



V-ZUG Group

Annual Report

2022

**Bringing simplicity into your
home and creativity into
your kitchen.**

V-ZUG

Key Figures 2022¹

10.3

(-83.6%)

Operating result (EBIT)
in CHF million

50.2

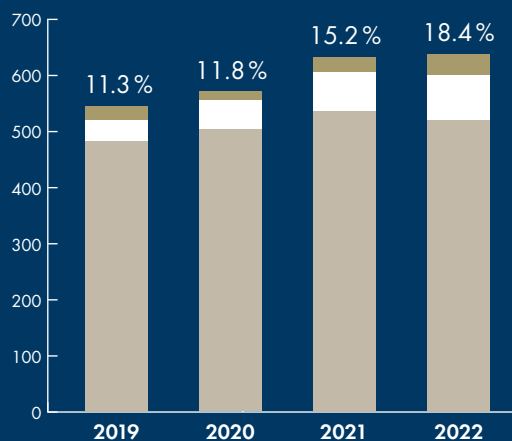
Investments (Capex²)
in CHF million

**Net sales total
and by region 2022**
in CHF million

Customer-focused despite challenging circumstances such as supply shortages and soaring procurement prices.

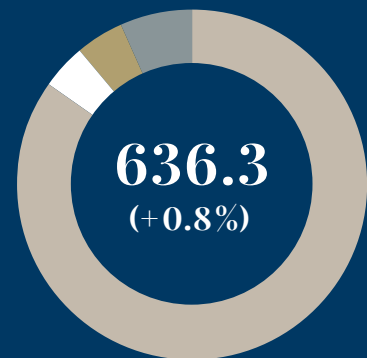
Net sales 2019 – 2022

in CHF million



- Switzerland
- International own brand
- International OEM business

% International Markets in % of total net sales



- Switzerland **519.5**
- Europe (excluding Switzerland) **32.3**
- North and South America **37.5**
- Asia/Pacific/Others **46.9**

1.0

**Cash flow from
operating activities**
in CHF million

¹ The figures for the previous year's period were partially adjusted due to changes in accounting principles. For more information, see page 76 of this Annual Report.

² "Capex" refers to additions to tangible and intangible assets.

Share information

Price development registered share V-ZUG Holding AG

(2022 financial year)



SXGE - Swiss Performance Index, SPI (adjusted)

V-ZUG N - Registered share V-ZUG Holding AG

Source: www.six-group.com (each daily closing price for V-ZUG)

in CHF		2022	2021
Number of shares in units	year end	6,428,571	6,428,571
Stock market capitalization	year end	584,999,961	790,714,233
Data per share			
Group net result ¹⁾		1.23	8.62
Cash flow from operating activities ¹⁾		0.16	9.87
Shareholder's equity ¹⁾		70.59	69.82
Dividend		- ²⁾	- ²⁾
Stock market price	high	126.00	155.00
	low	68.20	85.50
	year end	91.00	123.00

¹⁾ Based on weighted average of outstanding shares during the reporting period, see p. 83.

²⁾ According to proposal of the Board of Directors.

Listing

The registered shares of V-ZUG Holding AG, domiciled in Zug, Switzerland (registered in the commercial register of the Canton of Zug under CHE-352.183.990), have been listed in the Swiss Reporting Standard of the SIX Swiss Exchange, Zurich, Switzerland, since 25 June 2020, and are included in the SPI (ticker symbol VZUG; security number 54 248 374, ISIN CH0542483745).

Important dates

25 April 2023 Annual General Meeting
21 July 2023 Publication of half-year results

Dividend policy

V-ZUG Holding AG is aiming at a dividend policy that is primarily based on the distributable profit level. Mid- and long-term, the pay-out ratio is expected to be between 20% and 40% of the Group net result. In the first three years after the spin-off from the Metall Zug Group, the available financial resources of the V-ZUG Group are to be used primarily for investments in products, markets and the production sites in Zug and Sulgen, as previously communicated in the context of the spin-off. Free cash flow in the 2022 financial year was CHF -52.2 million. The Board of Directors therefore proposes to the Annual General Meeting that no dividend be paid at present.

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Due to the relaunch of our website vzug.com, some of the links in the text will only be available as of April 2023. Until then, all content can be accessed directly on the website under "V-ZUG Group".

Letter to shareholders



Oliver Riemenschneider
Chairman of the Board of Directors

Peter Spirig
Chief Executive Officer

Zug, 15 March 2023

Dear Shareholders

In this Annual Report, we are going to inform you about our performance in 2022, including achievements as well as various challenges. We will also provide an outlook on the future development of V-ZUG. Pandemic-related effects such as supply shortages and drastic purchasing price increases, combined with the geopolitical tensions at international level, were demanding for us. These challenging times showed where our strength lies: it is our employees, who acted with great dedication and a strong sense of responsibility. Thanks to them, we were able to adapt our production operations to the ever-changing conditions and continue supplying and supporting our customers as quickly and efficiently as possible – all while ensuring the health and safety of everyone involved and while protecting our environment.

“The energy and flexibility shown by our employees were crucial during these challenging times.”

Challenges reflected in financial result

Net sales amounted to CHF 636.3 million in the reporting year (previous year: CHF 631.3 million), representing an increase of 0.8% (currency adjusted +1.2%). Net sales in the Swiss market were down by 3.0%. Order volumes were high, but revenue was partially lost due to supply shortages.

Net sales in International Markets increased by 21.8% in the reporting year. This growth highlights our success in these markets despite various challenges. It confirms that our expansive market development with premium products and services is paying off.

Rising purchasing costs for almost all materials and freight led to price increases; we did not want to pass these on to our customers right away. We take our economic and social responsibilities towards all of our stakeholders seriously. We therefore decided to change our prices gradually and give our business partners sufficient notice, so they would have enough time to adjust their own prices. This had a strong dampening effect on our operating result.

At CHF 10.3 million, the operating result (EBIT) in 2022 was significantly lower than in the previous year (CHF 62.7 million). In addition to the drastically increasing procurement prices and gradual sales price increases, this was also due to delivery delays. At 1.6%, the EBIT margin was considerably lower than it would have been under normal circumstances (previous year: 9.9%).

Cash flow from operating activities was CHF 1.0 million in the reporting year (previous year: CHF 63.5 million). Free cash flow (after investment activities) was CHF – 52.2 million (previous year: CHF 9.0 million). The difference compared to the previous year's period is largely due to the lower operating result and the inventory build-up to deal with unexpected supply shortages.

As of 31 December 2022, the balance sheet of the V-ZUG Group showed a strong equity ratio of 74.8% (previous year: 72.9%) and cash and cash equivalents of CHF 64.5 million (previous year: CHF 117.3 million). Cash and cash equivalents and the high equity ratio continue to support the sustainable, equity-financed performance of the V-ZUG Group and make it possible for us to continue investing in our strategic projects.

“Growth of 21.8% in International Markets”

2022 review: a step closer to achieving our strategic goals

We impressed our customers with innovative, superbly designed products, including the “CombiCookTop” and the world's first “PowerSteam” (microwave-assisted steaming). We also scored points with our fast service. The ZUGORAMA at our headquarters in Zug and the one in Chur were given a fresh new look. V-ZUG Studios were opened in London and Paris. Our tailored go-to-market strategy with relevant customer targeting is proving its worth: our premium products are in demand, both in the Swiss market and internationally.

“Red Dot Design Award for CombiCookTop.
World first PowerSteam: faster and more
gentle cooking thanks to simultaneous use
of hot air, steam and microwave”

Ongoing supply shortages and rising purchasing costs were among the main challenges we faced in the reporting year. We reacted quickly and adapted our purchasing strategy. One example are micro-processors: as the price of these typically low-cost components rose drastically in 2022, we redesigned the software to fit new processors to be sourced from new suppliers, which we then had certified. With these measures, we intend to improve our cost structure and to become more resilient.

The relocation of V-ZUG Kühltechnik AG from Arbon to the new refrigerator factory in Sulgen was completed successfully. With this, we created a sound base for further efficiency gains in our production processes.

“Certified as a
Friendly Work Space”

V-ZUG would not be what it is today without its dedicated employees. It pays off to have a strong employer brand, especially in times when skilled workers are in demand and critical to success. We empower our employees to play an active part in making our company successful and in shaping its future. This resonates very well and was also acknowledged with the label “Friendly Work Space” in the reporting year. We were delighted to receive an award to that end from “Gesundheitsförderung Schweiz”, a Swiss health promotion initiative. We hope it will further enhance our image as an attractive employer in times of increasing skills shortages.

We are shaping our future

In Switzerland, we are known as a reliable company with a rich tradition. In many markets abroad, Swiss products have a reputation for being precise, stylish and durable – a quality often described with “as regular as Swiss clockwork”. While we remain the leading and most desired household brand in Switzerland, we are also positioning ourselves as a premium provider internationally with our “Metropolitan Strategy”. In 2023, we will continue pursuing our successful growth strategy by opening Studios in Milan, Sydney, Hamburg, Berlin and Vienna, as well as moving our Singapore Studio to an even more attractive location.

“Switzerland is known around the world
for precision, quality and design.”

When choosing a cooking appliance, today’s consumer is looking for innovation, simplicity and connectivity. With the help of EasyCook in the V-ZUG app, V-ZUG appliances can be used to prepare and cook any dish easily and conveniently with outstanding results. In addition, the “V-Kitchen” app contains a large library of recipes. The general increase in health consciousness also represents a great opportunity: the support offered by state-of-the-art appliances and devices is appreciated in particular by health-conscious people who follow a nutrient-rich and/or vegan diet.

We are committed to Switzerland as a manufacturing location. Following the successful relocation of the refrigerator factory from Arbon to Sulgen, we are continuing to focus on the site transformation in Zug. The ground-breaking ceremony for the new “Zephyr Ost” production building took place in March 2022. This major – and increasingly visible – strategic project represents an important step in reducing the footprint of our production building while simultaneously increasing the production capacity. This includes various manufacturing processes and the assembly line for the oven and steamer portfolio, which sets new standards in terms of automation and sustainability. The “vertical factory” concept is rounded off with an integrated decoupling warehouse as well as automated logistics systems. Proximity to the development, marketing and sales functions is already benefiting our customer-centred go-to-market strategy.

“Environmentally conscious and productive with a smaller footprint”

Sustainability is in our DNA

Another important aspect of V-ZUG’s strategy is sustainable business management that has a positive impact on people, planet and profit. This commitment has been benefiting all of V-ZUG’s stakeholders – whether customers, employees, suppliers or shareholders – from the very beginning. We have always taken care to ensure our appliances are durable, efficient and repairable, and that they are responsibly made. As part of this, we systematically reduce our ecological footprint, cut CO₂ emissions (Scope 1 to 3) and invest in the health of our employees. We pushed ahead with our closed-loop approach in the reporting year and incorporated relevant suppliers and recycling companies.

V-ZUG production operations in Switzerland have been carbon-neutral (Scope 1 and 2) since 2020. Whenever an appliance is used at home, it causes carbon emissions, depending on the CO₂ content of the electricity used. With the new “CO₂-Webshop”, V-ZUG is now offering its customers in Switzerland an easy way to offset these emissions and thereby play their own part in mitigating climate change over a usage period of 15 years. The money collected this way goes directly to “V-Forest”, our Scottish reforestation project being conducted in partnership with the Ripa Gar Foundation.

We have set ourselves clear and quantifiable sustainability targets to measure ourselves against. Starting from the next financial year, we will integrate the Sustainability Report, including sustainability targets and results, into the Annual Report. Sustainability reporting will therefore take place earlier than in the past, i.e. together with the publication of the financial results.

“New: with the “CO₂-Webshop”, users of V-ZUG appliances can now make their own personal contribution to offsetting carbon emissions.”

2023 outlook: a strong brand in a volatile environment

The past three years unfolded differently than expected, not just for us. They had a fundamental impact on how we work. For instance, we have learned to respond to challenges more quickly and flexibly. We expect the macroeconomic environment to remain volatile in 2023. Inflation will continue to affect us in our procurement and sales markets, and demand will eventually stabilise at new, post-pandemic levels in all markets. We are well-equipped for these developments. Driven by our vision of making things easier for our customers and supporting their creativity, we develop innovative and user-friendly products that leave nothing to be desired when it comes to precision and design. The results of the “Brand Monitor Switzerland” in the third quarter of 2022 confirm that we are by far the most sought-after brand in terms of purchase consideration.

We thank you from our hearts

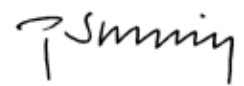
Goals can only be achieved with skill and determination. These qualities are evident throughout our workforce at all levels and in all regions. We therefore thank our employees first and foremost.

We also thank our customers and business partners for their loyalty. The trust they continue to place in us despite the delivery delays and sales price increase, is highly motivating for us. We will continue striving day in, day out, to be a reliable partner for our business partners and customers.

Last but not least, we thank you, our valued shareholders, for your ongoing support and your confidence in us. It means a lot to us, and we will continue doing everything we can to make sure the future of V-ZUG is bright.



Oliver Riemenschneider
Chairman of the Board of Directors



Peter Spirig
Chief Executive Officer

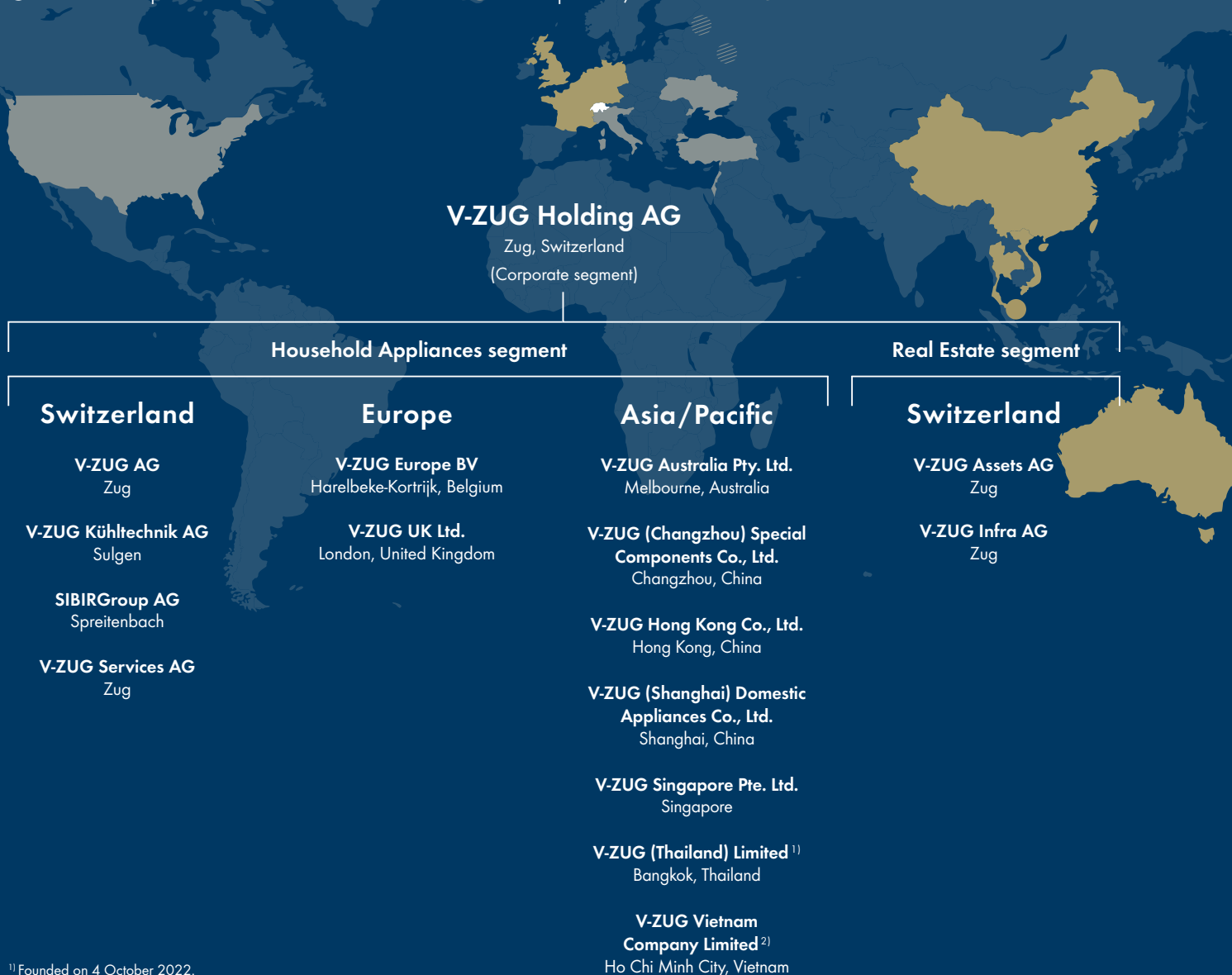
The V-ZUG Group

Organisation and global presence

V-ZUG is Switzerland's leading brand in household appliances. For 110 years, it has been developing and manufacturing kitchen and laundry appliances at its main production site in Zug, Switzerland, and, since 2013, refrigerators in Arbon, respectively Sulgen, Switzerland, as well. V-ZUG also produces special pre-assembled components for its appliances in Changzhou, China. V-ZUG is the market leader in Switzerland and also markets its premium products in a selected number of international markets, focusing on affluent metropolitan areas. It provides a comprehensive, high-quality service in all its markets. In addition to its headquarters in Switzerland, the V-ZUG Group has distribution companies in the EU, the UK, Australia, China, Hong Kong, Singapore, Thailand and Vietnam, and also has well-established distribution partners in other international markets.

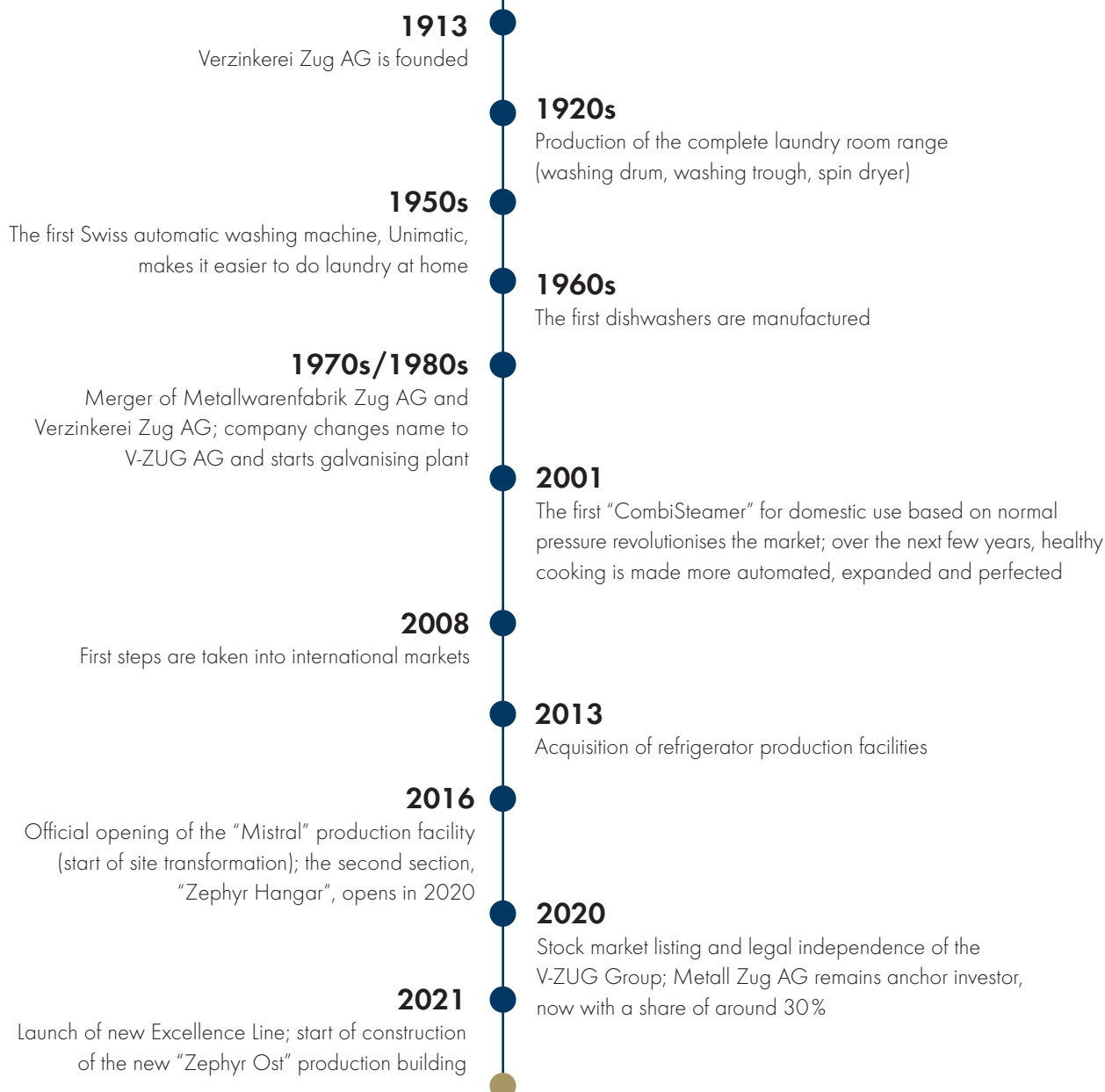
The V-ZUG Group employs around 2,200 people worldwide and is divided into the Household Appliances and Real Estate segments. The Household Appliances segment covers the operational business for the development, production, marketing, sales and service of household appliances. The Real Estate segment comprises the V-ZUG Group's real estate business and consists of the Northern area of the Tech Cluster at the Zug site and properties in Sulgen (new refrigerator factory and existing production and office buildings rented to third parties). V-ZUG Holding AG is listed on the Swiss stock exchange and has its own reporting segment - Corporate.

● V-ZUG headquarters ● V-ZUG subsidiaries ● V-ZUG partners/distributors ▨ inactive



¹⁾ Founded on 4 October 2022.

²⁾ Founded on 24 October 2022.



2022 highlights

World first "PowerSteam"

A major highlight of the past financial year came at the beginning of April 2022 with the launch of the "PowerSteam" – a new product that combines the operating modes of hot air, steam and microwave, allowing food to be cooked in record time. As well as offering endless possibilities, top speed and maximum precision, it also saves space. The "PowerSteam" has been developed entirely in Switzerland and the appliances are manufactured at our production location in Zug.

New business model based on circular economy

Under the banner "Second Life", V-ZUG aims to extend the service life of household appliances that are no longer needed but have not yet reached the end of their useful life. Instead of being prematurely recycled, display items and returns are refurbished to enable a second life. Customers and employees can already purchase these appliances in a dedicated online shop. The "Product-as-a-Service" model, which mainly targets owners and operators of large properties, is also aimed

at extending the products' useful life. As the appliances are rented out instead of being sold, V-ZUG remains their owner and can prevent them from being disposed of prematurely.

Opening of new V-ZUG Studios

The international presence was increased further in the reporting year with two new V-ZUG Studios (showrooms) in London and Paris. V-ZUG is planning to open five more V-ZUG Studios in Sydney, Vienna, Milan, Hamburg and Berlin.

Commissioning of new refrigerator factory building in Sulgen

The relocation of production from Arbon to the new refrigerator plant in Sulgen was completed smoothly in the first quarter. Since the middle of the year, it has been possible to produce the targeted number of refrigerators.

Market environment

Consumer behaviour stabilised with the gradual return to normal after the pandemic. Economic indicators remained negative for a while due to inflation and the energy crisis. Despite the global economic slow-down, the Swiss economy developed positively, with high value creation in the industry. However, the manufacturing sector was hit by supply shortages and was unable to continue its strong growth from the previous year. Inflation in Switzerland was relatively low compared to the international development. In Switzerland, the V-ZUG Group generates around one third each of its sales of household appliances in the new-build, renovation and replacement business. Partly driven by energy-saving measures, construction activity in the new-build industry – including refurbishments of existing building stock – is expected to remain at a high level, so the outlook for renovations continues to be positive. The replacement business remains virtually unaffected by the economic cycle and is benefiting from what is already a large installed base.

In the Swiss Market and particularly in the property business, competition from major foreign domestic appliance companies with larger production volumes in low-wage countries is strong. In addition, the standard Swiss measurements for integrated kitchens are gradually becoming less popular, particularly for new-builds (55 cm vs the EU standard of 60 cm). There is also an increasing trend towards consolidation of companies in the domestic appliances industry and in supply chains. Alongside greater standardisation and more regulatory requirements, consumers are expecting more when it comes to sustainability. The V-ZUG Group is making sure it is well-prepared to use these challenges to its advantage.

Because V-ZUG's market share in international markets is still small, there is considerable potential for above-average sales growth. Internationally, the V-ZUG Group is focusing on metropolitan areas with design-savvy and affluent customer groups. The core markets of China, Australia and Germany have performed particularly well in recent years. By opening more V-ZUG Studios in key markets, V-ZUG will further expand and consolidate its international position as a premium brand.

Service and support are among V-ZUG's core competencies. Despite intense competition, there is further growth potential in these areas, particularly by offering new digital products and service contracts. V-ZUG's response time and first-visit resolution rate set the standard for customer service. In Switzerland, the V-ZUG Group meets the increasing expectations of major real estate management companies in terms of providing all-brand services via its subsidiary SIBIRGroup AG. In international markets, the V-ZUG Group's service promise is also a key element of the service package and a unique selling point for the Group.

Consumer behaviour is changing in all markets, with more demand for healthy, sustainable food and for household appliances that are easy and convenient to use. Overall, consumers want their interaction with V-ZUG to be digital and more automated, including their use of the appliances and the use of services (e.g. recipe inspiration, troubleshooting, etc.) as well as the order process itself.

Strategic transformation

The strategic transformation of the V-ZUG Group will ensure that V-ZUG remains a strong brand and a technology leader. It is also aimed at increasing the efficiency of the company's operations and diversifying the market portfolio with footholds in Switzerland and abroad. There are five core aspects to the transformation: evolving the portfolio of premium products, strengthening the V-ZUG brand, implementing the internationalisation strategy, developing platforms for new products and services, digitalising products and processes, as well as transforming the main site in the town of Zug and optimising production in Zug and Sulgen. Simultaneously implementing these projects calls for exceptional efforts and generates overlapping costs. It is also associated with a cultural transformation that revolves around greater collaboration, increased agility and forward-looking feedback. This comprehensive transformation will take several years and will lay the foundation for V-ZUG's ongoing success.

A strong brand

The V-ZUG brand is widely established and well-known in Switzerland. For more than a century, it has been a symbol of innovation, durability and reliability in the household segment. These values are embedded in V-ZUG's culture and are clearly reflected in the vision, mission and core values (further information at www.vzug.com/ch/en/about-v-zug).

The V-ZUG brand is gradually raising its profile in international markets. Across all markets, V-ZUG emphasises the simple, intuitive controls, the cooking precision and related quality guarantee, and the timeless and appealing design of its appliances. Household appliances are increasingly becoming an interior design element in living and cooking spaces. V-ZUG is catering to this with a revised design of the new product lines and a refreshed brand image, which includes the refurbished, redesigned showrooms in Switzerland and the new, contemporary V-ZUG Studios in major international metropolitan areas. All this enables V-ZUG to strengthen its position as a premium brand offering innovative, high-quality products that use the latest technology and provide first-class customer service and an outstanding brand experience.

Sustainability is an integral part of V-ZUG's brand promise. As a responsible corporate citizen, the V-ZUG Group advocates sustainability along the triple bottom line: People, Planet and Profits. The development of resource-efficient products is of key importance here. Circularity, durability and energy efficiency are key distinguishing features of the V-ZUG brand.

V-ZUG also wants to keep on enhancing its position as an employer to help it attract the right talent to tackle both current tasks and future challenges.

Switzerland and international metropolitan areas

V-ZUG strives to remain the market leader in the Swiss market and expand its market share continuously. To this end, it will further strengthen its positioning with end customers who use V-ZUG appliances on a daily basis. Catering to all stakeholders as well as possible is a further goal of the company. This includes wholesalers and specialist traders, kitchen builders, fitters, investors, real estate management companies, architects and interior designers, be it in the rental property segment or the home-owner segment.

At international level, further strong growth is being pursued with a premium strategy. The focus here is on implementing the "Metropolitan Strategy" – targeting large, urban commercial areas with significant spending power. As part of this, the V-ZUG Group is pushing the attributes of precision and quality "made in Switzerland", as well as the ease of use and the durability of the household appliances. Personal and reliable customer service and advice are also important. Further metropolitan areas will be targeted, with a focus on maintaining a careful balance between market selection, penetration speed and investment.

Digitalisation of processes and products

The V-ZUG Group continually invests in an innovative, exciting product portfolio that meets the needs and requirements of the market – this also includes digital solutions.

When determining which products to develop – and particularly when considering digital products – the V-ZUG Group takes a consolidated view of all needs and requirements of the market and any market and technology trends, and factors in its own expertise in these areas. This regularly results in designs that emphasise V-ZUG's reputation of offering innovative products and technologies that are leaders in their class. To meet these requirements, the Group invests in the development of platform technologies. This enables parts and components to be used across several product lines. The whole product portfolio is also constantly assessed so that other customer needs can be quickly met by efficiently allocating available resources to the innovation and development process.

Service & Support is a key pillar of V-ZUG's value proposition and will be further strengthened with the aim of increasing the market share and service coverage. As part of this, new, customer-focused services and business models – both digital and analogue – will be regularly tested and implemented if they receive positive customer feedback.

Through greater online networking, the V-ZUG Group is expanding the ways in which its products can be used, and is enhancing the customer experience. V-ZUG is optimising the digital integration of the V-ZUG world of recipes between app and appliance (with a seamless transfer directly into the appliances), making cooking even simpler and more intuitive, also for more sophisticated menus.

Digitalisation also encompasses the further development of sales channels both for professional (B2B) and private (B2C) customers, with a focus on simple order processes and expanding the range of services, including remote maintenance. Finally, investments will continue to be made in optimising existing digital solutions and implementing new ones.

Productivity increases and organisational development

The ongoing site transformation and modernisation of the production equipment in Zug and the new refrigerator production facility in Sulgen will increase operational efficiency and productivity to ensure that production in Switzerland remains sustainable and competitive. The associated automation serves as the basis for substantial, profitable growth of the V-ZUG Group, both in Switzerland and abroad. Naturally, this growth requires V-ZUG to have Group-wide human resources management and organisational development that is fit for the future. Well-trained employees who can work together flexibly in interdisciplinary teams are essential to future success.

Household Appliances segment



Household Appliances segment report

The Household Appliances segment comprises the operational business of the V-ZUG Group relating to the development, manufacturing and sale of high-quality kitchen and laundry appliances for private households. This segment is managed by the Executive Committee of the V-ZUG Group and consists of V-ZUG AG and its subsidiaries in Switzerland and abroad, plus V-ZUG Services AG (see overview on p. 10).

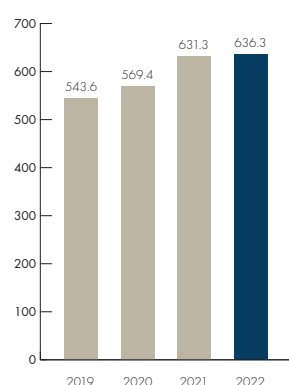
Comprehensive, customer-focused service and support is provided for all products in Switzerland and the international markets. In the Swiss market, a total of around 300 service technicians from over 20 service locations work for V-ZUG AG and SIBIRGroup AG (all-brand service). V-ZUG is continuously expanding its international service to actively support the brand. Customers in the international markets can now access support from a total of 300 V-ZUG service technicians and certified partner technicians. More than 90% of global service calls are managed successfully on the first customer visit.

The Household Appliances segment currently employs around 2,200 people, including 81 trainees.

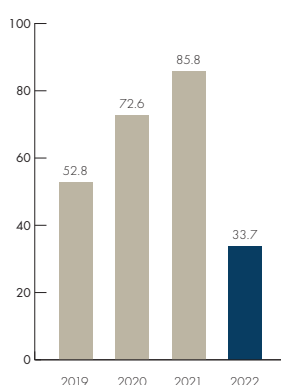
Overview of the 2022 financial year

At CHF 636.3 million (previous year: CHF 631.3 million), net sales in the Household Appliances segment were 0.8% higher than last year. In local currencies, net sales changed by 1.2%. In the 2022 financial year, the growth in net sales was purely organic. In addition, operational productivity, measured by the EBITDA margin (EBITDA as a percentage of net sales) decreased to 5.3% (previous year: 13.6%). At CHF 5.6 million, the operating result (EBIT) was significantly lower than the previous year (CHF 58.1 million).

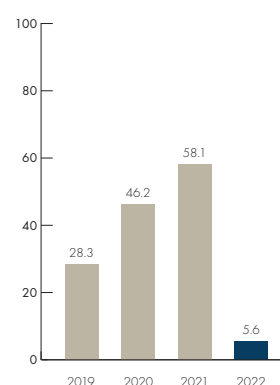
Net sales (in CHF million)



EBITDA (in CHF million)



EBIT (in CHF million)

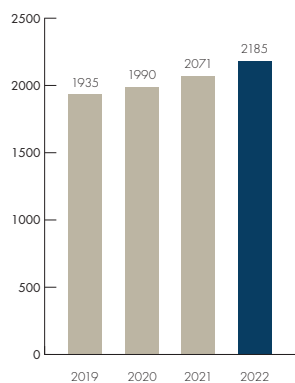


The 2022 financial year was especially challenging for the Household Appliances segment. The situation in the procurement markets further deteriorated from late summer 2021 and took another unexpected turn for the worse at the end of March 2022, primarily due to the strict COVID-19 lockdown in the greater Shanghai area. Cost increases and disruptions affected virtually all purchasing material groups, especially electronic components and, to an even greater extent, microchips. The lack of availability of various materials repeatedly forced the V-ZUG Group to alter production planning at short notice, which meant that production was not always able to work at full capacity. This led to delivery delays for some products. However, the situation showed signs of easing towards the end of the first half of the year, due to the measures taken regarding procurement processes. The average delay time could therefore be decreased slightly. The significant increases in procurement costs were passed on to customers in the form of gradual price increases. These increases were delayed by around three to four months to give V-ZUG's distribution partners time to adjust their prices for end customers.

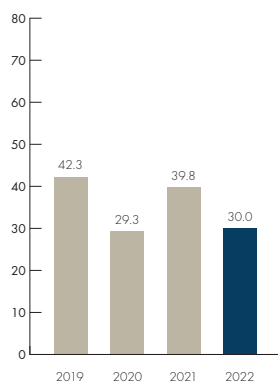
Due to the higher complexity caused by supply chain shortages as well as extremely high capacity utilisation associated with the demand in the Swiss market and the continued growth of the V-ZUG Group in the international markets, the number of employees in the 2022 financial year increased again compared to the previous year.

At CHF 62.0 million, R&D costs increased slightly compared to the previous year (CHF 61.3 million). As a percentage of net sales, these costs are still in the region of about 10%. At CHF 30.0 million, capitalisable investments in the Household Appliances segment decreased (previous year: CHF 39.8 million). This is attributable to the fact that the operating equipment installation at the factory in Sulgen was finalised in early 2022. The transformation projects at the Zug site will continue as planned.

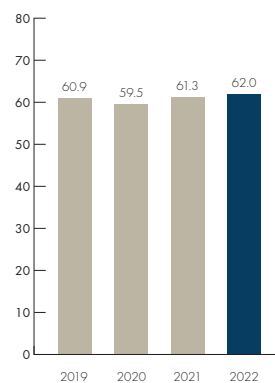
Employees as per 31.12. (FTE)



CAPEX (in CHF million)¹⁾



R&D costs (in CHF million)



¹⁾ see also CAPEX Real Estate segment (p. 27)

Swiss market

The overall market in Switzerland continues to be robust. The strong demand for household appliances did not falter in the first half of the year 2022. The short-term economic recovery transitioned seamlessly into a remarkable build-up of inventory caused by the global supply shortages. New order intake normalised in the second half of the year. The global supply chain problems also had an impact on V-ZUG in the Swiss market, not least in the form of delivery delays. The order and supply processes have been back to normal again since January 2023.

In the 2022 reporting year, V-ZUG further optimised its orientation and positioning in the different customer segments. The tenant and apartment block market continues to play a strategically central role. It is being served with appliances of the Advanced product line. Going forward, there will be more strategic focus on the owner and premium segments, within which house owners and freehold apartment owners will be targeted. The foundations for this were laid in spring 2021 with the launch of the Excellence Line, which is now being further expanded.

Service & Support remained stable, and repair requests could be fulfilled within the required response times. The high level of customer satisfaction was confirmed by the results of the NPS survey. The Net Promoter Score is a method for showing customer satisfaction as a figure. Our NPS of +77 suggests that our customers are very satisfied with us. 82% of V-ZUG service customers were impressed by the service work provided, and 8 out of 10 would recommend the services of the V-ZUG service team. The ZUGORAMA at the Zug headquarters was given a complete makeover in summer 2022 and now boasts the colours, look and feel of our brand identity. When planning the presentation of the appliances, special attention was paid to conveying the different comfort levels of the individual product lines. As with other modernised or newly opened V-ZUG showrooms, the inviting ambience of the new ZUGORAMA in Zug gives visitors an impression of how the appliances will feel in their own home.

V-ZUG was pleased to be able to again hold partner and customer events in 2022. We participated in various trade fairs with exciting booth concepts, where we were able to demonstrate one of our core skills – personal customer service.



Westfeld residential area in Basel (CH)

Across an area of 35,000 m² on the west side of Basel, a lively new district called "Westfeld" is being developed. On the site, which was used by the Felix Platter Hospital until 2019, around 530 apartments of various types are being built, as well as spaces for commercial and community utilisation. All apartments will be equipped with V-ZUG household kitchen and laundry appliances that blend in seamlessly with a contemporary, urban lifestyle. The project is expected to be completed in 2026.



You can find more V-ZUG projects on the website for global references at www.references.vzug.com

ZUGORAMA Zug

As part of the modernisation of all showrooms in Switzerland, the ZUGORAMA at the Zug headquarters has also been given a makeover. Customers, suppliers, guests and partners can now experience the world of V-ZUG in an inviting, homely and elegant environment. The showroom gives visitors ideas for installing individual appliances in both the mid-level and premium segments or combining different ones.



“The new showroom enables us to meet the needs of our customers and strengthens our position as a premium brand in Switzerland.”

Beni Baumli, Head of Expos & Stores

SIBIRGroup: strengthening all-brand service

SIBIRGroup deals with household kitchen and laundry appliances and specialises in all-brand services in Switzerland. Its target groups are institutional real estate managers, as well as private home-owners and freehold apartment owners. SIBIRGroup with its around 120 employees can look back on a successful year. Alongside its established business activities, SIBIRGroup trialled selling second-life appliances directly to private customers online in the reporting year. One of the aims of the new online shop is to keep appliances in circulation for longer and significantly reduce the number of recycled appliances as part of the V-ZUG Group’s sustainability strategy. The new sales channel has been very popular with customers so far and will be expanded further over the coming years.

International markets

International growth accelerated again in the 2022 financial year. Despite the challenging market conditions – such as the restrictions on business in China, the cessation of sanctioned business activities in Russia, and the general disruption to supply chains and deliveries – the V-ZUG Group increased its net sales in international markets by 21.8% to CHF 116.8 million in 2022 (previous year: CHF 95.9 million). We are confident that our target of doubling the volume of business in V-ZUG’s international markets in the period from 2019 (CHF 61.4 million) to 2024 can be achieved ahead of time in 2023. The increase in sales was due to V-ZUG’s own-brand business, which grew by 16.7% to CHF 79.7 million (previous year: CHF 68.3 million), as well as the North-America-focused OEM business, which grew by 34.3% to CHF 37.1 million (previous year: CHF 27.6 million).

Greater brand awareness and the launch of the Excellence Line in 2021 led to persistently high international demand for V-ZUG appliances. This is reflected in particular in the higher intake of new orders in Europe and Australia. By participating for the first time in the most important design fair for architecture and design – the “Salone del Mobile Milano” – we strengthened our position as a global premium brand on the world stage. This was further supported by the opening of two new V-ZUG Studios in Paris and London in the first half of the year. In addition, up to four new showrooms will be opened around the world by 2023. The presence in key markets such as Germany and Australia was also increased, and the brand expanded its footprint in Europe by entering the Austrian market.

Kiome Residences, Brisbane (AUS)

Biophilic design conquers Brisbane – a new standard for luxury apartments is emerging that is closely tied to the landscape and environment.

The latest project of the Australian SABI Property Group (“KIOME Residences” by Brisbane River in Highgate Hill) shows that sustainability is not associated with higher investment costs if it is cleverly integrated into the design from the beginning. When done properly, sustainable design has a very positive effect on operating costs and future carbon emissions, as well as genuinely improving the residents’ health, well-being and lifestyle. This approach has resulted in one of the first boutique apartment complexes in Queensland to meet the strictest Australian sustainability criteria. The building not only provides enhanced internal thermal comfort levels, but also reduces energy costs. The KIOME Residences development, comprised of just seven apartments, does not use fossil fuels and is equipped with some of the most energy-efficient appliances made by V-ZUG.

“I researched V-ZUG’s products in detail and was very impressed. And when I saw the showroom, I was blown away. They are already carbon-neutral, I don’t think there is any other appliance company that has claim to that.”

Riye Arai-Coupe, Co-founder and Partner at Bluebird



V-ZUG Studios opened in London (GB) and Paris (FR)

In 2022, V-ZUG celebrated the opening of two more showrooms in major European cities. The new V-ZUG Studios in London and Paris will strengthen the brand's presence in the two key markets of the UK and France. The V-ZUG Studio in London is located in a historic building on the world-famous Wigmore Street, in the same spot where the old Debenhams and Freebody department store used to be and directly across from the famous Wigmore Hall. The V-ZUG Studio in Paris is located in the immediate vicinity of the internationally known department store "Le Bon Marché", in the historic halls of the former Sèvres-Babylone post office. The thoughtfully designed new studios have V-ZUG's signature look and convey simplicity and sustainability. Transparent glass, matt colour tones and sustainable design elements are combined to create the perfect stage for showcasing the appliances. The spaces offer both a boutique experience and a high-end home ambience for visits by partners and customers.

“In the V-ZUG Studio in Paris, our visitors can step into a world that combines architecture and avant-garde design in line with V-ZUG’s values.”

Nicolas Le Comte, General Manager France





Product innovations

For more than a hundred years, V-ZUG has made it its mission to develop state-of-the-art appliances that stand for innovation, precision, design, high-quality materials and durability. New products in the Excellence Line were launched in the reporting year and presented at the Salone de Mobile / Milano Design Week 2022. The new ovens and steamers include two world firsts. The "Grand" is a stunning, 90 cm-wide CombiSteamer that opens up a whole new world of steaming and baking by combining the benefits of steam with perfectly distributed hot air. The CombiSteamer impresses with its size and minimalist design. The discreet handles and high-quality materials give the appliance a unique elegance. The "PowerSteam" is a fully fledged CombiSteamer that makes smart use of microwave technology. It offers a range of preparation methods in a single appliance. It steams and bakes faster than a conventional CombiSteamer, and the gentler cooking process perfectly preserves the quality, colour, texture and flavour of the food. The CombiCookTop V4000 was also introduced in 2022. The integrated extractor on the award-winning hob ensures that the cooking fumes are extracted right where they are produced. The "WineCooler" can store up to 38 bottles of fine wine. It is 90 cm high and has an attractive new design. The brightness in the dark interior can be adjusted to create different lighting moods. The flat shelves made from sustainable Swiss beech and the decanter shelf can be individually adjusted to showcase the bottles. The "TouchOpen" door offers maximum convenience and can be integrated seamlessly into handleless kitchens.



V6000 PowerSteam

Our new CombiSteamer "V6000 PowerSteam" offers even more options in a single appliance. This fully fledged CombiSteamer uses three operating modes simultaneously – hot air, steam and microwave – for fast yet gentle cooking. With its innovative heating element, the "PowerSteam" cooks food 30% quicker and reheats dishes up to 40% faster than any other V-ZUG CombiSteamer. This world first was presented to the market in spring 2022 at the Salone del Mobile Milano. V-ZUG impressed with its expertise in food science, computer-simulated microwave design, and conventional energy transfer with hot air and steam.

CombiSteamer V6000 Grand

With a width of 90 cm and the minimalist design of the Excellence Line, the new CombiSteamer "V6000 Grand" opens up a whole new world of steaming and baking. This highly functional and elegant appliance not only impresses with its size and aesthetics, but also with innovative technology that paves the way for top-quality culinary results. The "TwinHeat" technology works with two separate heating elements that get hot quickly and distribute heat evenly for outstanding results. The large cooking chamber offers space for much bigger dishes, so that more guests can be invited round for an unforgettable evening meal.





New production facilities of V-ZUG Kühltechnik AG, Sulgen, Thurgau

Site transformation and production facilities renovation

V-ZUG was pleased and proud to put the new production site for cooling appliances in Sulgen, Thurgau, into operation at the beginning of the year. The final stages of the relocation from the old site in Arbon to Sulgen took place in March 2022, successfully concluding the project. The new refrigerator factory building has been fully productive since then, and the new equipment and automated material flows are already starting to increase productivity compared to the old factory in Arbon.

The site transformation in Zug is progressing according to plan

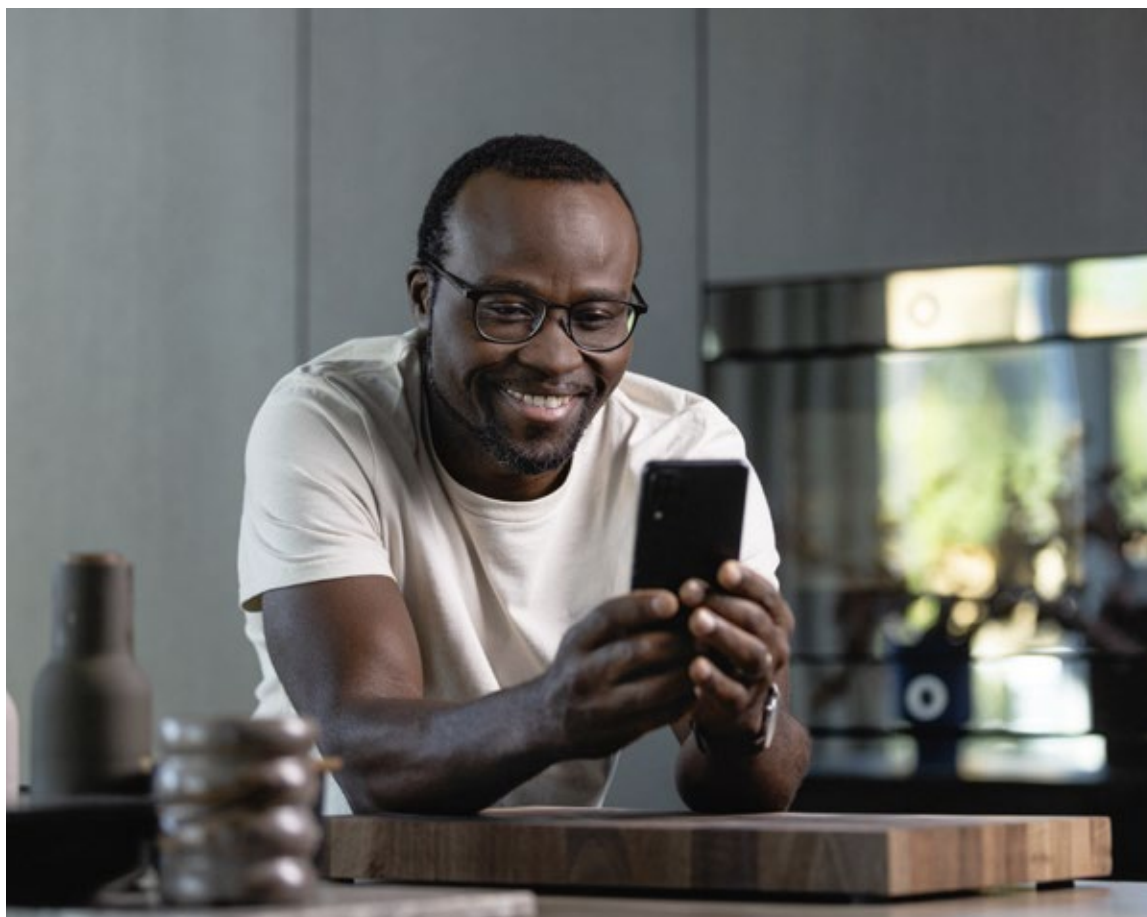
The work on the new "Zephyr Ost" production building is progressing according to plan. Installation of the operating equipment is scheduled for the fourth quarter of 2023; commissioning is planned for 2024. V-ZUG's office and development workplaces - currently housed in several different old buildings - will be brought together in the "Zephyr West" building in future. As part of this, an architecture competition began in autumn 2021 with five teams of planners. Two teams were selected for revision by a jury consisting of experts and representatives from the building owners and the municipal authorities. Both teams continued to work on their projects until autumn 2022, before submitting them to a final jury. The results of the study commission procedure were presented at a vernissage for the exhibition of the submitted projects at ZUGORAMA in Zug. The new V-ZUG main building will be planned by the Basel-based architecture firm Diener & Diener.

Digitalisation

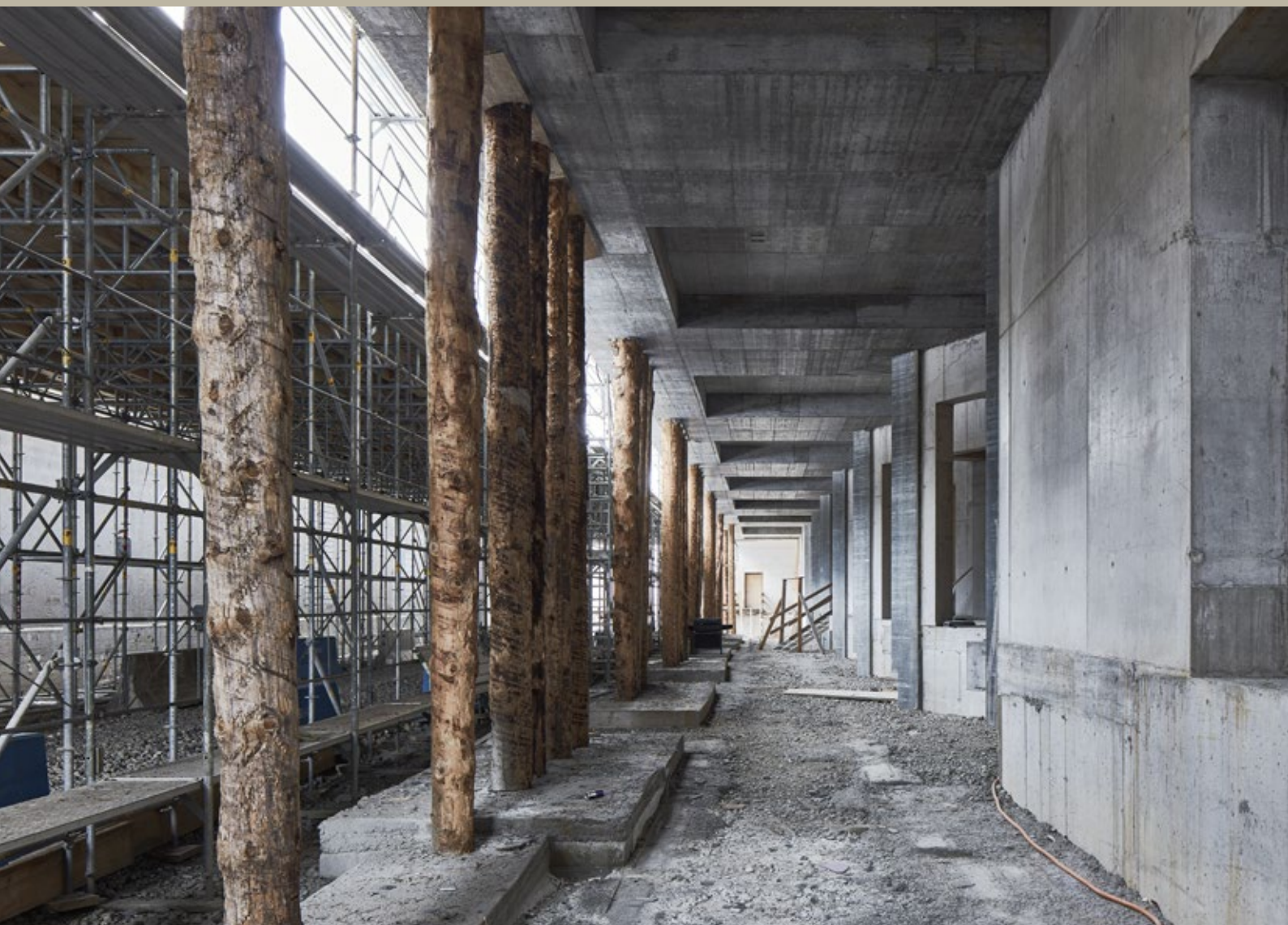
In the area of digital products, the “V-ZUG Home” app was launched in China in the first half of 2022. This main app for the digital services offered by the V-ZUG Group is now available in all of its key markets. The extremely encouraging response to the digital cooking assistant “V-Kitchen” continued in the second half of the year. The user base could be expanded considerably again, and another well-known partner was added to the active partner network in the form of Migros’ cooking portal “Migusto”. The introduction of the Scaled Agile Framework (SAFe®) in the areas of ICT and Digital Products gives V-ZUG much greater agility and scalability for the ongoing digital transformation.



www.v-kitchen.ch



Real Estate segment



Real Estate segment report

The Real Estate segment unites V-ZUG Infra AG and V-ZUG Assets AG as real estate companies or companies with land ownership within the V-ZUG Group.

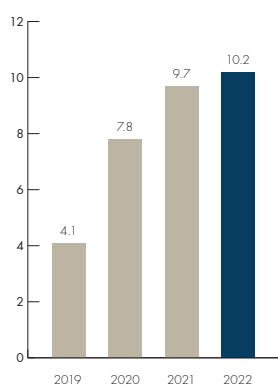
The two companies do not have their own employees and do not conduct any business activities themselves. The development, construction and renovation, management and operation of real estate and infrastructure is undertaken by Tech Cluster Zug AG, a company of the Metall Zug Group (an independent listed group). Statutory control of the two real estate companies is the responsibility of their respective Boards of Directors, and strategic management is the responsibility of the V-ZUG Holding AG Board of Directors. Adrian Ineichen (CFO), a representative of the V-ZUG Group's Executive Committee, assumes responsibility as Head of the Real Estate segment. Operational management is overseen by managing director Beat Weiss, who is also CEO of Tech Cluster Zug AG.

Business performance in 2022

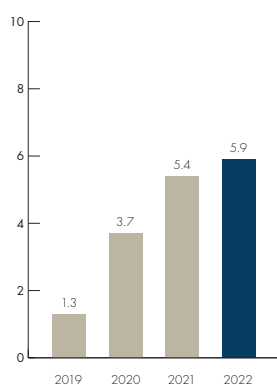
V-ZUG Infra AG owns V-ZUG AG's operating properties at Industriestrasse 66 in Zug, where the V-ZUG Group will continue to realise its industrial transformation, including consolidation of its production, over the next few years. Another important step in the site transformation was taken in the reporting year with the conclusion of the architecture competition for the new "Zephyr West" office and laboratory building. Construction work on the new "Zephyr Ost" production building is progressing according to plan. The basic construction is scheduled for completion at the end of 2023.

In the reporting year, V-ZUG K hltechnik AG's new refrigerator factory building went into operation on the properties Zelgstrasse 8 and 10 in Sulgen, which are held by V-ZUG Assets AG. Renovation work was carried out on the buildings rented by Belimed AG and Belimed Life Science AG.

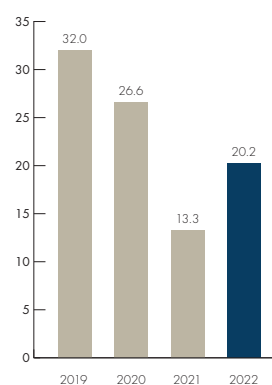
EBITDA (in CHF million)



EBIT (in CHF million)



CAPEX (in CHF million)¹⁾



¹⁾ See also CAPEX Household Appliances segment (p. 16)

Revenues of both companies comes predominantly from renting out buildings and maintaining infrastructure. The operating result (EBIT) amounts to CHF 5.9 million, which represents an increase of 7.8% compared with the previous year (CHF 5.4 million). Mainly due to the construction of the new "Zephyr Ost" building, total investments in the reporting year (CHF 20.2 million) were considerably higher than in the previous year (CHF 13.3 million).

Integration in the Tech Cluster Zug

V-ZUG Infra AG's properties in Zug are part of the major Tech Cluster Zug ("TCZ") project managed by the Metall Zug Group. The starting point for the TCZ project is the strategic renewal of V-ZUG AG's historic site in Industriestrasse in Zug and its transformation into an attractive innovation quarter combining production, research and development, commercial use and housing. Under the leadership of Metall Zug AG, the entire historic V-ZUG site has been completely reorganised in the past few years and, in connection with the spin-off of the V-ZUG Group from the Metall Zug Group in June 2020, split into two areas, with the northerly area being allocated to the V-ZUG Group and the remaining southerly and other areas being allocated to the Metall Zug Group. The modernisation and concentration of V-ZUG AG's production to a reduced footprint and the expansion using vertical space enable additional industrial operations, technology-related services and training institutions. A networked, high-quality and urban ecosystem for innovation, production and training is to be built on eight building sites.

The overall development of the site is governed through various contracts and committees between the landowners of the V-ZUG Group and the Metall Zug Group. V-ZUG Infra AG has entrusted Tech Cluster Zug AG with the management of all real estate matters. This ensures coordinated site planning by both landowners. In particular, the coordination includes areas such as mobility (traffic and parking), creating and managing supply and disposal infrastructure, and exploiting synergies when using, for example, conference rooms, catering or facility services.

One project that will give rise to such synergies is the new "Refectory" building that is being planned. V-ZUG will operate the new V-ZUG showroom as a tenant in this building located directly on Industriestrasse. The "Refectory" will also contain jointly operated catering facilities for use by the public, as well as office space for third-party users on the upper floors. The building is being created by Urban Assets Zug AG. The necessary preliminary work is currently being carried out, which will allow planning with the architect to start in spring 2023.

The incorporation of the new and existing buildings in the TCZ into the new Multi Energy Hub operated by a joint venture between WWZ AG and Metall Zug AG ensures an independent and sustainable site energy supply, via which heating, cooling, electricity and gas can be purchased and also fed back into the grid in the future. The new Multi Energy Hub (MEH) in the high-bay warehouse of V-ZUG AG went into operation in the reporting year. Other buildings will be created on the site in 2023 and the subsequent years.

A further milestone in the site development was reached with the opening of the Zug Nord Mobility Hub. V-ZUG AG rents around 400 parking spaces for its staff in the Mobility Hub. As a result, virtually all outdoor parking on the site was given up in August 2022.

Real estate projects

Zephyr Ost

The new "Zephyr Ost" building stands for the V-ZUG Group's vertical factory and forms the link between the "Zephyr Hangar" pressing hall completed in 2020 and the "Mistral" assembly plant opened in 2016. The new five-storey building has an automated decoupling storage at its core and generous production and assembly areas. Moreover, production-related offices, locations for development and social rooms are also planned. Trucks can directly access the building via ramps, and a tunnel provides a direct connection to the high-bay warehouse in "ZUGgate".

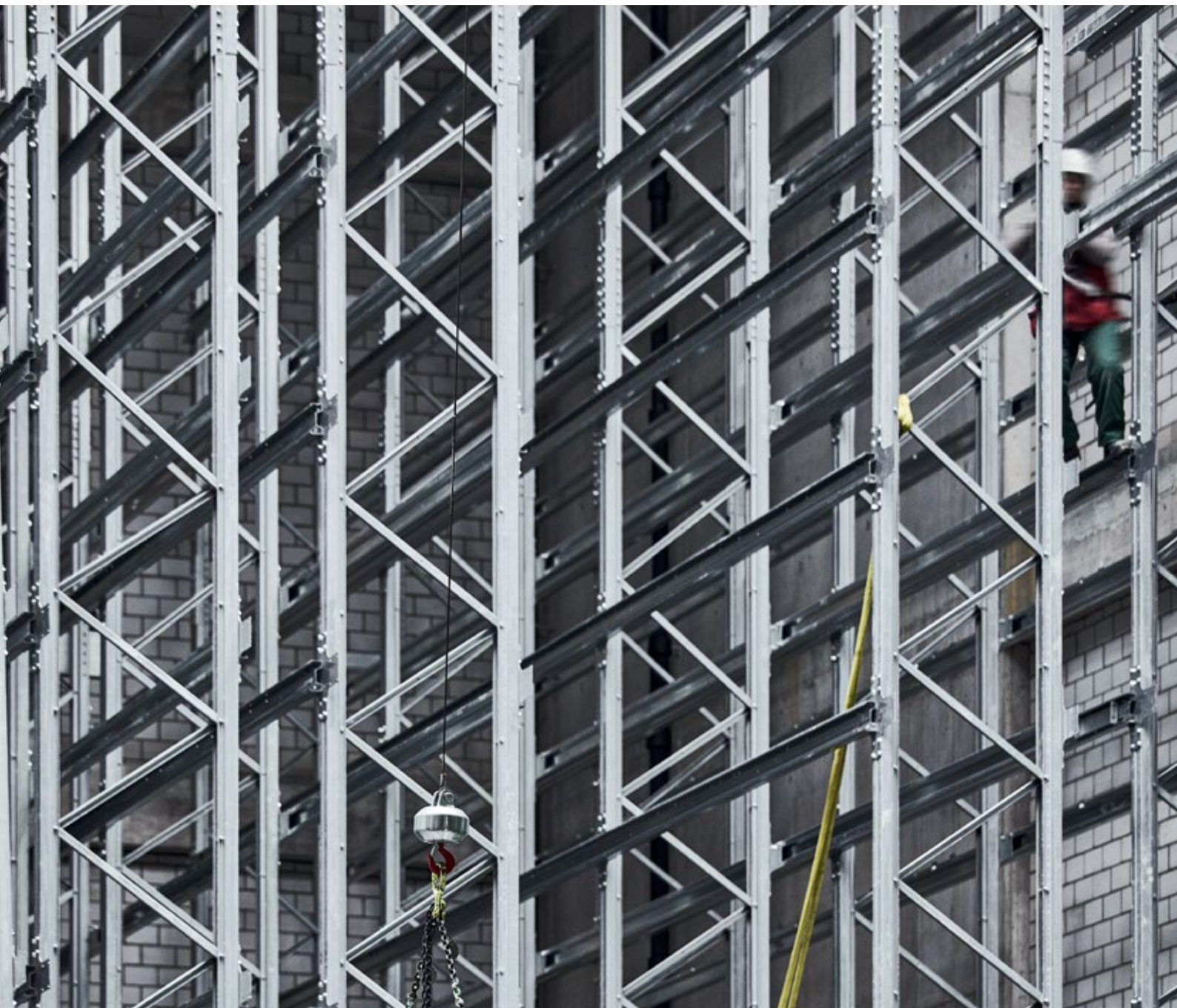
The concreting work got underway in January 2022. Despite the limited availability of some materials, the building should be ready for V-ZUG to start installing the operating equipment by the end of 2023. The transformation, relocation and start-up of the production facilities will take place in the first half of 2024.

In addition, construction work on the logistics tunnel between “Zephyr Ost” and the existing high-bay warehouse commenced in September 2022. Extensive securing measures had to be carried out to secure the existing structure, and partial reconstruction work was also necessary. The construction work is challenging and has to be carried out during ongoing industrial operations. From an operational and structural point of view this is probably the most difficult and restrictive construction phase of the entire site transformation process.

Zephyr West

V-ZUG’s office and development workplaces – currently housed in several different old buildings – will be brought together in the “Zephyr West” building in future. High demands are placed on the new building in terms of the quality of the workspaces, the potential for new ways of working, as well as in terms of sustainability, architecture and urban design. The new building must be optimally integrated into the future production site as well as economical to build and operate.

To select the project, an architecture competition was launched in autumn 2021 with five teams of planners. In May 2022, two teams were selected for the next stage by a jury of experts and representatives from the building owners and the municipal authorities. The two teams continued to work on their projects until October, before submitting them to a final jury in December. The planning of the new building will get underway with the winning team in spring 2023.



Sustainability



Sustainability: focused on effectiveness.

As an innovative company, V-ZUG wants to help shape a society that is fit for the future. To this end, it strives to make a positive contribution in an entrepreneurial, societal and environmental sense. We are committed to the well-being of our employees and all other stakeholders. In 2022, we made great strides in many areas. We also embedded our commitment to sustainability more firmly within the company, set clear, strategic priorities and focused our activities accordingly.

We consistently pursue an investment strategy that makes our sustainable innovations and efficiency gains possible in the first place. Elements of this strategy include the site transformation at the production location in Zug (managed by Tech Cluster Zug – Metall Zug Group), the vertical factory on the same site and the new refrigerator factory building in Sulgen, all of which underline our strong commitment to Switzerland as a business and manufacturing location.

Clear strategy with target agreement

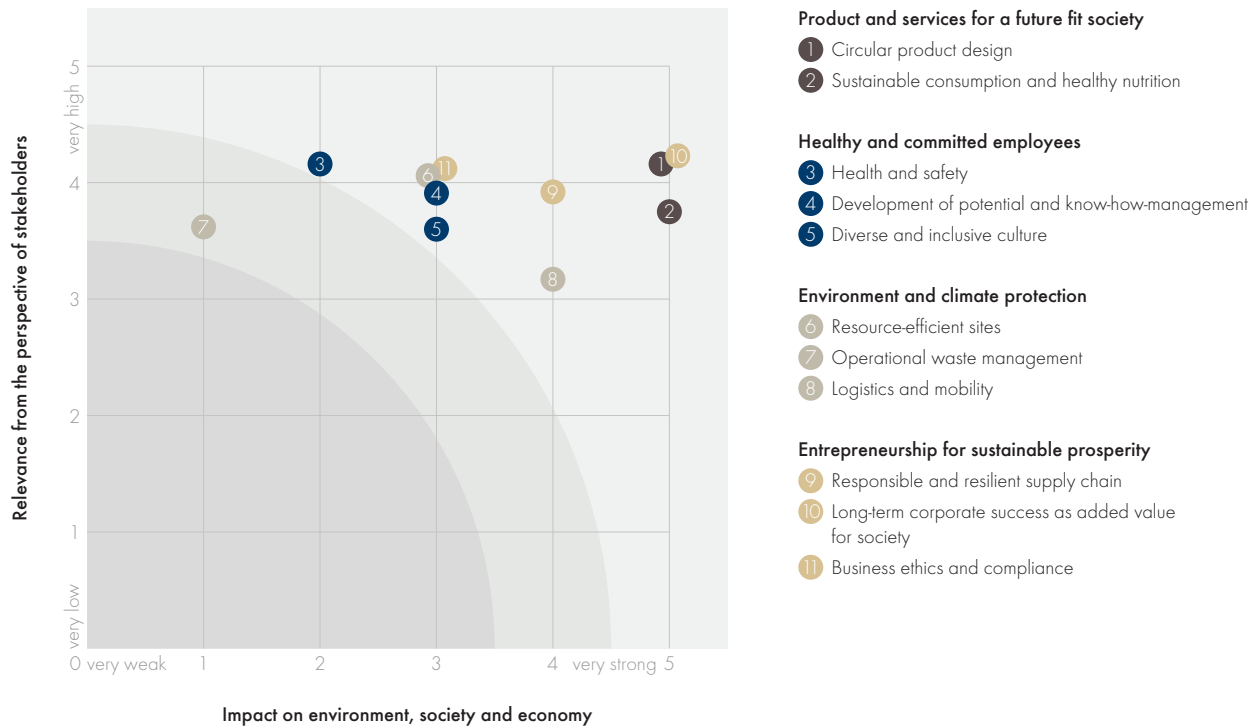
Sustainability is and will remain an integral part of V-ZUG's corporate strategy. We have defined the requirements for our sustainability efforts in more detail and are focusing on supporting the circular economy. We believe this approach will make us better equipped to support and expedite climate-friendly, commercially interesting and socially relevant progress.

Sustainability is part of the targets agreed by V-ZUG's management for 2023 onwards. Non-financial metrics are becoming increasingly important and the three spheres of sustainability – "people", "planet", "profit" – are overlapping more and more. To meet these demands, we have created new roles in two strategic areas: In the Development department, an "Engineering Sustainability Expert" will be responsible for promoting circular products. In the Market Organisation department, a "Product Manager" will be responsible for establishing our "Product-as-a-service" business model in the market (see "Products and services for a future-fit society", 2022 Sustainability Report, page 23).

Material issues – fact-based targets

In connection with the stock market listing, V-ZUG discussed and prioritised its material issues in a broad stakeholder process in 2021 (see "Strategy and sustainability", 2022 Sustainability Report, page 15). Specific targets were developed on the basis of broadly supported facts and presented in the Roadmap 2025. Both the goals and the Roadmap have been approved by the Executive Committee and the Board of Directors. In the 2022 Sustainability Report (available from April 2023), we report in detail on our targets and the measures we are taking to achieve them.

As part of the materiality process, we consulted with 68 representatives from the following V-ZUG stakeholders: Board of Directors, Executive Committee, employees, customers, partners, suppliers, academia, science, banks and investors. Their impact evaluations are illustrated below. We also used our findings from the various life cycle assessments. The X-axis shows the effects of V-ZUG's activities on the environment, society and the economy, providing an impact-oriented perspective of the sustainability issues. The significance of our impacts was assessed in an internal and external working group, and the findings were then discussed and finalised with selected members of the Executive Committee and the Board of Directors (see "Material issues: framing & impact", 2022 Sustainability Report, page 79). In the 2022 reporting year, the 2030 targets were supplemented with quantified targets for emissions in the value chain (Scope 3).



For each of our four focus topics, which we condensed into the four specific targets of

- products and services for a future-fit society,
- healthy and committed employees,
- environment and climate protection, and
- entrepreneurship for sustainable prosperity,

a member of the Executive Committee was appointed to embed the concepts internally and ensure the necessary resources for achieving the targets.

Decentralised and effective: the V-ZUG Sustainability Workforce

V-ZUG’s Head of Sustainability, who reports directly to the CEO, leads an interdisciplinary team called the “V-ZUG Sustainability Workforce”. This decentralised, dedicated team of representatives from different departments drives the strategic and organisational integration of the sustainability concept throughout the company and is also responsible for identifying new sustainability projects.

Circular economy as a strategic focus

To embed the circular economy approach within V-ZUG in a binding and effective manner, the “Design to Circularity Principles” were introduced in 2022. With these principles, product development consistently revolves around circular appliances.

The concept of the circular economy opens up many opportunities. It offers possibilities for reducing emissions in Scope 3 and it also supports new business models such as “Product-as-a-service” and “Second Life”. “Product-as-a-service” is a strategic focus of V-ZUG. The model is to be developed further and established in the market over the coming years. In 2022, usage contracts for washing machines and dryers were successfully launched on the market in this context.

The aim of the “Second Life” model is to extend the service life of household appliances that are no longer needed but have not yet reached the end of their useful life. Instead of being recycled, display items and returns are refurbished to give them a second lease of life. Customers and employees can already purchase these appliances in a dedicated online shop.

Environment and climate: creating transparency and reducing emissions

The aim is to identify measures for maximising positive environmental impacts as early as possible, i.e. during the product development stage. For example, a lot was invested in developing life cycle assessments for V-ZUG appliances in 2022. In addition, the aforementioned position of "Engineering Sustainability Expert" was created. V-ZUG bases its assessments on environmental impact points, which make it possible to show the environmental impact of the appliances in detail. In the 2023 financial year, the aim is to prepare a life cycle assessment for at least one product per product group.

The reduction targets for direct and indirect emissions (Scope 1 and Scope 2) have been supplemented with a target for reducing emissions in the value chain (Scope 3). These emissions are to be cut by 30% between the base year of 2020 and the year 2030 (see "Environment and climate protection", 2022 Sustainability Report, page 50). The greater equipment efficiency (approx. 60% impact) and the materials used (approx. 30% impact) are major levers in Scope 3.

As a company, V-ZUG is convinced that Switzerland will only be able to achieve the "net zero" target by leveraging the combined innovative strength of business, politics and science. V-ZUG is therefore closely involved in the "Association for Industry Decarbonisation", which pursues the goal of producing environmentally friendly hydrogen for high-temperature processes (see "Sustainable hydrogen by joining forces", 2022 Sustainability Report, page 62).

Solutions that can or could be integrated into the construction projects in Sulgen and Zug are also important. The current energy crisis has further highlighted the significance of alternative energy sources. Since last year, the heating in our Sulgen factory has been largely powered by a groundwater well and two geothermal probes. In addition, as a result of the gradual commissioning of the Multi Energy Hub (MEH) in Zug at the end of 2022 and the end of 2023, energy flows can be managed through the two heat pumps of the MEH, and energy surpluses can be stored in the groundwater. Once connected to the new site grid, the new energy supply will make it possible to decouple the business's growth from the environmental footprint. With these and other measures, V-ZUG is pursuing the objective of decreasing emissions by at least 80% - but ideally 100% - before 2030.

To allow V-ZUG to kickstart carbon-neutral production now, it has been offsetting its remaining emissions through the Scottish reforestation project V-Forest in partnership with the [Ripa Gar](#) Foundation since 2020. This means that anyone who buys a "Swiss Made" appliance from V-ZUG is receiving a product from carbon-neutral production. However, as soon as a household appliance is used at home, it will cause carbon emissions, due to the CO₂ content of the electricity used. With the newly launched CO₂ webshop, V-ZUG is now offering its customers the possibility of offsetting these emissions in V-Forest and thereby playing their own part in mitigating climate change.

Regulatory changes to reporting requirements from 2024

New regulatory requirements for non-financial reporting will start to apply in Switzerland from 2024. Under the new rules, companies will need to have adequate systems and processes in place for ensuring transparency regarding their sustainability efforts. V-ZUG welcomes this development, as it will enable comparability and help businesses contribute towards creating a society that is fit for the future.

The new rules implement the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), which have been adopted worldwide across many industries. To ensure in advance that V-ZUG's sustainability reporting covers all necessary areas, it was reviewed by an external, independent body.

Sustainable Development Goals

V-ZUG joined the Swiss Triple Impact initiative (STI) back in 2020, as part of which it has identified and prioritised the UN Sustainable Development Goals (SDGs) that are most relevant to it.



The priority SDGs of V-ZUG.

Many of V-ZUG’s sustainability targets relate directly or indirectly to the SDGs. Some targets were submitted in 2022 as part of the [STI initiative](#). V-ZUG has thereby joined a fast-growing community of companies striving to evolve the Swiss ecosystem into a resilient and sustainable economy. In our Sustainability Report, which we have been publishing since 2012, we provide information about our efforts and the progress we have made. The 2022 Sustainability Report will be published in April 2023 (available at: www.vzug.com) and provides details about our activities in the four focus areas.

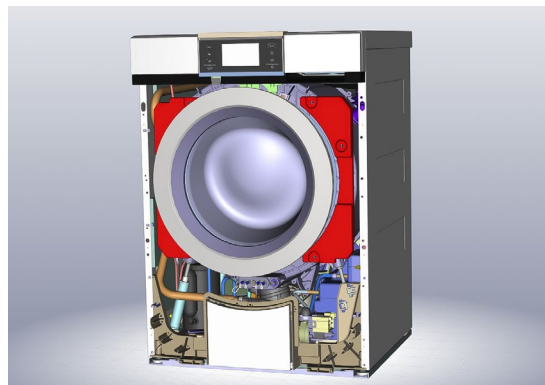
2022 Highlights

Closing the loop

We want to close the materials loop and try to keep all good-quality materials in circulation for as long as possible. Ideally, we want to reuse whole components in new machines without having to alter them. This already works perfectly with counter-balance weights for washing machines. “Our Swiss recycler now removes the grey cast-iron parts from the washing machines and we reintegrate them directly in new machines without any loss of quality,” explains Ernst Dober, Head of Innovation Services & Technology at V-ZUG.



Materials can also be returned to the cycle in separated or mixed form. We carried out two trials together with the plastics manufacturer Georg UTZ AG from Bremgarten, Switzerland: In the first trial, recycled granulate was produced from a mixed plastics fraction and used to mould new bases for washing machines. In the second trial, plastic bases of old washing machines were dismantled, ground up and used to make new components, which were also incorporated in new V-ZUG appliances. It has not yet been decided which of the two variants will be implemented in the operational process.



Reused cast-iron counter-balance weights from washing machines

Using instead of owning

If V-ZUG remains the owner of the appliances, we can reliably ensure that the used materials remain in circulation for as long as possible and that raw materials are used economically.

After a successful pilot phase, we launched the "Product-as-a-Service" business model on the market. "Product-as-a-Service" offers an alternative to buying. With the corresponding service contract, the focus is on selling our branded service rather than the appliances.

For the "Im Fink" property in Thalwil, V-ZUG concluded a service contract with the property management company Poreal for more than 50 washer-drier towers. Adrian Gattiker, developer of the property and Chairman of Poreal, is convinced: "For property managers, 'Product-as-a-Service' is the model of the future. We no longer have to deal with warranty cases and repairs. And thanks to fixed regular payments, we can budget much more accurately. At the same time, it also improves our customer service: tenants can now contact V-ZUG directly to arrange a call-out if they have any issues with appliances."

Adora washer-drier tower from V-ZUG



Officially a “Friendly Work Space”

The health of V-ZUG’s employees has always been a top priority. But what does good occupational health management look like? To underline our commitment, we wanted to become certified as a Friendly Work Space. Since 2009, Health Promotion Switzerland has been awarding the label to companies with exemplary and systematic occupational health management (OHM) practices. They are comprehensively assessed on the basis of six main quality criteria, covering the planning, implementation, evaluation and embeddedness of health management within the organisation. The companies are also assessed on how they fulfil their social responsibility towards their other stakeholders in the area of health.

V-ZUG achieved a score of 3.91 on a scale of 1 to 5. With this certification, we are making a commitment to continuously evaluating and optimising our occupational health management. Ninety-two Swiss companies have been designated as Friendly Work Spaces – this includes us since the reporting year.



The HR project team and CEO Peter Spirig being presented with the “Friendly Workspace” label award



Sustainable hydrogen by joining forces

Achieving the “net zero” target by 2050 will call for a great deal of innovation. In addition to reducing carbon emissions in general and switching to renewable energies, there will also be a greater need for technologies that remove CO₂ from the atmosphere. The Canton of Zug, the research institute EMPA and 15 well-known companies (including V-ZUG) founded the non-profit “Association for Industry Decarbonisation” as part of an initiative by Tech Cluster Zug (TCZ). Its goal is to produce environmentally friendly hydrogen, which can be used in high-temperature processes and for transportation.

In a specialist plant, water is split into hydrogen and oxygen using electrolysis. If renewable electricity is used for this process, the hydrogen is considered to be “green”. In a methane pyrolysis process carried out in parallel, methane obtained from biogas or natural gas is heated in a reactor and split into gaseous hydrogen and powdered carbon. The main benefit: If synthetic methane were ever to be used, CO₂ would additionally be extracted from the atmosphere when producing it. The internal CO₂ fund, together with Metall Zug, is supporting the project with approximately CHF 1.0 million.



V-ZUG production hall with enamelling plant (high-temperature process) for ovens



Internal training course on sustainability in the V-ZUG Academy



More sustainability through employee involvement

As a socially responsible company, we help our employees to lead a sustainable lifestyle and eat a healthy diet.

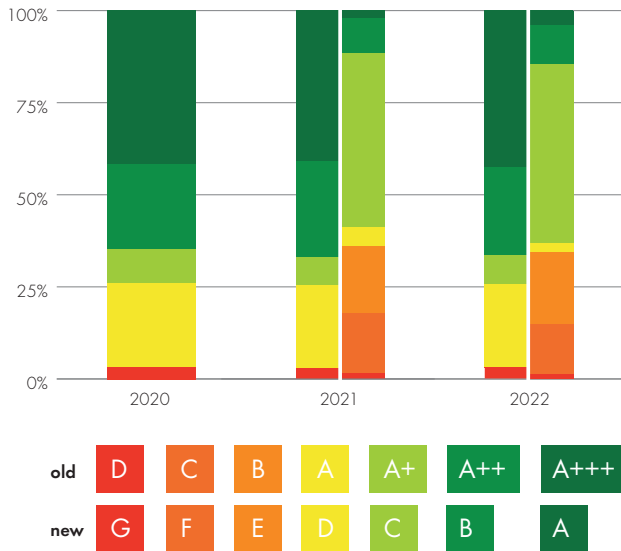
We do so within our company with numerous initiatives coordinated by the Sustainability Workforce. In the reporting year, one of these was “Climate Friday”: with the help of the calculator tool provided by [eaternity](#), we work out and display the carbon footprint of the menus in our staff restaurant every Friday. In addition, any food that is left over can be taken away from the kiosk in recyclable containers to reduce waste. On one day each week, we have more vegetarian meals on the menu.

In October, the three-week V-ACT Sustainability Challenge was held in collaboration with the platform provider [We-Act](#). More than 500 employees from the V-ZUG Group formed 97 teams, which took on 20 challenges, earned points and were rewarded with prizes. Thanks to the professional analysis by WeAct, we know that we saved around 19.3 tonnes of CO₂ emissions together. Around 60% of the participants want to permanently incorporate these more sustainable behaviours into the daily routine.

Our sustainability at a glance

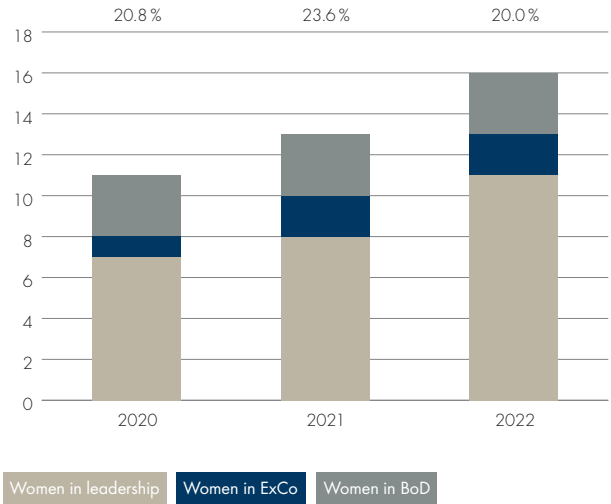
Unless otherwise specified, this information and these figures relate to the three companies V-ZUG AG, V-ZUG Kühltechnik AG and V-ZUG (Changzhou) Domestic Appliances Co., Ltd. A detailed overview of all key figures, as well as the 23 targets and their levels of attainment, can be found in the Sustainability Report.

Delivered appliances by energy efficiency class¹⁾



In 2022, the proportion of delivered V-ZUG appliances with an energy efficiency rating of A or above remained stable at around 97% (converted to standard label for comparison purposes). Due to new, significantly stricter energy efficiency regulations, the energy efficiency classes of washing machines, dishwashers and refrigerators were revised in March 2021 (2021 and 2022: right-hand column). The percentage of appliances sold in the three highest efficiency classes (A-C) increased from 58% to an encouraging 63% in the 2022 reporting year.

Number of women in management roles

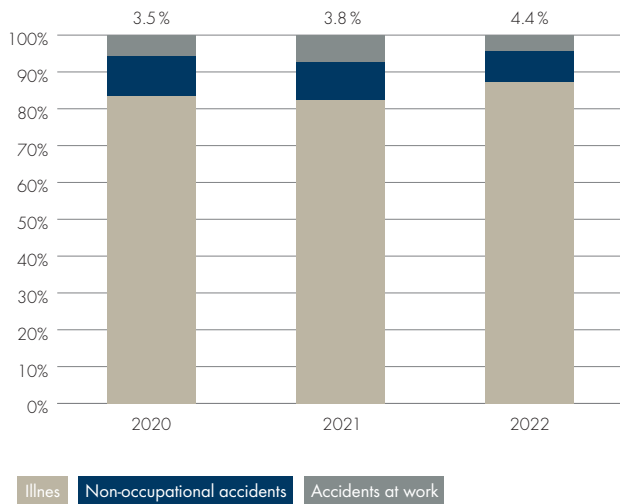


% of women in Leadership Team

In the 2022 reporting year, the definition of the top management level (Leadership Team) was revised, expanded and rolled out throughout the Group. As a result, the key figures for 2022 are not entirely comparable with those of previous years. Although the proportion of women in the Leadership Team increased in absolute terms, it decreased in percentage terms to 20.0%. Group-wide, the proportion of women stood at 24.4% in 2022; across all management roles, the proportion was 22.7%. These two figures changed positively in the reporting year.

¹⁾ Applies to V-ZUG appliances with a regulatory energy efficiency classification in accordance with the energy efficiency regulations valid at the end of 2021. To make the products easier to compare, we show revised appliances with both their old and new classification. There are also appliance categories that do not have an energy classification (e.g. hobs, microwaves); these comprise around 22% of all appliances delivered by V-ZUG.

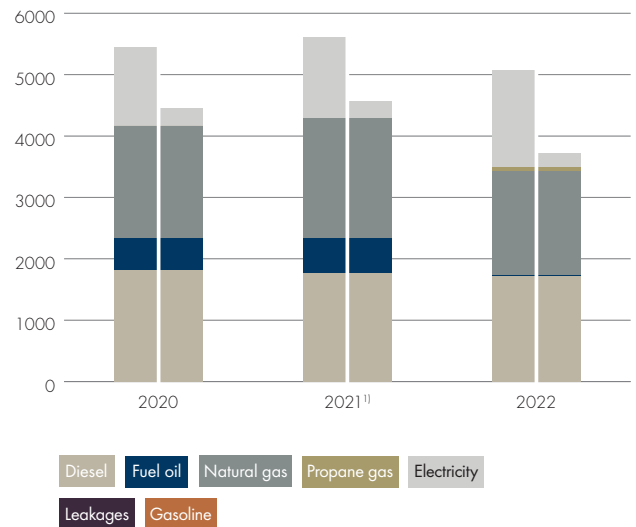
Hours lost due to accidents and illness



% lost hours rate

The lost hours rate in 2022 was 4.4% (based on target hours), up by 0.62 percentage points compared with the previous year. At 87.2%, illness is the most common cause of absence. The figure was up by almost 5 percentage points in the reporting year. Among other things, this is due to COVID-19-related effects and the resulting increase in sensitivity to cold symptoms. The bad flu season in autumn/winter 2022 also led to additional lost hours. The campaigns that were planned in 2021 and launched in 2022 to reduce workplace accidents are making a difference: hours lost due to accidents fell by 2.9 percentage points, even though the number of occupational accidents was the same as in 2021. This means the accidents that did occur were less serious. The awareness measures also helped to reduce non-occupational accidents again.

Operational CO₂ emissions in tonnes (Scope 1 and 2)



Compared with the previous year, emissions in the reporting year were down by a considerable 14.9%. The move to the new refrigerator factory building in Sulgen has almost completely eliminated the heating oil emissions from the old site. The decrease in the consumption of natural gas is attributable to the warm autumn and the optimised enamelling process. The effect of the Multi Energy Hub (MEH) in Zug is not being felt yet, as it was not put into operation until December 2022. The MEH will reduce emissions from natural gas even further in 2023. We now present the emissions caused by purchased electricity (Scope 2) as “market-based” (right-hand column, purchased renewable electricity, 100% hydropower CH for Zug and Sulgen) and “location-based” (left column, emissions from purchased electricity at the locations). This makes the emissions from electricity consumption transparent and comparable. A detailed breakdown of the emissions (including Scope 3) can be found in the Sustainability Report.

¹¹ The emissions from natural gas were corrected in comparison to the 2021 report (change to calorific value).

Corporate Governance



Corporate Governance Report

All information in this Corporate Governance Report refers to the situation as of 31 December 2022 (**the “Balance Sheet Date”**) or to the 2022 financial year (**the “Reporting Year”**), unless otherwise stated. The V-ZUG Group complies with all the legal and regulatory requirements for corporate governance in Switzerland to which the Group is subject, including the principles of the “Swiss Code of Best Practice for Corporate Governance” issued by *economiesuisse*, in the latest version as of the Balance Sheet Date in each case (**the “Swiss Code”**).

This Corporate Governance Report refers to V-ZUG Holding AG’s Articles of Association of 29 April 2020 (**“Articles of Association”**) and the Organisational Regulations of 14 May 2020. No material changes occurred between 31 December 2022 and the editorial deadline for this Annual Report, other than the facts disclosed in this report. The content, order and numbering of the following sections correspond to those of the Directive on Information relating to Corporate Governance issued by SIX Swiss Exchange on 18 June 2021 (effective from 1 October 2021).

1 Group structure and shareholders

1.1 Group structure

The operational structure of the V-ZUG Group is outlined on page 10 of this Annual Report. The management organisation of the V-ZUG Group is essentially based on the central responsibility of the Board of Directors and the Executive Committee of V-ZUG Holding AG.

V-ZUG Holding AG, with registered office in Zug, Switzerland, is the sole listed company in the V-ZUG Group. Its registered shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange, Zurich, Switzerland. More detailed information on V-ZUG Holding AG, including its stock market capitalisation, reporting segment, security number and ISIN, is provided on page 4 of the Annual Report.

The legal group structure and the list of consolidated companies and their non-listed subsidiaries is shown on page 98 of the Financial Report and includes substantial shareholdings.

1.2 Shareholders

As of 31 December 2022, 3,452 shareholders were entered in V-ZUG Holding AG’s share register with voting rights (previous year: 3,222). Shares pending registration (shareholders not entered in the share register) amounted to 6.19% as of 31 December 2022 (previous year: 7.45%).

All significant shareholders known to V-ZUG Holding AG with voting rights in excess of 3% on 31 December 2021 are listed on page 109 of the Financial Report under the note “Significant shareholders”.

In the 2022 financial year, one disclosure notification was issued in accordance with Article 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (Financial Market Infrastructure Act, FinMIA) and associated regulations: On 8 December 2022, Ms Elisabeth Buhofer-Rubli, Hagen-dorn, Switzerland, exceeded the reporting threshold of 10% of the voting rights as a result of the creation of the claim to acquire registered shares in V-ZUG Holding AG.

Further details of this disclosure notification and the disclosure notifications since V-ZUG Holding AG’s stock market listing can be found on the website of the Disclosure Office and SIX Exchange Regulation (www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html).

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies limited by shares where the capital or voting rights on both sides exceed 5%.

2 Capital structure

2.1 Capital

As of 31 December 2022, the ordinary share capital of V-ZUG Holding AG amounted to CHF 1,735,714.17, divided into 6,428,571 registered shares, each with a nominal value of CHF 0.27 (single share class). The share capital is fully paid up.

2.2 Authorised and conditional capital

V-ZUG Holding AG does not have any authorised or conditional capital.

2.3 Changes in capital

V-ZUG Holding AG was founded on 28 November 2019 (date of entry in the commercial register) by means of a contribution in kind of the V-ZUG Group companies held directly and indirectly by Metall Zug AG.

The contribution in kind is described as follows in the Articles of Association (Article 33 of the Articles of Association):

At the time of incorporation, based on a contribution-in-kind agreement dated 25 November 2019, the company acquired the following assets from Metall Zug AG, with registered office in Zug (CHE-101.865.948):

- 4,000 registered shares in V-ZUG AG, with registered office in Zug (CHE-109.031.450), each with a nominal value of CHF 475.00 at a total book value of CHF 21,008,581.56;
- 100 registered shares in V-ZUG Services AG, with registered office in Zug (CHE-465.409.187), each with a nominal value of CHF 1,000.00 at a total book value of CHF 100,000.00;
- 3,518,590 registered shares in V-ZUG Infra AG, with registered office in Zug (CHE-111.717.232), each with a nominal value of CHF 1.00 at a total book value of CHF 50,000.00;
- 1,000 registered shares in MZ Infra AG,¹ with registered office in Zug (CHE-213.356.967), each with a nominal value of CHF 1,000.00 at a total book value of CHF 4,500,000.00.

CHF 1,215,000.00 of the total value of the contribution in kind of CHF 25,658,581.56 (book value) was used to pay up 4,500,000 registered shares in the company, each with a nominal value of CHF 0.27, and the remaining amount of CHF 24,443,581.56 was posted as a premium (residual capital reserves). In return for its contribution in kind, Metall Zug AG received 4,500,000 fully paid-up registered shares in the company, each with a nominal value of CHF 0.27.

V-ZUG Holding AG also carried out an ordinary capital increase by cash contribution on 29 April 2020. In return for the issue of 1,928,571 registered shares in the company, each with a nominal value of CHF 0.27, Metall Zug AG provided a capital contribution to V-ZUG Holding AG totalling CHF 110.0 million (of which CHF 520,714.17 comprised share capital and CHF 109,479,285.83 comprised a premium or capital contribution reserves, of which around CHF 108.4 million was booked as a capital contribution reserve after the deduction of statutory issue tax).

2.4 Shares and participation certificates

Detailed information regarding V-ZUG Holding AG's shares (the number, type, nominal value and listing information) can be found in section 2.1 above, on page 4 of the Annual Report and in the Financial Report on page 93 under the note "Shareholders' equity".

¹ MZ Infra AG was renamed V-ZUG Assets AG in December 2020.

Dividend entitlement is in proportion to the share capital held. Each share entitles the holder to one vote. The shares are fully paid up.

V-ZUG Holding AG has not issued any participation certificates.

2.5 Profit-sharing certificates

V-ZUG Holding AG has not issued any profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

In relation to the company, only parties registered in the share register are recognised as shareholders. In accordance with Article 7 of the Articles of Association, the transferability of registered shares is restricted as follows:

On request, acquirers of registered shares are registered in the share register as shareholders with the right to vote, provided that:

- the recognition of an acquirer as a shareholder according to the information available to the company does not or could not prevent the company and/or its subsidiaries from providing the evidence required by law regarding the composition of its shareholder base and/or beneficial owners. The company particularly reserves the right to refuse entry in the share register if acquirers do not prove that they are not foreign non-residents pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents of 16 December 1983 (ANRA) and if the company considers such registration could obstruct, threaten or prevent the provision of statutory evidence regarding Swiss control of the company, and
- they expressly declare that they have acquired the registered shares in their own name or for their own account.

After hearing the parties involved, the company may delete entries in the share register with retroactive effect from the date of the entry if these entries came about due to false information supplied by the acquirer. The acquirer must be informed of the deletion immediately.

In the 2022 financial year, V-ZUG Holding AG did not decline any registrations or grant any exceptions.

V-ZUG Holding AG does not offer any nominee registrations. To date, no need has been expressed by shareholders for registrations of this kind.

For the procedure and conditions for removing restrictions on transferability, see section 6.2 of this Corporate Governance Report.

2.7 Convertible bonds and options

V-ZUG Holding AG does not have any convertible bonds or options outstanding.

3 Board of Directors

3.1 Members of the Board of Directors

In accordance with Article 16 para. 1 of the Articles of Association, the Board of Directors of V-ZUG Holding AG consists of at least three members. Since the Annual General Meeting on 19 May 2020, it has consisted of the members listed on the following pages, who have their business addresses at the company's headquarters (Industriestrasse 66, 6302 Zug) and were re-elected by the Annual General Meeting on 28 April 2022.

All members of the Board of Directors are non-executive; in other words, they do not hold any operational management function at V-ZUG Holding AG or any other V-ZUG Group company.

With the exception of Jürg Werner, the members of the Board of Directors did not belong to the Executive Committee of V-ZUG Holding AG or that of any other company within the V-ZUG Group or the Metall Zug Group during the three previous financial years and have no significant business links with the V-ZUG Group or the Metall Zug Group. Until 31 March 2020, Jürg Werner held the post of CEO at Metall Zug AG and was involved in operational matters concerning the V-ZUG Group in this capacity. All other members of the Board of Directors can be considered to be independent as defined in Article 14 of the Swiss Code.

3.2 Other activities and interests

Apart from the functions mentioned above, none of the members of the Board of Directors has a permanent management or advisory function for an important Swiss or foreign interest group, nor an official function or political post.

3.3 Number of permitted additional mandates (Board of Directors)

In accordance with Article 26 of the Articles of Association, the number of permitted activities for members of the Board of Directors and the Executive Committee in top supervisory or management bodies of legal entities that are required to be entered in the Commercial Register or a corresponding foreign register and that are not controlled by the company or do not control the company is restricted as follows:

Type of mandates	Number per member BoD/Executive Committee
Mandates in listed companies	5
Remunerated mandates in other, non-listed legal entities	15
Mandates in non-profit or charitable legal entities (such as associations and other charitable, social, cultural or sports organisations, professional or industry associations, foundations, trusts and pension schemes) outside the V-ZUG Group	10

Mandates are classed as such if they are held in the highest management body of a legal entity. Mandates in a number of different legal entities under uniform control count as a single mandate. If the company holds an ownership interest in another company and a member of the Board of Directors or the Executive Committee holds a mandate in such a company on the instructions of and in the interests of the company, such a mandate does not count as an additional mandate. The above numbers are cumulative; the mandate at V-ZUG Group does not count towards these figures. In calculating the number of mandates, a chairmanship counts double. Members of the Executive Committee generally require the approval of the Board of Directors for external mandates.

Board of Directors



OLIVER RIEMENSCHNEIDER **(CH/DE) BORN 1962**

Dipl. Ing. (MSc in Engineering) from ETH Zurich;
MBA from City University, Bellevue, Washington (US).

- Chairman of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2019
- Elected until: 2023 Annual General Meeting

Professional background

Senior Consultant at Consenec AG, Baden since September 2022; Senior Advisor to the President of the Process Automation division at ABB Group, Zurich, March – August 2022; President of the Turbocharging division at ABB Group, Zurich, 2011 – February 2022; various management roles at ABB Group, Zurich, of which seven years in Japan, 1991 – 2011.

Other positions within the V-ZUG Group

Member of the Board of Directors of V-ZUG AG, Zug, May 2019 – October 2020 (Chairman from September 2019); member of the Board of Directors of SIBIR-Group AG, Spreitenbach, September 2019 – October 2020; member of the Board of Directors of V-ZUG Kühltechnik AG, Sulgen, September 2019 – October 2020.

Other activities in management and supervisory bodies

Chairman of the Board of Directors of Accelleron Industries AG, Baden, Switzerland; President of the Swissmem Internal Combustion Engines specialist group, Zurich, until April 2022; member of the Management Board of VDMA Motoren und Systeme, Frankfurt am Main (DE), until May 2022.



ANNELIES HÄCKI BUHOFER **(CH) BORN 1954**

Doctorate in Philosophy (PD Dr. phil. I), University of Zurich/post-doctoral lecturing qualification.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2023 Annual General Meeting

Professional background

Full professor of German linguistics at the University of Basel and various management roles in the Faculty of Philosophy and History, 1989 – 2015; various activities in management bodies of national and international specialist associations, 1989 – 2020; member of the Research Council of the Swiss National Science Foundation, 2010 – 2016.

Other positions within the V-ZUG Group

Member of the Audit Committee; member of the Board of Directors of V-ZUG AG, Zug, May 2016 – May 2020.

Other activities in management and supervisory bodies

Chairman of the Board of Directors of BURU Holding AG, Hagedorn/Cham; member of the Board of Directors of Zug Estates Holding AG, Zug; member of the Board of Directors of Cham Group AG, Cham; member of the boards of directors of additional unlisted companies.



**PRISCA HAFNER
(CH) BORN 1967**

Federal Diploma of Higher Education in Finance & Accounting, Commercial Business School Schwyz; Diploma in Human Resources Management and CAS Executive Coaching, Institute of Applied Psychology (IAP/ZHAW), Zurich.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2023 Annual General Meeting

Professional background

Independent consultant in HR, leadership & transformation since April 2020; Chief Human Resource Officer at the COMET Group, Flamatt, 2018 - March 2020; Global Head of Human Resources at Oerlikon Surface Solutions and Oerlikon Balzers, Balzers (LI), 2008 - 2016; various HR roles at Credit Suisse in Zurich and London (UK), 1990 - 2007.

Other positions within the V-ZUG Group

Chair of the Human Resources & Compensation Committee.

Other activities in management and supervisory bodies

No significant activities.



**TOBIAS KNECHTLE
(CH) BORN 1972**

Degree in political science (lic. rer. pol.), University of Bern.

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2023 Annual General Meeting

Professional background

CFO at the Geberit Group, Rapperswil-Jona since January 2022; partner and CFO a.i. at Innoterra AG, Zug, 2020 - 2021; CFO and member of the Group Executive Board of the Valora Group, Muttensz, 2014 - 2019; Senior Vice President and Vice President Finance at the Kudelski Group, Cheseaux-sur-Lausanne, 2009 - 2014; principal and most recently also managing director of Cinven Private Equity in Frankfurt am Main (DE) and London (UK), 2005 - 2009; The Boston Consulting Group in Zurich and São Paulo (BR), 1998 - 2005; auditor and audit team leader with a global remit at the Nestlé Group, Vevey, 1995 - 1998.

Other positions within the V-ZUG Group

Chair of the Audit Committee.

Other activities in management and supervisory bodies

No significant activities.



PETRA RUMPF
(DE/CH) BORN 1967

Bachelor of Economics, University of Trier (DE);
MBA from Clark University, Worcester (US).

- Member of the Board of Directors (non-executive), independent member
- First elected to the Board of Directors: 2020
- Elected until: 2023 Annual General Meeting

Professional background

Member of the Board of Directors of Unilabs Holding AB, Stockholm (SE), Sept 2020 - March 2022; member of the Executive Committee of the Straumann Group, Basel, 2015 - December 2020 (Global Head of Dental Service Organisations, 2018 - December 2020; Global Head of Intradent & Strategic Alliances, 2015 - 2018); member of the Executive Committee of Nobel Biocare, Zurich, most recently as Global Head of Corporate Development and Special Channels, 2007 - 2015; various roles at Capgemini Consulting, Zurich, most recently as Vice President Strategy & Transformation Central Europe, 1991 - 2007.

Other positions within the V-ZUG Group

Chair of the Digitalisation Advisory Board.

Other activities in management and supervisory bodies

Member of the Board of Directors of Straumann Holding AG, Basel; member of the Board of Directors of SHL Medical AG, Zug; member of the Board of Directors of Vimian Group AB, Stockholm (SE); member of the Advisory Board of Limacorporate S.p.A., Udinese (IT).



JÜRIG WERNER
(CH) BORN 1956

Doctor of Sciences & Technology (Dr. sc. tech.),
ETH Zurich; postgraduate diploma in business management at the University of Lucerne.

- Member of the Board of Directors (non-executive), non-independent member
- First elected to the Board of Directors: 2019
- Elected until: 2023 Annual General Meeting

Professional background and previous operational activities within the V-ZUG Group

CEO of Metall Zug AG, Zug, 2012 - March 2020; CEO of V-ZUG AG, Zug, 2010 - 2013; COO of V-ZUG AG, Zug, 2010; Head of Development and member of the Executive Committee of V-ZUG AG, Zug, 1996 - 2009.

Other positions within the V-ZUG Group

Member of the Human Resources & Compensation Committee; member of the Board of Directors of V-ZUG AG, Zug, 2013 - May 2020 (Chairman until September 2019); member of the Board of Directors of V-ZUG Kühltechnik AG, Sulgen, 2013 - March 2022 (Chairman until December 2020) as well as advisor to the Executive Committee of V-ZUG Kühltechnik AG, Sulgen, in 2021.

Other activities in management and supervisory bodies

Member of the Industrial Advisory Board Dep. Mechanical and Process Engineering, ETH Zurich; elected full member of the Swiss Academy of Engineering Sciences (SATW), Zurich; member of the Board of Directors of Komax Holding AG, Dierikon; member of the Board of Directors of Schleuniger AG, June 2012 - August 2022 (Chairman until August 2022), Thun; member of the Board of Directors of Haag-Streit Holding AG, Köniz; member of management and supervisory bodies of other Metall Zug group companies.

3.4 Elections and terms of office

Members of the Board of Directors are elected by the General Meeting on an individual basis and for a period of one year in each case. They may be re-elected at any time but automatically retire upon reaching the age of 70, i.e. on the date of the subsequent Annual General Meeting. The Chairman of the Board of Directors, the members of the Human Resources & Compensation Committee and the independent representative are each elected directly by the General Meeting for a term of one year (Articles 9, 14 and 16 of the Articles of Association).

3.5 Internal organisational structure

According to the law, the Board of Directors holds the highest decision-making power and specifies, among other things, the organisational, financial planning and accounting policies that companies of the V-ZUG Group must comply with. Decisions are made by the entire Board of Directors with the assistance of the Executive Committee and three committees: the Audit Committee, the Digitalisation Advisory Board and the Human Resources & Compensation Committee. The latter is assigned all the duties and responsibilities imposed on compensation committees by the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares of 20 November 2013 ("ERCO"). The Board of Directors is responsible for overall supervision and, among other things, exerts an influence on the strategic direction of the V-ZUG Group, allocates financial resources, appoints the members of the Executive Committee and is involved in filling further top executive positions. The Board of Directors may issue rules, guidelines and recommendations for the purpose of realising a coherent business policy.

Full Board of Directors

The Board of Directors has delegated the management of day-to-day business for the V-ZUG Group to the Executive Committee. The Board of Directors generally meets quarterly. The Board of Directors met in person at four ordinary half-day meetings in the 2022 financial year. In addition, the Board of Directors held another five meetings by video conference or conference call, each lasting around one and a half to two hours. The Board of Directors addressed selected topics relating to the V-ZUG Group's strategy on the occasion of two separate workshops in May (a full day) and in September (a half-day) together with the Executive Committee. With the exception of a video conference, from which one member excused themselves, the Board of Directors was fully represented at all meetings, video conferences and conference calls in the Reporting Year.

The agenda items for the meetings of the Board of Directors are specified by the Chairman and prepared by the Secretary together with the Executive Committee. Every member of the Board of Directors plus the CEO or the CFO are entitled to request the convocation of a meeting, stating its purpose. As a rule, the members of the Board of Directors receive an invitation no later than ten days prior to the Board meeting, along with the documentation that allows them to prepare for the discussion of the agenda items. Furthermore, the Board of Directors can take decisions by circular vote.

Each year, the Board of Directors undertakes a self-assessment in which, in particular, the Board of Director's structure, method of working and fulfilment of responsibilities but also the collaboration between the Board of Directors and the Executive Committee and the organisation of the meetings of the Board of Directors are analysed and discussed in detail.

Audit Committee

The Audit Committee met in person at four ordinary meetings in the 2022 financial year and held six ordinary meetings via video conference or conference call. Half-day in-person meetings are usually held once a quarter, with monthly video conferences or conference calls that last around one hour taking place in between. The Audit Committee makes an independent assessment of the quality of the annual financial statements and discusses these with the Executive Committee and the external auditors. It proposes to the Board of Directors whether the financial statements may be recommended for submission to the General Meeting. The Audit Committee nominates the internal auditors, determines the organisation of the internal audit, assigns tasks to it and forwards its reports to the entire Board of Directors. It specifies the audit plan and audit scope of the internal and external auditors and evaluates their cooperation and effectiveness. The Audit Committee assesses the effectiveness of the internal control system, including risk management, and evaluates compliance with laws, regulations and accounting standards, as well as adherence to internal rules and directives. It assesses the external auditors' performance and their remuneration. The Audit Committee ensures that the external auditors are independent and assesses the compatibility of their auditing function with any advisory mandates. The Audit Committee also undertakes additional tasks in accordance with internal regulations (not publicly available).

The members of the Audit Committee are Tobias Knechtle (Chair) and Annelies Häcki Buhofer. In addition to the CEO and CFO, a representative from Group Legal & Compliance (usually simultaneously the secretary of the Audit Committee) and a representative from Group Finance & Controlling plus representatives from the external auditors and the internal audit department also take part in Audit Committee meetings. With the exception of a video and telephone conference, from which one member excused themselves, the members of the Audit Committee were fully represented at all meetings, video conferences and conference calls in the Reporting Year.

Human Resources & Compensation Committee

In the Reporting Year, the Human Resources & Compensation Committee met in person at four ordinary meetings and held two ordinary meetings by video conference or conference call. Half-day in-person meetings and two video conferences or conference calls that last around an hour to an hour and a half are usually held each quarter. As well as performing the duties and responsibilities assigned to the compensation committee under ERCO, the Human Resources & Compensation Committee develops the principles of corporate governance, which are then submitted to the Board of Directors for approval. This includes a periodic review of the composition and size of the Board of Directors and its committees and of the Executive Committee. The Human Resources & Compensation Committee also submits proposals to the Board of Directors for qualified candidates for various committees. It also submits proposals to the Board of Directors for the remuneration of the Board of Directors and the Executive Committee. It develops and reviews the objectives and principles of the company's human resources policy for the attention of the Board of Directors, prepares the appointment of members of the Executive Committee and approves selected personnel decisions. Finally, it reviews the basic structures in the area of the pension fund with regard to the scope and content of benefits, reviews the annual appraisal of members of the Executive Committee and keeps itself informed about personnel development and HR succession planning. The Human Resources & Compensation Committee also undertakes additional tasks in accordance with internal regulations (not publicly available).

The Human Resources & Compensation Committee consists of Prisca Hafner (Chair) and Jürg Werner (member). As permanent guests, the CEO and Chief Human Resources Officer take part in meetings of the Human Resources & Compensation Committee, except when matters are being discussed that affect those people themselves. The members of the Human Resources & Compensation Committee were fully represented at all meetings, video conferences and conference calls in the Reporting Year.

Digitalisation Advisory Board

The Digitalisation Advisory Board met in person at four ordinary meetings in the Reporting Year. It usually holds half-day in-person meetings on a quarterly basis. The Digitalisation Advisory Board advises the Board of Directors and the Executive Committee on the digital roadmap and on the scouting and assessment of ideas, as well as sharing best practices. In addition, it provides advice on decisions relating to insourcing/outsourcing and whether to invest in or continue digital projects. It also monitors selected strategic projects. It assists V-ZUG's digital team with important platform and technology decisions, with identifying trends and analysing the competition, and with the introduction of agile development processes. The Digitalisation Advisory Board also carries out additional tasks in accordance with internal regulations (not publicly available). Three external experts currently serve on the Digitalisation Advisory Board: Dirk Reznik, CEO AMC International; Andreas Häberli, CTO dormakaba Gruppe; Dietmar Bettio, CIO Aryzta. The committee's members from V-ZUG are Petra Rumpf (Chair) and Oliver Riemenschneider. In addition to the CEO, the meetings of the Digitalisation Advisory Board are usually attended by the Head of Digital Transformation and Business Development, the Head of Digital Products and Services and the Head of Digital Product Management & Innovation, as well as other guests for specific topics. With the exception of one holiday-related absence, the members of the Digitalisation Advisory Board were fully represented at all meetings in the Reporting Year.

3.6 Definition of areas of responsibility

The V-ZUG Group is managed as a group, with the CEO and the Executive Committee being operationally responsible for management and target attainment. The Executive Committee's remit is essentially universal. Although the Board of Directors may be responsible, the Executive Committee is responsible for conceptual initiatives and takes advantage of promising business opportunities until the point of decision is reached.

In order to define the areas of responsibility between the Board of Directors and the Executive Committee, the Board of Directors has issued Organisational Regulations. These Organisational Regulations contain fundamental compliance principles that are valid for the entire V-ZUG Group. They form the legal basis for issuing further regulations and make reference to them. The Organisational Regulations are supplemented by a comprehensive competence matrix that defines the responsibilities and powers of the various committees and bodies within the V-ZUG Group in general and also for different business operations. If existing regulations at subsidiary level have not yet been modified in line with the Organisational Regulations and the competence matrix at Group level, the latter will take precedence.

The Organisational Regulations dated 14 May 2020 can be found at www.vzug.com/ch/en/corporate-governance in their current version, which has continued to apply unchanged since 1 June 2020. The competence matrix is not publicly available.

3.7 Information and control instruments vis-à-vis the Executive Committee

Extensive management information is compiled within the V-ZUG Group every six months in the form of consolidated financial statements for the V-ZUG Group (income statement, balance sheet and cash flow statement). These consist of the two segments Household Appliances and Real Estate plus the Corporate reporting segment (see page 78 in the Financial Report). The half-yearly financial statements are submitted to the Audit Committee and the Board of Directors and are explained in detail by the Executive Committee. The results are compared with the prior-year period and the budget. The budgets are reviewed several times a year in the form of extrapolations to establish how attainable they are. Regular reports are made to the Board of Directors and the Executive Committee concerning the results and progress towards budget attainment. Each month, the Chairman of the Board of Directors and the members of the Audit Committee receive key performance indicators (in the form of a "cockpit") and written comments on business progress and other aspects of the operational business and the relevant market environment. The entire Board of Directors receives this information at each ordinary Board meeting. At these meetings, the Executive Committee provides extensive information on business operations. The subsidiaries' individual financial statements, which are prepared each month, form the basis of the V-ZUG Group's consolidated financial statements. The annual financial statements of the individual subsidiaries are presented to the Audit Committee once a year.

The internal audit conducts regular audits. The results of these audits are discussed in detail with the Executive Committee and the key measures are agreed. The Chairman of the Board of Directors, members of the Audit Committee, members of the Executive Committee and other line managers of the head of the audited unit receive a copy of the audit report. In addition, the reports and the key measures agreed are discussed by the Audit Committee. The internal audit reports administratively to the CFO but reports on functional matters directly to the Chair of the Audit Committee. Three internal audits were conducted in the Reporting Year.

The V-ZUG Group has an appropriate system for monitoring and managing the risks associated with the company's activities. Risk management is a structured process that essentially encompasses all hierarchical levels. This process involves risk identification, risk analysis, risk management and risk reporting. The Executive Committee is responsible for monitoring and managing risks at an operational level. Particular people are assigned responsibility for significant individual risks. They take specific measures to manage these risks and monitor their implementation. On behalf of the Audit Committee, a risk report is drawn up and submitted to the Board of Directors at regular intervals, usually once a year.

In terms of insurance, companies of the V-ZUG Group have risk-appropriate cover in line with industry standards and, in particular, are insured appropriately against operational risks such as damage to property, business interruption and third-party liability.

In terms of business risks, the V-ZUG Group deals with interest rate and currency risks in addition to those risks identified under the risk management system described above. Currency risks are assessed centrally by the CFO in consultation with the Chair of the Audit Committee and hedged on a case-by-case basis as appropriate.

4. Executive Committee

4.1 Members of the Executive Committee

The Executive Committee of V-ZUG Holding AG currently consists of eight members. There were no personnel changes to the Executive Committee of the V-ZUG Group in the 2022 financial year.

4.2 Other activities and interests

Details of the other activities and vested interests of the current members of the Executive Committee can be found below. Various Executive Committee members hold positions in management and supervisory bodies in various V-ZUG Group subsidiaries. Apart from the activities and interests mentioned below, none of the members of the Executive Committee has a permanent management or advisory role at an important interest group, nor an official function or political post.

4.3 Number of permitted additional mandates (Executive Committee)

The number of permitted activities for members of the Executive Committee in top supervisory or management bodies of legal entities corresponds to the rules for members of the Board of Directors, which are explained in section 3.3 of this Corporate Governance Report.

4.4 Management contracts

V-ZUG Holding AG has not concluded any management contracts with third parties.

The executive management of the two real estate companies within the V-ZUG Group (V-ZUG Infra AG and V-ZUG Assets AG) is contractually delegated to Tech Cluster Zug AG (a subsidiary of Metall Zug AG, Zug) until at least the end of 2027, under the supervision of the boards of directors of the two real estate companies and V-ZUG Holding AG. Further details of this arrangement can be found in the Real Estate segment report on pages 27 et seq. of this Annual Report and on page 101 of the Financial Report under the note "Details of offsetting between the V-ZUG Group and related third parties".

Executive Committee



**PETER SPIRIG
(CH) BORN 1973**

Dipl. Bau-Ing. (MSc in Civil Engineering) ETH Zurich;
MBA INSEAD, Fontainebleau (FR).

Chief Executive Officer (CEO) of the V-ZUG Group since September 2020.

Professional background

Member of the Group Management and Head of the Doors Division at Arbonia Group, Arbon, 2016 - 2020; member of the Group Executive Board of the Franke Group, Aarburg, and President of Franke Asia in Hong Kong, 2013 - 2016; President of Franke Food Service Systems Asia, Hong Kong, 2009 - 2013; various roles at the Holcim Group, Rapperswil-Jona, in Jona/Zurich and Sri Lanka, most recently as CEO of Holcim (Lanka) Ltd. in Colombo (LK), 2002 - 2009.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Management Board of the Swiss Association for Electrical Household and Commercial Appliances (FEA), Zurich; member of the Board of Trustees of the SENS Foundation, Aarau.



**ALBERTO BERTOZ
(IT) BORN 1974**

Degree in electrical engineering, Politecnico Torino (IT);
Executive MBA, MIB School of Management Trieste (IT).

Chief International Officer and member of the Executive Committee of the V-ZUG Group since July 2018.

Professional background and previous activities for the V-ZUG Group

Various roles at the V-ZUG Group, including as Regional Managing Director Asia, Managing Director Greater China and Head of IPO (International Procurement Office) Asia-Pacific, 2012 - 2018; Head of Business and Development and Head of Product Development at Marcegaglia Imat SpA, Fontanafredda (IT), 2007 - 2012.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.



**ATTILA CASTIGLIONI
(CH) BORN 1969**

Global Executive MBA HSG, University of St. Gallen; SKU Advanced Management Programme, business administration degree from HWV, St. Gallen.

Chief Sales and Service Officer and member of the Executive Committee of the V-ZUG Group since 2015.

Professional background and previous activities for the V-ZUG Group

Divisional Head of Marketing at V-ZUG AG, Zug, 2011 - 2015; various management and sales roles at IBM (Schweiz) AG, Zurich, 1995 - 2011.

Activities in management and supervisory bodies outside of the V-ZUG Group

Member of the Boards of Directors of Emil Ebnetter & Co. AG, Schwende, and Appenzeller Alpenbitter AG, Schwende; member of the Management Committee of Verband Küche Schweiz, Ebikon (until May 2022).



**SANDRA FORSTER
(CH/IT) BORN 1971**

Degree in law (lic. iur.), University of Zurich; postgraduate degree (MAS/CAS) in human resources and organisational development, ZHAW-IAP Zurich; Executive MBA from the University of St. Gallen.

Chief Human Resources Officer and member of the Executive Committee of the V-ZUG Group since November 2020.

Professional background

Head of People & Culture and member of the Executive Committee of ISS Schweiz AG, Zurich, April 2020 - October 2020; Head of Human Resources and member of the Executive Committee of Hilti (Schweiz) AG, Adliswil, 2013 - July 2019; various personnel roles at Swiss Re, Zurich, 2007 - 2013; Vice President and member of the Executive Committee of Rail Gourmet Holding AG, Kloten, 2001 - 2006.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.



**ADRIAN INEICHEN
(CH) BORN 1973**

Swiss certified expert for accounting and controlling,
Swiss certified specialist for finance and accounting,
KV Business School, Zurich.

Chief Financial Officer (CFO) and member of the
Executive Committee of the V-ZUG Group since 2015;
Head of the Real Estate segment.

**Professional background and previous activities
for the V-ZUG Group**

Head of Finance & Controlling at V-ZUG (Shanghai)
Domestic Appliance Co., Ltd., Shanghai (CN),
2014 - 2015; Head of Finance and Accounting at
V-ZUG AG, Zug, 2005 - 2014; various roles as a con-
troller at Panalpina, Basel and Hong Kong, 2002 - 2005;
various roles in management and controller positions at
Collano Adhesive, Sempach, 1992 - 2002.

Activities in management and supervisory bodies

President of the Board of Trustees of the pension fund of
V-ZUG AG, Zug; member of the Board of Trustees of the
welfare fund of V-ZUG AG, Zug.



**STEPHAN KELLER
(CH) BORN 1969**

Dipl. Masch.-Ing. (MSc in Mechanical Engineering)
ETH Zurich.

Senior Vice President Development and member of the
Executive Committee of the V-ZUG Group since 2013.

**Professional background and previous activities
for the V-ZUG Group**

Member of the Executive Committee of the V-ZUG Group
with alternating responsibilities for the areas of operations
and product development since 2013; various roles at
Robert Bosch GmbH, Solothurn, Stuttgart (DE), Hangzhou
(CN) and Frauenfeld, including as Vice President with
responsibility for product development, corporate research
and accessories and abrasives worldwide, 1995 - 2013.

**Activities in management and supervisory bodies
outside of the V-ZUG Group**

Member of the Management Committee of Swissmem,
Zurich; member of the Governing Council of Lucerne
University of Applied Sciences and Arts; member of the
Scientific Advisory Board CSEM, Neuchâtel.



NATHALIE NOËL
(BE/FR/BR) BORN 1985

Master of Arts Marketing & Market Studies, Sciences Po, Paris (FR); Bachelor of Arts War Studies & European Studies, King's College, London (UK).

Chief Marketing Officer and member of the Executive Committee of the V-ZUG Group since August 2021.

Professional background

Management positions in marketing at the Vitra Group, Basel, most recently from 2018 as Global Head of Marketing, April 2016 - July 2021; Marketing Director at Taschen GmbH, Cologne (DE), 2013 - 2015; various roles in sales, marketing and product management at L'Oréal Group, Paris (FR), 2008 - 2013.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.



ADRIAN THEILER
(CH) BORN 1972

Dipl. Betr.- u. Prod.-Ing. (MSc in Industrial Management and Manufacturing) ETH Zurich; Executive MBA from the University of Zurich.

Chief Operations Officer and member of the Executive Committee of the V-ZUG Group since July 2021.

Professional background

Various management roles at Landis+Gyr AG, Zug, most recently as Vice President Supply Chain Management EMEA, 2003 - July 2021; self-employed supply-chain and management advisor, 2002 - 2003; project manager and logistics coordinator for The Nuance Group AG in Zurich and Sydney (AU), 2001 - 2002.

Previous activities for the V-ZUG Group

None.

Activities in management and supervisory bodies outside of the V-ZUG Group

No significant activities.

5 Compensation, shareholdings and loans: Compensation Report

For details regarding compensation, please refer to the separate Compensation Report starting on page 61 et seq. of this Annual Report.

6 Shareholders' participation rights

6.1 Voting right restrictions and representation

All shareholders may exercise their rights at the General Meeting by attendance in person, by written proxy to another party who is also a shareholder, or through the independent representative.

The independent representative is obliged to exercise the voting rights transferred to them by shareholders in accordance with their instructions. In accordance with Article 14 of the Articles of Association, the Board of Directors ensures that shareholders have the opportunity to

- submit instructions to the independent representative on every motion relating to agenda items mentioned in the invitation to the meeting,
- submit general instructions to the independent representative on unannounced motions and new agenda items,
- grant proxies and issue instructions to the independent representative electronically.

The Board of Directors sets the rules for the procedures and deadlines for granting electronic proxies and issuing electronic instructions.

6.2 Statutory quorums

The General Meeting passes its resolutions and conducts its voting with an absolute majority of the voting shares represented, unless the law (in particular Article 704 of the Swiss Code of Obligations (CO) or Articles 18, 43 or 64 of the Swiss Mergers Act) or the Articles of Association (Article 15 of the Articles of Association) contain provisions to the contrary (Article 703 CO and Article 13 of the Articles of Association).

6.3 Convocation of the General Meeting

The Annual General Meeting takes place annually no later than six months after the end of the financial year (Article 10 of the Articles of Association). The meeting is convened by letter, e-mail, fax or using other electronic communication systems that permit evidence to be presented in text form no later than 20 days before the day of the meeting. The invitation is sent to all shareholders entered in the share register, and an announcement of the convocation is also published in the Swiss Official Gazette of Commerce (Article 11 of the Articles of Association).

Extraordinary general meetings are convened as often as required, in particular in those cases stipulated by law. The external auditors and the liquidators have a legal right to convene a meeting, as has the General Meeting by way of a resolution. The Board of Directors shall further convene an extraordinary general meeting if shareholders representing at least 10% of the share capital request the convocation of such a meeting in writing, stating the agenda items and the motions. The written request must be accompanied by a statement issued by a bank confirming that the shares have been deposited until after the General Meeting (Article 10 of the Articles of Association).

6.4 Inclusion of an item in the agenda

In principle, the inclusion of an item in the agenda is determined by legal provisions. Shareholders individually or jointly representing shares with a nominal value of at least 10% of the share capital may request in writing, and upon specification of the motions, the inclusion of an item in the agenda no less than 50 days prior to the Annual General Meeting unless the company publishes a different deadline. The written request must be accompanied by a statement issued by a bank confirming that the shares have been deposited until after the General Meeting (Article 10 of the Articles of Association).

6.5 Entries in the share register

Only those shareholders who are listed in the share register as shareholders with the right to vote on a given cut-off date may participate in and exercise their right to vote at the General Meeting. The company's Articles of Association do not contain any rules regarding the cut-off date. This is determined by the Board of Directors and generally fixed for a date a few days prior to the General Meeting. The cut-off date is published along with the invitation to the General Meeting.

7 Changes of control and defence measures

7.1 Duty to make an offer

The duty to make a public takeover offer in accordance with Articles 135 and 163 FinMIA was waived in the Articles of Association (Article 4) in accordance with Article 125 para. 3 FinMIA prior to the company being listed on the stock exchange ("opting out").

7.2 Clauses on changes of control

In the event of a change of control, V-ZUG Holding AG is not obliged to make any additional payments for the benefit of members of the Board of Directors or the Executive Committee or any other executives.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor

Auditors: Ernst & Young AG, Zug.

Duration of the mandate: since the 2019 financial year for V-ZUG Holding AG (previously since 2006 for Metall Zug AG).

Lead auditor: Christoph Michel.

Date on which the lead auditor took up office: 2020.

8.2 Auditing fees

In the Reporting Year, the independent auditors, Ernst & Young AG, charged V-ZUG Holding AG and the V-ZUG Group CHF 206 thousand (previous year: CHF 192 thousand) for services in connection with the audit of the annual financial statements of V-ZUG Holding AG and its subsidiaries and of the consolidated financial statements of the V-ZUG Group.

8.3 Additional fees

In the Reporting Year, the independent auditors, Ernst & Young AG, charged V-ZUG Holding AG and the V-ZUG Group a total of CHF 3 thousand (previous year: CHF 3 thousand) in additional fees for services in connection with auditing the compliance with the minimum wage requirements of the collective employment agreement for the mechanical and electrical engineering industries.

8.4 Information instruments pertaining to the external audit

The external auditors are elected by the General Meeting for a period of one financial year. The lead external auditor is replaced after no more than seven years. The Audit Committee is responsible for evaluating the external auditors. At least once a year, the members of the Audit Committee receive from the external auditors a summary of the audit results including any suggestions for improvements and other findings identified by the external auditors as part of their audit activities. External audit representatives are invited to all meetings of the Audit Committee. In the 2022 financial year, they took part in all the quarterly meetings. The Audit Committee assesses the performance of the external auditors on the basis of the documents, reports and presentations issued by the external auditors. In doing so, the Audit Committee evaluates the quality, relevance and contribution toward improving transparency on the basis of the statements and documentation made available by the external auditors. In addition, the committee seeks the opinion of the CFO. The fees charged by the external auditors are reviewed and compared with the auditing fees paid by other comparable Swiss industrial companies on a regular basis. Further information on the external auditors, in particular the auditing fees and the fees they have charged for additional services outside the agreed audit scope, can be found in sections 8.2 and 8.3 of this Corporate Governance Report. The Audit Committee takes care to ensure that the fees for services that fall outside the agreed audit scope do not exceed a reasonable amount, in order to safeguard the independence of the external auditors.

9 Information policy

V-ZUG Holding AG has a transparent information policy with regard to the general public and the financial markets. It communicates openly and regularly with its shareholders, the capital market and the general public. Contact persons include the Chairman of the Board of Directors, the CEO, the CFO and the Head of Investor Relations.

The Annual Report and the Half-Year Report are made available in full online. A media and analyst conference is held at least once a year.

Corresponding ad hoc notifications are issued on important events involving facts that may potentially impact the share price. These can be accessed at www.vzug.com/ch/en/investor-relations-news. The corporate calendar can be viewed at www.vzug.com/ch/en/corporate-calendar and general information on the V-ZUG Group can be found at www.vzug.com.

At www.vzug.com/ch/en/investor-relations-news-service, interested persons can subscribe to a mailing list to receive ad hoc notifications and further company information. The contact details for queries regarding investor relations can be found at www.vzug.com/ch/en/media.

10 Quiet periods

In connection with the half-yearly financial reporting, general quiet periods apply at the V-ZUG Group from 1 December and from 1 June until the close of trading hours of the SIX Swiss Exchange, Zurich, on the date of publication of the Annual Report and Half-Year Report, respectively.

The quiet period covers the registered shares of V-ZUG Holding AG and equity securities, options, derivatives and other financial instruments concerning V-ZUG Holding AG.

The parties subject to a prohibition of trading during the quiet period include the members of the Board of Directors and Executive Committee and other group-wide management positions with access to the current financial figures. In addition, the prohibition of trading also affects all people directly or indirectly involved in preparing the financial reporting and people who may otherwise potentially have access to the V-ZUG Group's current financial figures. Furthermore, the prohibition of trading also applies to V-ZUG Holding AG and all its group companies.

Exceptions to the rule on quiet periods are not provided for in principle and would have to be approved by the competent bodies on a case-by-case basis.

In addition to the general quiet periods, special quiet periods are defined, as needed, according to date, duration and parties covered, particularly in connection with circumstances potentially relevant to the share price.



MY APPLIANCES



CombiMiwell
V4000 45



CombiSteamer
V6000 60



Combi
V6000 60



CombiMiwell
V4000 45

EASYCOOK

Tips on how to optimally prepare your meals



FAVOURITES



Recipes



EasyCook



Programme

RECIPES

Look for recipes

INSPIRATION



Compensation Report



Compensation Report

The Compensation Report describes the principles and corporate governance aspects of compensation for the Board of Directors and Executive Committee of V-ZUG Holding AG in the 2022 financial year (the **“Reporting Period”**). The report is compiled in accordance with the mandatory provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares of 20 November 2013 (**“ERCO”**), taking account of the recommendations and principles of the “Swiss Code of Best Practice for Corporate Governance” published by *economiesuisse*, which is aimed at the individual responsibility of such companies.

General remarks concerning the compensation system

Principles

Based on the Articles of Association of V-ZUG Holding AG (**“Articles of Association”**), members of the Board of Directors and the Executive Committee of V-ZUG Holding AG are entitled to compensation commensurate with their role and to customary social security benefits, as well as to reimbursement for expenses incurred in the interests of the V-ZUG Group; the details are set out in the separate compensation regulations (Article 23 of the Articles of Association). The following remarks are based on the revised Compensation Regulations of V-ZUG Holding AG dated 2 December 2020 (**“Compensation Regulations”**).

The V-ZUG Group’s current compensation policy endeavours to create a suitable basis for remunerating and incentivising employees, management and supervisory bodies in line with the market and individual performance.

In accordance with Article 25 of the Articles of Association, pensions and other post-employment benefits are only paid to members of the Executive Committee and the Board of Directors by pension funds (including insurance companies, collective foundations and similar second-pillar institutions); the respective benefits and employer contributions are determined by the applicable regulations.

Capital participation programmes

V-ZUG Holding AG does not have any participation or option programmes and no shares have been assigned to members of the Board of Directors, of the Executive Committee or related parties.

Article 23 of the Articles of Association permits compensation to be paid out in the form of money or shares. The Board of Directors has not yet availed itself of the opportunity to allocate shares as part of compensating members of the Board of Directors or the Executive Committee (see the section on the compensation system for the Executive Committee below on page 62).

Changes to the compensation system

In the reporting year, the Board of Directors conducted a market analysis with external consultants to determine the compensation for management roles at comparable listed companies. Based on the results of the analysis, and in accordance with the Articles of Association, the Board of Directors is intending to change the compensation system with effect from 1 January 2024 at the earliest, in order to make compensation for management roles more responsibility- and performance-related and is considering to establish an additional, long-term component in the variable compensation for specific roles.

Board of Directors compensation system

Members of the Board of Directors receive fixed compensation for their work as well as a lump-sum reimbursement of expenses. Members of the Board of Directors who serve as Chairman of the Board of Directors or chair of a committee or who perform special tasks (e.g. activities on the Board of Directors of subsidiaries, chairing advisory boards, etc.) receive an additional fee for such additional roles and special tasks. If a member of the Board of Directors holds office as their main occupation and is not otherwise subject to occupational pensions (BVG) obligations, this member is entitled to be included in the V-ZUG Group’s occupational pension scheme within the framework of the legal and social security provisions. The fee scale is structured in accordance with the Compensation Regulations (including lump-sum expenses):

Role	Fixed (gross), in CHF	Lump-sum expenses, in CHF	Total, in CHF
Basic amount (member BoD)	63 000	12 000	75 000
Additional amount Chairman BoD	72 000	3 000	75 000
Additional amount chair BoD committee/ chair advisory board	20 000	-	20 000
Additional amount BoD committee	10 000	-	10 000

The Corporate Governance Report on pages 45 et seq. of this Annual Report lists the additional tasks performed by members of the Board of Directors of V-ZUG Holding AG on committees, their directorships and additional roles at Group companies in the reporting year.

The compensation of the Board of Directors is determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors on an annual basis, usually in the first quarter of the year, for the period from the Annual General Meeting of the current calendar year to the Annual General Meeting of the following year and is presented to the General Meeting for approval in accordance with Article 24 of the Articles of Association.

Executive Committee compensation system

The compensation for members of the Executive Committee consists of a fixed basic salary and performance-related short-term variable compensation. Members of the Executive Committee also receive a lump-sum expenses allowance (hospitality expenses plus vehicle and mileage remuneration).

Article 23 of the Articles of Association also provides for the possibility of long-term variable compensation elements for the compensation of the Executive Committee. Such long-term variable compensation elements would essentially focus on the same targets as the short-term variable compensation elements, but would also be designed to take account of employee retention and would therefore take the form of restricted shares. The necessary shares would be purchased on the market through V-ZUG Holding AG. The Board of Directors is intending to change the compensation system with effect from 1 January 2024 in order to make compensation more performance-related and incorporate an additional, long-term component in the variable compensation. This system is to be introduced on 1 January 2024 at the earliest, subject to the achievement of specific quantitative targets in the 2023 financial year. An adjustment of the system at the aforementioned time will lead to a possible allocation for the first time in the 2024 financial year.

Fixed compensation

The amount of the fixed compensation is determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors, taking into account the fixed component agreed with the members of the Executive Committee in their employment contracts, usually in the fourth quarter for the following financial year, and within the total amount approved by the General Meeting. Approval of the total amount available for the fixed compensation of the members of the Executive Committee is granted by the General Meeting in accordance with Article 24 of the Articles of Association for the following calendar year (prospective model).

If the total amount approved for the compensation of the Executive Committee is not sufficient to compensate members newly appointed after approval by the General Meeting until the beginning of the next approval period, then, in accordance with Article 24 of the Articles of Association, an additional amount of 25 % of the previously approved total amount for the Executive Committee is available per newly appointed member of the Executive Committee for the approval period in question, up to a total additional amount of 50 % of the previously approved total amount for the Executive Committee for the relevant approval period.

Variable compensation

The variable compensation must not exceed 100 % of the fixed compensation for each member of the Executive Committee. In accordance with Article 23 of the Articles of Association, the variable compensation is linked to qualitative and quantitative objectives, the components and structure of which may be determined by the entire Board of Directors with full discretion at the request of the Human Resources & Compensation Committee, taking into consideration the role of the Executive Committee member in question.

The quantitative targets are linked to key performance indicators at Group level. When defining the relevant level for key performance indicators, the Human Resources & Compensation Committee uses the budgeted figures as a starting point and factors in the current

environment, the previous year's provisional figures and the "tension" (attainability) in the budget, amongst other things. Achieving the budgeted figures does not mean that members of the Executive Committee are entitled to 100% of their target bonus.

The qualitative targets are based on the company's long-term, sustainable development.

The Human Resources & Compensation Committee is generally responsible for setting measurable targets for all members of the Executive Committee. Financial targets are based on growth, profitability and efficiency and their traditional KPIs, and the division- or project-specific targets are focused on the company's strategic growth (e.g. digitalisation, product portfolio).

The individual employment contracts of members of the Executive Committee provide for a target bonus amounting to 80% of the fixed compensation for the CEO and 50% for the other Executive Committee members. In the event of excellent performance, the target bonus may be exceeded by no more than a quarter; in other words, in the maximum case for the CEO, the bonus may be 100% of the fixed compensation, and in the maximum case for the other members of the Executive Committee, the bonus may be 62.5% of the fixed compensation.

The Human Resources & Compensation Committee has considerable discretion when assessing target attainment. In individual cases, it may state in advance that no bonus will be paid out at all if certain minimum targets are not met, even if a bonus could be paid based on the achievement of other targets. As a general rule, the payment of any variable compensation is conditional upon exemplary performance as well as a positive net result in the profit and loss account (after the bonus payment has been included) at Group level. In addition, the actual bonus may not exceed the target bonus per person unless at least 90% of the budgeted EBIT is achieved at Group level.

With the respective approval of the Human Resources & Compensation Committee and the Board of Directors, part or all of the bonus may be included in the occupational pension.

The quantitative and qualitative targets and their percentages and the weighting for the variable compensation for individual members of the Executive Committee in the current financial year are determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors in the first quarter of the current financial year, taking into consideration the target bonus agreed in their respective employment contracts. The variable compensation for the Executive Committee for the financial year just ended is also determined at the request of the Human Resources & Compensation Committee by the entire Board of Directors following the presentation of the annual financial statements in the first quarter of the following year on the basis of the achievement of the quantitative and qualitative targets agreed. It is paid out following approval by the General Meeting (retrospective model - one of the variants provided for in Article 24 of the Articles of Association).

The Compensation Regulations allow V-ZUG Holding AG to request repayment of some or all of the variable compensation paid to a member of the Executive Committee for a bonus period within 30 months of its payment date, or to deduct an appropriate amount from a variable compensation for a subsequent bonus period. This may occur if it turns out after paying the variable compensation that this member of the Executive Committee was in serious breach of applicable legal requirements, contractual provisions or internal regulations (particularly the Code of Conduct or other ethical principles of the V-ZUG Group) within the bonus period in question or that the member influenced the achievement of the targets in the bonus period in question through actions that run counter to the sustainable business development of the V-ZUG Group. Serious and repeated breaches will generally result in the member losing all of their variable compensation for the current financial year. In all cases, the entire Board of Directors will, at the request of the Human Resources & Compensation Committee, make a decision at its own discretion.

Disclosure of compensation

Details of compensation for the Board of Directors and the Executive Committee are set out on the following pages. Details of share ownership by members of the Board of Directors and the Executive Committee are set out in the notes to the annual financial statements of V-ZUG Holding AG on page 109 of this Annual Report.

Compensation for the Board of Directors

The composition of the Board of Directors of V-ZUG Holding AG did not change in the Reporting Period and compensation was essentially similar to that of the previous year. Small variations are due to additional roles carried out by individual members of the Board of Directors in the V-ZUG Group. The compensation of the Board of Directors is set at the Annual General Meeting for the period of the term in office

of the Board of Directors until the next Annual General Meeting the following year. As the term in office of the Board of Directors is not the same as the financial year, the fees detailed below may differ from the fees approved at the Annual General Meeting.

Fixed compensation

Fixed compensation of the Board of Directors in the Reporting Period totalled CHF 635,874. The Board of Directors generally pursues a policy of consistent compensation. The comparative analysis conducted in the reporting year to determine the compensation for management roles at comparable listed companies showed that the compensation paid to the members of the Board of Directors is generally the same as that paid to board members at the companies included in the comparison (see section "Changes to the compensation system" on page 61). However, the amount of compensation paid to the Chairman of the Board of Directors differs considerably from that paid to chairs of comparable listed companies.

The Board of Directors is requesting the next Annual General Meeting on 25 April 2023 to approve a total amount of CHF 750,000 for its fixed compensation and lump-sum reimbursement of expenses for the period of office up to the following Annual General Meeting in 2024. This includes an adjustment of the compensation for the Chairman's Office, which was proposed by the Human Resources and Compensation Committee based on the comparative analysis and unanimously supported by the entire Board of Directors, excluding the Chairman. The total amount still includes a small reserve, which is lower than compared to the current term of office, and is identical to the total amount approved by the Annual General Meeting of V-ZUG Holding AG on 28 April 2022.

On 29 April 2021, the Annual General Meeting of V-ZUG Holding AG approved the sum of CHF 750,000 for the fixed compensation of the Board of Directors for the period of office until the next Annual General Meeting on 28 April 2022. During this period, CHF 648,002 of the approved sum was used for the compensation of members of the Board of Directors.

Additional compensation

No loans or credit facilities were granted to members of the Board of Directors or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities. The lump-sum expense allowances, which are based on expense regulations approved by the tax authorities, are shown as fixed compensation in the interests of full and complete transparency although, as genuine lump-sum expenses, they would not have to be disclosed since they do not constitute compensation. None of the members of the Board of Directors has an executive function in the V-ZUG Group or received any other compensation from companies of the V-ZUG Group. In the year under review, Jürg Werner received no remuneration from his consulting activities for V-ZUG Kühltechnik AG, which ended in March 2022.

Compensation for financial year, in CHF	Compensation/ fee fixed (gross) ¹⁾		Social contributions ²⁾		Total	
	2022	2021	2022	2021	2022	2021
Oliver Riemenschneider, Chairman Board of Directors	150 000	150 000	8 640	8 640	158 640	158 640
Annelies Häcki Buhofer, Member Audit Committee	85 000	85 000	2 979	2 979	87 979	87 979
Prisca Hafner, Chair Human Resources & Compensation Committee	95 000	95 000	5 312	5 312	100 312	100 312
Tobias Knechtle ³⁾ , Chair Audit Committee	100 652	100 652	0	0	100 652	100 652
Petra Rumpf, Chair advisory board	95 000	95 000	5 312	5 312	100 312	100 312
Dr. Jürg Werner ⁴⁾ , Member Human Resources & Compensation Committee	85 000	94 877	2 979	5 229	87 979	100 107
Total Board of Directors	610 652	620 530	25 221	27 472	635 874	648 002

¹⁾ The compensation shown includes lump-sum expenses and other payments (such as memberships, etc.) and any additional fee for activities on the Board of Directors of subsidiaries and further special tasks.

²⁾ Employer contributions for AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation) and ALV (unemployment insurance) as well as any contributions to occupational accident insurance and occupational pension schemes.

³⁾ Payment to Tobias Knechtle is made via a legal entity. In accordance with the Compensation Regulations, the fixed fee (but not the lump-sum expenses) is increased (currently by 6.81%) to offset the employer contributions to be made by the legal entity.

⁴⁾ Including compensation for consultancy role at V-ZUG Kühltechnik AG.

Compensation for the Executive Committee

Due to changes within the Executive Committee in the previous year, a proportion of variable compensation still had to be paid out in 2022 to the members who left in 2021 (Max Herger and Manuel Faeh).

Fixed compensation

For the 2022 financial year, the Annual General Meeting on 29 April 2021 approved a total amount of CHF 3,950,000 for the fixed compensation of members of the Executive Committee. Out of this amount, a total of CHF 3,604,063 was used for the fixed compensation of the Executive Committee in the Reporting Period. There was no need to make use of any additional amount.

For the 2023 financial year, the Annual General Meeting of V-ZUG Holding AG on 28 April 2022 approved a total of CHF 3,950,000 for the fixed compensation of the Executive Committee in accordance with the Articles of Association (Article 24 para 1, second bullet point of the Articles of Association).

For the 2024 financial year, the upcoming Annual General Meeting on 25 April 2023 will be asked to approve a total amount of CHF 3,950,000 (identical to the previous years) for the fixed compensation of the Executive Committee.

Variable compensation

Out of the total amount of CHF 1,837,000 approved by the Annual General Meeting on 28 April 2022 for the variable compensation of members of the Executive Committee for the 2021 financial year, CHF 1,596,081 was paid out.

Since the retrospective model is used for the approval of variable compensation of the Executive Committee by the General Meeting (see the previous section on the compensation system for the Executive Committee on page 62), the variable compensation for the Executive Committee for the 2022 financial year will not be approved until the forthcoming Annual General Meeting. The Board of Directors recommends to the Annual General Meeting of V-ZUG Holding AG on 25 April 2023 the total amount of CHF 660,000 for the variable compensation of the Executive Committee members for the 2022 financial year. The variable compensation reflects the business results of the V-ZUG Group and the achievement of strategically relevant objectives by members of the Executive Committee.

Additional compensation

The employment contracts of Executive Committee members do not provide for any severance payments. The notice period is generally six months. No loans or credit facilities were granted to members of the Executive Committee or related parties, and the Articles of Association do not contain any provisions that would permit the granting of loans or credit facilities.

Overview of compensation for the Executive Committee

Due to their fixed nature, the employer's pension contributions within the framework of a management insurance scheme were added to the social contributions for the calculation of the total fixed compensation in the 2021 compensation report. The other employer's pension contributions on the variable compensation – AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV2 (unemployment insurance) – were reported under social contributions for the calculation of the total variable compensation.

In the reporting year, all employer's pension contributions for the 2021 and 2022 financial years were consolidated and reported for the first time as social contributions for the calculation of the total fixed compensation. The figures are therefore presented differently than in the 2021 compensation report. The total amount of compensation for the 2021 financial year remains unchanged. Both the total fixed compensation for 2021 (approved in the amount of CHF 3,750,000 by the Annual General Meeting of 19 May 2020) and the total variable compensation for 2021 (approved in the amount of CHF 1,837,000 by the Annual General Meeting of 28 April 2022) are within the total amounts approved by the respective Annual General Meetings.

Compensation for the financial year, in CHF	CEO ¹⁾		Executive Committee (total) ²⁾	
	2022	2021	2022	2021
Fixed basic salary (gross)	480 000	465 000	2 429 333	2 470 863
Other payments/benefits ³⁾	59 259	46 088	426 569	423 793
Social contribution ⁴⁾	147 184	154 583	747 108	797 871
Total fixed compensation	686 443	665 671	3 603 010	3 692 526
Total variable compensation^{5)/6)}	174 720	451 050	618 193	1 597 010
Total compensation	861 163	1 116 721	4 221 203	5 289 537

¹⁾ The highest amount for any member of the Executive Committee in the relevant Reporting Period and in the Previous Year's Period was paid to CEO, Peter Spirig.

²⁾ In the 2021 financial year, the compensation for Manuel Faeh (until 31/07/2021) and Max Herger (until 31/08/2021) each until their departure from the Executive Committee, and the compensation for Adrian Theiler (from 28/06/2021) and Nathalie Noël (from 01/08/2021) from the time they joined the Executive Committee, is included.

³⁾ Includes lump-sum expenses and other payments, benefits and remuneration (such as supplementary insurance, travel remuneration and mobility contribution). Child and family allowances are not disclosed.

⁴⁾ Employer contributions to pension schemes, AHV (old-age and survivors' insurance), IV (disability insurance), EO (loss of earnings compensation), ALV (unemployment insurance), daily sickness benefits insurance and accident insurance. The amounts in the table are disclosed on an accrual basis and relate to fixed and variable compensation.

⁵⁾ For the 2021 financial year, the variable compensation for Adrian Theiler (from 28/06/2021) and Nathalie Noël (from 01/08/2021) each for the period from their joining date up to 31/12/2021 was initially fixed, and is therefore not based on the attainment of agreed quantitative or qualitative objectives. In the Reporting Year, Adrian Theiler's and Nathalie Noël's variable compensation are subject to the same criteria as those described in the section on the compensation system for the Executive Committee.

⁶⁾ The variable compensation for the members of the Executive Committee is generally paid out in May of the following year subject to approval by the Annual General Meeting (on 25 April 2023 for the variable compensation for the 2022 financial year). The amounts in the table are disclosed on an accrual basis.

Report of the statutory auditor



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To the General Meeting of
 V-ZUG Holding AG, Zug

Zug, 13 March 2023

Report of the statutory auditor on the audit of the remuneration report



Opinion

We have audited the remuneration report of V-ZUG Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables on pages 61 to 66 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 61 to 66) complies with Swiss law and Art. 14-16 VegüV.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables on pages 61 to 66 in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegÜV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Silvan Lattion
Licensed audit expert

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Consolidated income statement

in KCHF	Notes	2022	2021 ¹⁾
Net sales	1.2	636,283	631,304
Changes in inventories		6,958	19,331
Other operating revenue	1.2	10,619	9,411
Operating revenue		653,860	660,046
Cost of materials	1.3	- 276,704	- 246,674
Personnel expenses	1.3	- 219,977	- 215,245
Depreciation on tangible assets	2.2	- 26,490	- 24,685
Amortisation on intangible assets	2.3	- 5,373	- 6,429
Impairments on tangible and intangible assets	2.2, 2.3	- 498	- 860
Other operating expenses	1.3	- 114,529	- 103,473
Operating expenses		- 643,571	- 597,366
Operating result (EBIT)		10,289	62,680
Financial income	3.3	134	165
Financial expenses	3.3	- 394	- 796
Financial result		- 260	- 631
Net result before taxes		10,029	62,049
Taxes	1.4	- 2,091	- 6,621
Group net result		7,938	55,428
Earnings per share (in CHF) ²⁾	1.5	1.23	8.62

¹⁾ The previous year's figures were amended in line with the changes to accounting principles described in the notes to the consolidated financial statements.

²⁾ There was no dilution of earnings per share.

Consolidated balance sheet

in KCHF	Notes	2022	2021
Cash and cash equivalents	3.1	64,408	117,179
Securities	3.1	96	102
Trade receivables	2.1	67,617	60,397
Other receivables	2.1	4,728	11,747
Inventories	2.1	115,673	92,044
Prepaid expenses and accrued income		2,653	2,639
Current assets		255,175	284,108
Tangible assets	2.2	313,409	295,398
Intangible assets	2.3	8,272	8,954
Financial assets	2.4	29,984	27,648
Fixed assets		351,665	332,000
Assets		606,840	616,108
Trade payables		29,045	27,699
Other current liabilities	2.1	37,702	50,645
Accrued expenses and deferred income	2.1	38,945	41,507
Current provisions	2.5	19,969	19,455
Current liabilities		125,661	139,306
Other long-term liabilities	2.6	1,106	2,237
Long-term provisions	2.5	11,441	11,261
Deferred tax liabilities	1.4	14,817	14,451
Non-current liabilities		27,364	27,949
Total liabilities		153,025	167,255
Share capital	3.2	1,736	1,736
Capital reserves		132,792	132,792
Retained earnings		319,287	314,325
Shareholders' equity		453,815	448,853
Liabilities and shareholders' equity		606,840	616,108

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 31.12.2022	1,736	132,792	318,987	- 2,395	2,695	319,287	453,815
Group net result 2022			7,938			7,938	7,938
Acquisitions				- 2,395		- 2,395	- 2,395
Currency translation effects					- 581	- 581	- 581
Shareholders' equity 31.12.2021	1,736	132,792	311,049	-	3,276	314,325	448,853
Group net result 2021			55,428			55,428	55,428
Currency translation effects					243	243	243
Shareholders' equity 31.12.2020	1,736	132,792	255,621	-	3,033	258,654	393,182

Consolidated statement of cash flows

in KCHF	Notes	2022	2021
Group net result		7,938	55,428
Financial result (net)		260	631
Depreciation and amortisation		31,863	31,114
Impairment		498	860
Earnings from sale of tangible assets		- 212	- 285
Net changes in provisions		843	895
Income tax		2,091	6,621
Other non-cash items ¹⁾		- 3,976	- 7,473
Change in trade receivables		- 9,007	- 3,800
Change in other receivables and prepaid expenses and accrued income		8,105	4,699
Change in inventories		- 25,502	- 27,102
Change in trade payables		995	5,413
Change in other current liabilities and accrued expenses and deferred income		- 6,686	2,992
Interest paid		- 78	- 191
Taxes paid		- 6,113	- 6,352
Cash flow from operating activities		1,019	63,450
Investments in tangible assets	2.2	- 44,908	- 52,282
Investments in intangible assets	2.3	- 4,747	- 2,229
Investments in financial assets and securities	2.4	- 4,125	- 298
Disposals of tangible assets	2.2	409	312
Disposals of financial assets and securities		9	13
Interest received		107	76
Cash flow from investing activities		- 53,255	- 54,408
Cash flow from operating and investing activities (free cash flow)		- 52,236	9,042
Increase in other long-term liabilities		155	
Decrease in other long-term liabilities		- 78	
Cash flow from financing activities		77	-
Currency translation effects		- 612	447
Change in "Net cash and cash equivalents"²⁾		- 52,771	9,489
Net cash and cash equivalents beginning of year		117,179	107,690
Net cash and cash equivalents end of year		64,408	117,179

¹⁾ Other non-cash items essentially comprise changes in value adjustments on inventories and trade receivables of CHF 1.0 million (previous year: CHF -0.5 million), non-cash allocations from V-ZUG AG's pension fund and V-ZUG AG's welfare fund to the employers' contribution reserves incl. interest of CHF -1.9 million (previous year: CHF -2.5 million), release of badwill of CHF -1.8 million (previous year: CHF -3.0 million) and the release of deferred compensation for additional expenses caused by the site transformation in Zug in the amount of CHF -1.2 million (previous year: CHF -1.2 million).

²⁾ The "Net cash and cash equivalents" fund comprises the balance sheet item cash and cash equivalents less current financial liabilities.

Notes to the consolidated financial statements

Information on the Report

General information

The V-ZUG Group's consolidated financial statements are prepared in accordance with the entire existing body of Accounting and Reporting Recommendations (Swiss GAAP FER) on the basis of historical costs (cost of acquisition or production) or current values. The financial year of the consolidated financial statements corresponds to the calendar year.

The Financial Report is published in German and English. In the event of discrepancies between the two versions, the German version shall prevail.

Change in accounting principles

In the reporting year, the V-ZUG Group retrospectively adjusted the accounting with regard to the allocation of certain expenses. Previously, outbound freight and changes in allowances for receivables and bad debts were recognised as reductions in net sales. While harmonising the externally published nature of expense method with the internally used function of expense method, the following changes were made to allocations:

- Outbound freight newly comes under Cost of materials.
- Changes in bad debt allowances and bad debt losses are newly part of Other operating expenses.

These changes led to the following adjustments to the previous year's figures:

in KCHF	2021 as reported	Restatement	2021 restated
Net sales	623,735	7,569	631,304
Cost of materials	- 239,408	- 7,266	- 246,674
Other operating expenses	- 103,170	- 303	- 103,473
Operating expenses	- 589,797	- 7,569	- 597,366

The adjustments only affect the Household Appliances segment.

Consolidation principles

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 impact of a theoretical capitalisation is presented in the notes to the consolidated financial statements. 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.

Intergroup transactions

Intergroup receivables, payables and transactions are eliminated for fully consolidated companies. Allowances and value adjustments for intergroup receivables and investments are reversed. The individual Group companies' intergroup profits on inventories and tangible assets are also eliminated.

Currency translation

With regard to currency translation for consolidation purposes, the annual financial statements of the foreign Group companies are translated into Swiss francs according to the current rate method. The exchange rate at the end of the year is applied consistently to assets and liabilities, while the average exchange rate during the period under review is used for income statements and statements of cash flows. 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.

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 assumptions are explained in the following items:

- Income taxes
- Inventories
- Provisions

Key indicators not defined by Swiss GAAP FER

V-ZUG uses certain key performance indicators that are not defined according to Swiss GAAP FER (alternative performance measures [APMs]). Where relevant for the reader, specific subtotals, which can be elicited directly from the relevant tables, are included.

Additional key figures that are not directly disclosed and reconciled in the consolidated main tables in accordance with a recognised financial reporting standard include the following:

- "EBITDA" is the operating result (EBIT) before depreciation, amortisation and impairment on tangible and intangible assets. The derivation per segment can be found in note 1.1 Segment information.
- "Capex" refers to additions to tangible and intangible assets.
- "Equity ratio" shows equity as a percentage of a company's total assets (equity and debt capital).
- "ROCE" is a measure of how efficiently and profitably a company employs its average total net capital. The calculation method can be found in note 2 Invested capital.

Events after the balance sheet date

There were no events between 31 December 2022 and 13 March 2023 that would require an adjustment to the carrying amounts of assets or liabilities in the consolidated financial statements of the V-ZUG Group or would need to be disclosed under this heading.

On 13 March 2023, the consolidated financial statements were approved for publication by the Board of Directors. They are also subject to approval by the Annual General Meeting.

1 Performance

1.1 Segment information

The business activities of the V-ZUG Group comprise the following segments:

Household Appliances: Household kitchen and laundry appliances plus services
 Real Estate: Management and development of real estate
 Corporate: V-ZUG Holding AG

in KCHF	2022	2021 ¹⁾
Household Appliances		
Net sales	636,283	631,311
Operating revenue	652,946	659,203
Operating expenses (without depreciation)	- 619,244	- 573,379
EBITDA	33,702	85,824
EBITDA in % of net sales	5.3	13.6
Depreciation, amortisation and impairment	- 28,060	- 27,724
Operating result (EBIT)	5,642	58,100
EBIT in % of net sales	0.9	9.2
Real Estate		
Net sales	-	-
Operating revenue	11,637	10,475
Operating expenses (without depreciation)	- 1,478	- 793
EBITDA	10,159	9,682
Depreciation, amortisation and impairment	- 4,301	- 4,250
Operating result (EBIT)	5,858	5,432
Corporate and elimination		
Net sales	-	- 7
Operating revenue	- 10,723	- 9,632
Operating expenses (without depreciation)	9,512	8,780
EBITDA/Operating result (EBIT)	- 1,211	- 852
Total		
Net sales	636,283	631,304
Operating revenue	653,860	660,046
Operating expenses (without depreciation)	- 611,210	- 565,392
EBITDA	42,650	94,654
EBITDA in % of net sales	6.7	15.0
Depreciation, amortisation and impairment	- 32,361	- 31,974
Operating result (EBIT)	10,289	62,680
EBIT in % of net sales	1.6	9.9

¹⁾The previous year's figures were amended in line with the changes to accounting principles described in the notes to the consolidated financial statements.

ACCOUNTING PRINCIPLES

The segment accounts used at top management level to steer the business are disclosed for the segment reporting. Segment revenue is deemed to be net sales, and segment result is deemed to be EBIT.

The main sources of revenue in the Household Appliances segment are the sale of appliances and spare parts as well as the provision of services. Sales take place through specialist dealers, distributors, digital channels and, occasionally, directly to end customers.

1.2 Net sales and other operating revenue**Net sales by geographic market**

in KCHF	2022	2021 ¹⁾
Switzerland	519,495	535,387
Europe (excluding Switzerland)	32,330	27,155
Americas	37,538	28,198
Asia/Pacific/Others	46,920	40,564
Total	636,283	631,304

¹⁾The previous year's figures were amended in line with the changes to accounting principles described in the notes to the consolidated financial statements.

Other operating revenue

Other operating revenue includes proceeds from invoicing an OEM customer for product development services, the sale of tangible assets, compensation for additional expenses caused by the site transformation in Zug, the staff restaurant and rents. In addition, own work capitalised in connection with the manufacturing of special tools is recognised in this item.

ACCOUNTING PRINCIPLES

Net sales include the inflow of economic benefits from sales of goods and services within the scope of ordinary business during the period under review. Sales reductions such as discounts, rebates and other concessions as well as payments to third parties such as commissions and any value added tax have been deducted from net sales reported.

Revenues are reported when the significant risks and rewards related to the ownership of products sold are transferred to the customer in accordance with the contractual agreement. Revenue from services is recognised in the accounting period in which the service was provided.

1.3 Operating expenses

Cost of materials

The Cost of materials item comprises all expenses for raw materials, supplies, purchased components and trading goods as well as expenses for the external manufacture, preparation and processing of the Group's own products (external services). Cash discounts on goods purchased are recorded as purchase price reductions.

Compared to the 0.8% increase in net sales, the cost of materials rose disproportionately by 12.2%. The ratio of the cost of materials to net sales (materials ratio) was 43.5% (previous year: 39.1%). The materials ratio is influenced to a large degree by changes in inventories of semi-finished and finished products. Adjusted for this effect, it amounts to 42.9%, 5.5 percentage points higher than the previous year's level. The increase is partly due to the increase in material prices and transport costs.

Personnel expenses

in KCHF	2022	2021
Wages and salaries	- 180,027	- 177,472
Pension expenses	- 13,912	- 13,107
Other social and personnel expenses	- 26,038	- 24,666
Total	- 219,977	- 215,245

Personnel expenses increased by 2.2% year on year. The average number of full-time equivalents rose by 5.4%, from 2,057 in the previous year to 2,169. Personnel expenses contain an allocation from V-ZUG AG's pension fund and V-ZUG AG's welfare fund to the employers' contribution reserves (including interest) of CHF 1.9 million (previous year: CHF 2.5 million). This allocation reduced the Group's pension benefit expense by the corresponding amount. Average personnel expenses per employee decreased from CHF 104.6 thousand to CHF 101.4 thousand, and net sales per employee fell from CHF 306.8 thousand to CHF 293.4 thousand.

At the balance sheet date, the number of full-time equivalents was 2,193 (previous year: 2,080). The increase in full-time equivalents is attributable mainly to the two production sites in Switzerland and to the foreign distribution companies in Europe.

Other operating expenses

in KCHF	2022	2021 ¹⁾
Marketing/sales promotion	- 23,755	- 22,345
Maintenance and repair	- 15,882	- 12,670
Administrative expenses	- 32,974	- 31,816
Other costs	- 41,918	- 36,642
Total	- 114,529	- 103,473

¹⁾The previous year's figures were amended in line with the changes to accounting principles described in the notes to the consolidated financial statements.

Other operating expenses increased by 10.7%. On the one hand, this is due to intensified marketing activities to strengthen V-ZUG as a premium brand globally and to support international growth. On the other hand, it is attributable to additional costs in connection with the relocation and the construction activities for the site transformation in Zug and Sulgen, as well as the investment in a new propane gas system as a precaution against potential energy shortages. Other operating expenses were also up, due to the general increase in energy and fuel costs as well as additional costs associated with stepping up the product development activities. The Other costs item contains rental costs, research and development costs, transport and energy costs, non-personnel costs for production, sales and administration, and the changes to bad debt allowances and bad debt losses and to guarantee provisions.

Research and development

Expenses for research and development, which are included in Operating expenses, relate to personnel costs, costs of materials, overhead costs and external services. Depreciation of special tools is also included. At CHF 62.0 million, R&D expenses in 2022 were up CHF 0.7 million year on year and corresponded to 9.8% of net sales (previous year: 9.7%). Research and development expenses are charged in full to the income statement.

1.4 Income taxes

in KCHF	2022	2021
Current income taxes	- 1,725	- 5,988
Deferred income taxes	- 366	- 633
Total	- 2,091	- 6,621

Current income taxes include paid and due taxes on the taxable profits of the individual companies.

in KCHF	2022	2021
Liabilities from current income taxes	1,269	5,477
Deferred tax liabilities	14,817	14,451
Total	16,086	19,928

Liabilities from current income taxes are posted under balance sheet item Other current liabilities and are disclosed in note 2.1 Net operating working capital.

in KCHF	2022	2021
Ordinary group net result before taxes	10,029	62,049
Weighted average applicable income tax rate in %	16.9	12.9
Weighted average calculated income taxes	1,692	8,021
Utilisation of previously unrecognised tax loss carryforwards	- 484	- 866
Additional unrecognised tax loss carryforwards	209	-
Change of unrecognised temporary differences	481	94
Tax effects on investments	245	125
Additional deduction for research and development expenses	-	- 925
Other effects	- 52	172
Effective income taxes	2,091	6,621
Effective income tax rate in %	20.8	10.7

The expected income tax rate on the ordinary group net result came to 16.9% (previous year: 12.9%) and corresponds to the weighted average tax rate based on the profit/loss before taxes and the tax rate for each individual Group company. V-ZUG operates worldwide and is liable to income tax in various countries. The weighted average income tax rate applicable may vary from year to year due to the individual companies' varying results or changes in local tax rates.

The Group's effective income tax rate was 20.8% (previous year: 10.7%). The difference between the weighted average income tax rate applicable and the effective income tax rate was 3.9 percentage points. In the current year, utilisation of previously unrecognised tax loss carryforwards had a positive effect on the rate, while the development of unrecognised tax loss carryforwards and the changes in unrecognised temporary differences and valuations of participations had a negative effect. The difference in the previous year was - 2.2 percentage points, whereby the additional deduction for research and development expenses in connection with the Swiss corporate tax reform was the most important factor in contributing to a lower effective income tax rate.

Non-capitalised loss carryforwards in 2022 amounted to CHF 12.3 million (previous year: CHF 14.3 million) with a potential tax effect of CHF 2.8 million (previous year: CHF 3.2 million), of which CHF 9.9 million (previous year: CHF 11.1 million) may be used for an indefinite period. There are also non-capitalised deferred taxes on valuation differences in the amount of CHF 2.0 million (previous year: CHF 1.6 million).

SIGNIFICANT ESTIMATES

Current tax liabilities are measured based on an interpretation of the tax legislation in place in the relevant countries. The adequacy of such an interpretation is assessed by the tax authorities in the course of the final assessment or of tax audits. This can result in changes to tax expense.

ACCOUNTING PRINCIPLES

In accordance with the respective tax assessment rules, current income taxes are calculated at the prevailing tax rates based on the taxable annual results pursuant to commercial law or the taxable annual results that are expected. They are disclosed under Other current liabilities.

Deferred taxes are calculated on the basis of the deviations affecting income tax between the tax balance sheet and the balance sheet prepared for consolidation purposes of the Group companies. The individual Group companies' current or – if applicable – expected tax rates are applied to calculate deferred taxes.

Tax loss carryforwards are neither capitalised nor offset against deferred tax liabilities. Net deferred taxes from temporary differences are not capitalised.

1.5 Earnings per share

in CHF	2022	2021
Group net result	7,938,000	55,428,000
Average number of shares	6,428,571	6,428,571
Earnings per share	1.23	8.62

There was no dilution of earnings per share.

ACCOUNTING PRINCIPLES

The Group net result per share is calculated by dividing the Group net result by the weighted average of outstanding shares less the weighted average of treasury shares.

2 Invested capital

V-ZUG uses the indicator defined below (among others) to manage operating performance. Since the calculation of capital employed is based on average balance sheet values, the values as of the balance sheet date for the three relevant reporting years are shown below to illustrate the general development of the items.

Return on capital employed (ROCE)

in KCHF	2022	2021	2020
Trade receivables	67,617	60,397	55,877
Inventories	115,673	92,044	64,058
Trade payables	- 29,045	- 27,699	- 22,140
Prepayments from customers	- 8,935	- 8,739	- 5,620
Net operating working capital as at 31.12.	145,310	116,003	92,175
Other current assets	7,477	14,488	17,833
Other current liabilities (excl. provisions)	- 67,712	- 83,413	- 86,681
Extended net operating working capital as at 31.12.	85,075	47,078	23,327
Tangible assets	313,409	295,398	270,108
Intangible assets	8,272	8,954	13,149
Financial assets	29,984	27,648	25,978
Operating cash and cash equivalents ¹⁾	30,000	30,000	30,000
Provisions	- 31,410	- 30,716	- 29,815
Total net capital employed as at balance sheet date 31.12.	435,330	378,362	332,747
Monthly average²⁾	424,720	368,565	345,623
Operating result (EBIT)	10,289	62,680	49,166
ROCE in %	2.4	17.0	14.2

¹⁾ Operating cash and cash equivalents contain a minimum amount to ensure operations.

²⁾ Total net capital is determined based on the average of the preceding 13 month-end figures.

The return on capital employed is calculated on the basis of the operating result (EBIT) of the last 12 months in relation to the average total net capital employed in the comparable period. Total net capital employed is defined as expanded net operating working capital plus fixed assets plus operationally necessary cash and cash equivalents less provisions.

2.1 Net operating working capital

Trade receivables

in KCHF	2022	2021
Trade receivables (nominal)	70,024	62,127
Specific value adjustments	- 1,360	- 1,032
General value adjustments	- 1,047	- 698
Total	67,617	60,397

Other receivables

Other receivables comprise the net receivables from reclaimable and payable value added tax, as well as receivables from social security institutions and from a company of the Metall Zug Group in accordance with an agreement on compensation payments in connection with the site transformation in Zug. In the previous year, reclaimable value added tax in the amount of CHF 7.5 million was reported gross. As of balance sheet date 31 December 2022, the corresponding liabilities are reported net under Other current liabilities.

Inventories

in KCHF	2022	2021
Raw materials and purchased components	60,512	50,410
Trading goods	24,436	18,036
Semi-finished and finished products	49,448	42,871
Advance payments to suppliers	928	314
Specific value adjustments	- 8,040	- 7,654
General value adjustments	- 11,611	- 11,933
Total	115,673	92,044

The increase in stocks of raw materials, purchased components and trading goods was influenced by higher procurement prices and freight costs, as well as by the difficult procurement situation and the associated build-up of certain product inventories.

For better transparency, purchased components are now reported together with raw materials instead of with semi-finished and finished products. The previous year's data has been adjusted accordingly.

Prepayments from customers are not offset against inventories but, instead, are reported as Other current liabilities. They amounted to CHF 8.9 million (previous year: CHF 8.7 million).

Other current liabilities

The Other current liabilities item includes net liabilities from reclaimable and payable value added tax, income taxes due, social insurance contributions, prepayments from customers and liabilities to customers from sales bonus agreements. In the previous year, reclaimable value added tax in the amount of CHF 7.5 million was reported gross and posted under Other receivables. As of balance sheet date 31 December 2022, it is netted against the corresponding liabilities.

Accrued expenses and deferred income

The Accrued expenses and deferred income item contains accruals and deferrals for holidays, overtime and variable compensation (i.e. profit-sharing) as well as for services rendered and advertising cost sharing.

SIGNIFICANT ESTIMATES

In assessing the value of inventories, estimates are based on expected consumption, price trend (lowest value principle) and on the loss-free valuation. The estimates used to determine value adjustments of inventories are reviewed on an annual basis and changed as needed. Changes in sales figures or other circumstances may therefore lead to an adjustment of the book values.

ACCOUNTING PRINCIPLES

In addition to specific value adjustments for trade receivables, general value adjustments of up to 2% for domestic receivables and up to 5% for foreign receivables are recognised on the basis of past experience.

In the case of inventories, purchased goods are recognised at acquisition cost, predominantly according to the average cost method or at market value if lower. Self-produced goods are valued at production cost, including indirect production costs, or at market value if lower. In addition to specific value adjustments, general value adjustments are recognised for general valuation risks on the basis of past experience.

Liabilities are measured at their nominal value.

2.2 Tangible assets

in KCHF	Developed land and buildings	Plant and equipment	Prepayments and assets under construction	Other tangible assets	Total
Acquisition value 31.12.2022	209,593	265,996	47,453	46,626	569,668
Additions	2,093	10,930	28,345	3,766	45,134
Disposals	- 11	- 8,165	- 6	- 4,838	- 13,020
Reclassifications	3,687	28,736	- 34,151	1,728	-
Currency translation effects	- 36	- 128	- 57	- 351	- 572
Acquisition value 31.12.2021	203,860	234,623	53,322	46,321	538,126
Additions	1,439	2,605	42,482	4,391	50,917
Disposals	- 2	- 2,978		- 6,068	- 9,048
Reclassifications	5,034	22,641	- 28,484	705	- 104
Currency translation effects		29	- 16	121	134
Acquisition value 31.12.2020	197,389	212,326	39,340	47,172	496,227
Accumulated depreciation 31.12.2022	- 60,613	- 161,027	-	- 34,619	- 256,259
Depreciation current year	- 4,820	- 17,533		- 4,137	- 26,490
Impairment				- 152	- 152
Disposals	11	8,020		4,792	12,823
Reclassifications	- 362	526		- 164	-
Currency translation effects	13	76		199	288
Accumulated depreciation 31.12.2021	- 55,455	- 152,116	-	- 35,157	- 242,728
Depreciation current year	- 4,505	- 16,094		- 4,086	- 24,685
Impairment		- 687		- 173	- 860
Disposals	2	2,978		6,041	9,021
Currency translation effects		- 19		- 66	- 85
Accumulated depreciation 31.12.2020	- 50,952	- 138,294	-	- 36,873	- 226,119
Net value of tangible assets as at 31.12.2022	148,980	104,969	47,453	12,007	313,409
Net value of tangible assets as at 31.12.2021	148,405	82,507	53,322	11,164	295,398

The changes in developed land and buildings are attributable to the building fittings being completed at the site in Sulgen. In addition, further progress was made with the construction of the new "Zephyr Ost" production building, which began in 2021. This is the last building to complete the vertical factory at the Zug site and led to significant additions to prepayments and assets under construction. Further prepayments were made in connection with the investments in the new decoupling store, the conveying technology and finished goods logistics at the Zug location. The commissioning of the new surface technology facility in the "Zephyr Hangar" building and the production facilities in the new refrigerator factory in Sulgen, along with investments in tools for new products, led to further additions and reclassifications to Plant and equipment.

ACCOUNTING PRINCIPLES

Tangible assets are recorded at historical costs or at production costs less straight-line depreciation according to the following table. If required from an economic point of view, impairments are recognised to reflect the decrease in value.

Depreciation table

	Years
Industrial, commercial and office buildings	33 - 50
Plant and equipment	5 - 18
Special tools	3 - 8
Vehicles	5 - 10
Other movable assets	2 - 8

2.3 Intangible assets

in KCHF	2022	2021
Acquisition value 31.12.	38,590	35,348
Additions	5,041	2,125
Disposals	- 1,758	- 2,588
Reclassifications		104
Currency translation effects	- 41	16
Acquisition value 01.01.	35,348	35,691
Accumulated amortisation 31.12.	- 30,318	- 26,394
Amortisation current year	- 5,373	- 6,429
Impairment	- 346	
Disposals	1,758	2,588
Currency translation effects	37	- 11
Accumulated amortisation 01.01.	- 26,394	- 22,542
Net value intangible assets as at 31.12.	8,272	8,954
Net value intangible assets as at 01.01.	8,954	13,149

Intangible assets include software and purchased IT services which will bring the organisation measurable benefits over several years. Acquisition costs for the relaunch of the website and for a content hub to standardise digital communications, as well as further investments in digitalising business process, are reported under Additions.

Goodwill

A theoretical capitalisation of goodwill would affect the annual financial statements as follows:

Theoretical fixed assets – goodwill

in KCHF	2022
Acquisition value 31.12.	2,395
Additions	2,395
Acquisition value 01.01.	-
Accumulated amortisation 31.12.	- 40
Amortisation current year	- 41
Currency translation effects	1
Accumulated amortisation 01.01.	-
Net value goodwill offset as at 31.12.	2,355
Net value goodwill offset as at 01.01.	-

V-ZUG AG acquired 24.99% of the company Fhiaba s.r.l. in Azzano Decimo (Italy) on 29 November 2022. With this acquisition, the V-ZUG Group has formed a strategic partnership for the development and production of premium refrigerators. The acquisition price of CHF 3.3 million consists of CHF 0.9 million for the share of equity and CHF 2.4 million for goodwill. This goodwill is amortised over a period of five years. The participation of the affiliated company is listed in note 2.4 Financial assets and in note 4.1 Group companies.

Effect on income statement

in KCHF	2022
Operating result (EBIT)	10,289
EBIT in % of net sales	1.6
Amortisation goodwill	- 41
Theoretical operating result (EBIT) incl. amortisation goodwill	10,248
Theoretical EBIT in % of net sales	1.6
Group net result	7,938
Amortisation goodwill	- 41
Theoretical Group net result incl. amortisation goodwill	7,897

Effect on balance sheet

in KCHF	2022
Shareholders' equity as per balance sheet	453,815
Theoretical capitalization net carrying amount goodwill	2,355
Theoretical shareholders' equity incl. net carrying amount goodwill	456,170
Shareholders' equity in % of total assets	74.8
Theoretical shareholders' equity incl. net carrying amount goodwill in % of total assets	74.9

ACCOUNTING PRINCIPLES

Acquired intangible assets are recognised if they will bring a measurable benefit to the company over several years. They are measured at historical cost less straight-line amortisation. The useful life and amortisation period of software is between two and five years. Self-developed intangible assets are not capitalised. Expenses for research and development are charged to the income statement.

Goodwill from acquisition is offset against Group equity at the time of acquisition. For the shadow accounting according to Swiss GAAP FER, goodwill is amortised using the straight-line method over its useful life (usually five years). The transferred assets and liabilities are valued at current values.

2.4 Financial assets

in KCHF	2022	2021
Employer's contribution reserves	24,274	22,406
Affiliated companies	946	
Shares in companies	2,466	1,982
Long-term loans and receivables	2,298	3,260
Total	29,984	27,648

Details of the changes in assets from employers' contribution reserves can be found in note 5.1 Pension schemes. The shares acquired in Fhiaba s.r.l. in Azzano Decimo (Italy) on 29 November 2022 are held as an affiliated company. Further details of the acquisition can be found in note 2.3 Intangible assets. A participation in a start-up in the smart kitchen sector is reported under shares in companies. Long-term loans and receivables include loans to third parties and deposits to secure rents. The item also contains a long-term receivable from a Group company of Metall Zug AG in the amount of CHF 0.9 million (previous year: CHF 2.1 million). The current portion is reported under Other receivables and described in note 2.1 Net operating working capital. The financial assets are impaired by CHF 0.1 million (previous year: CHF 0.3 million).

ACCOUNTING PRINCIPLES

Shares in companies as well as long-term loans and receivables are reported at acquisition cost less necessary value adjustments. Investments in affiliated companies are recognised according to the equity method (equity share). Employers' contribution reserves without waiver of use are also recognised in the financial assets.

2.5 Provisions

in KCHF	Guarantees	Other	Total
Provisions 31.12.2022	29,521	1,889	31,410
Additions	19,309	125	19,434
Utilisation	- 18,565	- 10	- 18,575
Release	- 3	- 13	- 16
Currency translation effects	- 146	- 3	- 149
Provisions 31.12.2021	28,926	1,790	30,716
Additions	21,407	85	21,492
Utilisation	- 19,164	- 800	- 19,964
Release		- 633	- 633
Currency translation effects	6		6
Provisions 31.12.2020	26,677	3,138	29,815
Of which current provisions 2022	19,864	105	19,969
Of which current provisions 2021	19,445	10	19,455

Provisions for guarantees cover the expected costs of guarantees and goodwill gestures such as repairs.

The Other item includes provisions for soil remediation. A provision for soil remediation at the main V-ZUG site was recognised in 2019. As part of the preparations for construction work at the main V-ZUG site in Zug, extensive contamination investigations were carried out in consultation with the Canton of Zug Environment Office. The investigations identified various areas that require remediation. The remediation of these areas will be carried out together with the planned construction work. Given the legal remediation obligation and the advanced planning stage for these construction plots, provisions must be recognised for these remediation costs. Services totalling CHF 0.01 million (previous year: CHF 0.8 million) were rendered, CHF 0.01 million (previous year: CHF 0.6 million) were released due to new cost estimates and, in the previous year, the completion of remediation work, and provisions of CHF 0.03 million (previous year: CHF 0.1 million) were formed. This recognition includes a discount on the provision of 1.5%. The previous year also included an adjustment due to new cost estimates.

SIGNIFICANT ESTIMATES

The level of provisions is largely determined by an estimate of future costs. The calculation for guarantee claims is based on product sales and past experience regarding costs and revenue. In addition to the flat-rate calculation, individual provisions for claims that have occurred or been reported are taken into account based on an assessment by management.

ACCOUNTING PRINCIPLES

A provision is recognised if the Group has a probable obligation based on past events for which the amount and due date are still uncertain but can be estimated. Provisions are classified according to their maturity, i.e. a distinction is made between current provisions with an expected cash outflow within the next 12 months and long-term provisions with an expected cash outflow after more than one year. Provisions for guarantees are calculated based on historical data (average of actual costs incurred in recent years relative to net sales).

2.6 Other long-term liabilities

The Other long-term liabilities item includes long-term deferred income of CHF 0.9 million (previous year: CHF 2.1 million) under an agreement between a company of the Metall Zug Group and V-ZUG AG on compensation payments in connection with the site transformation.

3 Financing and risk management

3.1 Cash and cash equivalents and securities

Cash and cash equivalents include cash on hand and bank balances. The securities consist of investments in Swiss francs.

ACCOUNTING PRINCIPLES

Securities held as current assets are recognised at current values. If no current value is available, they are measured at a maximum of cost less any impairment.

3.2 Shareholders' equity

As at 31 December 2022, the share capital of V-ZUG Holding AG consisted of 6,428,571 (previous year: 6,428,571) registered shares with a nominal value of CHF 0.27 (previous year: CHF 0.27). The total value of the share capital is CHF 1.7 million (previous year: CHF 1.7 million).

CHF 108.4 million of the capital reserves can be paid out tax-free to shareholders with the dividend.

Non-distributable, statutory or legal reserves amount to CHF 2.6 million (previous year: CHF 2.6 million).

3.3 Financial result

in KCHF	2022	2021
Interest income	81	68
Income from securities	24	22
Foreign exchange gains	29	75
Financial income	134	165
Interest expenses	- 95	- 232
Losses on securities	- 6	- 8
Other financial expenses	- 163	- 184
Foreign exchange losses	- 130	- 372
Financial expenses	- 394	- 796
Financial result	- 260	- 631

3.4 Operating leases

The off-balance sheet obligations from operating leases break down by maturity as follows:

Maturing as at 31.12. in KCHF	2022	2021
Up to 1 year	11,007	11,681
Up to 3 years	12,428	13,679
Over 3 years	3,658	3,915
Total	27,093	29,275

3.5 Other off-balance sheet obligations and contingent liabilities

Firm purchase commitments of CHF 14.5 million (previous year: CHF 17.9 million) are in place. A large number of the purchase commitments are connected with the progressing development of the main site in Zug.

The carrying amount of the pledged long-term financial assets is CHF 1.4 million (previous year: CHF 0.9 million).

ACCOUNTING PRINCIPLES

Contingent liabilities are measured on the basis of the probability and amount of future unilateral benefits and costs and are disclosed in the notes.

3.6 Financial risk management

Risk assessment and management process

Risk assessment and risk control within the V-ZUG Group are based on a standardised four-stage risk management process which includes the following steps:

- Identification: Periodic, systematic determination of material business risks. The risk identification phase is usually the most challenging, as it involves identifying whether a risk even exists. This is done with the help of appropriate information systems (e.g. key indicators or corresponding organisational structures).
- Analysis: Assessment and classification of identified risks in terms of their likelihood of occurrence and potential impact, whereby a distinction is made between macro risks and business continuity risks. The aim of the risk analysis is to quantify the identified risk by first of all determining its likelihood of occurrence and impact (potential extent of damage) and then determining the risk factor ("risk potential") by multiplying the two figures. The identified and assessed risks are shown on a risk card.
- Control: Definition of measures to manage the risks assessed as material; allocation/performance of relevant duties. Risk control includes managing both the risks and the corresponding internal duties.
- Reporting and monitoring: Periodic reporting on the risk situation and on the implementation of defined risk mitigation measures.

Country risks

The V-ZUG Group is represented by its subsidiaries in selected metropolitan areas in Europe, Asia and Australia. Its global presence (share of foreign sales: 18.4%; previous year: 15.2%) sometimes exposes the Group to additional risks such as political, financial and social uncertainties.

Financial risk management

Overall, the V-ZUG Group adopts a conservative and risk-averse approach. The Group's business activities expose it to a variety of financial risks, including those related to changes in currency and interest rate risks. Derivative financial instruments such as foreign exchange, commodity and interest rate contracts may be used to hedge these risks.

The principles of financial risk management are determined at Group level and apply to all segments. Besides providing guidance on general financial risk management, the principles also set forth requirements for specific areas such as the management of interest rate, currency and counterparty risks, the use of derivative financial instruments and the investment policy for excess liquidity.

Liquidity risks

The Group uses a periodic liquidity planning instrument to monitor liquidity risk and has sufficient cash and cash equivalents and unused credit facilities to meet its liabilities. It had no financial liabilities as at the balance sheet date.

In addition, the Group's excellent credit rating would allow it to make efficient use of the financial markets for financing purposes.

Market risks and interest rate risks

The V-ZUG Group is exposed to commodity price risks, as it requires raw materials such as granulate and steel to manufacture its products. The V-ZUG Group hedges the commodity price risk largely by entering into purchasing agreements covering the projected purchasing volumes. In addition, procurement prices for components are partly dependent on the market prices of steel, aluminium, copper, plastics and electronics. V-ZUG Group also nurtures long-term partnerships with its suppliers and proactively works on alternative components in order to minimise risks.

The V-ZUG Group has no interest-bearing financial liabilities at present. As a result, the Group's interest rate risk arises less from the structure and volume of its financing and more from its interest-bearing assets.

Unlisted securities are recognised at cost less any impairment.

Currency risks

The V-ZUG Group generates sales revenues and costs in foreign currencies in Switzerland and abroad. Exchange rate movements therefore have an impact on the consolidated results.

These risks are partly mitigated through what is known as natural hedging. Here, currency risks from cash inflows in a certain currency are neutralised by cash outflows in the same currency. However, the cash inflows and outflows are not the same size. As a result, currency fluctuations can affect the V-ZUG Group's earnings margins, which means that the Group is exposed to a transaction risk. In the Household Appliances segment, which generates more costs than sales in foreign currencies, the EUR/CHF exchange rate is of primary relevance.

Transaction risks are continuously monitored by the Group.

In addition, there is exposure to currency risks whenever competitors operating on a foreign currency cost basis factor the currency fluctuations in question into the prices of the products they sell in Switzerland. This can give rise to competitive advantages or disadvantages compared with competitors.

Due to bank balances and loans in foreign currencies, changes in exchange rates may also impact the financial result. The following table provides information about the net foreign currency effect in the financial result:

in KCHF	2022	2021
Foreign exchange losses (net)	- 101	- 297
in % of net result before taxes	- 1.0	- 0.5
Change from the previous year	196	- 144
Change in % of net result before taxes	2.0	- 0.2

Counterparty risks from treasury activities

Financial transactions are only entered into with counterparties with a high credit rating. Cash and cash equivalents and securities are invested in a variety of counterparties to avoid cluster risks.

Credit risks

Credit risks for the V-ZUG Group mainly arise from the sale of products and services (risk of default). The customer's financial circumstances are monitored on a permanent basis (wherever this makes sense). No additional collateral is normally required. As the Group has a broad customer base, its exposure to individual default risks is low. Specific allowances are recognised for anticipated bad debts. In addition, general allowances of no more than 2% for domestic receivables and no more than 5% for foreign receivables are recognised on the basis of past experience.

in KCHF	2022	2021
Allowance for doubtful receivables	- 2,407	- 1,730
in % of trade receivables (gross)	3.4	2.8
Change from the previous year	- 677	- 75
Change in % of net result before taxes	- 6.8	- 0.1

Exchange rates

CHF			Rate as at the balance sheet date		Annual average rate	
			2022	2021	2022	2021
Euro countries	1	EUR	0.98	1.03	1.00	1.08
United Kingdom	1	GBP	1.11	1.23	1.18	1.26
United States	1	USD	0.92	0.91	0.96	0.91
Australia	1	AUD	0.63	0.66	0.66	0.69
Singapore	1	SGD	0.69	0.68	0.69	0.68
China	100	CNY	13.38	14.36	14.20	14.18
Thailand	100	THB	2.67	2.74	2.73	2.86
Hong Kong	100	HKD	11.84	11.70	12.19	11.76

Derivative financial instruments**Foreign exchange**

Values as at 31.12. in KCHF	2022	2021
Contract or nominal values (gross)	-	2,821
Positive replacement values	-	-
Negative replacement values	-	- 78

In the previous year, contracts were concluded to hedge future operating cash flows in foreign currencies (primarily in EUR).

ACCOUNTING PRINCIPLES

Hedges are reported in the same way as the underlying transaction.

4 Group structure

4.1 Group companies

Company	Notes	Domicile	Currency	Share capital	Share of capital and votes
V-ZUG Holding AG		Zug	CHF	1,735,714	
Household Appliances segment					
V-ZUG AG	1	Zug	CHF	1,900,000	100%
V-ZUG Kühltechnik AG		Sulgen	CHF	100,000	100%
SIBIRGroup AG		Spreitenbach	CHF	500,000	100%
V-ZUG Australia Pty. Ltd.		Sydney (AU)	AUD	100	100%
V-ZUG Europe BV		Harelbeke-Kortrijk (BE)	EUR	2,000,000	100%
Fhiaba s.r.l.	4	Azzano Decimo (IT)	EUR	100,000	24.99%
V-ZUG UK Ltd.		London (UK)	GBP	100	100%
V-ZUG (Shanghai) Domestic Appliance Co., Ltd.		Shanghai (CN)	CNY	8,363,000	100%
V-ZUG (Thailand) Limited	2	Bangkok (TH)	THB	4,000,000	100%
V-ZUG VIETNAM COMPANY LIMITED	3	Ho Chi Minh City (VN)	USD	500,000	100%
V-ZUG (Changzhou) Special Components Co., Ltd.		Changzhou (CN)	CNY	19,370,000	100%
V-ZUG Hong Kong Co., Ltd.		Hong Kong (HK)	HKD	500,000	100%
V-ZUG Singapore Pte. Ltd.		Singapore (SG)	SGD	250,000	100%
V-ZUG Services AG	1	Zug	CHF	100,000	100%
Real Estate segment					
V-ZUG Infra AG	1	Zug	CHF	3,518,590	100%
V-ZUG Assets AG	1	Zug	CHF	1,000,000	100%

¹⁾ Directly held by V-ZUG Holding AG.

²⁾ Established on 4 October 2022.

³⁾ Established on 24 October 2022.

⁴⁾ Purchased on 29 November 2022.

5 Other information

5.1 Pension schemes

The most important companies with pension plans are located in Switzerland, where pension schemes are organised through independent foundations or collective foundations in accordance with the Swiss Occupational Pensions Act (BVG). A patronage fund is also in place. The purpose of this fund is to provide a voluntary benefit scheme to current and former employees to assist with the economic consequences of old age, disability, death and hardship circumstances.

Employers' contribution reserves (ECR)

in KCHF	Balance sheet	Balance sheet	Result from ECR or similar items in personnel expenses	Result from ECR or similar items in personnel expenses
	31.12.2022	31.12.2021	2022	2021
Patronage fund	19,047	18,858	189	853
Pension schemes	5,227	3,548	1,679	1,651
Total	24,274	22,406	1,868	2,504

There are no waivers of use.

V-ZUG AG's pension fund allocated CHF 1.6 million (previous year: CHF 1.6 million) to the employers' contribution reserves in the reporting year. In the previous year, the welfare fund contributed CHF 0.7 million. The interest on the employers' contribution reserve amounted to CHF 0.3 million (previous year: CHF 0.2 million).

Economic benefit/obligation and pension benefit expenses

in KCHF	Surplus/deficit according to pension plans	Surplus/deficit according to pension plans	Contributions for the period ¹⁾	Contributions for the period ¹⁾	Pension expenses in personnel expenses	Pension expenses in personnel expenses
	31.12.2022	31.12.2021	2022	2021	2022	2021
Patronage fund	211	3,000				
Pension plans without surplus/ deficit			- 15,173	- 1,804	- 15,173	- 1,804
Pension plans with surplus	751	38,309	- 607	- 13,807	- 607	- 13,807
Total	962	41,309	- 15,780	- 15,611	- 15,780	- 15,611

¹⁾ All contributions were to pension schemes that bear pension risks themselves.

Surplus/deficit according to pension plans was considerably lower than for the previous period. On the one hand, this was because the loss on investments for the patronage fund reduced free funds; on the other hand, it was because the coverage ratio for V-ZUG AG's pension fund for the current year is within the target fluctuation reserve, which means no free funds can be disclosed. The surpluses are not intended for the economic use of the organisation.

Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salaries.

ACCOUNTING PRINCIPLES

The income statement includes the payments due to the pension scheme provider in a period and current expenses for the execution of other pension plans. Real economic effects of pension plans on the Group are calculated at the balance sheet date. An economic benefit is only capitalised when this is to be used for the Company's future pension expenses. An economic obligation is recognised as a liability when the requirements for the recognition of a provision are met. Separate, freely available employers' contribution reserves are recognised as assets. The difference between the annually determined economic benefit and obligations and the change in the employers' contribution reserves are recognised in the income statement.

5.2 Transactions with related parties

The following tables show the transactions between companies of the V-ZUG Group and related parties included in the income statement and the balance sheet:

Income statement

in KCHF	2022	2021
Net sales	54	49
Other operating revenue	3,777	3,937
Cost of materials	- 132	-
Other operating expenses	- 14,594	- 13,454

Balance sheet

in KCHF	2022	2021
Assets		
Other receivables	1,446	1,849
Prepaid expenses	263	217
Tangible assets	257	766
Financial assets	900	2,100
Liabilities and shareholders' equity		
Other current liabilities	204	449
Accrued expenses and deferred income	1,583	291

Details of offsetting between the V-ZUG Group and related third parties

Other operating revenue includes income from transactions with companies of the Metall Zug Group. The charging in Switzerland arises in particular from the renting out of industrial properties and office premises, from compensation for additional expenses as a result of the site transformation in Zug and from compensation for certain administrative services and IT services provided to the Metall Zug Group by the V-ZUG Group or by third parties commissioned by the V-ZUG Group. The charging abroad relates to personnel services.

The properties in the southern part of the main site in Zug and further properties in Zug are held by a company of the Metall Zug Group. Rental costs, property maintenance and energy costs of CHF 13.1 million (previous year: CHF 12.0 million) were charged to the V-ZUG Group accordingly; these are included under Other operating expenses. Management of the two real estate companies of the V-ZUG Group is contractually delegated to a company of the Metall Zug Group. The relevant services are paid for by the V-ZUG Group. Furthermore, the Metall Zug Group offsets certain IT services and licence costs which are provided by the Metall Zug Group or third parties commissioned by the Metall Zug Group. These charges in the amount of CHF 1.5 million (previous year: CHF 1.5 million) are also reported under Other operating expenses.

A receivable is due from the Metall Zug Group in the amount of CHF 2.1 million (previous year: CHF 3.3 million), of which CHF 1.2 million (previous year: CHF 1.2 million) is of a short-term nature and reported under Other receivables and CHF 0.9 million (previous year: CHF 2.1 million) is reported under Financial assets. This is in connection with an agreement between a Metall Zug Group company and V-ZUG AG on compensation of additional expenses incurred by V-ZUG AG as a result of the site transformation in Zug. Furthermore, in connection with the site transformation, Metall Zug Group companies provided building contractor services in the amount of CHF 0.3 million (previous year: CHF 0.7 million), which are capitalised at the V-ZUG Group as an addition to fixed assets.

Offsetting was, in principle, carried out on the basis of the costs actually incurred plus a processing fee.

Report of the statutory auditor



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To the General Meeting of
V-ZUG Holding AG, Zug

Zug, 13 March 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of V-ZUG Holding AG (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 72 to 101) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to



address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 72 to 101).

Inventory valuation

Risk Gross carrying amount and the related value adjustments amount to kCHF 135'324 and kCHF 19'651, respectively. The value adjustments primarily relate to spare parts and maintenance materials which are disclosed under semifinished and finished products as well as under trade goods.

During our audit, we focused on this position, since it is material to the consolidated financial statements and the related value adjustments are based on assumptions that have a significant impact on the consolidated financial statements. Information regarding the valuation of inventory is disclosed under '2.1 Net operating working capital' on pages 85 and 86.

Our audit response Besides the assessment of the acquisition or production cost of inventory, we evaluated the calculation of the value adjustments and compared management's assumptions with past experience. We evaluated the aging analysis to identify excess inventory. Furthermore, we compared acquisition and production costs with net realizable values and thus analyzed the valuation of inventories.

Our audit procedures did not lead to any reservations concerning the measurement of inventory.

Completeness and measurement of provisions for guarantees

Risk The calculation of provisions for guarantees amounting to kCHF 29'521 is on one hand dependent on assumptions that are determined on the basis of past experience such as average actual costs incurred over the past years. On the other hand, costs that are expected to be incurred in the future due to new facts and circumstances are taken into account. The position is significant for our audit, because the calculation includes management's estimation. The provisions are disclosed in section '2.5 Provisions' on pages 91 and 92.

Our audit response We assessed the assumptions by comparing them with past experience. In addition, we considered the influence of current events, such as the launch of new products or specific warranty claims. We discussed individual cases taken into account in the provisions with local management. Furthermore, we analyzed the criteria to recognize provisions as well as the underlying assumptions that were made in determining the relevant amounts.

Our audit procedures did not lead to any reservations concerning the completeness and measurement of provisions for guarantees.



Revenue recognition

Risk Revenue from the sale of goods is recognized when the rights and obligations of ownership of the goods are transferred to the buyer. There are different contractual arrangements that determine the point in time at which the risks and rewards are transferred. Revenue from service contracts is realized over the corresponding term. Details of revenue recognition are disclosed under '1.1 Segment information' on page 78 as well as under '1.2 Net sales and other operating revenue' on page 79.

Our audit response We analyzed the revenue recognition process from order placement to billing. Among other procedures, we focused on the assessment of the recognition of sales transactions that took place close to the balance sheet date. We evaluated the transactions on the basis of the documents such as contracts and delivery notes. We compared credit notes issued in the new financial year with the respective accrual in the reporting year. Moreover, taking delivery terms (Incoterms) into account, we assessed whether the rights and obligations were transferred to the customer in the period under review. Our audit procedures did not lead to any reservations relating to the recognition of revenues.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,



matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Silvan Lattion
Licensed audit expert

Income statement

in KCHF	2022	2021
Income from investments	10,000	1,000
Other operating revenue	4,660	5,991
Operating revenue	14,660	6,991
Personnel expenses	- 4,852	- 6,083
Other operating expenses	- 1,048	- 803
Operating expenses	- 5,900	- 6,886
Operating income (EBIT)	8,760	105
Financial income	245	503
Financial expenses	- 25	- 31
Financial result	220	472
Income before taxes	8,980	577
Direct taxes		1
Net profit for the year	8,980	578

Balance sheet

in KCHF	2022	2021
Cash and cash equivalents	4,854	4,609
Other receivables third parties	33	74
Other receivables subsidiaries		1
Prepaid expenses and accrued income third parties	37	36
Prepaid expenses and accrued income subsidiaries	4,660	5,985
Current assets	9,584	10,705
Loans to subsidiaries	125,250	116,220
Investments	25,659	25,659
Fixed assets	150,909	141,879
Assets	160,493	152,584
Other current liabilities third parties	142	171
Accrued expenses and deferred income third parties	1,295	2,337
Current liabilities	1,437	2,508
Share capital	1,736	1,736
Statutory capital reserves		
Other capital reserves	24,444	24,444
Capital contribution reserves	108,384	108,384
Statutory retained earnings	348	348
Retained earnings		
Retained earnings carried forward	15,164	14,586
Net profit for the year	8,980	578
Shareholders' equity	159,056	150,076
Total liabilities and shareholders' equity	160,493	152,584

Notes to the financial statements

Principles

These financial statements have been prepared in accordance with the provisions on commercial accounting and financial reporting contained in the Swiss Code of Obligations (Articles 957 - 963b CO).

Loans to subsidiaries

Loans to subsidiaries are recognised at their nominal value less any impairments.

Information on income statement and balance sheet items

Operating revenue

Subsidiaries' dividends are determined in relation to retained earnings and capital requirements. Other operating revenue includes the recharging of management fees to a subsidiary company.

Operating expenses

Personnel expenses and Other operating expenses include remuneration of the Executive Committee, the fees of the Board of Directors, the costs of carrying out the Annual General Meeting and other shareholder and investor activities, the costs of preparing the Annual Report, audit costs for internal and external audit, project costs and capital tax.

Financial result

Financial income includes interest income from receivables from investments. The financial expenses come from bank interest charges.

Current assets

Cash and cash equivalents consist of current account bank balances in Swiss francs. Prepaid expenses and accrued income relating to subsidiaries mainly comprise management fees.

Fixed assets

The subsidiaries are granted long-term loans to finance operating activities.

Liabilities

Accrued expenses and deferred income relating to third parties comprise accruals for variable compensation and services for shareholder activities.

Shareholders' equity

As at 31 December 2022, the share capital of V-ZUG Holding AG consisted of 6,428,571 (previous year: 6,428,571) registered shares with a nominal value of CHF 0.27 (previous year: CHF 0.27). The total value of the share capital is CHF 1.7 million (previous year: CHF 1.7 million).

CHF 108.4 million of the capital reserves can be paid out tax-free to shareholders with the dividend.

Further information

Significant shareholders

Number	Registered shares	Votes in %	Registered shares	Votes in %
	2022		2021	
Metall Zug AG	1,945,871	30.27	1,945,871	30.27
Heinz M. Buhofer ¹⁾	573,835	8.93	572,520	8.91
Shareholder group Stöckli ²⁾	524,127	8.15	524,134	8.15
Werner O. Weber ³⁾	506,290	7.88	506,290	7.88
Elisabeth Buhofer-Rubli ⁴⁾	392,170	6.10	391,170	6.08
Annelies Häcki Buhofer ⁵⁾	291,028	4.53	290,354	4.52
Vontobel Fonds Services AG	233,933	3.64	199,291	3.10

¹⁾ Partly held indirectly through Werma GmbH, Zug.

²⁾ Hubert Stöckli-Hernandez, Helen Jauch-Stöckli, Johannes Stöckli, Elisabeth Stöckli Enzmann, Matthias Stöckli-Aguilar (shareholders' agreement).

³⁾ Held indirectly through WEMACO Invest AG, Zug.

⁴⁾ The claim to acquire registered shares in V-ZUG Holding AG, which resulted in exceeding of the reporting threshold of 10% of the voting rights, emerged on 8 December 2022 (see Corporate Governance Report). The transfer of the registered shares took place after the balance sheet date.

⁵⁾ Mainly held indirectly through Holmia Holding AG, Zug.

Investments

See note 4.1 to the consolidated financial statements (Group companies).

Share ownership by current members of the governing bodies

Number	2022	2021
Oliver Riemenschneider, Chairman of the Board of Directors	1,500	1,100
Annelies Häcki Buhofer, Member of the Board of Directors ¹⁾	291,078	290,404
Prisca Hafner, Member of the Board of Directors	250	250
Tobias Knechtle, Member of the Board of Directors	550	550
Petra Rumpf, Member of the Board of Directors	1,000	1,000
Jürg Werner, Member of the Board of Directors	200	200
Peter Spirig, Chief Executive Officer (CEO) ²⁾	500	500
Adrian Ineichen, Chief Financial Officer (CFO)	300	300
Stephan Keller, Chief Technology Officer (CTO)	100	100

¹⁾ Mainly held indirectly through Holmia Holding AG, Zug, and partly held by related parties.

²⁾ Partly held by related parties.

Information about compensation of the Board of Directors and the Executive Committee is contained in the Compensation Report.

Sureties

There are sureties to secure credit lines to Group companies from banks amounting to CHF 5.9 million (previous year: CHF 6.2 million).

Number of full-time equivalents

As at 31 December 2022, V-ZUG Holding AG had eight full-time positions (previous year: eight).

Events after the balance sheet date

There were no events between 31 December 2022 and 13 March 2023 that would require an adjustment to the carrying amounts of assets or liabilities of V-ZUG Holding AG or would need to be disclosed under this heading.

Proposal of the Board of Directors for the appropriation of available earnings

in CHF	Proposal of the Board of Directors 2022	Resolution of the General Meeting of Shareholders 2021
Retained earnings carried forward	15,164,403	14,586,470
Net profit for the year	8,979,882	577,933
Retained earnings	24,144,285	15,164,403
Allocation to statutory retained earnings	-	-
Retained earnings to be carried forward	24,144,285	15,164,403

Report of the statutory auditor



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To the General Meeting of
V-ZUG Holding AG, Zug

Zug, 13 March 2023

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of V-ZUG Holding AG (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 106 to 110) comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 106 to 110).



Valuation of investments and loans

Risk The core business of V-ZUG Holding AG is granting loans to subsidiaries (kCHF 125'250) and holding investments (kCHF 25'659). These two items make up 94% of all assets of the entity. Depending on the operational developments of the individual subsidiaries, there is a valuation risk regarding investments and loans. Disclosures are made in the notes to the financial statements under 'Fixed assets' (page 108) and 'Investments' (page 109).

Our audit response We assessed the impairment considerations of management and tested if impairments on investments and loans were necessary. We compared the carrying amounts of the investments with the proportionate share in equity. In case net assets were insufficient, we tested the valuations prepared by management (e.g., using the discounted cash flow method) to support the carrying amount. We examined the significant assumptions made for these calculations and involved internal valuation specialists as necessary. Our audit procedures did not lead to any reservations concerning the valuation of investments and loans.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of



Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Christoph Michel
Licensed audit expert
(Auditor in charge)

Silvan Lattion
Licensed audit expert

5-year overview of the Group

in CHF million	2022	2021 ¹⁾	2020	2019 ²⁾	2018 ²⁾
Consolidated income statement					
Net sales	636.3	631.3	569.4	543.6	539.0
Change in net sales compared with previous year in %	0.8	10.9	4.7	0.9	0.9
- Personnel expenses	- 220.0	- 215.2	- 204.4	- 203.3	- 203.3
- Research and development	- 62.0	- 61.3	- 59.5	- 60.9	- 58.2
EBITDA	42.7	94.7	79.6	56.9	70.4
- Depreciation, amortisation and impairment	- 32.4	- 32.0	- 30.5	- 27.3	- 22.2
Operating result (EBIT)	10.3	62.7	49.2	29.6	48.2
- Financial result	- 0.3	- 0.6	- 0.4	- 0.7	- 0.7
- Taxes	- 2.1	- 6.6	- 5.5	- 1.6	- 6.7
Group net result	7.9	55.4	43.2	27.3	40.9
Consolidated balance sheet					
Total assets	606.8	616.1	554.7	471.7	410.0
Current assets	255.2	284.1	245.5	188.7	178.8
in % of total assets	42.0	46.1	44.3	40.0	43.6
Net cash and cash equivalents	64.4	117.2	107.7	36.2	40.5
in % of total assets	10.6	19.0	19.4	7.7	9.9
Fixed assets	351.7	332.0	309.2	283.0	231.2
in % of total assets	58.0	53.9	55.7	60.0	56.4
Total liabilities	153.0	167.3	161.5	230.0	180.7
in % of total assets	25.2	27.1	29.1	48.8	44.1
Shareholders' equity	453.8	448.9	393.2	241.6	229.3
in % of total assets	74.8	72.9	70.9	51.2	55.9
Cash flow/capital expenditure/employees					
Cash flow from operating activities	1.0	63.5	99.4	37.7	64.3
Capital expenditure	50.2	53.1	55.8	74.3	64.2
Employees as per 31.12. (FTE)	2,193	2,080	1,999	1,940	1,935
Household Appliances segment					
Net sales	636.3	631.3	569.4	543.6	539.0
Operating result (EBIT)	5.6	58.1	46.2	28.3	44.5
in % of net sales	0.9	9.2	8.1	5.2	8.3
Real Estate segment					
Operating result (EBIT)	5.9	5.4	3.7	1.3	3.7

¹⁾ The previous year's figures were amended in line with the changes to accounting principles described in the notes to the consolidated financial statements.

²⁾ Combined historical financial statements.



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Disclaimer

All statements in this Annual Report that do not relate to historical facts are forward-looking statements that express intentions, beliefs, 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. Market data and valuations as well as past trends and valuations described in this Annual Report are no guarantee of the future development and future value of the company or the V-ZUG Group.

The Annual Report is published in German and English. In the event of any discrepancies between the two versions, the German version is binding.

Gender notice

For the sake of readability, and in the interest of inclusion and equality, the singular they is used to refer to persons of all genders.

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