

press release

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Year-end result 2022

Artemis Group records another good fiscal year

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The fiscal year 2022 was driven by global economic challenges and increasing geopolitical tensions. The economic situation was characterized by volatile raw material prices and rising energy and logistics costs. Enormous efforts were needed to keep supply chains stable. Inflation rose sharply in many countries, and exchange rates were subject to considerable fluctuations. Overall, consumer demand continued to decline throughout the year. However, many of the Artemis Group's business activities proved resilient in this difficult environment and achieved stable or even improved profitability.

Business performance Artemis Group 2022

- Net sales increased by 9.6% to CHF 3.63 billion (organic +8.9%)
- EBIT improved by 9.8% to CHF 230.2 million; EBIT margin unchanged at 6.3%
- Profit after tax decreased due to lack of positive one-off effects in line with previous year to CHF 222.0 million (-29.2%)
- Cash flow decreased to CHF 368.3 million (-22.1%) due to the lower profit after tax
- Net debt increased from CHF 45.5 million to CHF 186.0 million as a result of higher net working capital
- Equity ratio increased to 66.6% (previous year 64.0%)
- Total investments increased by 28.4% to CHF 288.1 million

Artemis Group's consolidated net sales increased by 9.6% to CHF 3.63 billion. Organic growth amounted to CHF 295.6 million (8.9%). Acquisitions/divestitures contributed CHF 158.2 million (4.8%) to growth, while currency effects reduced net sales by CHF 137.2 million (4.1%).

Despite the unfavorable operating environment, Artemis Group increased its operating result (EBIT) thanks to higher net sales and good cost discipline. EBIT increased by CHF 20.5 million to CHF 230.2 million, an

increase of 9.8%. At 6.3%, the EBIT margin was on a par with previous years. Compared to 2021, profit after tax decreased by 29.2% from CHF 313.7 million to CHF 222.0 million due to the absence of positive one-off effects similar to the previous year. Cash flow decreased by 22.1% from CHF 472.9 million to CHF 368.3 million as an effect of the lower profit after tax.

Total investments increased by 28.4% from CHF 224.3 million to CHF 288.1 million. A large part of this went into the expansion and optimization of various production sites as well as the purchase of land and the construction of a new production facility in Mexico for the Franke Group. The Feintool Group acquired Kienle + Spiess GmbH (DE), which manufactures components for electric motors and generators. The Artemis Real Estate Group invested in the further development of residential and commercial real estate projects and acquired an approximately 20,000 m² plot of land in the center of Freiburg i.B. (DE). The Artemis Asset Management Group substantially expanded its involvement in private equity and venture capital.

Artemis Group's headcount at year-end 2022 was 11,326 employees, 5.7% higher than at the end of 2021. While the equity ratio increased from 64.0% to 66.6%, net debt increased from CHF 45.5 million to CHF 186.0 million. This increase was mainly a result of an increase in net working capital, which was accepted to ensure continuous deliveries to customers.

Business performance Franke Group 2022

- Net sales decreased by 0.6% to CHF 2.54 billion (organic +5.5%)
- EBIT increased by 27.3% to CHF 216.1 million; EBIT margin improved to 8.5% (previous year 6.6%)

Franke Group net sales amounted to CHF 2.54 billion in 2022, a decrease of 0.6% compared to the previous year, which included the sales of the Franke Water Systems division sold at the end of April 2021. On an organic basis, net sales grew by 5.5%. Acquisitions/divestments resulted in a decline of 2.5%, while currency effects reduced net sales by 3.6%.

Nearly all divisions contributed to the sales growth. Franke Foodservice Systems benefited from continued solid demand in the reporting year and increased sales by 3.9%. At Franke Coffee Systems, the recovery in demand following the Covid crisis took longer, but the division was able to successfully process additional major orders in the final months of the year, thus increasing sales by 15.1%. Franke Home Solutions, the unequivocal winner of the Covid crisis in 2021, experienced a pleasing start to 2022, but suffered a decline in demand in the second half of the year due to changes in consumer behavior and destocking in the distribution system. Thanks to price increases to cover higher material, energy and logistics costs, sales ultimately declined by only 2.5%.

In the very difficult economic environment, the Franke Group again succeeded in improving its profitability. EBIT rose by 27.3% from CHF 169.8 million to CHF 216.1 million. The EBIT margin increased by 1.9 percentage points to 8.5%.

Of the three divisions, especially Franke Foodservice Systems and Franke Coffee Systems contributed to the result. Franke Home Solutions recorded a volume-related decline in absolute EBIT, partly due to lower utilization of production capacity, although the EBIT margin remained unchanged from the previous year thanks to cost control and price increases. In contrast, Franke Foodservice Systems and Franke Coffee Systems achieved significantly higher EBIT. Franke Foodservice Systems was also able to implement price increases, but mainly the operational improvements in the US business had a positive impact on the division's profitability. Without restructuring measures in the C-store business and inventory write-downs, the result would have been even better. Moreover, Franke Foodservice Systems EMEA significantly exceeded the profitability of the previous year. At Franke Coffee Systems, the improvement in results was driven by all companies and regions.

Total investments amounted to CHF 73.0 million (previous year CHF 54.0 million).

Business performance Artemis Real Estate Group 2022

- Rental income of Artemis Real Estate Group increased by 9.0% to CHF 30.9 million
- Vacancy rate in Switzerland remained low (< 0.5%)
- All real estate activities (construction projects, project developments) and participations in Switzerland and abroad developed according to plan and successfully

The Artemis Real Estate Group develops, holds and manages a significant own (non-operating) real estate portfolio in Switzerland and abroad with a value of more than CHF 1.0 billion. Overall, the fiscal year 2022 again developed successfully for the real estate group.

The main company of the Artemis Real Estate Group, Artemis Immobilien AG (CH), recorded an 8.9% increase in rental income to CHF 29.4 million. The vacancy rate of its portfolio was significantly below the market average and was very low in absolute terms (< 0.5%). In the year under review, a major construction project in Niederglatt was completed on schedule and fully let. The ongoing residential project in Unterkulm (KWC, 2nd stage) progressed according to plan despite problems in the supply chain and price increases. All initiated development projects in Aarburg, Oftringen, Niederglatt (2nd stage), Egliswil and Vordemwald also developed well.

Further activities in Switzerland are the investments in Espace Real Estate Holding AG (> 32%), Evostate AG (30%) and Impact Immobilien AG (> 14%). All three companies had a successful financial year and further expanded their portfolios.

In addition, the real estate Group in Germany completed the residential and commercial development for the 20,000 m² property in the center of Freiburg i.B. and participated in a fund to acquire an office building in Eschborn near Frankfurt (DE). The real estate projects in Romania and the real estate investments in the USA were also successfully further developed or fully leased.

Business performance Feintool Group 2022

- Net sales increased by 46.4% to CHF 861.0 million (organic +15.6%)
- EBIT before non-recurring items was CHF 26.7 million; EBIT margin 3.1% (previous year 5.9%)

Despite the very challenging market environment, consolidated net sales of the Feintool Group rose by 46.4% to CHF 861.0 million (previous year CHF 588.1 million), including the ten-month consolidation of the Kienle + Spiess Group with sales of CHF 217.5 million, which means that inorganic growth amounted to 37.0%. Organic growth amounted to 15.6% and was driven by price growth. EBIT before non-recurring items amounted to CHF 26.7 million (EBIT margin 3.1%). The high proportion of orders from electromobility is very encouraging and confirms the positive development of the growth strategy.

Business performance Artemis Asset Management Group 2022

- Total market capitalization of listed companies decreased by 26.4 percent
- Almost all private equity investments developed positively

Artemis Asset Management Group holds strategic investments in various international industrial companies. These include Forbo, Arbonia, Autoneum and Adval Tech, which are listed on the SIX Swiss Exchange, as well as the privately held companies Blefa Beverage Systems, Franke Industries, Novelteak, Duravit, Bergos and Nice & Green. The portfolio also includes private equity and venture capital investments.

Almost all private equity investments developed positively. Blefa Beverage Systems (Blefa) and Franke Industries improved their net sales on an organic basis (Blefa +81.2%, Franke Industries +3.3%). Duravit reported strong growth and significantly higher profits than in 2021. Bergos achieved a 13.0% increase in sales, while Nice & Green's sales remained at the level of the previous year and profitability improved significantly. Novelteak's sales declined 9.1%, but with improved profit after tax. The plantation operator discontinued its industrial activities and is now focusing on log products.

Performance in Q1 2023

The **Artemis Group** reported negative organic growth of 0.7% in the first quarter of 2023. The Group reported consolidated net sales of CHF 900.2 million, an increase of 3.0% compared to the previous year (CHF 873.8 million). The acquisitions/divestments made in the previous year had a positive impact of 7.2% on sales, while exchange rate effects had a negative impact of 3.5%. EBIT decreased by 25.9% from CHF 57.5 million to CHF 42.6 million.

Consolidated net sales of the **Franke Group** declined from CHF 630.4 million to CHF 595.8 million in the first quarter of 2023, a reduction of 5.5%. Organic growth decreased by 2.0% and EBIT fell by 17.9% from CHF 50.4 to CHF 41.4 million.

Outlook for 2023

The outlook for global economic development remains subdued. Fragile supply chains, higher procurement costs, volatile raw material and energy costs as well as high inflation rates and massively increased interest rates continue to hamper market activity. Geopolitical tensions, in particular the Russian-Ukrainian war, remain a major concern in the current fiscal year. Nevertheless, we are confident about the prospects for the Artemis Group, as the Group has a strong strategic position as well as a solid balance sheet with a strong equity base and very low gearing.

The **Artemis Group** comprises the **Franke Group**, the **Artemis Real Estate Group** (real estate portfolio in Switzerland and abroad), the majority-owned **Feintool Group** (world market leader in fineblanking technology) and the **Artemis Asset Management Group** (various strategic investments in international companies listed on the Swiss stock exchange and in private companies). In 2022, the Group generated sales of approximately 3.6 billion Swiss francs with about 11,000 employees worldwide. More information on [artemis-holding.com](https://www.artemis-holding.com).

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Artemis Group – Overview of key financial figures

in CHF million	2022	2021
Net sales	3,631.2	3,314.6
- Change in %	+9.6	+18.6
- Organic growth in %	+8.9	+22.1
EBITDA	376.6	390.9
- Change in %	2.1	24.2
- % of the net sales	10.4	11.8
EBIT	230.2	209.8
- % change	9.8	181.0
- % of the net sales	6.3	6.3
Profit after tax	222.0	313.7
- Change in %	-29.2	204.9
- % of the net sales	6.1	9.5
Cash flow¹	368.3	472.9
- Change in %	-22.1	57.2
- % of the net sales	10.1	14.3
Total investments	288.1	224.3
- Operational investments	163.9	130.8
- Acquisitions	64.9	7.2
- Financial investments	59.3	86.3
Net debt	186.0	45.5
Equity	3,210.8	3,014.0
- as % of balance sheet total	66.6	64.0
Employees as of 31.12.²	11,326	10,713
Number of Group companies	95	97

¹ Profit after tax plus depreciation, amortization and impairment

² Excluding apprentices