaders and business partners. The spotlight was on design, sustainability and innovation. It is crucial that intelligent design strategies can lead to truly sustainable results. Among others, circular economy plays an important role.

“Excellent design and sustainability complement each other perfectly.”

V-ZUG is adding a further oven format to its successful Excellence Line. In keeping with the motto “small but mighty”, the company will launch an oven with a height of 38 cm in August 2023. This format is unique for an oven. The solution is designed for smaller kitchens but still offers all the functions of the standard sizes (e.g. recipes, EasyCook and professional baking). The small format accommodates for the return of the “Zuger Doppel”. When used in combination with the 38 cm high Steamer or CombiSteamer, customers enjoy a high degree of flexibility when preparing and cooking food, be it baking, grilling, steaming or any combination of these.

In addition to developing new products, portfolio management also includes phasing out previous generations of appliances. This process is ongoing, and great care is taken to ensure that spare parts and services for these appliances remain available for up to 15 years.

The well-known “Adora” brand turns 65

The Adora washing machine was developed in 1958 and launched in 1959. Even back then, V-ZUG was already committed to producing durable and economical appliances. Nowadays, the appliances are manufactured in Switzerland in a carbon-neutral process. In terms of laundry performance, they are second to none. They wash in an environmentally friendly and resource-efficient way thanks to their reduced use of water, energy and detergent, and are also quiet and gentle on fabrics. To celebrate Adora’s anniversary, a special edition is being launched based on the popular AdoraWaschen V4000 OptiDos and Adora-Trocknen V4000 models. Among other improvements, they are being enhanced with functional upgrades to provide additional fabric care benefits at unparalleled value for money.

“The laundry appliance “Adora” – a classic still going strong in the digital age.”

Success through sustainability

Sustainable products have always been a hallmark of V-ZUG's identity. V-ZUG has been systematically reporting on its sustainability efforts for ten years now.

The company released its 2022 Sustainability Report on 29 March 2023. It provides comprehensive details of numerous accomplishments and initiatives. These include reducing carbon emissions, improving the energy-efficiency ratings of appliances and aligning the company's operations with the circular economy, to name just a few.

V-ZUG now consistently focuses on developing products based on circularity principles, in order to contribute to a more climate-friendly society. In parallel, a pilot project was launched to enable appliances to be dismantled, so that the materials can be reused. This supports V-ZUG's transition from a recycling-based approach to leveraging the principles of circularity.

Since introducing our CO₂ webshop (December 2022), where V-ZUG customers can offset their CO₂ emissions, we have successfully compensated for 60 tonnes of CO₂ from purchased appliances and additional emissions. This is equivalent to approximately 180 round trips from Zurich to Berlin or operating a V-ZUG CombiSteamer for 6,500 years.

We have also taken other measures to reduce CO₂ emissions. We accelerated our purchase of "green steel" and are introducing the first electric lorry into our fleet in 2023. Electric vehicles are already being used in the Service division.

The construction of "Zephyr Ost" is progressing according to plan. Next to space-saving vertical production, sustainable construction plays a significant role: we utilise recycled concrete. In addition, the concrete is enriched with CO₂ to ensure long-term carbon sequestration. This is done in collaboration with Neustark, an ETH spinoff. At the same time, we are gradually connecting more of our buildings to the Multi Energy Hub of the Tech Cluster Zug.

"We remain committed to helping more women fulfil their potential in our company."

In the 2022 reporting year, women accounted for 20% of leadership positions and 24% of all positions. Our aim is to increase this share and not hide behind stereotypical claims that gender disparity is normal in our industry. That is why we launched the "Trau Dich" ("dare to lead") initiative in the first half of 2023, designed specifically for



ambitious female employees. The initiative enables nominated female colleagues to customise their development and career trajectory by participating in additional activities that build on the existing personnel development measures.

The next sustainability report will be included in the V-ZUG Annual Report 2023 and be released on 13 March 2024.

We thank you

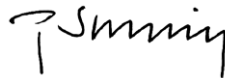
In these demanding times, we want to say a special thank you to our employees, who have shown great flexibility to adapt to the

volatile conditions. We would like to thank our customers and partners for their loyalty and our good working relationships. Last but not least, we would like to thank you, dear shareholders, for your trust.

Your trust, loyalty and interest mean a lot to us.



Oliver Riemenschneider
Chairman of the Board of Directors



Peter Spirig
Chief Executive Officer





Financial Report

Consolidated income statement

in KCHF	H1 2023	H1 2022
Net sales	298,150	303,004
Costs of goods and services sold	-198,580	-208,718
Gross profit	99,570	94,286
Marketing and sales costs	-49,409	-48,787
Research and development costs	-26,065	-26,396
Administration costs	-22,141	-19,068
Other operating income	3,373	4,306
Other operating costs	-225	-90
Operating result (EBIT)	5,103	4,251
Financial income	32	208
Financial expenses	-359	-232
Share of results from associated companies	63	-
Financial result	-264	-24
Net result before taxes	4,839	4,227
Taxes	-508	-459
Group net result	4,331	3,768
Earnings per share (in CHF)	0.67	0.59
Number of employees (FTE) as at 30.06.	2,114	2,145

The income statement is now presented in accordance with the function of expense method (previously: nature of expense method). In connection with this, the previous year's figures have been adjusted to the new structure – see “Change in presentation” in the notes on page 20 for further information.

Consolidated balance sheet

Assets

in KCHF	30.06.2023	31.12.2022	30.06.2022
Cash and cash equivalents	56,289	64,408	67,914
Securities	95	96	99
Trade receivables	61,079	67,617	70,171
Other receivables	10,367	4,728	17,558
Inventories	116,727	115,673	113,101
Prepaid expenses and accrued income	4,868	2,653	7,807
Current assets	249,425	255,175	276,650
Tangible assets	323,488	313,409	305,619
Intangible assets	7,579	8,272	8,133
Financial assets	25,176	29,984	29,471
Fixed assets	356,243	351,665	343,223
Assets	605,668	606,840	619,873

Liabilities and shareholders' equity

in KCHF	30.06.2023	31.12.2022	30.06.2022
Trade payables	24,169	29,045	37,504
Other current liabilities	42,686	37,702	43,328
Accrued expenses and deferred income	36,508	38,945	38,129
Current provisions	20,303	19,969	19,970
Current liabilities	123,666	125,661	138,931
Other long-term liabilities	552	1,106	1,602
Long-term provisions	11,309	11,441	11,552
Deferred tax liabilities	13,765	14,817	15,023
Non-current liabilities	25,626	27,364	28,177
Total liabilities	149,292	153,025	167,108
Share capital	1,736	1,736	1,736
Capital reserves	132,792	132,792	132,792
Retained earnings	321,848	319,287	318,237
Shareholders' equity	456,376	453,815	452,765
Liabilities and shareholders' equity	605,668	606,840	619,873

Consolidated statement of cash flows

Cash flow from operating and investing activities

in KCHF	H1 2023	H1 2022
Group net result	4,331	3,768
Financial result (net)	327	24
Depreciation and amortisation	16,326	14,988
Earnings from the sale of tangible assets	-228	-110
Share of results from associated companies	-63	-
Net changes in provisions	356	828
Income tax	508	459
Other non-cash items	6,947	-3,548
Change in trade receivables	5,733	-10,588
Change in other receivables and prepaid expenses and accrued income	-7,949	-11,025
Change in inventories	-5,785	-20,845
Change in trade payables	-4,124	8,598
Change in other current liabilities and accrued expenses and deferred income	2,321	-1,523
Interest paid	-8	-72
Taxes paid	-802	-6,153
Cash flow from operating activities	17,890	-25,199
Investments in tangible assets	-23,857	-22,194
Investments in intangible assets	-1,987	-1,933
Investments in financial assets and securities	-114	-119
Disposals of tangible assets	429	228
Disposals of financial assets and securities	107	10
Interest received	26	38
Cash flow from investing activities	-25,396	-23,970

Cash flow from financing activities

in KCHF	H1 2023	H1 2022
Cash flow from operating and investing activities (free cash flow)	-7,506	-49,169
Increase in long-term liabilities	-	20
Cash flow from financing activities	-	20
Currency translation effects	-613	-116
Change in "Net cash and cash equivalents"	-8,119	-49,265
Net cash and cash equivalents 01.01.	64,408	117,179
Net cash and cash equivalents 30.06.	56,289	67,914

Consolidated statement of changes in shareholders' equity

in KCHF	Share capital	Capital reserves	Retained earnings	Goodwill offset	Accumulated currency translation differences	Total retained earnings	Total
Shareholders' equity							
30.06.2023	1,736	132,792	323,318	-2,395	925	321,848	456,376
Group net result			4,331			4,331	4,331
Currency translation effects					-1,770	-1,770	-1,770
Shareholders' equity							
01.01.2023	1,736	132,792	318,987	-2,395	2,695	319,287	453,815
Shareholders' equity							
30.06.2022	1,736	132,792	314,817	-	3,420	318,237	452,765
Group net result			3,768			3,768	3,768
Currency translation effects					144	144	144
Shareholders' equity							
01.01.2022	1,736	132,792	311,049	-	3,276	314,325	448,853

Segment information

in KCHF	H1 2023	H1 2022
Household Appliances		
Net sales	298,150	303,004
EBITDA	17,191	14,605
EBITDA in % of net sales	5.8	4.8
Depreciation, amortisation and impairment	-14,139	-12,840
Operating result (EBIT)	3,052	1,765
EBIT in % of net sales	1.0	0.6
Real Estate		
EBITDA	5,054	5,229
Depreciation, amortisation and impairment	-2,187	-2,148
Operating result (EBIT)	2,867	3,081
Corporate and elimination		
EBITDA / Operating result (EBIT)	-816	-595
Total		
Net sales	298,150	303,004
EBITDA	21,429	19,239
EBITDA in % of net sales	7.2	6.3
Depreciation, amortisation and impairment	-16,326	-14,988
Operating result (EBIT)	5,103	4,251
EBIT in % of net sales	1.7	1.4

Notes

Financial reporting

The unaudited half-year consolidated financial statements for the period ended 30 June 2023 were prepared in accordance with the existing Swiss GAAP FER Accounting and Reporting Recommendations in general and with Swiss GAAP FER 31 “Complementary recommendation for listed companies” in particular. Since the half-year consolidated financial statements do not contain all the information disclosed in annual consolidated financial statements, they should be read in conjunction with the consolidated financial statements dated 31 December 2022. The consolidation, accounting and valuation principles published in the 2022 Annual Report have been adopted unchanged for the half-year reporting, with the exception of the adjustment in presentation described below. The half-year consolidated financial statements cover the period from 1 January to 30 June 2023 and were authorised by the Board of Directors for issue on 19 July 2023.

Change in presentation

Since 1 January 2023, the V-ZUG Group has presented the income statement in accordance with the function of expense method (previously: nature of expense method). V-ZUG considers presentation in accordance with the function of expense method more meaningful for the analysis of the Group’s financial development.

Consolidation

The consolidated financial statements cover V-ZUG Holding AG and all Group companies in which V-ZUG Holding AG directly or indirectly holds more than 50% of the voting rights or for which it bears operational and financial management responsibility. The full consolidation method is applied, i.e. assets, liabilities, income and expenses are recognised in full. Affiliated companies in which the V-ZUG Group has a direct or indirect ownership interest of between 20% and 50% are recognised according to the equity method. Participating interests of below 20% are not consolidated. On the date of the initial consolidation, the assets and liabilities of acquired companies or business parts are valued at fair value in accordance with uniform Group policies. The difference between the acquisition price and the revalued net assets of the acquired companies or business parts is recognised as goodwill. This goodwill is offset against retained earnings with no effect on the income statement. The aim of the capital consolidation is to show the equity of the entire Group. The capital consolidation is carried out using the purchase method.

With regard to currency translation for consolidation purposes, the half-year financial statements of the foreign Group companies are translated into Swiss francs according to the current rate method. Under this method, the exchange rate at the balance sheet date is used consistently for balance sheets and the average rate for the reporting period for income statements and cash flow statements. Shareholders' equity is converted at historical exchange rates. The currency effects resulting from the conversion are offset against retained earnings with no effect on the income statement. Foreign currency gains and losses on long-term, equity-like loans to Group companies are also recognised in equity with no effect on the income statement.

Income taxes are accrued on the basis of the estimated average effective tax rates for the current financial year.

Significant estimates

In preparing the consolidated financial statements, certain assumptions must be made that affect the accounting principles to be used and the amounts reported as assets, liabilities, income and expenses and the presentation of these amounts. The half-year consolidated financial statements do not contain any significant new assumptions or estimates made by management compared with the consolidated financial statements for the year ended 31 December 2022.

Seasonality

The Household Appliances segment is subject to a certain element of seasonality. In the past, the second half of the year was generally stronger in terms of net sales. Net sales in the first half of 2022 accounted for 47.6% of total sales for 2022. In the first half of 2022, component shortages and delivery delays impacted net sales. In the first half of 2023, demand for household appliances fell year on year due to uncertainty about the geopolitical situation as well as factors affecting investments such as rising interest rates and inflation. Moreover, the inventories of customers were still well stocked, which put further pressure on volumes.

Events after the balance sheet date

There were no events after the balance sheet date that would require an adjustment to the carrying amounts of the Group's assets, liabilities and equity or which would need to be disclosed.



Legal information

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Disclaimer

This Half-Year Report is published in German and English. The German version of the Half-Year Report 2023 of the V-ZUG Group is the authoritative version and can be found here: www.vzug.com/ch/en/financial-reports.

All statements in this Half-Year Report that do not relate to historical facts are forward-looking statements that express intentions, assessments, expectations and projections about future financial, operational and other developments and results. These statements and the underlying assumptions are subject to numerous risks, uncertainties and other factors that could cause actual developments to differ materially. V-ZUG Holding AG data and valuations as well as past trends and valuations described in this Half-Year Report are no guarantee for the future development and future value of V-ZUG Holding AG or the V-ZUG Group.

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