

ARBONIA FIRST SEMESTER REPORT

2022

ARBONIA 





Arbonia looks back at a challenging first half-year of 2022. The COVID-19 pandemic and the Russian invasion of Ukraine led to considerable increases in raw material prices, sharply rising energy prices, as well as problems with supply chains, which all affected Arbonia as well. In the face of this political crisis and the associated change in thinking, Arbonia's strategy with modern products for energy-efficient and self-sufficient buildings has proven to be all the more correct. In addition to their well-known economic advantages, these products accelerate the transition to households that are independent of fossil energy sources and electricity prices. The investments decided on and implemented in the past are also paying off by countering wage inflation and increased material prices with increases in productivity.



*Dear Shareholders
Dear ladies and gentlemen*

The first half-year of 2022 was marked by numerous challenges, such as sharply increased material, energy and logistics costs, as well as a lack of raw material and skilled workers. Compared to the first half-year of 2021, in which many customers had built up high inventories due to the threat of material shortages and the fear of further price increases, the first half-year of 2022 saw purchasing behaviour normalised on the one hand and the global supply chain problems resulting from the pandemic intensified by the war in Ukraine on the other hand. In addition, the Swiss franc experienced a high single-digit percentage appreciation against most currencies relevant to the Arbonia Group.

In the first half-year of 2022, Arbonia was able to increase its net revenue in Swiss francs by 7.2% compared to the same period in the previous year, from CHF 588.6 million to CHF 630.9 million. Growth when adjusted for currency and acquisition effects was 9.8%. During the same period, EBITDA decreased by 22.4% from CHF 67.6 million to CHF 52.4 million. Consequently, the EBITDA margin also decreased from 11.5% in the previous year to 8.3%. A negative effect on the absolute EBITDA resulted from the strength of the Swiss franc, which appreciated by a high single-digit percentage against almost all currencies relevant to Arbonia, causing results achieved in foreign countries to be lower than budgeted when converted into Swiss francs. EBIT reached CHF 17.8 million (CHF 34.9 million in the previous year). The group result (after taxes) amounted to CHF 11.7 million (CHF 23.6 million in the previous year). No one-time effects occurred in the first half-year of 2022.

The cash flow from operating activities declined significantly, from CHF 51.6 million in the previous year to CHF -68.6 million for the first half-year of 2022. In addition to the low EBITDA contribution, this was above all due to the sharp rise in net working capital, which increased by about CHF 118 million in the first half-year of 2022. A substantial counter-effect should occur here in the second half-year. In the first half-year of 2022, investments amounted to CHF 73.8 million, of which around CHF 25 million related to the premature buyback of the Corporate Center. Consequently, the net liquidity position of CHF 93.2 million as of 31 December 2021 has turned into a net debt of CHF -68.4 million as of 30 June 2022.

The steep increase in building costs as well as interest rates could have a dampening effect on new construction projects. However, in the context of currently high inflation, combined with the substantial subsidy programmes of European governments for energy-efficient buildings, it can be assumed that capacities freed in skilled craftsmen will be tied up in renovation. This is due on the one hand to ecological factors for achieving climate neutrality, on the other hand due to economic factors for achieving energy self-sufficiency since the beginning of the war. It can therefore be concluded that investments into energy efficiency of new and existing buildings will remain intact and may even intensify due to the looming energy crisis. From this point of view as well, the new heat pump factory and the market launch of the new redox flow battery storage of Arbonia are coming at just the right time. The storage system makes it possible to use or store green electricity from one's own photovoltaic system during the night, allowing a building to be independent of fossil fuels and generally rapidly rising energy prices at the same time.

For the above-mentioned challenges, Arbonia has developed the right strategy for its business in the past years and has consistently implemented it. The capacities at the Prüm door plant in Germany are therefore being expanded at precisely the right time. On the one hand, the progressing automation at Arbonia's production plants allows it to counter the shortage of skilled workers. On the other hand, around 700 000 to 800 000 approved homes are still waiting to be built in Germany, for example. And with the arrival of Ukrainian refugees and the continuing migration within Europe, the excess demand will become even greater.

Market environment

In the two largest domestic markets, **Germany** and **Switzerland**, building construction activity is slightly increasing in 2022 due to the completion of new construction projects that had already been initiated. In Germany, however, the stop of KfW subsidy programmes at the beginning of the year as well as the lack of individual building materials has led to uncertainty and sometimes delays in construction. The availability of skilled craftsmen also continues to be a problem, which is further exacerbated by a lack of Ukrainian workers. New construction in Germany and Switzerland is expected to stagnate at a high level due to the increased interest rates and building costs, even though new regulations for energy-efficient buildings



in both markets could provide an additional boost. In Germany, for example, new heating systems have to use at least 65% renewable energy starting in 2024. The combination of high demand and limiting factors ensures that, although there will not be a boom, integrated energy-efficient solutions (such as heat pumps, energy storage systems, controlled ventilation systems and underfloor heating) will benefit in the medium and long term on the whole and especially in residential construction.

After an extensive recovery from the effects of the pandemic in the past year, the Eastern European markets of **Poland** and the **Czech Republic** started out well in the current year. Both markets set new records for the number of building permits. With the start of the war in Ukraine and the accompanying sharply increasing prices, inflation first increased strongly in each country before the key interest rates were abruptly raised. This combination made it extremely difficult to calculate the profitability of new buildings, despite a continuing high demand for living space. As a consequence, construction activity in this area is expected to decrease. As in Germany and Switzerland, however, subsidy programmes ensure that renovation activity continues to increase.

The Southern European markets of Arbonia, **Italy**, **Spain** and **France**, are expected to continue their recovery course of the past year, after a promising start in 2022. This is happening due to the significant impact of the comprehensive subsidy programmes for energy-efficient renovation and the overall great importance of the renovation market for the construction industry.

In the markets of the **Netherlands** and **Belgium**, a further positive dynamic is expected, as in the Southern European markets as well. In addition to the well-known drivers such as energy efficiency and renovation backlog, short-term positive special factors should be mentioned here as well: on the one hand, the state-funded programme for creating social housing and on the other hand the necessity of renovating around 40 000 homes in Belgium after flood damage in the previous year.

Development of the divisions in the first half-year of 2022

The **HVAC Division** was able to increase revenue in the first half-year by 13.1%, from CHF 304.9 million in the same period last year to CHF 344.9 million. After adjustment for currency and acquisition effects, growth was 15.7%. EBITDA fell by 17.9% from CHF 33.6 million in the previous year to CHF 27.6 million. This corresponds to a decrease in the EBITDA margin from 11.0% to 8.0%. EBIT fell by 39.7%, from CHF 18.3 million in the previous year to CHF 11.0 million.

The first half-year of 2022 of the HVAC Division was marked by several challenges. On the one hand, the material and energy prices, which continued to increase strongly, impaired the business. Due to a clever pricing strategy, however, the division was able to prevent a situation in which wholesalers and specialist dealers would overstock. Therefore, unlike in the previous year, it was possible to build up the inventories for the important second half-year, which caused the current assets to increase. In combination with price increases as well as due to the high automation of production plants in past years, the division was even able to gain market shares in a market with a declining volume.

The demand for the growth products for heat/cold generation, energy storage, heat/cold distribution, as well as ventilation and air filtration (indoor air quality) for residential construction as well as commercial construction remains high, so that some of these products are sold out until the end of the year. The decision to expand the capacity for manufacturing heat pumps at the new location in the Czech Republic as a first step to over 10 000 heat pumps per year is thereby reaffirmed and accelerated again. Production started at the new production plant in July 2022. Beside the capacities as a limiting factor, it is necessary to overcome issues in the procurement of electrical components for the growth products. The division has achieved this for the most part without having to interrupt production.

Considerable progress has also been achieved with the growth product battery storage system: The development of the first storage size was successfully completed in the first half of 2022, as were the extensive practical tests with pre-series models. After a successful premiere at "The Smarter E Europe" trade fair in Munich, Germany in May 2022, the first series models were launched in the focus market of Germany in July 2022. Starting next year, the full series production will start at the existing production plant in Stříbro (CZ). As with the traditional radiator products, price increases in addition to the volume contributed to the growth of the growth products.



The **Doors Division** generated a net revenue of CHF 284.2 million in the first half-year of 2022 and is thus 0.9% above the figure for the previous year of CHF 281.6 million. After adjustment for currency and acquisition effects, growth was 3.7%. EBITDA declined by 24.8%, from CHF 40.3 million to CHF 30.3 million. The EBITDA margin thus fell from 14.3% to 10.7%. EBIT declined by 44.7%, from CHF 23.9 million in the previous year to CHF 13.2 million in the first half-year of 2022.

The Doors Division was confronted with several difficult issues in the first half-year of 2022. At the beginning of the year, production limitations occurred due to a large number of quarantine-related absences and associated problems in production and logistics. With the investments in increased capacities, productivity and automation, however, the division had already laid the foundation for profitable growth in the past years and was thus able to prevent significant negative impacts. The division also had to deal with price increases for raw materials to a significant extent. To counteract these, further price increases were announced to customers in the first half-year of 2022 and will go into effect in the second half-year of 2022.

At the Weinsheim (D) site, the construction of the new frame plant continued as planned and the location was equipped with first new machines. With the ramping up of production, the total capacity of the division will rise continuously from 2.6 million to 3.4 million doors and frames per year in 2024. The additional capacity is to lower the high order volume so that orders can be accepted at short notice as well. At the same time, expensive extra shifts on the weekends can also be dispensed and delivery reliability increased. Furthermore, the construction of the logistics centre in Roggwil (CH) will shorten the delivery time for customers in Switzerland, in order to be able to increasingly offer residential doors from the Prüm door plant. Some of the division-wide capacity expansion is also to go to attractive neighbouring markets such as Austria, Belgium, the Czech Republic, Slovakia, Hungary, or Romania, which will strengthen the supply. A final, important aspect is the roughly 30-year super-cycle in the German door market, in which over 12 million doors were sold per year in the early 1990's for the last time. The capacity expansion is therefore coming at just the right time, since the doors installed in Germany after the reunification need to be replaced soon.

To strengthen profitability and productivity further, the Doors Division is also harmonising the ERP systems of its four production sites to a new SAP system. This project ties up quite a bit of management capacity but also offers many advantages, for example considerably accelerating order processing. With the first subprojects

initiated, initial productivity-increasing effects will become apparent in the second half-year. Due to these investments in the production and its systems, the Doors Division will be able to expand its market-leading position in terms of flexibility, productivity and profitability.

In July 2022, Arbonia acquired a 100% share in the German company Joro Türen GmbH, a producer of special doors for the project business in the area of fire, smoke, sound and burglary protection. Joro's strength lies especially in meeting individual customer requirements, which was previously not possible with the industrial setup of Arbonia Door plants. With the acquisition of Joro, the division will continue to consistently expand its project business. In addition, it gains access to extensive approvals and certificates for oversized doors.



Outlook

Because Arbonia was once again able to build up a sufficient inventory of specific finished products for the second half-year of 2022 in the first half-year of 2022, unlike in the previous year, and specialist dealers have largely depleted their stocks, a considerably better second half-year of 2022 is expected on the demand side. At the same time, the already announced and implemented price increases will fully go into effect in the second half-year, while the high prices in the raw material markets seem to be stabilising. Meanwhile, the trend towards sustainable solutions for buildings has grown even more in the past months, not least to compensate for the sharply increased energy prices. Assuming this development, the dynamic of the past year with a very strong first half-year and an untypical, roughly equal second half-year will reverse again.

With its industrial concept and the strategic and operative groundwork laid and implemented in the last years, Arbonia sees itself very well positioned to continue to grow profitably.

Handwritten signature of Alexander von Witzleben in black ink.

Alexander von Witzleben
Executive Chairman

Handwritten signature of Daniel Wüest in black ink.

Daniel Wüest
CFO

Handwritten signature of Alexander Kaiss in black ink.

Alexander Kaiss
CEO HVAC Division

Handwritten signature of Claudius Moor in black ink.

Claudius Moor
CEO Doors Division

Interim Consolidated Financial Statements Arbonia Group



Consolidated Income Statement (condensed)

in 1 000 CHF	For the six months ended 30/06/2022		For the six months ended 30/06/2021	
	%		%	
Continuing operations				
Net revenues	630 905	100.0	588 583	100.0
Other operating income and capitalised own services	10 890	1.7	10 505	1.8
Changes in inventories of semi-finished and finished goods	16 178	2.6	351	0.1
Cost of material and goods	– 324 455	– 51.4	– 264 901	– 45.0
Personnel expenses	– 192 078	– 30.4	– 188 961	– 32.1
Other operating expenses	– 89 013	– 14.1	– 77 997	– 13.3
EBITDA	52 427	8.3	67 580	11.5
Depreciation and amortisation	– 26 838	– 4.3	– 24 983	– 4.2
Amortisation of intangible assets from acquisitions	– 7 762	– 1.2	– 7 700	– 1.3
EBIT	17 827	2.8	34 896	5.9
Net financial result	– 822	– 0.1	– 2 489	– 0.4
Group result before income tax	17 005	2.7	32 407	5.5
Income tax expense	– 5 314	– 0.8	– 8 842	– 1.5
Group result from continuing operations	11 691	1.9	23 565	4.0
Group result from discontinued operations after taxes			13 329	2.3
Group result	11 691	1.9	36 895	6.3
Attributable to:				
Shareholders of Arbonia AG	11 691		36 895	
Earnings per share from continuing operations in CHF	0.17		0.34	
Earnings per share from discontinued operations in CHF			0.19	
Earnings per share in CHF	0.17		0.53	

Basic and diluted earnings are identical.

EBITDA = Earnings before financial results, tax, depreciation and amortisation

EBIT = Earnings before financial results and tax

The notes on pages 15 to 19 form an integral part of these condensed interim consolidated financial statements.



Consolidated Statement of Comprehensive Income (condensed)

in 1 000 CHF	For the six months ended 30/06/2022	For the six months ended 30/06/2021
Group result	11 691	36 895
Other comprehensive income		
<i>Items that will not be reclassified to income statement</i>		
Remeasurements of employee benefit obligations	– 14 087	15 223
Total items that will not be reclassified to income statement	– 14 087	15 223
<i>Items that may be reclassified subsequently to income statement</i>		
Currency translation differences	– 3 075	17 035
Cumulative currency translation differences transferred to the income statement		– 83
Total items that may be reclassified subsequently to income statement	– 3 075	16 952
Total other comprehensive income after taxes	– 17 162	32 175
Total comprehensive income	– 5 471	69 070
Attributable to:		
Shareholders of Arbonia AG	– 5 471	69 070
Total comprehensive income from continuing operations	– 5 471	43 432
Total comprehensive income from discontinued operations		25 637

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Consolidated Balance Sheet (condensed)

in 1 000 CHF	30/06/2022		31/12/2021		30/06/2021	
		%		%		%
Assets						
Cash and cash equivalents	83 758		253 870		33 106	
Receivables and other assets	196 606		137 623		177 075	
Inventories and contract assets	244 171		196 311		165 568	
Deferred expenses	7 521		5 315		8 516	
Financial assets	808		15			
Assets held for sale					314 918	
Current assets	532 864	34.7	593 134	36.5	699 183	42.1
Property, plant, equipment and investment property	666 209		636 151		582 203	
Intangible assets and goodwill	320 962		339 743		346 699	
Deferred income tax assets	5 074		6 905		7 615	
Capitalised pension surplus	5 512		39 704		17 945	
Financial assets	7 158		7 659		8 135	
Non-current assets	1 004 915	65.3	1 030 162	63.5	962 597	57.9
Total assets	1 537 779	100.0	1 623 296	100.0	1 661 780	100.0
Liabilities and shareholders' equity						
Liabilities	170 891		181 386		180 070	
Financial debt	64 643		9 258		31 607	
Accruals and deferred income	78 174		73 480		92 164	
Provisions	18 492		20 491		10 273	
Liabilities associated with assets held for sale					111 461	
Current liabilities	332 200	21.6	284 615	17.5	425 575	25.6
Financial debt	87 473		151 394		172 505	
Other liabilities	667		16 560		16 872	
Provisions	12 977		11 812		10 138	
Deferred income tax liabilities	48 091		52 199		50 424	
Employee benefit obligations	40 292		62 374		58 647	
Non-current liabilities	189 500	12.3	294 339	18.1	308 586	18.6
Total liabilities	521 700	33.9	578 954	35.7	734 161	44.2
Total shareholders' equity	1 016 079	66.1	1 044 342	64.3	927 619	55.8
Total liabilities and shareholders' equity	1 537 779	100.0	1 623 296	100.0	1 661 780	100.0

The notes on pages 15 to 19 form an integral part of these condensed interim consolidated financial statements.



Consolidated Statement of Cash Flows (condensed)

in 1 000 CHF	For the six months ended 30/06/2022	For the six months ended 30/06/2021
Group result	11 691	36 895
Depreciation and amortisation	34 600	32 684
Profit/loss on disposal of non-current assets	– 219	– 475
Changes in non-cash transactions	5 673	10 783
Net interest expense	1 940	2 669
Income tax expense	5 314	12 100
Changes in working capital and current liabilities	– 117 790	– 32 912
Interest paid	– 2 507	– 3 045
Interest received	134	13
Income tax paid	– 7 448	– 7 103
Cash flows from operating activities - net	– 68 612	51 609
To investment activities		
Purchases of property, plant and equipment and investment property	– 72 359	– 40 925
Purchases of intangible assets	– 1 413	– 1 119
Acquisition of subsidiaries (net of cash acquired)		– 5 531
Issuance of financial assets	– 888	– 174
From divestment activities		
Proceeds from sale of property, plant and equipment and investment property	399	2 824
Repayment of financial assets	8	1
Cash flows from investing activities - net	– 74 253	– 44 924
From financing activities		
Proceeds from financial debts		40 176
To financing activities		
Repayment of financial debts and lease liabilities	– 4 614	– 28 419
Dividends and distribution from capital contribution reserves	– 20 743	– 32 486
Purchase of treasury shares	– 4 122	– 6 266
Cash flows from financing activities - net	– 29 479	– 26 995
Effects of translation differences on cash and cash equivalents	2 232	421
Change in cash and cash equivalents	– 170 112	– 19 889
Reconciliation of change in cash and cash equivalents		
Cash and cash equivalents as of 01/01 continuing operations	253 870	52 107
Cash and cash equivalents as of 01/01 discontinued operations		6 541
Cash and cash equivalents as of 30/06 continuing operations	83 758	33 106
Cash and cash equivalents as of 30/06 discontinued operations		5 653
Change in cash and cash equivalents	– 170 112	– 19 889

The notes on pages 15 to 19 form an integral part of these condensed interim consolidated financial statements.



Consolidated Statement of Changes in Equity

in 1 000 CHF	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total share-holders' equity
Balance at 31/12/2020	291 787	512 583	- 2 456	- 108 710	200 011	893 215
Group result					36 895	36 895
Total other comprehensive income after taxes				16 952	15 223	32 175
Total comprehensive income				16 952	52 118	69 070
Dividends and distribution from capital contribution reserves		- 16 243			- 16 243	- 32 486
Changes in treasury shares			- 6 266			- 6 266
Share based payments			3 340		746	4 086
Total transactions with owners		- 16 243	- 2 926		- 15 497	- 34 666
Balance at 30/06/2021	291 787	496 340	- 5 382	- 91 758	236 632	927 619
Balance at 31/12/2021	291 787	496 340	- 5 382	- 98 459	360 056	1 044 342
Group result					11 691	11 691
Total other comprehensive income after taxes				- 3 075	- 14 087	- 17 162
Total comprehensive income				- 3 075	- 2 396	- 5 471
Dividends and distribution from capital contribution reserves		- 10 372			- 10 372	- 20 744
Changes in treasury shares			- 4 122			- 4 122
Share based payments			2 566		- 492	2 074
Total transactions with owners		- 10 372	- 1 556		- 10 864	- 22 792
Balance at 30/06/2022	291 787	485 968	- 6 938	- 101 534	346 796	1 016 079

The notes on pages 15 to 19 form an integral part of these condensed interim consolidated financial statements.



Selected Explanatory Notes to the Interim Consolidated Financial Statements

1. General information

Arbonia Group (Arbonia) is a focused building components supplier. The company is divided into two main divisions, namely HVAC (Heating, Ventilation and Air Conditioning) and Doors. Manufacturing plants are located in Switzerland, Germany, the Czech Republic, Italy, Poland, Belgium, the Netherlands, Russia and Serbia. Arbonia owns major brands such as Kermi, Arbonia, Prolux, Koralle, Sabiana, Vasco, Brugman, Superia, RWD Schlatter, Prüm, Garant and Invado and possesses a strong position in its home markets in Switzerland and Germany. The Group focuses on the development of existing markets in Central and Eastern Europe. Arbonia is represented in over 70 countries worldwide.

The ultimate parent company, Arbonia AG is a corporation organised under Swiss law incorporated and domiciled at Amriswilerstrasse 50, CH-9320 Arbon (canton Thurgau). Arbonia AG is listed on the SIX Swiss Exchange in Zurich under the valor number 11024060/ ISIN CH0110240600.

These unaudited interim consolidated financial statements have been approved for issue by the Board of Directors of Arbonia AG on 19 August 2022.

2. General principles and basis of preparation

The unaudited interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting". The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements 2021.

The preparation of interim financial statements requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Consequently actual results might deviate from such estimates.

Amendments to significant published standards

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

The published but as of the balance sheet date not yet effective new standards and interpretations will not have a material impact on the Group's financial statements.

3. Changes in the scope of consolidation

There were no changes during the reporting period in the Group.

4. Foreign currency rates

The following foreign currency rates have been applied:

Currency	Unit	2022		2021	
		Closing rate 30/06	Half-year average rate	Closing rate 30/06	Half-year average rate
EUR	1	1.0010	1.0321	1.0969	1.0941
CZK	100	4.0461	4.1902	4.3041	4.2326
PLN	100	21.3861	22.2891	24.2634	24.1223
CNY	100	14.2829	14.5766	14.2710	14.0316
RUB	100	1.8677	1.2749	1.2724	1.2214
RSD	100	0.8501	0.8779		



5. Segment information

Since 1 July 2021, Arbonia is organised into the divisions or segments HVAC (Heating, Ventilation and Air Conditioning) and Doors. The segment information of the previous reporting period was restated as a result of the integration of the Sanitary Division into the Doors Division. Corporate Services consist of service, finance, real estate and investment companies and provide their services almost entirely to Group companies. They have not been allocated to an operating segment and are therefore shown separately.

For the monitoring and assessment of the financial performance, EBITDA, EBITA and EBIT are pivotal key measures. However Group Management and the Board of Directors also are provided with financial data down to the line item "result after income tax" by operating segment. The segments apply the same accounting policies as the Group. Services between segments are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. Income and expenses between segments are eliminated on consolidation and disclosed in "Eliminations".

Segment assets and liabilities include all assets, liabilities and intercompany transactions. Goodwill has been allocated to the respective segments.



in 1 000 CHF	Six months ended 30/06/2022					
	HVAC	Doors	Total reportable segments	Corporate Services	Eliminations	Total Group
Sales with third parties at point in time	341 052	250 765	591 817	1 794		593 611
Sales with third parties over time	3 848	33 446	37 294			37 294
Net revenues	344 900	284 211	629 111	1 794		630 905
Segment results I (EBITDA)	27 564	30 299	57 863	- 5 436		52 427
<i>in % of net revenues</i>	<i>8.0</i>	<i>10.7</i>	<i>9.2</i>			<i>8.3</i>
Depreciation and amortisation	- 14 194	- 11 653	- 25 847	- 991		- 26 838
Segment results II (EBITA)	13 370	18 646	32 016	- 6 427		25 589
<i>in % of net revenues</i>	<i>3.9</i>	<i>6.6</i>	<i>5.1</i>			<i>4.1</i>
Amortisation of intangible assets from acquisitions	- 2 329	- 5 433	- 7 762			- 7 762
Segment results III (EBIT)	11 041	13 213	24 254	- 6 427		17 827
<i>in % of net revenues</i>	<i>3.2</i>	<i>4.6</i>	<i>3.9</i>			<i>2.8</i>
Interest income	306	52	358	3 703	- 3 864	197
Interest expenses	- 2 688	- 1 762	- 4 450	- 1 535	3 849	- 2 136
Minority share from associated companies		- 300	- 300			- 300
Other financial result	828	- 870	- 42	15 605	- 14 147	1 417
Result before income tax	9 487	10 333	19 820	11 346	- 14 161	17 005
Income tax expense	- 2 765	- 2 649	- 5 414	100		- 5 314
Result after income tax	6 722	7 684	14 406	11 446	- 14 161	11 691
Average number of employees	3 314	3 146	6 460	120		6 580
Total assets as of 30/06/2022	726 258	725 804	1 452 062	1 079 992	- 994 275	1 537 779
Total liabilities as of 30/06/2022	460 346	413 406	873 752	187 333	- 539 385	521 700



in 1 000 CHF	Six months ended 30/06/2021 restated					
	HVAC	Doors	Total reportable segments	Corporate Services	Elimina- tions	Total Group
Sales with third parties at point in time	304 919	248 159	553 078	2 070		555 148
Sales with third parties over time		33 435	33 435			33 435
Net revenues	304 919	281 594	586 513	2 070		588 583
Segment results I (EBITDA)	33 590	40 283	73 873	- 6 293		67 580
<i>in % of net revenues</i>	<i>11.0</i>	<i>14.3</i>	<i>12.6</i>			<i>11.5</i>
Depreciation and amortisation	- 13 302	- 10 685	- 23 987	- 997		- 24 984
Segment results II (EBITA)	20 288	29 598	49 886	- 7 290		42 596
<i>in % of net revenues</i>	<i>6.7</i>	<i>10.5</i>	<i>8.5</i>			<i>7.2</i>
Amortisation of intangible assets from acquisitions	- 1 978	- 5 721	- 7 700			- 7 700
Segment results III (EBIT)	18 310	23 876	42 185	- 7 290		34 896
<i>in % of net revenues</i>	<i>6.0</i>	<i>8.5</i>	<i>7.2</i>			<i>5.9</i>
Interest income	122	44	166	2 515	- 2 670	11
Interest expenses	- 2 146	- 1 162	- 3 308	- 1 838	2 664	- 2 482
Minority share from associated companies		- 435	- 435			- 435
Other financial result	- 1 424	- 1 574	- 2 998	14 332	- 10 917	417
Result before income tax	14 861	20 749	35 611	7 718	- 10 922	32 407
Income tax expense	- 3 758	- 5 252	- 9 010	168		- 8 842
Result after income tax	11 103	15 497	26 601	7 886	- 10 922	23 565
Average number of employees	2 921	2 910	5 830	125		5 956



6. Property, plant and equipment

In the second quarter of 2022, Arbonia repurchased the Corporate Center in CH-Arbon early for CHF 25.1 million. The lease liability and the purchase price obligation recognised in other liabilities were derecognised against the property with no effect on the income statement. The payment for the Corporate Center is included in the cash flow statement under investments in property, plant and equipment and investment property.

7. Financial debts

Since a first tranche of the promissory note loan of EUR 56 million is due for repayment in April 2023, reclassification was made in the balance sheet as at 30 June 2022 to the current portion of the financial debts.

8. Capitalised pension surplus and employee benefit obligations

As of 30 June 2022, revaluations of the benefit obligations and the actual return on plan assets were carried out for the most important defined benefit plans. The different discount rates applied for Switzerland and Germany resulted in an average weighted discount rate of 2.7%. The effect of the change in this actuarial assumption and the negative return on plan assets amounted to a net CHF 31.1 million before taxes and was credited to other comprehensive income in the statement of comprehensive income. Due to the significant increase in the discount rate compared to the balance sheet date as of 31 December 2021 in the Swiss pension plans, the asset ceiling mechanism was applied. The resulting pre-tax effect of CHF 44.1 million was charged to other comprehensive income in the statement of comprehensive income.

9. Financial instruments

The financial instruments measured at fair value relate to interest rate swaps and commodity transactions, which are assigned to hierarchy level 2. As of 30 June 2022, the fair value of the interest rate swaps amounts to CHF -0.4 million (liability) and CHF 0.03 million (receivable) for commodity transactions. Commodity transactions are entered into to hedge commodity price risks on the purchasing side and are therefore recognised in cost of materials and goods. The effect for the first half of 2022 was CHF 0.6 million (expense). There were no reclassifications between the hierarchy levels during the reporting period.

10. Share capital

On 22 April 2022, the Annual General Meeting of Arbonia AG had approved amongst others the following: To authorise the Board of Directors to create additional share capital by a maximum amount of CHF 29'148'000 through the issue of a maximum of 6'940'000 fully paid registered shares with a par

value of CHF 4.20 each until 22 April 2024 (authorised capital increase). To increase the share capital by a maximum amount of CHF 29'148'000 by issuing a maximum of 6'940'000 fully paid up registered shares with a par value of CHF 4.20 (conditional capital increase). The authorised and conditional capital increase together were limited to an additional share capital of CHF 29'148'000.

11. Dividends and distribution from capital contribution reserves

On 22 April 2022, the Annual General Meeting approved a dividend and distribution respectively of CHF 0.30 in total per registered share. The payment occurred on 28 April 2022.

12. Treasury shares

Compared to 31 December 2021, the balance of treasury shares has increased by net 85'386 to 435'759 shares. In the reporting period, 249'470 shares were purchased on the market and 164'084 shares were used for the share-based compensation plans.

13. Capital commitments

As of 30 June 2022, capital commitments for the purchase of property, plant and equipment and intangible assets amount to CHF 78.9 million.

14. Contingencies

No significant changes have occurred from those disclosed in the consolidated financial statements 2021.

15. Events after the balance sheet date

As of 16 July 2022, Arbonia acquired 100% of Joro Türen GmbH, DE-Renchen. The company is a manufacturer of special doors for fire, smoke, sound and burglary protection. This acquisition gives the Doors Division access to the German project business and access to comprehensive approvals and certifications for doors with special dimensions that cannot be manufactured on industrial lines. The company generated revenues of around CHF 7 million in 2021 with 29 employees.

No other events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2022 interim consolidated financial statements.



Reconciliation Group and Divisions from IFRS-result to result without one-time effects/Adjusted

in 1 000 CHF

		IFRS	%
HVAC	EBITDA	33 590	11.0
	EBITA	20 288	6.7
	EBIT	18 310	6.0
Doors	EBITDA	40 283	14.3
	EBITA	29 598	10.5
	EBIT	23 876	8.5
Corporate Services	EBITDA	- 6 293	
	EBITA	- 7 290	
	EBIT	- 7 290	
Group	Net revenues	588 583	100.0
	Other operating income and capitalised own services	10 505	1.8
	Changes in inventories of semi-finished and finished goods	351	0.1
	Cost of material and goods	- 264 901	- 45.0
	Personnel expenses	- 188 961	- 32.1
	Other operating expenses	- 77 997	- 13.3
	EBITDA	67 580	11.5
	Depreciation and amortisation	- 24 983	- 4.2
	EBITA	42 597	7.2
	Amortisation of intangible assets from acquisitions	- 7 700	- 1.3
	EBIT	34 896	5.9
	Net financial result	- 2 489	- 0.4
	Group result before income tax	32 407	5.5
	Income tax expense	- 8 842	- 1.5
Group result from continuing operations	23 565	4.0	

Presentation of the respective one-time effects on the immediate result line without disclosure of the impact on the subsequent line items.

There were no one-time effects in the first half of 2022.



			Six months ended 30/06/2021	
Gain from sale of properties	Tax effects on one-time effects	without one-time effects/ adjusted	%	
- 334		33 256	10.9	
		19 954	6.5	
		17 976	5.9	
		40 283	14.3	
		29 598	10.5	
		23 876	8.5	
		- 6 293		
		- 7 290		
		- 7 290		
		588 583	100.0	
- 334		10 171	1.7	
		351	0.1	
		- 264 901	- 45.0	
		- 188 961	- 32.1	
		- 77 997	- 13.3	
		67 246	11.4	
		- 24 983	- 4.2	
		42 262	7.2	
		- 7 700	- 1.3	
		34 562	5.9	
		- 2 489	- 0.4	
		32 073	5.4	
	53	- 8 789	- 1.5	
		23 284	4.0	



Alternative Performance Measures

Arbonia uses alternative performance measures (APM) as guidance measures for both internal reporting to management and external reporting to stakeholders. The APM used by Arbonia have not been prepared in accordance with IFRS accounting policies and are discussed in detail below. The APM serve as supplementary information components and should therefore always be read and interpreted in conjunction with the consolidated financial statements prepared in accordance with IFRS. The APM used by Arbonia do not necessarily agree with the same or similar titled measures of other or comparable companies.

EBITDA without one-time effects/adjusted

The elimination of one-time effects provides an adjusted and thus better comparable presentation of the operating result over time. Discontinued operations as defined by IFRS 5 are not included. The following one-time effects are eliminated by Arbonia:

- Costs resulting from creation of provisions or income resulting from reversal of provisions for restructurings and reorganisation as well as closure costs
- Ramp-up costs for new production sites
- Consultancy and integration costs from acquisitions
- Consultancy costs from disposal of subsidiaries
- Gains and losses from sale of properties and associated companies
- Real estate development costs
- Costs in connection with personnel changes / leave of absence in Group and Division management

EBITA without one-time effects/adjusted

- Impairments
- Reversal of impairments

EBIT without one-time effects/adjusted

- Impairments on intangible assets from acquisitions

Group result before income tax without one-time effects/adjusted

- Impairments and reversal of impairments on loans granted

Group result after taxes without one-time effects/adjusted

- Tax effect on one-time effects
- Tax consequences from disposal of subsidiaries

Acquisition and currency adjusted growth (organic growth)

Acquisition and currency adjusted growth excludes effects from acquisitions and disposals of companies and currency effects.

In the acquisition adjusted growth, revenues of the acquired companies are eliminated in the year of acquisition. For companies acquired in the previous year, revenues of the current year are included for the same period as in the previous year. Discontinued operations within the meaning of IFRS 5 are eliminated.

In the currency adjusted growth, revenues of the current year in the functional currency of the respective company are translated at the average exchange rates of the same previous year period.

Net debt

Current and non-current financial debts plus current and non-current lease liabilities minus cash and cash equivalents

Leverage ratio

Net debt divided by EBITDA

Free cash flow

Cash flow from operating and investing activities

Operational free cash flow

Cash flow from operating and investing activities without expansion capital expenditures

Capital expenditures

Maintenance and expansion capital expenditures



Supplementary Information for Investors

	30/06/2022	30/06/2021	30/06/2020	30/06/2019	30/06/2018
Number of shares					
Registered par value CHF 4.20	69 473 243	69 473 243	69 473 243	69 473 243	69 473 243
Stock market prices in CHF					
Highest price during reporting period	22.9	17.7	13.8	13.3	18.3
Lowest price during reporting period	12.5	13.6	5.8	10.0	15.2
Share price at 30/06	12.8	17.7	9.8	12.9	16.3
Market capitalisation in CHF million	886	1 228	679	898	1 132

Dates

28 February 2023

Financial media information and analysts' conference on the 2022 financial year

21 April 2023

36 Annual General Meeting

22 August 2023

Publication of first semester results for 2023 financial year

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