Financial Report

Consolidated Financial Statements

Financial Statements

Financial commentary of Daniel Wüest (CFO)

Dear Readers

When you read the consolidated financial statement of the Arbonia Group, you will notice that it is presented differently to the previous year. The reason for this is that the Climate Division (formerly HVAC) is presented as a discontinued operation. In precise terms, this means that, in the Consolidated Income Statement, the result of the Climate Division is included in the group result of the Arbonia Group as a single line item on account of it being a discontinued operation. In addition, the assets and liabilities of the Climate Division are reported in the balance sheet as "A held for sale" and "Liabilities associated with assets held for sale" respectively.

General

Following a very challenging financial year in 2022, Arbonia began the new 2023 financial year with optimism, and this got off to a good start. However, it soon became apparent that 2023 could turn out to be at least as challenging as the previous year. Most material prices underwent positive development, with price levels falling during the year. In addition, pressures on delivery chains eased, as all raw materials were once again available promptly and no more delivery delays occurred. By contrast, the continuing huge decline in new construction and renovation activity in residential construction in Arbonia's markets had a severe negative impact on sales volumes in both divisions. The reduction in volumes was attributable, on the one hand, to high interest rates, construction costs, and energy costs, which meant that building new homes or renovating existing ones was not an attractive financial proposition. Another reason was the continued destocking seen among wholesalers, who continued to reduce their stocks to an absolute minimum on account of declining construction activity and high interest rates. An additional factor was the strength of the Swiss franc, which over the year appreciated over 6 % against the euro and to an even greater extent against most Eastern European currencies relevant to Arbonia.

In the 2023 financial year, Arbonia made a small acquisition in relation to the Doors Division. In October, it acquired 100 % of Interwand GmbH at a purchase price of CHF 5.3 million. The acquisition is set to expand the product range with glass office partition walls and industrial walls. In the 2023 financial year, Interwand contributed CHF 1.8 million to the revenue and CHF 0.3 million to the group result. In April 2023, the Doors Division also acquired a 17.2 % share in the leading German door handle manufacturer Griffwerk GmbH for a purchase price of CHF 12.2 million, which was paid almost exclusively in the form of Arbonia shares repurchased in the market. A cooperation agreement was concluded with Griffwerk in the course of the transaction. In addition, the shareholding in KIWI was increased from 34.0 % to 49.9 % for a purchase price of CHF 1.8 million.

In the 2023 financial year, substantial one-time effects were incurred which impacted continuing and discontinued operations at the EBITDA level with net figure of CHF –15.6 million and CHF –16.0 million with respect to the result after income tax. Most of these one-time effects related to the Climate Division and the closure and relocation of the Belgian special radiator production plant in Dilsen, which was announced in July 2023 and incurred one-time effects of CHF –11.4 million at the EBITDA level. In relation to the Doors Division, one-time effects of around CHF –2.2 million were incurred on account of the personnel measures that were implemented.

The subsequent explanatory notes to the income statement and balance sheet focus on the continuing operating activities, i.e. primarily on the Doors Division. Where mentioned, the continuing operations are discussed without one-time effects for the purposes of illustration and comparison. It is important to note that the full holding costs are allocated to the continuing operating activities and this is reflected in increased expense items and, accordingly, lower profitability figures.

Revenue development

In the 2023 reporting year, Arbonia achieved a net revenue of CHF 504.6 million, which represents a decrease in Swiss francs of 9.2 % compared to the previous year (CHF 555.9 million). This was due to substantially lower volumes for interior doors and shower stalls caused by the slump in new construction and renovation activity in residential construction combined with negative exchange rate effects. When adjusted for currency and acquisition effects (organic), the decrease amounted to 8.2 % compared to the previous year, with slightly positive price effects seen alongside strongly negative volume effects.

As discontinued operations, the Climate Division achieved a net revenue in the same period of CHF 576.6 million, which represents a decrease of 10.8 % compared to the previous year (CHF 646.2 million). Organic growth was also negative for the Climate Division and amounted to –9.8 % in the financial year; here too, a slightly positive price effect was seen alongside a high negative volume effect.

Declining volumes, high energy and interest costs, and negative currency effects impact profitability

The group result was negative in the financial year at CHF –17.2 million compared to CHF 19.1 million in the previous year, resulting in a loss of CHF –0.25 per share (previous year: CHF 0.28 profit).

On the cost side, pressure regarding costs for raw materials and semi-finished goods eased moderately in the 2023 financial year, which was due to improvements in delivery chains and falling material prices. As a result, the materials cost ratio fell by 3.4 percentage points from 43.0 % to 39.6 %. Despite the fact that personnel costs decreased from CHF 12.6 million due to the changes to staffing levels that were introduced and implemented, the corresponding personnel expenses ratio increased by 1.2 percentage points from 35.7 % to 36.9 %, as volumes and, accordingly, revenue declined more significantly and faster than the introduced personnel measures could demonstrate their effectiveness. Other expenses increased by CHF 7.1 million from CHF 89.2 million to CHF 96.3 million, which is why the corresponding expense ratio increased by 3.1 percentage points from 16.0 % to 19.1 %. Other expenses were negatively influenced above all by higher one-off electricity costs of around CHF 8 million as well as generally higher logistics costs.

Despite an improved product mix and moderately lower material costs, EBITDA decreased in the reporting year by CHF 18.0 million from CHF 49.7 million to CHF 31.7 million, which represents a decrease of 36.2 %. The EBITDA margin decreased as a result from 8.9 % to 6.3 %. The huge decline in volumes for interior doors and shower enclosures, salary increases, energy costs and losses in productivity due to reduced volumes had a negative impact.

Without one-time effects of CHF –2.2 million, which were incurred primarily in relation to personnel expenses resulting from changes made to production capacity, EBITDA amounted to CHF 34.0 million (previous year: CHF 53.3 million), which corresponds to a margin of 6.7 % (previous year: 9.6 %).

The strong appreciation of the Swiss franc against nearly all European currencies relevant to Arbonia had a negative effect of around CHF 1 million on EBITDA.

The Doors Division suffered from the huge decline in renovation and new construction activity and the resulting lower demand from wholesalers, who relentlessly continued to reduce their stocks. Despite having a good product mix, this meant that the division was unable to offset the substantial volume decreases for interior doors and shower enclosures, primarily due to only slight reductions in material costs, exceptional one-off energy costs of over CHF 8 million, and productivity losses arising from lower production volumes.

Due to the lower EBITDA and the increase in depreciation and amortisation of around CHF 3.1 million compared to the previous year, EBIT fell by CHF 21.3 million from CHF 12.4 million to CHF –8.9 million. As a result, the EBIT margin decreased by 4.0 percentage points to –1.8 % (previous year: 2.2 %). Taking into account one-time effects, the reported EBIT decreased by CHF 22.8 million compared to the previous year – from CHF 16.2 million to CHF –6.6 million. The group result from continuing operations amounted to CHF –14.2 million (previous year: CHF 0.5 million). The group result from continuing operations without one-time effects amounted to CHF –12.5 million, compared with CHF 3.2 million in the previous year. The group result from discontinued operations after taxes amounted to CHF –3.0 million, resulting in a total group result of CHF –17.2 million.

Compared to the previous year, the net financial expense figure increased significantly by CHF 8.0 million from CHF 7.2 million to CHF 15.2 million. The reasons for this were considerably higher interest expenses due to increased drawing on the revolving credit facility combined with higher interest rates and margins. In addition, largely non-cash currency losses affected aspects such as inter-Group loans to the value of around CHF 6 million. As of 31 December 2023, CHF 120 million and EUR 15 million of CHF 250 million was drawn on the syndicated loan.

Due to the negative earnings before tax, the tax charge was positive at CHF 9.8 million, compared with CHF –4.7 million in the previous year.

During the reporting year, the Climate Division generated a net revenue of CHF 576.6 million (previous year: CHF 646.2 million), representing a decline of 10.8 % (when adjusted for currency and acquisition effects –9.8 %). EBITDA amounted to CHF 42.8 million (previous year: CHF 58.6 million), which corresponds to a margin of 7.4 % (previous year: 9.1 %). In the 2023 financial year, one-time effects of CHF 12.0 million were incurred at the EBITDA level for the Climate Division. The division achieved EBIT of CHF 5.5 million (previous year: 24.6 million), which corresponds to a margin of 1.0 % (previous year: 3.8 %). The result after income tax amounted to CHF –16.8 million (previous year: CHF 11.6 million).

Reduction in net working capital and strategic reduction of the investment rate lead to a positive cash flow from operating activities and free cash flow

The huge improvement in cash flow from operating activities compared to the previous year (CHF 101.0 million vs CHF –25.8 million the previous year), which was achieved through a targeted focus on working capital management and by decreasing investments of CHF 93 million (investment rate for 2023 of 8.6 % of the net revenue of continuing and discontinued operations vs 12.4 % in the previous year) as well through the acquisition of Interwand (CHF 3.0 million), by increasing the shareholding in KIWI (CHF 1.8 million), and by making deferred purchase price payments of CHF 1.4 million from earlier acquisitions, led to a positive free cash flow of CHF 2.4 million (previous year: CHF –245.5 million). The free cash flow would have been substantially higher if not for the fact that heat pump sales virtually came to a halt in the second half of the year due to the political and regulatory reasons outlined previously, meaning that, at the end of the year, semi-finished and finished heat pump products negatively impacted the net working capital by around CHF 20 million.

Both divisions achieved a positive cash flow from operating activities, with the Climate Division achieving CHF 48 million (previous year: CHF –17 million) and the Doors Division CHF 35 million (previous year: CHF –5 million).

A slight decline in total assets and shareholders' equity, increase in net debt – dividend distribution following potential sale of the Climate Division

As of 31 December 2023, Arbonia's total assets decreased compared to the previous year by around CHF 37 million to CHF 1482.6 million (previous year: CHF 1519.5 million). The reduction occurred due to currency-related devaluations of balance sheet items as a result of the strong Swiss franc and the dividend payment of CHF 20 million. In absolute terms, shareholders' equity decreased by around CHF 67 million to CHF 921.0 million, and in relative terms the equity ratio decreased from 65.0 % to 62.1 % by the end of 2023, which means that Arbonia still has an exceptionally strong equity ratio.

The net debt of CHF 184 million at the end of the 2022 financial year increased by CHF 25 million to CHF 209 million as a result of the dividend payment (CHF 20 million) and the purchase of treasury shares (CHF 3 million) as well as a slight increase in leasing liabilities with a slightly positive free cash flow. The leverage ratio without one-time effects is therefore around 2.3x at the end of 2023 (with one-time effects 2.9x). In addition, a mortgage amounting to CHF 15 million was taken out as announced in order to independently finance the investment property in Arbon. This financing activity is also included in the reported net debt.

The strong balance sheet and the positive development of the cash flow also enables a dividend to be distributed for the 2023 financial year. In view of the fact that negotiations are ongoing regarding the potential sale of the Climate Division, the Board of Directors has decided to include the ordinary dividend for the 2023 financial year, the amount of which has yet to be determined, on the agenda at an Extraordinary General Meeting following the closing of a potential sale of the Climate Division. This agenda would also include further capital repayment instruments for shareholders (such as nominal value repayment, share repurchase and special dividend).

Consolidated Financial Statements Arbonia Group

Consolidated Income Statement

in 1 000 CHF	Note	2023	in %	2022 restated [1]	in %
Continuing operations					
Net revenues	**31**	**504 605**	**100.0**	**555 906**	**100.0**
Other operating income		8 191	1.6	9 269	1.7
Capitalised own services		5 755	1.1	5 240	0.9
Changes in inventories of semi-finished and finished goods		– 4 777	– 0.9	6 361	1.1
Cost of material and goods		– 199 691	– 39.6	– 239 138	– 43.0
Personnel expenses		– 186 083	– 36.9	– 198 681	– 35.7
Other operating expenses		– 96 281	– 19.1	– 89 222	– 16.0
EBITDA	**31**	**31 719**	**6.3**	**49 735**	**8.9**
Depreciation, amortisation and impairments	36-40	– 28 978	– 5.7	– 25 893	– 4.7
Amortisation of intangible assets from acquisitions	36, 40	– 11 600	– 2.3	– 11 419	– 2.1
EBIT	**31**	**– 8 858**	**– 1.8**	**12 423**	**2.2**
Financial income	51	322	0.1	1 455	0.3
Financial expenses	51	– 15 489	– 3.1	– 8 697	– 1.6
Group result before income tax	**31**	**– 24 025**	**– 4.8**	**5 181**	**0.9**
Income tax expense	52	9 806	1.9	– 4 683	– 0.8
Group result from continuing operations	**31**	**– 14 219**	**– 2.8**	**498**	**0.1**
Group result from discontinued operations after taxes	**36**	**– 2 993**	**– 0.6**	**18 629**	**3.4**
Group result		**– 17 212**	**– 3.4**	**19 127**	**3.4**
Attributable to:					
Shareholders of Arbonia AG		– 17 212		19 127	
Earnings per share from continuing operations in CHF	48	– 0.21		0.01	
Earnings per share from discontinued operations in CHF	48	– 0.04		0.27	
Earnings per share in CHF	48	– 0.25		0.28	
Basic and diluted earnings are identical.					

[1] see note 36

The notes on pages 159 to 218 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

in 1 000 CHF	2023	2022
Group result	**– 17 212**	**19 127**
Other comprehensive income		
Items that will not be reclassified to income statement		
Remeasurements of employee benefit obligations	21 658	– 15 224
Deferred tax effect	– 2 266	– 567
Total items that will not be reclassified to income statement	**19 392**	**– 15 792**
Items that may be reclassified subsequently to income statement		
Currency translation differences	– 58 874	– 28 971
Total items that may be reclassified subsequently to income statement	**– 58 874**	**– 28 971**
Total other comprehensive income after taxes	**– 39 482**	**– 44 763**
Total comprehensive income	**– 56 694**	**– 25 636**
Attributable to:		
Shareholders of Arbonia AG	– 56 694	– 25 636
Total comprehensive income from continuing operations	– 19 093	– 30 812
Total comprehensive income from discontinued operations	– 37 601	5 176

The notes on pages 159 to 218 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in 1 000 CHF	Note	31/ 12/ 2023	in %	31/ 12/ 2022	in %
Assets					
Cash and cash equivalents	32	17 160		29 196	
Accounts receivable	33	50 041		109 559	
Other current assets		8 209		29 335	
Inventories	34	55 415		226 921	
Contract assets	33	7 068		18 822	
Deferred expenses		4 137		6 509	
Current income tax receivables		8 401		2 394	
Financial assets	35			12	
Assets held for sale	36	619 812			
Current assets		**770 243**	**52.0**	**422 748**	**27.8**
Property, plant and equipment	37	393 140		675 021	
Right-of-use assets	38	8 202		24 006	
Investment property	39	5 300		8 864	
Intangible assets	40	106 491		186 304	
Goodwill	40	146 123		182 395	
Deferred income tax assets	46	6 051		4 386	
Capitalised pension surplus	47	24 513		4 879	
Financial assets	35	22 515		10 909	
Non-current assets		**712 335**	**48.0**	**1 096 764**	**72.2**
Total assets		**1 482 578**	**100.0**	**1 519 512**	**100.0**

in 1 000 CHF	Note	31/ 12/ 2023	in %	31/ 12/ 2022	in %
Liabilities and shareholders' equity					
Accounts payable		33 139		92 970	
Contract liabilities	33	7 935		9 799	
Other liabilities		12 060		20 700	
Financial debts	42	134 346		121 586	
Lease liabilities	55	1 994		6 990	
Accruals and deferred income		31 281		61 980	
Current income tax liabilities		12 412		10 993	
Provisions	45	3 626		12 230	
Liabilities associated with assets held for sale	36	195 193			
Current liabilities		**431 986**	**29.1**	**337 248**	**22.2**
Financial debts	42	74 926		69 851	
Lease liabilities	55	6 317		15 129	
Other liabilities		519		1 803	
Provisions	45	4 633		10 618	
Deferred income tax liabilities	46	31 526		54 985	
Employee benefit obligations	47	11 700		42 336	
Non-current liabilities		**129 621**	**8.7**	**194 722**	**12.8**
Total liabilities		**561 607**	**37.9**	**531 970**	**35.0**
Share capital	48	291 787		291 787	
Share premium		475 751		485 968	
Treasury shares	49	– 1 389		– 15 514	
Other reserves	50	– 186 304		– 127 430	
Retained earnings		341 126		352 731	
Shareholders' equity		**920 971**	**62.1**	**987 542**	**65.0**
Total liabilities and shareholders' equity		**1 482 578**	**100.0**	**1 519 512**	**100.0**

The notes on pages 159 to 218 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

in 1 000 CHF	Note	2023	2022
Group result		**– 17 212**	**19 127**
Depreciation, amortisation and impairments	37 - 40	77 813	71 290
Profit/loss on disposal of non-current assets	37 - 38	– 310	– 395
Changes in non-cash transactions	55	19 272	11 802
Net interest expense		9 680	3 760
Income tax expense		– 6 262	9 146
Changes in working capital	55	37 468	– 55 940
Changes in current liabilities	55	– 3 142	– 61 481
Interest paid		– 8 999	– 3 055
Interest received		448	255
Income tax paid		– 7 762	– 20 268
Cash flows from operating activities - net		**100 994**	**– 25 759**
To investment activities			
Purchases of property, plant and equipment	37	– 77 578	– 158 015
Purchases of investment properties	39	– 1 086	– 3 296
Purchases of intangible assets	40	– 14 320	– 13 161
Acquisition of subsidiaries (net of cash acquired)	41	– 4 374	– 44 207
Issuance of financial assets	35	– 1 799	– 2 346
From divestment activities			
Proceeds from sale of property, plant and equipment	37	512	1 220
Repayment of financial assets		22	16
Cash flows from investing activities - net		**– 98 623**	**– 219 789**

in 1 000 CHF	Note	2023	2022
From financing activities			
Proceeds from financial debts	42, 55	233 496	64 202
To financing activities			
Repayments of financial debts	42, 55	– 200 337	– 1 078
Lease liability payments	55	– 8 598	– 8 218
Dividend and distribution from capital contribution reserves		– 20 434	– 20 743
Purchase of treasury shares	49	– 2 722	– 12 698
Cash flows from financing activities - net		**1 405**	**21 465**
Effects of translation differences on cash and cash equivalents		– 2 056	– 591
Change in cash and cash equivalents		**1 720**	**– 224 674**
Reconciliation of change in cash and cash equivalents			
Cash and cash equivalents as of 01/01 continuing operations	32	29 196	253 870
Cash and cash equivalents as of 31/12 continuing operations	32	17 160	29 196
Cash and cash equivalents as of 31/12 discontinued operations	36	13 756	
Change in cash and cash equivalents		**1 720**	**– 224 674**

The notes on pages 159 to 218 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

in 1 000 CHF	Note	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total shareholders' equity
Balance at 01/ 01/ 2022		**291 787**	**496 340**	**– 5 382**	**– 98 459**	**360 056**	**1 044 342**
Group result						19 127	19 127
Total other comprehensive income after taxes	50				– 28 971	– 15 792	– 44 763
Total comprehensive income					**– 28 971**	**3 335**	**– 25 636**
Distribution from capital contribution reserves and dividend			– 10 372			– 10 372	– 20 744
Changes in treasury shares	49			– 12 698			– 12 698
Share based payments	56			2 566		– 288	2 278
Total transactions with owners			**– 10 372**	**– 10 132**		**– 10 660**	**– 31 164**
Balance at 31/ 12/ 2022		**291 787**	**485 968**	**– 15 514**	**– 127 430**	**352 731**	**987 542**
Group result						– 17 212	– 17 212
Total other comprehensive income after taxes	50				– 58 874	19 392	– 39 482
Total comprehensive income					**– 58 874**	**2 180**	**– 56 694**
Distribution from capital contribution reserves and dividend			– 10 217			– 10 217	– 20 434
Changes in treasury shares	49			12 924		– 3 400	9 524
Share based payments	56			1 201		– 168	1 033
Total transactions with owners			**– 10 217**	**14 125**		**– 13 785**	**– 9 877**
Balance at 31/ 12/ 2023		**291 787**	**475 751**	**– 1 389**	**– 186 304**	**341 126**	**920 971**

The notes on pages 159 to 218 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

A Accounting principles

1. General information
Arbonia Group (Arbonia) is a focused building components supplier. Arbonia is divided into two main divisions, namely Climate and Doors. Manufacturing plants are located in Switzerland, Germany, the Czech Republic, Italy, Poland, Belgium, 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 Board of Directors of Arbonia is examining several expressions of interest but also offers for the purchase of the Climate Division (formerly HVAC). As at the balance sheet date 31 December 2023, a sale of the Climate Division is considered highly probable and consequently, in accordance with IFRS 5, Arbonia reports the Climate Division as discontinued operations (see note 36).

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 consolidated financial statements have been approved for issue by the Board of Directors of Arbonia AG on 20 February 2024 and require approval from the Annual General Meeting on 19 April 2024. The publication of the consolidated financial statements occurred on 27 February 2024 at the media and analyst conference.

2. General principles and basis of preparation
The consolidated financial statements of Arbonia have been prepared in accordance with IFRS Accounting Standards.

The preparation of financial statements in accordance with IFRS 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 30.

Amendments to significant published standards
The accounting policies adopted in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amended standard.

Amendments to IAS 1
Arbonia adopted Disclosures of Accounting Policies (Amendments to IAS 1 and Practice Statement 2) for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.
The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed.

The other new or amended standards had no material impact on the Group's financial statements.

Published standards that are not yet effective nor adopted early
The published but as of the balance sheet date not yet effective significant new or amended standards will not have a material impact on the Group's financial statements.

3. Reporting entity
The consolidated financial statements are based on the financial statements of the individual Group companies prepared as of 31 December. Subsidiaries are fully consolidated from the date on which control is transferred to Arbonia (generally where the interest in votes and share capital is more than 50%). They are deconsolidated from the date that control ceases.

Investments in associated companies, over which Arbonia exercises significant influence but does not control, are initially recognised at cost. The cost comprises the share in net assets and a possible goodwill. After the date of acquisition, the investment is accounted for using the equity method. A significant influence is generally assumed by a shareholding of between 20% to 50% of the voting rights.

The following material changes occurred in the Group:

In the financial year 2023
– As of 24 October 2023, Arbonia acquired 100% of Interwand GmbH, DE-Dörzbach (see note 41).

In the financial year 2022
– As of 16 July 2022, Arbonia acquired 100% of Joro Türen Gmbh, DE-Renchen (see note 41).
– As of 5 December 2022, Arbonia acquired 100% of Cirelius S.A., PT-Avintes (see note 41).

An overview of the material Group companies is included in note 60.

4. Full consolidation
In line with the full consolidation method, 100% of all balance sheet and income statement items are included in the consolidated financial statements. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

5. Capital consolidation
Subsidiaries are fully consolidated from the date on which control is transferred to Arbonia. The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Contingent considerations are measured at fair value and are included in the purchase price. Subsequent changes to the fair value of the contingent consideration are recognised in the income statement unless the consideration is an equity instrument. Directly attributable acquisition-related costs are expensed.

Companies which are sold are deconsolidated from the date that control ceases. The difference between the consideration received and the net assets is recognised in the income statement as other operating income/expenses.

B Summary of material accounting policy information

6. Material accounting policy information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, from notes 7 to 29.

These consolidated financial statements are based on the annual financial statements of the Group companies prepared in accordance with the Group's uniform accounting policies. Balance sheet items are generally stated at cost as modified by the revaluation of financial instruments at fair value through profit or loss. Assets held for sale and disposal groups are measured at the lower of its carrying amount and fair value less costs to sell. Investments in associated companies are measured at cost at the time of acquisition and subsequently at the proportionate share of equity.

7. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The consolidated financial statements are presented in Swiss francs (CHF).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of all the Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement as well as the cash flow statements are translated at average exchange rates. All resulting exchange differences are recognised as a separate component of comprehensive income under other reserves.

Exchange differences arising on intercompany loans of an equity nature that essentially form part of the company's net investment in the foreign entity are classified in comprehensive income under other reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

When a foreign operation is sold or liquidated, exchange differences that were recorded in comprehensive income are recognised in the income statement.

The following foreign currency rates have been applied:

Currency	Unit	2023		2022	
		Year-end rate	Average rate	Year-end rate	Average rate
EUR	1	0.9284	0.9717	0.9897	1.0053
CZK	100	3.7549	4.0507	4.1041	4.0939
PLN	100	21.3523	21.4040	21.1028	21.4807
CNY	100	11.8129	12.7689	13.3331	14.2048
RUB	100	0.9367	1.0652	1.2829	1.4206
RSD	100	0.7966	0.8286	0.8385	0.8559

8. Maturities

Assets realised or consumed within 12 months in the ordinary course of business or held for trading purposes are classified as current assets. All other assets are classified as non-current assets.

Liabilities to be redeemed in the ordinary course of business, held primarily for the purpose of trading, falling due within 12 months from the balance sheet date or do not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date are classified as current liabilities. All other liabilities are classified as non-current liabilities. If a binding commitment to extend an expiring financial liability has been received as of the balance sheet date, the new maturity is also taken into account in the classification.

9. Financial instruments

A financial instrument is a transaction that results in the creation of a financial asset for one party and simultaneously in the creation of a financial liability or equity instrument for the other party.

Financial assets are divided into the following categories: (1) Financial assets measured at amortised cost (FA AC) and (2) Financial assets measured at fair value through profit or loss (FA FVTPL).

At each balance sheet date, financial assets (debt securities) that are not measured at fair value through profit or loss are assessed for expected credit losses. Indications that the creditworthiness of assets is impaired include financial difficulties, breaches of contract and possible bankruptcy of the contracting party. A default with respect to a financial asset exists if it appears unlikely that the contracting party will meet its contractual payments to the Group in full. If loans or receivables have been impaired, the company continues to enforce the receivable to recover it. Financial assets are written-off as soon as there is no reasonable expectation of recovery. Among the indicators that there is no reasonable expectation of recovery is the bankruptcy of the counterparty.

Financial liabilities are divided into the following two categories: (1) Financial liabilities measured at fair value through profit or loss (FL FVTPL) and (2) financial liabilities measured at amortised cost (FL AC).

Financial assets and financial liabilities are normally reported on a gross basis. They are only reported on a net basis if there is at presence a right of offset and an intent to settle on a net basis.

10. Derivative financial instruments

The Group uses derivative financial instruments to minimise interest rate and commodity price risks resulting from operational business and financial transactions. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Arbonia does not apply hedge accounting in accordance with IFRS 9. Derivatives are measured at fair value through profit or loss and disclosed in the balance sheet as other current assets or other current liabilities.

11. Fair value estimation of financial instruments

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price, for financial liabilities the current asking price.

The fair value of financial instruments that are not traded in an active market is determined by using appropriate valuation techniques, e.g. comparison with similar at arm’s length transactions, valuation using the discounted cash flow method or other established valuation methods.

Financial instruments measured at fair value are disclosed under the following hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (derived from prices).
- Level 3 – unobservable market data.

Due to its current nature, the nominal value less estimated allowance of accounts receivable is assumed to approximate their fair value. The nominal value of accounts payable is assumed to approximate their fair value. The fair value of financial liabilities disclosed in note 44 is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The fair value of financial debts is assigned to level 2 of the above mentioned hierarchy.

12. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with post and banks, other short-term highly liquid investments with original maturities not exceeding three months. Cash and cash equivalents are subject to the impairment provisions of IFRS 9, but as the expected losses are completely insignificant, no impairment losses have been recognised.

13. Receivables and contract assets

Accounts receivable and other current assets are measured at amortised cost using the effective interest method, less provision for impairment. Accounts receivable and contract assets are regularly monitored and expected credit defaults assessed. The expected losses are estimated as part of the determination of specific allowances. The assessment is based both on historical experience and on current circumstances, as well as on forward-looking information. This includes an assessment of the expected business and economic conditions as well as the future financial performance of the contracting party. Collateral received is taken into account when calculating the provision for impairment. Impairment losses on receivables are recognised using an allowance account.

14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Claimed cash discounts are treated as a reduction of cost. Items with a low turnover rate are depreciated and obsolete items are fully written off.

15. Assets held for sale and associated liabilities

Non-current assets or a disposal group held for sale and liabilities associated with assets held for sale are classified as such if their carrying amount will be recovered principally through a sale transaction, not through continuing use. For this to be the case, the successful sale must be highly probable, an active search for a buyer is taking place and the asset must be available for immediate sale in its present condition. For the sale to be highly probable, management must be committed to a plan to sell the asset, the offer price of the asset is reasonable in relation to its current fair value and the sale is expected to be completed within one year. The assets are stated at the lower of carrying amount and fair value less costs to sell. Potential impairments are directly recorded within the income statement. Starting from the date of reclassification to this category, depreciation is ceased.

16. Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale and represents a separate major line of business or geographical area of operations. Such a component comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. The classification as discontinued operations occurs on the disposal of the operation or at an earlier point in time, provided the operation meets the criteria for the classification as held for sale. Discontinued operations are disclosed separately in the income statement and previous comparative periods are restated accordingly. However previous year's balance sheet is not restated.

17. Property, plant and equipment

Land is stated at cost. Buildings, plant, machinery and other equipment are stated at cost less depreciation. Depreciation is calculated using the straight-line method based on estimated useful lives as stipulated under note 21.

Impairments (see also note 20) are separately disclosed under accumulated depreciation. Repair and maintenance costs are expensed.

18. Investment property

Investment property, principally comprising land and buildings, is held for long-term rental yields or appreciation and only an insignificant portion is used for operational purposes. Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method.

The fair value of investment property, which is required for disclosure purposes, is determined using the discounted cash flow method. Based on attainable net rental income (gross rental income minus operating costs and future refurbishment costs), the discounted cash flows are calculated for the next 10 years with a residual value for the time thereafter. The fair value of undeveloped land is determined by considering current local market conditions.

19. Intangible assets

Intangible assets include goodwill, which represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary including contingent liabilities at the date of acquisition. Goodwill is seen as an intangible asset with an indefinite useful life. Impairment on goodwill (see note 20) is separately disclosed under accumulated impairment losses.

Intangible assets comprise computer software and licenses at costs incurred. They are measured at cost less accumulated amortisation, calculated using the straight-line method based on estimated useful lives as stipulated under note 21.

Intangible assets acquired in a business combination (brands, patents, technologies, client relationships, distribution channels, etc.) are carried at fair value less accumulated amortisation, calculated using the straight-line method based on estimated useful lives as stipulated under note 21.

Expenses relating to research activities are directly charged to the income statement in the period in which they are incurred. Development costs are capitalised at acquisition cost or production cost and reported under intangible assets if all criteria under IAS 38 have been met on a cumulative basis, including evidence of technical and economic feasibility, evidence of expected future economic benefit and attributability of costs and their reliable valuation. They are amortised over the expected useful life on the basis specified in note 21. Development costs not meeting the criteria under IAS 38 are directly charged to the income statement in the period in which they are incurred.

20. Impairment of assets

The recoverability of property, plant and equipment, right-of-use assets, investment properties, goodwill and other intangible assets is reviewed whenever events or changes in circumstances indicate that the carrying amounts may be overstated. Intangible assets that have an indefinite useful life, such as goodwill, are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use is based on discounted future cash flows. The applied discount rate is a pre-tax rate using the weighted average cost of capital (WACC) method. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – CGU).

21. Estimated useful lives

Asset categories	main category	Useful lives (in years)
Office buildings	Land and buildings	35–60
Factory buildings	Land and buildings	25–40
Investment properties – buildings	Investment property - buildings	25–50
Production machinery	Plant and machinery	8–20
Transport and storage equipment	Plant and machinery	8–15
Tools and moulds	Plant and machinery	5
IT-hardware	Plant and machinery	up to 5
Vehicles	Other equipment	5–10
Office furniture and equipment	Other equipment	up to 5
Capitalised development costs	Other intangible assets	up to 5
Other intangible assets (mainly IT-software)	Other intangible assets	up to 8
Intangible assets from business combinations		
– Customer relationships	Customer relationships	7–20
– Brands, technologies	Brands, Technologies	10–20
– Distribution channels	Other intangible assets from business combinations	10–20
– Order backlog	Other intangible assets from business combinations	up to 2

Land is not systematically depreciated.

22. Provisions

Provisions are recognised only when Arbonia has a present legal or constructive obligation as a result of past events, the amount has been reliably estimated and it is more likely than not that an outflow of resources will be required to settle the obligation.

Provisions for restructuring are only recognised when costs for such a programme can be reliably estimated by virtue of a detailed formal plan and Arbonia has a legal or constructive obligation or has raised a valid expectation in those affected.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in provision due to passage of time is recognised as interest expense.

23. Employee benefit obligations

Arbonia manages various pension plans within Switzerland and abroad. The plans are funded through payments to trustee-administered funds or insurance companies or are unfunded arrangements.

Based on their characteristics the pension plans qualify under IAS 19 as defined benefit plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet to pay future retirement benefits is determined using the projected unit credit method, which is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. If the fair value of plan assets exceeds the present value of the defined benefit obligation, a pension surplus will only be recognised taking the asset ceiling into account. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds. Actuarial valuations are carried out on a regular basis by independent actuaries. Components of defined benefit costs are service cost, net interest result and remeasurement of pension obligations. Service cost includes the increase in current service cost, past service cost (plan amendments or curtailments) and settlements and is reported under personnel expenses. The net interest result is calculated on the net amount of the defined benefit obligation and plan assets using the discount rate and is reported in the financial result. The remeasurement of pension benefit obligations include actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and is recognised immediately in the statement of comprehensive income in other comprehensive income. Likewise, this position includes the return on plan assets (without interest income) and asset ceiling effects.

24. Financial debts

Current and non-current financial debts consist of promissory note loans, syndicated loans, bank loans and mortgages. Financial debts are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial debt, using the effective interest method.

25. Leases

An assessment is made at the beginning of the contract as to whether an agreement constitutes or contains a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Arbonia uses the optional exemption not to recognise short-term and low-value leases in the balance sheet, but to recognise the corresponding lease payments as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of future lease payments during the non-cancellable period of the lease. Arbonia uses incremental borrowing rates as discount rates. On initial measurement, the right-of-use asset corresponds to the lease liability plus any dismantling costs, initial direct costs and advance payments. The right-of-use asset is depreciated on a straight-line basis over the shorter of the useful life and the lease term. If it is intended to exercise a purchase option at the end of the contract period, the asset is depreciated over its useful life. The right-of-use asset is subject to an impairment test if there are indications of impairment.

If the expected lease payments change, e.g. in the case of payments based on an index or due to new estimates regarding contractual options, the lease liability is remeasured. The remeasurement to the lease liability is generally recognised as an adjustment to the related right-of-use asset without affecting the income statement.

26. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Arbonia and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets including unused tax loss carryforwards are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The book value of capitalised deferred income tax assets is assessed for impairment at each balance sheet date and a loss is recognised in case of insufficient future taxable profit.

27. Share based payment

Members of the Board of Directors and Group Management as well as certain employees participate in a share based payment plan. The fair value of the equity compensation instruments granted to employees is estimated at the grant date and recorded over the service period to the income statement as personnel expenses with a corresponding offsetting entry to equity.

28. Shareholders' equity

The share premium relates to the Company going public back in 1988 and the capital increases in 2007, 2009, 2015, 2016 and 2017 reduced by previous distributions. Retained earnings include also remeasurements of employee benefit obligations.

Treasury shares are deducted from shareholders' equity. The cost of these treasury shares and the consideration received from the sale of these instruments (net of transaction cost and taxes) are recorded directly in shareholders' equity.

The other reserves include currency effects due to the translation of the financial statements of foreign Group companies and on intercompany loans of an equity nature.

29. Income statement

Net revenue

The Climate Division generates its sales in the heating technology sector by selling individual product components as well as complete system solutions for residential, commercial and public construction. In the ventilation and air conditioning sector, the product portfolio includes fan coils, ceiling systems, air heaters and ventilation units, as well as systems for residential, commercial and industrial buildings. In addition, radiators, underfloor heating systems, heating walls, underfloor convectors, heat pumps and battery storage units are sold.

With its Wood Solutions Business Unit, the Doors Division generates its sales by selling interior and functional doors in a wide variety of designs and configurations. In the area of Glass Solutions, the division generates its sales through the sale of shower areas, shower enclosures and shower stalls for individual bathroom situations.

Contracts within the Division Climate and the Business Unit Glass Solutions may include several different products which qualify as separate performance obligations. The performance obligation is generally fulfilled when the customer has received delivery. The individual products of a contract are delivered at the same time. It is therefore not necessary to allocate the transaction price to the individual performance obligations. At the time of delivery the invoice is issued and hence a recognition of a contract asset is not required. Revenue is therefore recognized at a point in time.

In the short-term series production (resale/ commercial business) of the Wood Solutions business, the transactions always consist of one single performance obligation. The performance obligation is fulfilled when the customer has received the delivery. As a result of that, an invoice is issued and hence recognition of a contract asset is not required.

The variable considerations can be reliably measured at the time the performance obligation is fulfilled and are taken into account as sales deductions. Payment periods customary in the industry are granted unless special payment periods have been agreed. There is therefore no financing component.

The Wood Solutions Business Unit and a minor part of the Division Climate operate, in addition to the short-term series production, in the project business. The project business is characterised by long-term contracts which partially have a duration of over one year. The products are made to measure, have no alternative use and therefore fulfil the criteria for revenue recognition over time. The performance obligation is progressively satisfied over the period of the provided services (planning, production, assembly, acceptance) using the cost-to-cost method. Under the cost-to-cost method, the stage of completion is measured based on the ratio of costs incurred to date to the total budgeted costs. Revenue is recognised in proportion to the contract costs incurred. Therefore, revenue is recognised over the term of a contract. The allocation of the transaction price to separate performance obligations is not required because of the existence of only one performance obligation in the project business. Variable considerations such as discounts or construction rebates which can be measured reliably are deducted from the transaction price at the beginning of the contract term. In this way, these revenue reductions can be realised proportionally to the revenue recognition over the contract term. For reasons of materiality, it is not necessary to adjust the consideration for the time value of money or to measure non-cash consideration. If revenue is recognised as mentioned before, but the expected amount of consideration has not yet been invoiced, then a contract asset is recognised due to the conditional right to consideration. Accounts receivable from project business are recognised when the right to the consideration becomes unconditional. The right becomes unconditional when an acceptance protocol is signed and accordingly the invoice is issued to the customer. Payment periods customary in the industry are granted unless special payment periods have been agreed. The contract liability relates to contracts whose partial payments exceed the stage of completion or the revenue already recognised respectively, on a net contract-by-contract basis. Contract liabilities are recognised as revenue when the contractual performance obligation has been satisfied. Based on the analysed order durations, there are no significant financing components. The treatment of loss-making contracts occurs regardless of the stage of completion by recognising a provision amounting to the total contract loss resulting from the total budgeted costs not covered by the total amount of the transaction price.

Net revenues are reported net of sales or value-added taxes and are shown net of sales deductions.

If significant costs are incurred in the course of initiating or fulfilling a contract with a customer, these are capitalised.

The assessment of right of return, refund and similar obligations is not necessary as they do not constitute an integral part of Arbonia's business.

Revenues from contracts with customers are broken down by category in the segment reporting. Segment reporting also shows a breakdown of revenues recognised at a point in time and satisfied over time.

Other operating income
Other operating income is recognised when the service has been rendered and comprises amongst others proceeds from the sale of scrap metal, service income, rental income, insurance benefits and gains on the sale of property, plant and equipment.

EBITDA
EBITDA shows earnings before financial results, tax, depreciation and amortisation on non-current assets.

EBITA
EBITA shows earnings before financial results, tax and amortisation of intangible assets from acquisitions.

EBIT
EBIT shows earnings before financial results and tax.

Financial income
Financial income comprises amongst others interest income and minority share from associated companies. Interest income is recognised on a time-proportion basis using the effective interest method.

Financial expenses
Financial expenses primarily include interest expenses, minority share from associated companies, bank charges and foreign exchange losses. Interest expenses are recognised using the effective interest method. Foreign exchange gains and losses are shown on a net basis.

30. Significant accounting judgments, estimates and assumptions

All estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Arbonia makes judgments, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not always equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition
In project business, sales are realised over a period of time. Arbonia determines the stage of completion by using the cost-to-cost method. In Arbonia's opinion, this method best depicts the transfer of control of the products to the customer. Under the cost-to-cost method, the stage of completion is measured based on the ratio of costs incurred to date to the total budgeted costs. Changes due to post calculations and actively managed project controlling are taken into account when determining the stage of completion. Such changes in estimates are recognised prospectively. Revenue is recognised proportionally as costs are incurred. If the expected margin cannot be measured reliably, then revenue is recognised only in the amount of costs incurred.

Inventory provision
In order to determine the adequacy of the inventory provision, factors such as expected sales prices, inventory turnover and coverage days of inventory are considered. As of 31 December 2023, the carrying amount of inventory was at CHF 55.4 million. Therein a provision for inventories of CHF 6.1 million is included. A falling market demand or falling sales prices could lead to additional provisions needed. For further information on the inventory provision, see note 34.

Useful lives for property, plant and equipment
Arbonia has a significant amount of its assets invested in property, plant and equipment. As of 31 December 2023, the carrying amount of property, plant and equipment totalled CHF 393.1 million. At the time of the purchase useful lives for such assets are based on estimates, as technical obsolescence or competition could lead to shorter useful lives than initially anticipated. Therefore the determination of useful lives is based on stringent standards and thereafter continuously reviewed and if necessary adjusted. A change in estimate could impact the level of future depreciation charges. For further information on property, plant and equipment, see note 37.

Estimated impairment of goodwill
As of 31 December 2023, the carrying amount of goodwill was at CHF 146.1 million. Arbonia tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 20. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates such as expected future cash flows, margins, discount rates and growth rates. These estimates could change or differ from the actual outcome and therefore lead to additional impairments. For further information on goodwill, see note 40.

Intangible assets acquired in a business combination
Brands, technologies, client relationships and distribution channels are amortised over their estimated useful lives. At initial recognition, assumptions and estimates must be made about the expected cash flows such as sales prices, margins, discount rates, attrition rates of clients and technological development which of course are exposed to some uncertainties. As of 31 December 2023, the carrying amount of intangible assets acquired in a business combination amounted to CHF 73.3 million. For further information on such acquired intangible assets, see note 40.

Provisions
Provisions are recognised based on the criteria as set out under note 22. As of 31 December 2023, the carrying amount of the provisions totalled CHF 8.3 million. In estimating the amount of provision, assumptions are used and depending on the outcome of the various business transactions, the actual cash outflow and its timing could significantly differ from the booked provision. For further information on provisions, see note 45.

Employee benefit obligations
Employee benefit obligations for defined benefit plans are based on actuarial valuations, which use statistical calculations and actuarial assumptions (see note 23). Such assumptions include amongst others future salary and pension increases, probable turnover rates as well as life expectancy of plan participants. The assumptions underlying these calculations are dependent on a number of prospective factors, therefore actual results could significantly differ from the original valuations and as a consequence impact the carrying amount of capitalised pension surplus and employee benefit obligation. As of 31 December 2023, the overfunding amounted to CHF 12.8 million, thereof CHF 24.5 million recorded in the balance sheet as capitalised pension surplus and CHF 11.7 million as employee benefit obligation. For further information on employee benefit obligation, see note 47.

Income taxes
Arbonia is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Arbonia recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will become due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which such determination is made. Deferred tax assets, including those on tax loss carryforwards and expected tax credits, are only recognised if it is probable that they can be used by future taxable profits. The assessment of the recoverability of those deferred tax assets is therefore based on estimates, which could differ from actual results and consequently lead to valuation allowances. As of 31 December 2023, the carrying amount of deferred tax assets before offsetting totalled CHF 23.0 million. For further information on income taxes, see notes 46 and 52.

C Explanation to certain positions of the consolidated financial statements

31. Segment information

Arbonia is organised into the divisions or segments Climate (formerly HVAC) and Doors. Corporate Services which mainly include service, finance, real estate and investment companies, provides 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. Purchases, sales and 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.

Climate Division (formerly HVAC)
Climate Division is a leading and highly integrated provider to the industry. Under the main brands – Kermi, Arbonia, Prolux, Sabiana, Vasco, Superia and Brugman – it sells its wide product range across Europe. Production takes place in Germany, the Czech Republic, Italy, Belgium, Poland, Russia and Serbia. In addition a large number of sales locations in Europe and a world-wide network of exclusive distribution partners ensure customer proximity.

The Board of Directors of Arbonia is examining several expressions of interest but also offers for the purchase of the Climate Division (formerly HVAC). As at the balance sheet date 31 December 2023, a sale of the Climate Division is considered highly probable and consequently, in accordance with IFRS 5, Arbonia reports the Climate Division as discontinued operations (see note 36).

Doors Division
With its Wood Solutions Business Unit and the associated companies Prüm, Garant, Invado and RWD Schlatter, the Doors Division is one of Europe’s leading suppliers of interior doors and wood frames. In its domestic markets, the business unit offers its customers a comprehensive product range from standard doors to complex functional doors. With the Glass Solutions Business Unit and the well-known brands Kermi, Koralle and Baduscho, the Doors Division is also the European market leader with shower solutions for all generations and lifestyles. The Doors Division has eight production sites: five are located in Germany, two in Switzerland and one in Poland.

Corporate Services
Corporate Services mainly consists of service, finance, real estate and investment companies. These companies provide their services across divisions and almost entirely to Group companies.

in 1 000 CHF						2023
	Climate	Doors	Total reportable segments	Corporate Services	Elimina-tions	Total Group
Sales with third parties at point in time	567 131	439 489	1 006 620	3 065		1 009 685
Sales with third parties over time	9 476	62 051	71 527			71 527
Sales with other segments		23	23		– 23	
Net revenues	**576 607**	**501 563**	**1 078 170**	**3 065**	**– 23**	**1 081 212**
Segment results I (EBITDA)	**42 771**	**39 138**	**81 909**	**– 8 858**	**34**	**73 085**
in % of net revenues	*7.4*	*7.8*	*7.6*			*6.8*
Depreciation and amortisation	– 30 761	– 26 528	– 57 289	– 2 449		– 59 738
Reversal of impairment on property, plant and equipment	167		167			167
Impairment property, plant and equipment	– 1 232		– 1 232			– 1 232
Segment results II (EBITA)	**10 945**	**12 610**	**23 555**	**– 11 306**	**34**	**12 283**
in % of net revenues	*1.9*	*2.5*	*2.2*			*1.1*
Amortisation of intangible assets from acquisi-tions	– 5 411	– 11 600	– 17 011			– 17 011
Segment results III (EBIT)	**5 534**	**1 010**	**6 544**	**– 11 306**	**34**	**– 4 728**
in % of net revenues	*1.0*	*0.2*	*0.6*			*– 0.4*
Interest income	1 337	272	1 609	29 869	– 30 936	542
Interest expenses	– 15 364	– 17 302	– 32 666	– 8 540	30 983	– 10 223
Minority share from associated companies		– 674	– 674			– 674
Other financial result	– 4 805	– 2 806	– 7 611	9 888	– 10 669	– 8 392
Result before income tax	**– 13 298**	**– 19 500**	**– 32 798**	**19 912**	**– 10 588**	**– 23 475**
Income tax expense	– 3 544	4 714	1 170	5 092		6 263
Result after income tax	**– 16 842**	**– 14 786**	**– 31 628**	**25 004**	**– 10 588**	**– 17 212**
Average number of employees	**3 054**	**3 025**	**6 079**	**95**		**6 174**
Total assets	**657 381**	**795 442**	**1 452 823**	**1 138 000**	**– 1 108 245**	**1 482 578**
thereof associated companies		22 497	22 497			22 497
Total liabilities	**427 960**	**471 998**	**899 958**	**282 785**	**– 621 136**	**561 607**
Purchases of property, plant and equipment, right-of-use assets, investment properties and intangible assets	**42 502**	**58 993**	**101 495**	**1 816**		**103 311**

The impairment in the Climate Division relates to machinery in connection with the relocation of the production of design radia-tors from a production site in Belgium.

in 1 000 CHF						2022
	Climate	**Doors**	**Total reportable segments**	**Corporate Services**	**Elimina-tions**	**Total Group**
Sales with third parties at point in time	636 650	483 442	1 120 092	3 219		1 123 311
Sales with third parties over time	9 541	69 245	78 786			78 786
Sales with other segments		51	51		– 51	
Net revenues	**646 191**	**552 738**	**1 198 929**	**3 219**	**– 51**	**1 202 097**
Segment results I (EBITDA)	**58 569**	**59 217**	**117 786**	**– 9 488**	**5**	**108 303**
in % of net revenues	*9.1*	*10.7*	*9.8*			*9.0*
Depreciation and amortisation	– 29 439	– 23 551	– 52 990	– 2 079		– 55 069
Impairment right-of-use assets		– 262	– 262			– 262
Segment results II (EBITA)	**29 130**	**35 404**	**64 534**	**– 11 567**	**5**	**52 972**
in % of net revenues	*4.5*	*6.4*	*5.4*			*4.4*
Amortisation of intangible assets from acquisitions	– 4 538	– 11 420	– 15 958			– 15 958
Segment results III (EBIT)	**24 592**	**23 984**	**48 576**	**– 11 567**	**5**	**37 014**
in % of net revenues	*3.8*	*4.3*	*4.1*			*3.1*
Interest income	675	134	809	9 667	– 10 075	401
Interest expenses	– 6 751	– 4 521	– 11 272	– 2 978	10 089	– 4 161
Minority share from associated companies		1 263	1 263			1 263
Other financial result	– 2 467	– 3 235	– 5 703	15 250	– 14 246	– 4 699
Result before income tax	**16 048**	**17 625**	**33 674**	**10 372**	**– 14 227**	**29 818**
Income tax expense	– 4 463	– 3 757	– 8 220	– 926		– 9 146
Result after income tax	**11 585**	**13 868**	**25 454**	**9 446**	**– 14 227**	**20 672**
Average number of employees	**3 239**	**3 176**	**6 415**	**117**		**6 532**
Total assets	**704 699**	**795 510**	**1 500 209**	**1 116 381**	**– 1 097 078**	**1 519 512**
thereof associated companies		10 457	10 457			10 457
Total liabilities	**441 430**	**455 184**	**896 614**	**253 775**	**– 618 419**	**531 970**
Purchases of property, plant and equipment, right-of-use assets, investment properties and intangible assets	**52 774**	**104 073**	**156 847**	**30 115**		**186 962**

The consolidated financial statements were prepared in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" and the related disclosures and adjustments of certain prior-year figures. The above-mentioned segment information however follows internal management reporting, which is why the discontinued operations per note 36 consisting of the Climate Division are also included.

The reconciliation of the continuing and discontinued operations on the segment information is presented as follows:

in 1 000 CHF			2023
	Continuing operations	Discontinued operations Climate	Total segments
Net revenues	**504 605**	**576 607**	**1 081 212**
Segment results I (EBITDA)	**31 719**	**41 367**	**73 085**
in % of net revenues	*6.3*	*7.2*	*6.8*
Segment results II (EBITA)	**2 741**	**9 542**	**12 283**
in % of net revenues	*0.5*	*1.7*	*1.1*
Segment results III (EBIT)	**– 8 858**	**4 130**	**– 4 728**
in % of net revenues	*– 1.8*	*0.7*	*– 0.4*
Interest result	– 7 976	– 1 705	– 9 681
Other financial result	– 7 191	– 1 875	– 9 066
Result before income tax	**– 24 025**	**551**	**– 23 475**
Income tax expense	9 806	– 3 543	6 263
Result after income tax	**– 14 219**	**– 2 992**	**– 17 212**
Total assets	**862 766**	**619 812**	**1 482 578**
Total liabilities	**366 414**	**195 193**	**561 607**

in 1 000 CHF			2022
	Continuing operations	Discontinued operations Climate	Total segments
Net revenues	**555 906**	**646 191**	**1 202 097**
Segment results I (EBITDA)	**49 735**	**58 568**	**108 303**
in % of net revenues	*8.9*	*9.1*	*9.0*
Segment results II (EBITA)	**23 842**	**29 130**	**52 972**
in % of net revenues	*4.3*	*4.5*	*4.4*
Segment results III (EBIT)	**12 423**	**24 591**	**37 014**
in % of net revenues	*2.2*	*3.8*	*3.1*
Interest result	– 2 906	– 854	– 3 760
Other financial result	– 4 336	900	– 3 436
Result before income tax	**5 181**	**24 636**	**29 818**
Income tax expense	– 4 683	– 4 463	– 9 146
Result after income tax	**498**	**20 174**	**20 672**
Total assets	**852 521**	**666 991**	**1 519 512**
Total liabilities	**339 813**	**192 157**	**531 970**

Information about geographical areas

in 1 000 CHF				2023
	Switzerland	Germany	Other Countries	Total
Net revenues	118 780	309 043	76 782	504 605
Property, plant and equipment, right-of-use assets, investment properties, intangible assets and goodwill	115 367	483 608	60 281	659 256

in 1 000 CHF				2022 restated [1]
	Switzerland	Germany	Other Countries	Total
Net revenues	125 126	346 620	84 160	555 906
Property, plant and equipment, right-of-use assets, investment properties, intangible assets and goodwill	114 909	619 635	342 046	1 076 590

[1] see note 36

Major customers

Arbonia has no customer who generates more than 10% of the Group’s net revenues (see also paragraph credit default risk in note 53).

32. Cash and cash equivalents

Cash and cash equivalents are denominated in the following currencies:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
CHF	4 793	1 382
EUR	9 496	18 638
PLN	1 530	751
CZK	1 200	1 971
RUB		3 502
Other currencies	141	2 952
Total	**17 160**	**29 196**

33. Accounts receivable / contract balances

Accounts receivable

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Accounts receivable	53 554	117 773
Allowance for accounts receivable	– 3 513	– 8 214
Total	**50 041**	**109 559**
thereof accounts receivable project business	18 316	9 920

The allowance for accounts receivable includes expected credit losses and cash discounts.

The ageing analysis is as follows:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Not yet due	43 601	96 423
Overdue up to 30 days	4 513	7 246
Overdue more than 30, less than 60 days	1 096	2 811
Overdue more than 60, less than 90 days	363	1 797
Overdue more than 90, less than 180 days	351	1 003
Overdue more than 180, less than 360 days	139	306
Overdue more than 360 days	– 22	– 27
Total accounts receivable, net	**50 041**	**109 559**

Outstanding accounts receivable amounting to CHF 12.7 million (2022: CHF 74.5 million) were secured and mainly consist of credit insurances. No allowances are made on the secured receivables.

The expected credit losses on accounts receivable developed as follows:

in 1 000 CHF	2023	2022
Balance at 01/ 01	**– 3 892**	**– 4 206**
Foreign exchange differences	106	84
Changes in scope of consolidation	– 82	– 175
Additional allowances	– 1 049	– 323
Used during year	540	474
Unused amounts reversed	319	253
Reclassification to assets held for sale	2 172	
Balance at 31/ 12	**– 1 886**	**– 3 892**

Contract balance

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Contract assets project business	7 068	18 822
Total contract assets	**7 068**	**18 822**
Contract liabilities project business	6 413	6 592
Other advance payments by customers	1 522	3 207
Total contract liabilities	**7 935**	**9 799**

The contract balances project business result from Arbonia's longer-term contracts. Revenues recognised over the term of a contract are shown as contract assets. Contract assets are presented on a net contract-by-contract basis, e.g. less the received partial payments. As soon as the acceptance protocol is signed, the final invoice is issued and the items are transferred to accounts receivable. The movement in the contract assets is as follows:

in 1 000 CHF	2023	2022
Balance at 01/ 01	**18 822**	**13 527**
Foreign exchange differences	– 43	– 45
Reclassification of contract assets existing at the beginning of the period to accounts receivable	– 15 776	– 10 424
Revenue recognition on projects in progress as of the balance sheet date based on percentage of completion	5 811	36 757
Offset against contract liabilities due to partial payments received	– 882	– 20 993
Reclassification to assets held for sale	– 864	
Balance at 31/ 12	**7 068**	**18 822**

The contract liabilities project business relate to contracts whose partial payments exceed the stage of completion. Contract liabilities are recognised as revenue when the contractual performance obligation has been satisfied. The movement in the contract liabilities project business is as follows:

in 1 000 CHF	2023	2022
Balance at 01/ 01	**6 592**	**5 317**
Foreign exchange differences	– 288	– 143
Revenue recognised from amounts included in the contract liabilities at the beginning of the period	– 3 516	– 623
Partial payments received for projects in progress at the balance sheet date	10 528	23 034
Offset against contract assets	– 882	– 20 993
Reclassification to assets held for sale	– 6 021	
Balance at 31/ 12	**6 413**	**6 592**

In 2023, there were no known default risks and therefore no need for specific allowances on contract assets. The expected credit losses are estimated to be insignificant and therefore no allowance was made.

There have been no general changes in the timeframe until an enforceable right for consideration or a performance obligation is fulfilled.

The expected revenues to be recognised on the current order backlog are as follows:

in 1 000 CHF	within 1 year	in 1-2 years	after 2 years
Revenues expected to be recognised on uncompleted order backlog as at 31/ 12/ 2023	21 331	1 419	
Revenues expected to be recognised on uncompleted order backlog as at 31/ 12/ 2022	62 799	16 401	576

These amounts only include contracts of project business with an expected original duration of more than one year.

34. Inventories

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Raw material and supplies	29 264	119 601
Semi-finished and finished goods	24 156	96 132
Goods purchased for resale	1 872	10 787
Prepayments	123	401
Total	**55 415**	**226 921**

A provision of CHF 6.1 million (2022: CHF 19.7 million) has been provided for obsolete and slow-moving items and is deducted from inventories. 2023 and 2022, there are no material inventories written down to the net realisable value and no material write-downs to net realisable value were recorded.

35. Financial assets

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Investments in associated companies > 20 % < 50 %	22 497	10 457
Other financial assets	18	424
Loans		40
Total	**22 515**	**10 921**
thereof disclosed as current assets		12

In November 2023, Arbonia further increased its shares in the German KIWI-KI GmbH, DE-Berlin, and now holds 49.9% of the company. The purchase price amounted to CHF 1.8 million. In the cash flow statement, the cash outflow is included in the position issuance of financial assets.

In October 2022, Arbonia had increased its shares in the KIWI-KI GmbH and held 34.0% of the company as at 31 December 2022.

In April 2023, Arbonia acquired 17.2% of the German Griffwerk GmbH, DE-Blaustein. The purchase price was CHF 12.2 million and was paid almost exclusively in Arbonia shares.

Although Arbonia holds less than 20% of the ownership interest and voting control of Griffwerk, Arbonia has the ability to exercise significant influence. This influence results, among other things, from the shareholding, the active participation of the representatives provided by Arbonia in the shareholders' meeting and in the advisory board of Griffwerk as well as from the cooperation agreement concluded with Griffwerk. The investment in Griffwerk is consequently valued using the equity method.

Associated companies

in 1 000 CHF	2023	2022
Balance at 01/ 01	**10 457**	**7 276**
Foreign exchange differences	– 1 320	– 374
Increase of investment	14 034	2 292
Minority share from associated companies	– 674	1 263
Balance at 31/ 12	**22 497**	**10 457**

Subsequently, the financial information of the associated companies are disclosed in condensed form.

Associated companies – Balance sheet

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Current assets	40 007	8 348
Non-current assets	3 378	1 454
Total assets	**43 384**	**9 802**
Current liabilities	7 480	952
Shareholders' equity	35 904	8 850
Total liabilities and shareholders' equity	**43 384**	**9 802**

Associated companies - Income statement

in 1 000 CHF	2023	2022
Net revenues	25 122	9 205
Results after taxes	2 358	3 730

Business transactions with associated companies

in 1 000 CHF	2023	2022
Sale of goods and services	299	
Purchase of goods and services	33	1

36. Non-current assets held for sale and discontinued operations

The Board of Directors of Arbonia is examining several expressions of interest but also offers for the purchase of the Climate Division (formerly HVAC). As at the balance sheet date 31 December 2023, a sale of the Climate Division is considered highly probable and consequently, in accordance with IFRS 5, Arbonia reports the Climate Division as discontinued operations. All prior-year figures in the income statement and the accompanying notes have been adjusted accordingly. In the consolidated balance sheet as of 31 December 2023, assets and liabilities of the discontinued operations Climate are disclosed in the respective held for sale asset and liability positions. Previous year's figures in the balance sheet, however, were not adjusted.

Assets held for sale and discontinued operations

in 1 000 CHF	31/ 12/ 2023
Cash and cash equivalents	13 756
Receivables and other assets	79 927
Inventories and contract assets	129 055
Deferred expenses	1 276
Financial assets	407
Property, plant and equipment and right-of-use assets	288 064
Investment property	4 095
Intangible assets and goodwill	92 215
Deferred income tax assets	3 812
Capitalised pension surplus	7 205
Total	**619 812**

Liabilities associated with assets held for sale and discontinued operations

in 1 000 CHF	31/ 12/ 2023
Liabilities	78 108
Financial debts and lease liabilities	22 174
Accruals and deferred income	24 842
Provisions	17 485
Deferred income tax liabilities	19 572
Employee benefit obligations	33 012
Total	**195 193**

Result from discontinued operations

in 1 000 CHF	2023	2022
Net revenues	**576 607**	**646 191**
Other operating income and capitalised own services	11 835	12 436
Changes in inventories of semi-finished and finished goods	– 7 547	4 781
Cost of material and goods	– 286 261	– 354 522
Personnel expenses	– 163 724	– 156 815
Other operating expenses	– 89 543	– 93 503
EBITDA	**41 367**	**58 568**
Depreciation, amortisation and impairments	– 31 827	– 29 438
Amortisation of intangible assets from acquisitions	– 5 410	– 4 539
EBIT	**4 130**	**24 591**
Financial result	– 3 579	45
Result from discontinued operations before income tax	**551**	**24 636**
Income tax expense	– 3 544	– 4 463
Result from discontinued operations	**– 2 993**	**20 174**
Loss on disposal of discontinued operations		– 1 545
Net result from discontinued operations	**– 2 993**	**18 629**

The results for the reporting period 2023 includes currently incurred sales costs for the disposal of the Climate Division of CHF 1.4 million.

In 2022, costs of CHF 2.5 million were incurred for the sale of the windows business and provisions of CHF 1.0 million built for the sale were not used and could be released over the income statement.

In the consolidated cash flow statement, the cash flows from the discontinued operations are included, however, subsequently condensed and shown separately below.

Cash flow from discontinued operations

in 1 000 CHF	2023	2022
Cash flows from operating activities	**48 259**	**– 16 652**
Cash flows from investing activities	**– 33 674**	**– 44 471**
Cash flows from financing activities	**– 6 570**	**– 5 859**

As per 31 December 2023, other comprehensive income includes cumulative expenses in connection with discontinued operations totalling around CHF 82 million.

37. Property, plant and equipment

in 1 000 CHF	Land and buildings	Plant and machinery	Other equipment	Prepayments and assets under construction	Total
Net book value at 01/ 01/ 2022	**247 336**	**198 502**	**14 106**	**130 409**	**590 353**
Cost					
Balance at 01/ 01/ 2022	**361 672**	**408 959**	**46 192**	**136 769**	**953 591**
Foreign exchange differences	– 12 461	– 14 709	– 1 487	– 5 094	– 33 751
Change in scope of consolidation	2 593	1 982	255		4 830
Additions	38 442	15 338	6 477	97 728	157 985
Disposals	– 1 617	– 15 282	– 3 015	– 22	– 19 936
Reclassifications	4 125	45 187	1 281	– 62 734	– 12 141
Balance at 31/ 12/ 2022	**392 754**	**441 475**	**49 703**	**166 647**	**1 050 578**
Foreign exchange differences	– 25 105	– 34 584	– 2 880	– 8 879	– 71 448
Change in scope of consolidation	2 984	361	71		3 416
Additions	10 413	10 318	4 340	52 507	77 578
Disposals	– 84	– 11 217	– 2 238	– 105	– 13 644
Reclassification to assets held for sale	– 230 828	– 278 499	– 27 678	– 14 822	– 551 827
Reclassifications	32 615	41 423	– 1 347	– 75 185	– 2 494
Balance at 31/ 12/ 2023	**182 749**	**169 277**	**19 971**	**120 163**	**492 159**

in 1 000 CHF	Land and buildings	Plant and machinery	Other equipment	Prepayments and assets under construction	Total
Accumulated depreciation					
Balance at 01/ 01/ 2022	**114 335**	**210 457**	**32 086**	**6 360**	**363 238**
Foreign exchange differences	– 4 098	– 7 527	– 990	949	– 11 666
Depreciation	10 386	28 131	4 500		43 017
Disposals	– 1 223	– 15 162	– 2 877		– 19 262
Reclassifications	– 63	7 356	70	– 7 133	230
Balance at 31/ 12/ 2022	**119 337**	**223 255**	**32 789**	**176**	**375 557**
Foreign exchange differences	– 7 768	– 18 487	– 1 982		– 28 237
Depreciation	10 853	29 894	4 706		45 453
Impairment		1 232			1 232
Reversal of impairment		– 167			– 167
Disposals	– 38	– 11 053	– 2 065		– 13 156
Reclassification to assets held for sale	– 96 497	– 167 007	– 18 285	– 227	– 282 016
Reclassifications		1 497	– 1 195	51	353
Balance at 31/ 12/ 2023	**25 887**	**59 164**	**13 968**		**99 019**
Net book value at 31/ 12/ 2022	**273 416**	**218 220**	**16 914**	**166 471**	**675 021**
Net book value at 31/ 12/ 2023	**156 861**	**110 113**	**6 003**	**120 163**	**393 140**

No borrowing costs were capitalised in 2023 and 2022.

Capital commitments
As of the balance sheet date, Arbonia had entered into the following capital commitments for the purchase of property, plant and equipment and intangible assets:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Property, plant and equipment	22 443	51 976
Intangible assets		124
Total	**22 443**	**52 100**

Land and buildings amounting to CHF 37.1 million (2022: CHF 39.6 million) are pledged to secure mortgages, which are fully attributable to discontinued operations.

38. Leasing

Arbonia leases various assets, including buildings, machinery, vehicles, tools and IT equipment. The lease conditions are negotiated individually and contain a variety of different conditions. The rights-of-use assets in connection with these leases are as follows:

in 1 000 CHF	Right-of-use buildings	Right-of-use plant and machinery	Right-of-use other equipment	Total
Net book value at 01/ 01/ 2022	**33 867**	**4 090**	**6 589**	**44 546**
Cost				
Balance at 01/ 01/ 2022	**45 781**	**6 509**	**14 685**	**66 975**
Foreign exchange differences	– 909	– 247	– 561	– 1 717
Change in scope of consolidation	1 922		12	1 934
Additions	9 307	409	2 803	12 519
Disposals and remeasurements	– 31 927	– 503	– 2 909	– 35 339
Reclassifications	– 10	– 749	– 149	– 908
Balance at 31/ 12/ 2022	**24 164**	**5 419**	**13 881**	**43 464**
Foreign exchange differences	– 1 541	– 454	– 702	– 2 697
Change in scope of consolidation	33		133	166
Additions	5 031	1 086	4 254	10 371
Disposals and remeasurements	735	– 279	– 3 815	– 3 359
Reclassification to assets held for sale	– 19 358	– 4 617	– 8 728	– 32 703
Reclassifications			– 680	– 680
Balance at 31/ 12/ 2023	**9 064**	**1 155**	**4 343**	**14 562**

in 1 000 CHF	Right-of-use buildings	Right-of-use plant and machinery	Right-of-use other equipment	Total
Accumulated depreciation				
Balance at 01/ 01/ 2022	**11 914**	**2 419**	**8 096**	**22 429**
Foreign exchange differences	– 299	– 98	– 299	– 696
Depreciation	3 889	737	3 335	7 961
Impairment	262			262
Disposals	– 6 899	– 485	– 2 836	– 10 220
Reclassifications		– 208	– 70	– 278
Balance at 31/ 12/ 2022	**8 867**	**2 365**	**8 226**	**19 458**
Foreign exchange differences	– 494	– 245	– 366	– 1 105
Depreciation	4 251	821	3 252	8 324
Disposals	– 1 294	– 119	– 4 079	– 5 492
Reclassification to assets held for sale	– 7 914	– 2 225	– 4 311	– 14 450
Reclassifications		– 167	– 208	– 375
Balance at 31/ 12/ 2023	**3 416**	**430**	**2 514**	**6 360**
Net book value at 31/ 12/ 2022	**15 297**	**3 054**	**5 655**	**24 006**
Net book value at 31/ 12/ 2023	**5 648**	**725**	**1 829**	**8 202**

The disposals in the right-of-use buildings in 2022 included the Corporate Center in CH-Arbon for CHF 21.5 million. In the 2nd quarter of 2022, Arbonia had repurchased the Corporate Center prematurely for CHF 25.1 million and thus also early terminated the lease agreement. The lease agreement had an original term until 31 August 2027. The lease liability and the purchase price obligation recognised in other non-current liabilities were derecognised against the right-of-use asset.

Other operating expenses include the following expenses in connection with leases:

in 1 000 CHF	2023	2022 restated [1]
Expenses relating to short-term leases	841	989
Expenses relating to leases of low-value assets (excluding short-term leases)	308	430
Expenses for variable lease payments	412	738
Total	**1 561**	**2 157**

[1] see note 36

Total cash outflows for leases amounted to CHF 12.8 million in 2023 (2022: CHF 13.2 million). Of this amount, CHF 4.8 million (2022: CHF 5.6 million) was attributable to continuing operations.

Some of Arbonia's rental leases include renewal options. The determination of the lease term of these leases requires judgement. The assessment of whether it is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. In its assessment, Arbonia considers the facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs. As of 31 December 2023, possible future cash outflows of CHF 0.9 million (2022: CHF 0.9 million) were not included in the lease liability as it is not reasonably certain that the lease agreements will be renewed.

39. Investment property

in 1 000 CHF	Investment property - land	Investment property - buildings	Total
Net book value at 01/ 01/ 2022	**1 104**	**148**	**1 252**
Cost			
Balance at 01/ 01/ 2022	**1 603**	**24 728**	**26 331**
Foreign exchange differences	– 66	– 4	– 70
Additions		3 296	3 296
Reclassifications	4 250	236	4 486
Balance at 31/ 12/ 2022	**5 787**	**28 256**	**34 043**
Foreign exchange differences	– 260	– 16	– 276
Additions		1 086	1 086
Disposals		– 2 071	– 2 071
Reclassification to assets held for sale	– 3 925	– 243	– 4 168
Balance at 31/ 12/ 2023	**1 602**	**27 012**	**28 614**
Accumulated depreciation			
Balance at 01/ 01/ 2022	**499**	**24 580**	**25 079**
Foreign exchange differences	– 1		– 1
Depreciation		38	38
Reclassifications	38	25	63
Balance at 31/ 12/ 2022	**536**	**24 643**	**25 179**
Foreign exchange differences	– 2	– 2	– 4
Depreciation		284	284
Disposals		– 2 071	– 2 071
Reclassification to assets held for sale	– 35	– 39	– 74
Balance at 31/ 12/ 2023	**499**	**22 815**	**23 314**
Net book value at 31/ 12/ 2022	**5 251**	**3 613**	**8 864**
Net book value at 31/ 12/ 2023	**1 103**	**4 197**	**5 300**
Fair values of investment properties at 31/ 12/ 2022			**16 994**
Fair values of investment properties at 31/ 12/ 2023			**12 355**

Rental income from investment properties amounted to CHF 1.8 million (2022: CHF 0.7 million) and is included in other operating income. Of this amount, CHF 1.5 million (2022: CHF 0.7 million) was attributable to continuing operations. Related direct operating expenses were CHF 0.2 million (2022: CHF 0.3 million), are included in other operating expenses and relate only to continuing operations. The fair values of investment properties are, in the hierarchy according to IFRS 13, assigned to level 3 for non-observable market data, since they are calculated on the basis of estimates that have been determined by independent external valuers and internal assessments.

40. Intangible assets

in 1 000 CHF	Brands	Customer relationships	Tech-nologies	Other intangible assets from business combinations	Other intangible assets	Total	Goodwill
Net book value at 01/ 01/ 2022	**55 527**	**80 270**	**11 782**	**54**	**13 489**	**161 122**	**178 621**
Cost							
Balance at 01/ 01/ 2022	**86 587**	**127 751**	**19 328**	**4 441**	**31 347**	**269 454**	**207 622**
Foreign exchange differences	– 3 733	– 5 155	– 926	– 89	– 1 204	– 11 107	– 7 973
Change in scope of consolidation	5 638	19 426	4 800	653	28	30 545	11 747
Additions					13 161	13 161	
Disposals					– 915	– 915	
Reclassifications					8 607	8 607	
Balance at 31/ 12/ 2022	**88 492**	**142 022**	**23 202**	**5 005**	**51 024**	**309 745**	**211 396**
Foreign exchange differences	– 4 496	– 6 797	– 1 448	– 142	– 2 507	– 15 390	– 9 098
Change in scope of consolidation					8	8	
Additions					14 320	14 320	
Disposals					– 713	– 713	
Reclassification to assets held for sale	– 26 358	– 42 407	– 16 569	– 246	– 15 021	– 100 601	– 48 075
Reclassifications					3 158	3 158	
Balance at 31/ 12/ 2023	**57 638**	**92 818**	**5 185**	**4 617**	**50 269**	**210 527**	**154 223**
Accumulated amortisation							
Balance at 01/ 01/ 2022	**31 060**	**47 481**	**7 546**	**4 387**	**17 858**	**108 332**	**29 001**
Foreign exchange differences	– 1 313	– 1 701	– 352	– 85	– 538	– 3 989	
Amortisation	5 608	8 796	1 200	355	4 054	20 013	
Disposals					– 915	– 915	
Balance at 31/ 12/ 2022	**35 355**	**54 576**	**8 394**	**4 657**	**20 459**	**123 441**	**29 001**
Foreign exchange differences	– 1 882	– 2 304	– 591	– 137	– 866	– 5 780	
Amortisation	5 706	9 605	1 355	343	5 678	22 687	
Disposals					– 713	– 713	
Reclassification to assets held for sale	– 8 257	– 11 503	– 8 088	– 246	– 7 467	– 35 561	– 20 901
Reclassifications					– 38	– 38	
Balance at 31/ 12/ 2023	**30 922**	**50 374**	**1 070**	**4 617**	**17 053**	**104 036**	**8 100**
Net book value at 31/ 12/ 2022	**53 137**	**87 446**	**14 808**	**348**	**30 565**	**186 304**	**182 395**
Net book value at 31/ 12/ 2023	**26 716**	**42 444**	**4 115**		**33 216**	**106 491**	**146 123**

Expenses for research and development in the amount of CHF 12.8 million (2022: CHF 12.7 million) have been charged to the income statement, since they did not fulfil the capitalisation criteria. Of this amount, CHF 4.3 million (2022: CHF 4.1 million) was attributable to continuing operations. Out of other intangible assets as of 31 December 2023, CHF 31.1 million (2022: CHF 27.5 million) relate to software and software licenses. The additions to intangible assets consist of CHF 3.1 million (2022: CHF 3.3 million) of own development costs and CHF 11.2 million (2022: CHF 9.9 million) of purchased or acquired items. Of the additions to other intangible assets, CHF 6.7 million (2022: CHF 6.2 million) relate to implementation costs in connection with the introduction of SAP S/4HANA in the Doors Division.

Goodwill

As of 31 December 2023 goodwill from business combinations is allocated to the Group's five cash-generating units (CGUs) Termovent, Sabiana, Joro Doors, Wood Solutions and Glass Solutions. The movements of the carrying amounts of goodwill during the reporting period were as follows:

in 1 000 CHF	Termovent	Sabiana	Joro Doors	Wood Solutions	Glass Solutions	Total
Balance at 31/ 12/ 2022	**7 271**	**21 604**	**11 615**	**127 258**	**14 647**	**182 395**
Foreign exchange differences	– 363	– 1 338	– 719	– 6 678		– 9 098
Reclassification to assets held for sale	– 6 908	– 20 266				– 27 174
Balance at 31/ 12/ 2023			**10 896**	**120 580**	**14 647**	**146 123**

Goodwill impairment tests 2023

The recoverability of goodwill is assessed annually towards year-end or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs to sell.

The recoverable amount of the CGUs was determined based on value in use calculations. These calculations used cash flow projections which, with the exception of the CGU Wood Solutions, cover a five-year period. Cash flows beyond the five-year period were extrapolated using estimated growth rates.

The underlying financial data consisting of one budget year and four plan years form part of the Group's medium term plan approved by the Board of Directors in autumn 2023 and were used for the impairment tests.

For the first time this year a planning horizon of ten years was applied to the CGU Wood Solutions. This consists of one budget year and four plan years with subsequent reconciliation of a further five years to the residual values. The slump in the construction industry, particularly in Germany, led to a drop in demand for doors in the reporting period. Due to this decreased demand, the highly automated "Werk der Zukunft" in Germany, which is currently being completed, will only reach full value creation and corresponding capacity utilisation after the first five planning years, meaning that five additional planning years have been used.

The value in use calculation for the annual 2023 impairment tests assumed the following key assumptions:

in %	Termovent	Sabiana	Joro Doors	Wood Solutions	Glass Solutions
Budgeted gross margin	49.3	42.5	69.7	58.0	71.6
Eternal growth rate	2.3	1.5	1.5	2.0	1.5
Discount rate	13.1	12.5	11.5	10.6	10.6

Budgeted gross margins are based on expectations for the market development and initiated optimisation measures. The eternal growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

Based on a reasonably possible change in the key assumptions, sensitivity analyses were calculated in 2023 on higher discount rates, lower than actually expected EBITDAs, lower gross margins and lower eternal growth rates which only led to a possible impairment at the CGU Wood Solutions.

Due to the longer planning horizon for the CGU Wood Solutions and the associated greater uncertainties, higher changes were applied to the sensitivities compared to the previous year.

Other key assumptions for the impairment test of the CGU Wood Solutions included an annual average growth rate of 5.5% until 2028 and 5.0% until 2033 as well as an EBITDA margin development to 14.9% until 2028 and to 16.9% until 2033.

A reduction in the budgeted gross margin from 58.0% to 51.0% would have been sufficient for the CGU Wood Solutions to prevent an impairment. A 20% reduction in EBITDA would lead to an impairment of CHF 7 million. At a reduction of 19.1% in EBITDA, the calculated value would be equal to its carrying amount. A 20% reduction in EBITDA and a simultaneous reduction of eternal growth from 2.0% to 1.5% would lead to an impairment of CHF 31 million. At a reduction of 17.4% in EBITDA and an eternal growth of 1.75%, the recoverable amount was equal to its carrying amount.

Goodwill impairment tests 2022
The value in use calculation for the annual 2022 impairment tests assumed the following key assumptions:

in %	Termovent	Sabiana	Joro Doors	Wood Solutions	Glass Solutions
Budgeted gross margin	40.4	40.6	72.0	54.5	67.7
Eternal growth rate	2.5	1.8	2.5	2.1	2.0
Discount rate	11.4	12.0	11.2	10.8	10.3

Budgeted gross margins were determined based on expectations for the market development and initiated optimisation measures. The eternal growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant CGUs.

Based on a reasonably possible change in the key assumptions, sensitivity analyses were calculated in 2022 on higher discount rates, lower than actually expected EBITDAs, lower gross margins and lower eternal growth rates which only led to a possible impairment at the CGU Wood Solutions.

A reduction in the budgeted gross margin from 54.5% to 52.5% would have resulted in an impairment of the CGU Wood Solutions amounting to CHF 64.8 million. At a budgeted gross margin of 53.6%, the calculated value would have been equal to its carrying amount. A 10% reduction in EBITDA and a simultaneous reduction of eternal growth from 2.1% to 1.6% would have led to an impairment of CHF 51.8 million. At a reduction of 5.1% in EBITDA and a simultaneous reduction of eternal growth to 1.9%, the calculated value would have been equal to its carrying amount.

41. Acquisitions

The following fair value of assets and liabilities had arisen from acquisitions as mentioned under note 3:

Acquisitions 2023

Interwand GmbH

in 1 000 CHF	Fair Value
Assets	
Cash and cash equivalents	1 249
Accounts receivable	738
Other current assets	193
Inventories	1 954
Deferred expenses	31
Current income tax receivables	196
Property, plant and equipment	3 581
Intangible assets	8
Total assets	**7 950**
Liabilities	
Accounts payable	195
Contract liabilites	1 107
Other liabilities	96
Lease liabilities	166
Accruals and deferred income	369
Provisions	77
Deferred income tax liabilities	602
Total liabilities	**2 612**
Net assets acquired	**5 338**
Cost of acquisition	
Purchase price	4 262
Deferred purchase price	1 076
Total cost of acquisition	**5 338**
Net cash outflow was as follows:	
Purchase price	4 262
Cash and cash equivalents acquired	– 1 249
Net cash outflow on acquisition	**3 014**

As of 24 October 2023, Arbonia acquired 100% of Interwand GmbH, DE-Dörzbach. The company is specialised in the manufacture and installation of office partition walls and industrial walls. The purchase price amounted to CHF 5.3 million which includs a deferred purchase price payment of CHF 1.1 million. From the date of acquisition, Interwand contributed CHF 1.8 million in net revenues and CHF 0.3 million in profit to the Group. Had the acquisition taken place on 1 January 2023, net revenues would have been CHF 9.2 million and profit would have been CHF 0.3 million. The gross carrying amount of accounts receivable amounted to CHF 0.8 million, of which CHF 0.1 million were considered uncollectable. The acquisition-related costs amounted to CHF 0.2 million and are included in other operating expenses in 2023.

In 2023, deferred purchase price payments for Joro, Tecna and CICSA of CHF 1.4 million were due and paid.

Acquisitions 2022

Joro Türen GmbH

in 1 000 CHF	Fair Value
Assets	
Cash and cash equivalents	767
Accounts receivable	845
Other current assets	572
Inventories	1 920
Deferred expenses	29
Property, plant and equipment	1 709
Right-of-use assets	1 617
Intangible assets	10 635
Financial assets	11
Total assets	**18 106**
Liabilities	
Accounts payable	160
Other liabilities	246
Lease liabilities	1 617
Accruals and deferred income	403
Current income tax liabilities	200
Provisions	25
Deferred income tax liabilities	2 919

Employee benefit obligations	1 159
Total liabilities	**6 730**

Net assets acquired	**11 376**
Goodwill	11 747
Acquisition price	**23 123**

Cost of acquisition	
Purchase price	20 811
Deferred purchase price	2 312
Total cost of acquisition	**23 123**
Net cash outflow was as follows:	
Purchase price	20 811
Cash and cash equivalents acquired	– 767
Net cash outflow on acquisition	**20 044**

As of 16 July 2022, Arbonia had acquired 100% of Joro Türen GmbH, DE-Renchen. This company is a producer of special doors for the project business in the area of fire, smoke, sound and burglary protection. This acquisition gave the Doors Division access to the German project business and access to extensive approvals and certificates for oversized doors that cannot be manufactured on industrial equipment. The purchase price amounted to CHF 23.1 million which included a deferred purchase price payment of CHF 2.3 million. A first tranche of CHF 1.15 million was paid in July 2023 and a second tranche of CHF 1.15 million will be due on July 2024. From the date of acquisition, Joro contributed CHF 4.3 million in net revenues and CHF 1.1 million in profit to the Group result of 2022. Had the acquisition taken place on 1 January 2022, net revenues would have been CHF 8.7 million and profit, including amortisation charges on intangible assets from acquisitions, would have been CHF 1.5 million for 2022. The gross carrying amount of accounts receivable amounted to CHF 1.1 million, of which CHF 0.3 million were considered uncollectable. The acquisition-related costs amounted to CHF 0.1 million and are included in other operating expenses in 2022. The goodwill from this acquisition was due to the fact that certain intangible assets did not meet the criteria of IFRS 3 «business combinations» for the recognition as intangible assets at the date of acquisition. These intangible assets consisted mainly of the know-how of the workforce. Furthermore goodwill included the expected synergy potentials within the Doors Division.

Cirelius S.A.

in 1 000 CHF	Fair Value
Assets	
Cash and cash equivalents	2 899
Accounts receivable	2 054
Other current assets	97
Inventories	4 850
Deferred expenses	38
Property, plant and equipment	3 121
Right-of-use assets	316
Intangible assets	19 909
Financial assets	37
Total assets	**33 321**

Liabilities	
Accounts payable	540
Other liabilities	773
Lease liabilities	323
Accruals and deferred income	266
Current income tax liabilities	621
Deferred income tax liabilities	4 428
Total liabilities	**6 950**

Net assets acquired	**26 371**

Cost of acquisition	
Purchase price	26 371
Total cost of acquisition	**26 371**
Net cash outflow was as follows:	
Purchase price	26 371
Cash and cash equivalents acquired	– 2 899
Net cash outflow on acquisition	**23 471**

As of 5 December 2022, Arbonia had acquired 100% of Cirelius S.A., PT-Avintes. Cirelius specialises in particular in the sale and distribution of HVAC system solutions for residential construction throughout Portugal and distributes, among other things, heat pumps and photovoltaic systems. For the Climate Division, this acquisition means a significant strengthening of its activities in the Portuguese and Spanish markets, making it a leading supplier of HVAC system solutions on the Iberian Peninsular. The purchase price amounted to CHF 26.4 million.

Since the acquisition took place just shortly before year-end, Arbonia has renounced to consolidate the income statement of Cirelius in 2022 based on materiality reasons. Had the acquisition taken place on 1 January 2022, net revenues would have been CHF 23.2 million and profit for 2022, including amortisation charges on intangible assets from acquisitions, would have been CHF 2.9 million. The gross carrying amount of accounts receivable amounted to CHF 2.2 million, of which CHF 0.2 million were considered uncollectable. The acquisition-related costs amounted to CHF 0.2 million and are included in other operating expenses in 2022.

In 2022, deferred purchase price payments for Tecna and CICSA of CHF 0.7 million were due and paid.

42. Financial debts

On 3 November 2020, Arbonia had entered into a syndicated loan for CHF 250 million. This loan, arranged with a consortium of domestic and foreign banks, has a term of five years, with the option to extend the agreement twice for one year each. The first extension option was exercised in 2021 and the second in 2022, so that the term now runs until 2027.

The financial debts are comprised of the following:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Promissory note loan	60 346	119 754
Syndicated loan	133 926	54 434
Mortgages	15 000	6 446
Bank loans		10 804
Total	**209 272**	**191 438**

The syndicated loan contains the leverage ratio as covenant. In the event of non-compliance, the banks may at any time at their option, declare the amounts then outstanding to be immediately due and payable. Arbonia was in compliance with the covenant in 2023 and 2022.

The maturities of the financial debts are as follows:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
within 1 year	134 346	121 586
between 1 and 5 years	74 926	57 708
after 5 years		12 144
Total	**209 272**	**191 438**

The effective interest rates for the financial debts at the balance sheet date were as follows:

	31/ 12/ 2023	
	CHF	EUR
Financial debts	2.9%	2.5%

	31/ 12/ 2022	
	CHF	EUR
Financial debts		2.1%

The syndicated loan and bank loans have variable interest rates, whereas the promissory note loan and mortgages have fixed interest rates.

The breakdown for the financial debts by currency was as follows:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
CHF	135 000	
EUR	74 272	191 438
Total	**209 272**	**191 438**

43. Financial instruments

The contractually agreed undiscounted interest payments and repayments of the non-derivative financial liabilities and the derivatives with a cash outflow are as follows:

							31/ 12/ 2023
in 1 000 CHF	**Book value**	**Contractual cash flows**	**up to 6 months**	**7 to 12 months**	**between 1 and 2 years**	**between 2 and 5 years**	**after 5 years**
Non-derivative financial instruments							
Accounts payable	33 139	33 139	33 139				
Other liabilities (without derivatives)	2 668	2 668	549	1 600	519		
Lease liabilities	8 311	9 674	1 229	1 033	1 841	2 920	2 651
Accruals and deferred income	23 605	23 605	23 408	197			
Financial debts	209 272	214 137	135 836	387	52 936	24 978	
Total	**276 995**	**283 223**	**194 161**	**3 217**	**55 296**	**27 898**	**2 651**

							31/ 12/ 2022
in 1 000 CHF	**Book value**	**Contractual cash flows**	**up to 6 months**	**7 to 12 months**	**between 1 and 2 years**	**between 2 and 5 years**	**after 5 years**
Non-derivative financial instruments							
Accounts payable	92 970	92 970	92 941	29			
Other liabilities (without derivatives)	4 927	4 927	1 941	1 184	1 802		
Lease liabilities	22 119	23 305	3 884	3 525	5 502	7 102	3 292
Accruals and deferred income	40 909	40 909	40 138	771			
Financial debts	191 438	198 290	123 705	1 023	2 282	58 763	12 517
Total	**352 363**	**360 401**	**262 609**	**6 532**	**9 586**	**65 865**	**15 809**

Amounts in foreign currency were each translated at the respective year-end rate. Variable interest payments arising from financial instruments were calculated using the conditions prevailing at the balance sheet date. Financial liabilities which can be repaid at any time are always assigned to the earliest possible time period.

44. Additional disclosures on financial instruments

The relation between the relevant balance sheet items and the measurement categories in accordance with IFRS 9 and the disclosure of fair values of financial instruments is shown in the following table. The table does not contain information on fair value for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value. Similarly, no information is required on the fair value of lease liabilities.

in 1 000 CHF	FA AC	FL AC	Book value	31/ 12/ 2023 Fair Value Level 2
Cash and cash equivalents	17 160		17 160	
Accounts receivable	50 041		50 041	
Other current assets (without derivatives)	3 291		3 291	
Deferred expenses	2 410		2 410	
Other financial assets	18		18	
Assets	**72 920**		**72 920**	
Accounts payable		33 139	33 139	
Other liabilities (without derivatives)		2 668	2 668	
Lease liabilities		8 311	8 311	
Accruals and deferred income		23 605	23 605	
Promissory note loan		60 346	60 346	58 383
Syndicated loan		133 926	133 926	
Mortgages		15 000	15 000	
Liabilities		**276 995**	**276 995**	

							31/ 12/ 2022
in 1 000 CHF	FA FVTPL	FA AC	FL FVTPL	FL AC	Book value		Fair Value
						Level 2	Level 3
Cash and cash equivalents		29 196			29 196		
Accounts receivable		109 559			109 559		
Derivative financial instruments	70				70	70	
Other current assets		1 208			1 208		
Deferred expenses		3 198			3 198		
Other financial assets		424			424		
Loans	40				40		40
Assets	**110**	**143 585**			**143 695**		
Accounts payable				92 970	92 970		
Other liabilities (without derivatives)				4 927	4 927		
Lease liabilities				22 119	22 119		
Accruals and deferred income				40 909	40 909		
Promissory note loan				119 754	119 754	115 761	
Syndicated loan				54 434	54 434		
Loans				10 804	10 804		
Mortgages				6 446	6 446	6 376	
Liabilities				**352 363**	**352 363**		

Abbreviations in the header of this table are explained in note 9 "Financial Instruments" on page 162.

The derivative financial instruments measured at fair value through profit or loss relate to interest rate transactions for 2022. The fair value of level 2 corresponds to the present value of the expected payments, which are discounted at market rates. The determination of the fair value of these transactions is made by the banks.

In 2023 and 2022, no gains/losses resulted from level 3 financial instruments. Furthermore, no reclassifications occurred between the levels 1 and 2.

45. Provisions

in 1 000 CHF	Warranty	Personnel	Restructuring	Onerous contracts project business	Other provisions	Total
Balance at 01/ 01/ 2022	**10 524**	**7 836**	**8 662**	**16**	**5 265**	**32 303**
Foreign exchange differences	– 385	– 352	– 320		– 98	– 1 155
Change in scope of consolidation	25					25
Additional provisions	3 679	2 965	2 686	12	136	9 478
Used during the year	– 6 097	– 1 568	– 6 363	– 4	– 685	– 14 717
Unused amounts reversed	– 457	– 954	– 290		– 1 385	– 3 086
Balance at 31/ 12/ 2022	**7 289**	**7 927**	**4 375**	**24**	**3 233**	**22 848**
Foreign exchange differences	– 402	– 490	– 521		– 109	– 1 522
Change in scope of consolidation	77					77
Additional provisions	4 783	2 346	9 744	13	265	17 151
Used during the year	– 5 045	– 1 534	– 3 842		– 419	– 10 840
Unused amounts reversed	– 209	– 125	– 258	– 37	– 1 341	– 1 970
Reclassification to liabilities associated with assets held for sale	– 3 704	– 3 495	– 8 983		– 1 303	– 17 485
Balance at 31/ 12/ 2023	**2 789**	**4 629**	**515**		**326**	**8 259**
thereof current at 31/ 12/ 2022	4 750	1 700	4 375	23	1 382	12 230
thereof current at 31/ 12/ 2023	2 258	595	515		258	3 626

The current provisions are expected to be fully utilised during 2024. The non-current provisions are expected to be utilised as follows:

in 1 000 CHF	Warranty	Personnel	Restructuring	Onerous contracts project business	Other provisions	Total
between 1 and 5 years	531	2 984			68	3 583
after 5 years		1 050				1 050

Warranty
Warranty provisions are assessed for each order individually. In case of a high volume of orders, such an individual assessment might be impractical and standard rates are applied based on past experience.

Personnel
Personnel provisions comprise mainly provisions for partial retirements.

Restructuring
In July 2023, the Climate Division announced the relocation of the production of design radiators from Vasco's Belgian production site in Dilsen to its plant in Stříbro (CZ). A large part of the restructuring provision recognised in 2023 is attributable to this. A large part of the restructuring provision recognised in 2022 related to the discontinuation of operations in Vlotho (DE) announced by the Doors Division in December 2022. In 2023 costs of CHF 1.9 million were booked against this provision.

Other provisions
Other provisions include costs for environmental risks, legal claims and various risks that could arise in the normal course of business.

46. Deferred income taxes

Deferred tax assets and liabilities arise due to differences between the group valuation and tax valuation in the following balance sheet items:

in 1 000 CHF	31/ 12/ 2023 Deferred tax assets	31/ 12/ 2023 Deferred tax liabilities	31/ 12/ 2022 Deferred tax assets	31/ 12/ 2022 Deferred tax liabilities
Assets				
Cash and cash equivalents			4	
Accounts receivable	456	51	484	226
Other current assets		67	6	134
Inventories	574	72	1 730	635
Property, plant and equipment and right-of-use assets	97	10 896	254	23 162
Investment property		40	67	320
Intangible assets	96	20 080	204	39 519
Capitalised pension surplus and financial assets	132	12 144	130	3 148
Liabilities				
Current liabilities	809	3 325	5 505	4 997
Non-current liabilities	4 362	1 661	2 874	858
Current and non-current provisions	306	122	938	312
Employee benefit obligations	2 092	13	3 966	4
Deferred taxes from timing differences	**8 924**	**48 471**	**16 162**	**73 315**
Deferred tax assets derived from tax loss carryforwards	22 571		13 658	
Valuation allowance	– 8 499		– 7 104	
Net deferred taxes from timing differences	**22 996**	**48 471**	**22 716**	**73 315**
Offset of deferred tax assets and liabilities	– 16 945	– 16 945	– 18 330	– 18 330
Total deferred taxes	**6 051**	**31 526**	**4 386**	**54 985**

From the capitalised pension surplus and employee benefit obligations, CHF 2.3 million (2022: CHF -1.7 million) of deferred taxes from continuing operations were recorded in comprehensive income. All other changes of assets and liabilities were recorded through the income statement.

Deferred income tax assets are recognised for tax loss carryforwards, to the extent that the realisation of the related tax benefit through future taxable profits is probable.

There are temporary differences totalling CHF 15.7 million (2022: CHF 15.7 million) in conjunction with investments in subsidiaries for which Arbonia has not recorded deferred tax liabilities based on the exemption provisions of IAS 12. There are no deductible temporary differences for both 2023 and 2022 on which no deferred tax assets have been recognised.

Activity in the deferred income tax account on a net basis is as follows:

in 1 000 CHF	2023	2022
Balance at 01/01	**50 599**	**45 294**
Change in scope of consolidation	602	7 347
Changes to other comprehensive income	2 308	– 1 658
Changes to other comprehensive income for discontinued operations	– 42	2 225
Changes to the income statement	– 8 811	131
Changes to the income statement for discontinued operations	– 1 433	– 1 093
Reclassification to assets held for sale	3 812	
Reclassification to liabilities associated with assets held for sale	– 19 572	
Foreign exchange differences	– 1 987	– 1 647
Balance at 31/12	**25 475**	**50 599**

Unrecognised tax loss carryforwards in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Tax loss carryforwards	135 295	70 007
thereof recognised as deferred taxes	– 77 296	– 35 376
Unrecognised tax loss carryforwards	**57 999**	**34 631**
Portion expiring:		
after 5 years	57 999	34 631
Total	**57 999**	**34 631**
Tax effect on unrecognised tax loss carryforwards	**8 499**	**7 104**
thereof pertaining to tax rates below 15.0%	7 560	2 021
thereof pertaining to tax rates between 15.0% and 20.0%	119	59
thereof pertaining to tax rates between 20.1% and 25.0%	148	4 316
thereof pertaining to tax rates between 25.1% and 30.0%	672	708

47. Employee benefit obligations

Pension plans in Switzerland

The Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), aiming to safeguard the employees against the risks of old age, death and disability. There are semi-autonomous pension plans, that is, the foundations fully bear the risk of age itself. The risks of disability and death are reinsured entirely (congruent reinsurance) or partially (stop-loss insurance) with Swiss insurance companies. The plans give plan participants a choice regarding the annual amount of contribution payments. The employees' contributions are determined as a percentage of the insured salary and are deducted monthly. The retirement pension is calculated by multiplying the retirement capital at the retirement age with the then applicable regulatory conversion rate. Plan participants can also draw all or part of the retirement pension as a lump sum. Death and disability benefits are set as a percentage of the insured salary.

The Board of Trustees are by law the supreme governing body of the foundation. The duties of the trustees are set out in the BVG and the regulations of the foundations. The Board of Trustees exercises the overall direction and has overall responsibility. It is composed in accordance with the legal provisions of an equal number of employer and employee representatives, provided the foundation offers BVG-related pension plans.

The actuarial risks of old age, death and disability as well as the investment risks are primarily borne by the foundations. If certain duties are transferred to third parties, they assume the associated risks (insurance companies, external administrator etc.).

An unfavourable development of the semi-autonomous and autonomous foundations can lead to an underfunding of the affected foundation as stipulated by the BVG. The BVG allows a temporary underfunding but the Board of Trustees has to take the necessary remedial measures to remedy the underfunding within a maximum of ten years. Additional employer and employee contributions could be incurred in case the Swiss pension plan has a significant underfunding as per BVG. In such cases, the risk is borne by employers and employees alike and the employer is legally not obliged to accept more than 50% of the additional contributions.

The investment strategy of the Swiss pension plans follows BVG, including the rules and regulations for the diversification of plan assets. The security assessment of the investments takes place in the semi-autonomous foundations in evaluating total assets and liabilities as well as the structure and the expected development of the insured population.

Pension plans in Germany
The occupational pension provision in Germany is subject to the pension law. The method of the direct commitment was elected for the German pension plans. To fund these pension plans for future benefit payments, pension provisions are recorded in accordance with the relevant regulations. The employer has made commitments to the employees under certain benefit arrangements. The pension plans are defined benefit plans and provide current and former employees benefits in the event of reaching the retirement age, in case of disability, or death. The respective benefits become due at maturity and are paid directly by the company to the beneficiaries.

The following amounts are included in the consolidated financial statements:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Present value of funded obligations	98 893	113 997
Fair value of plan assets	123 405	154 418
Overfunding	**– 24 513**	**– 40 421**
Present value of unfunded obligations	11 700	42 331
Adjustment to asset ceiling		35 547
Liability (net) recognised in the balance sheet	**– 12 813**	**37 457**
thereof recorded as employee benefit obligations	11 700	42 336
thereof recorded as capitalised pension surplus	– 24 513	– 4 879

The movement in the defined benefit obligation over the year is as follows:

in 1 000 CHF	2023	2022
Balance at 01/01	**156 327**	**192 505**
Changes in scope of consolidation		1 159
Interest cost	4 351	1 355
Current service cost	3 967	5 413
Contributions by plan participants	2 564	2 494
Benefits paid	– 6 748	– 8 116
Actuarial losses/gains arising from changes in financial assumptions	11 676	– 36 856
Actuarial losses arising from experience adjustements	2 334	827
Other transfers		296
Administration cost	55	62
Reclassification to liabilities associated with assets held for sale	– 60 751	
Foreign exchange differences	– 3 184	– 2 811
Balance at 31/12	**110 592**	**156 327**
thereof for active members	78 721	96 678
thereof for pensioners	30 618	54 307
thereof for deferred members	1 253	5 342

The movement in the fair value of plan assets over the year is as follows:

in 1 000 CHF	2023	2022
Balance at 01/01	**154 416**	**169 833**
Interest income	3 631	628
Return on plan assets excl. interest income	– 696	– 15 707
Contributions by the employer	5 519	5 228
Contributions by plan participants	2 564	2 494
Benefits paid	– 6 748	– 8 116
Other transfers		296
Reclassification to assets held for sale	– 34 944	
Foreign exchange differences	– 340	– 239
Balance at 31/12	**123 403**	**154 416**

The movement of the effect of the asset ceiling is as follows:

in 1 000 CHF	2023	2022
Balance at 01/01	**35 547**	
Interest cost	817	
Change in effect of asset ceiling excl. interest cost	– 36 364	35 547
Balance at 31/12		**35 547**

The remeasurements of employee benefit obligations in other comprehensive income are as follows:

in 1 000 CHF	2023	2022
Actuarial losses/gains	7 795	– 20 304
Actuarial losses/gains from discontinued operations	6 215	– 15 725
Return on plan assets excl. interest income	696	15 707
Change in effect of asset ceiling excl. interest cost	– 36 364	35 547
Remeasurements of employee benefit obligations	**– 21 658**	**15 224**
thereof from discontinued operations	– 1 168	– 3 319

The amounts recognised in the income statement are as follows:

in 1 000 CHF	2023	2022
Current service cost	3 967	5 413
Net interest result	720	727
Interest cost on effect of asset ceiling	817	
Administration cost	55	62
Net charges for defined benefit plans	**5 560**	**6 202**
thereof recorded under personnel expenses from continuing operations	3 006	4 121
thereof recorded under financial results from continuing operations	603	259
thereof recorded under Group result from discontinued operations after taxes	1 950	1 823

The principal actuarial assumptions used were as follows:

Weighted average		2023	2022
Discount rate at 31/12		1.6%	2.8%
Future salary increases		2.0%	2.1%
Future pension increases		0.2%	0.6%
Mortality tables	Switzerland	BVG 2020 GT	BVG 2020 GT
	Germany	HB 2018 GT	HB 2018 GT

The sensitivity of employee benefit obligations due to changes of principal assumptions are as follows, whereby only the continuing operations have been taken into account for 2023:

Impact on employee benefit obligations	Change in assumption	2023	2022
Discount rate	– 0.25%	3 716	4 757
	+ 0.25%	– 3 484	– 4 491
Salary increases	– 0.25%	– 484	– 509
	+ 0.25%	483	504
Life expectancy	+ 1 year	2 124	3 180
	– 1 year	– 2 159	– 3 250
Service cost 2024 with discount rate	+ 0.25%	– 201	– 217

The weighted average duration of employee benefit obligations is 13.3 years (2022: 12.7 years).

The sensitivity analysis above is based on a change in an assumption while all other assumptions remain unchanged. In reality, this is unlikely to happen, because certain assumptions correlate. In the calculation of sensitivities of pension benefit obligations with the principal actuarial assumptions, the same method was applied (present value of the defined benefit obligation is calculated using the projected unit credit method at year-end) as for the calculation of the pension liability in these consolidated financial statements.

Plan assets at fair value consist of:

in 1 000 CHF	quoted	unquoted	31/ 12/ 2023 Total	quoted	unquoted	31/ 12/ 2022 Total
Cash and cash equivalents		7 687	7 687		7 287	7 287
Equity instruments	40 185		40 185	41 204		41 204
Debt instruments	20 836		20 836	26 241		26 241
Real estate	6 923	40 522	47 445	8 818	56 983	65 801
Others		7 250	7 250	8 557	5 326	13 883
Total plan assets	**67 944**	**55 459**	**123 403**	**84 820**	**69 596**	**154 416**

The category "Others" contains assets from full insurance contracts that have been terminated some years ago and are therefore expiring.

The expected maturity profile of benefit payments for unfunded plans is as follows:

in 1 000 CHF	up to 1 year	between 1 and 2 years	between 2 and 5 years	next 5 years
Benefit payments	486	398	1 415	2 785

Expected contributions to pension plans for the year 2024 amount to CHF 5.4 million for the continuing operations (2023: CHF 7.7 million for all operations), of which CHF 3.2 million (2023: CHF 5.2 million for all operations) are attributable to the employer.

48. Share capital

The capital structure is as follows:

			31/ 12/ 2023			31/ 12/ 2022
Category	Outstanding shares	Par value in CHF	Share capital in CHF	Outstanding shares	Par value in CHF	Share capital in CHF
Registered shares	69 473 243	4.20	291 787 621	69 473 243	4.20	291 787 621

The distribution per share for the 2022 financial year amounted to CHF 0.30.

On 21 April 2023, the Annual General Meeting of Arbonia AG had approved amongst others the following: To authorise the Board of Directors, within the scope of the capital band pursuant to the Swiss Corporate Law, to increase the share capital during a period ending on 20 April 2028 1.) by issuing a maximum of 13'800'000 fully paid registered shares with a par value of CHF 4.20 each in one or more steps to a maximum of CHF 349'747'620.60 and 2.) to reduce the share capital in one or more steps to not less than CHF 277'297'620.60 either by cancelling a maximum of 3'450'000 registered shares or by reducing the nominal value of the registered shares to not less than CHF 3.992.

Earnings per share	2023	2022
Group earnings from continuing operations after non-controlling interests (in 1 000 CHF)	– 14 219	498
Group earnings from discontinued operations after non-controlling interests (in 1 000 CHF)	– 2 993	18 629
Group earnings for the year (in 1 000 CHF)	– 17 212	19 127
Outstanding shares (average)	69 473 243	69 473 243
Less treasury shares (average)	– 382 435	– 526 858
Average number of shares outstanding for the calculation	**69 090 808**	**68 946 385**

There were no dilutive effects impacting the calculation.

49. Treasury shares

			2023			2022
	Ø market value in CHF	Number of shares	Amount in 1 000 CHF	Ø market value in CHF	Number of shares	Amount in 1 000 CHF
Balance at 01/01	**13.96**	**1 111 022**	**15 514**	**15.36**	**350 373**	**5 383**
Transfer for share based payments	13.62	– 88 153	– 1 201	15.64	– 164 084	– 2 566
Delivery for purchase of shares in associated company	13.62	– 1 148 801	– 15 646			
Purchase	10.97	248 073	2 722	13.73	924 733	12 698
Balance at 31/12	**11.37**	**122 141**	**1 389**	**13.96**	**1 111 022**	**15 514**

The delivery of treasury shares for the purchase of shares in associated company relates to the acquisition of shares in Griffwerk GmbH (see note 35). The disposal of treasury shares was recognised at the average price of CHF 13.62 per share, while the increase in investment was valued at the fair value of CHF 10.66 per share at the time of purchase.

50. Other comprehensive income and other reserves

The movements in other comprehensive income after taxes were as follows:

			31/ 12/ 2023			31/ 12/ 2022
in 1 000 CHF	Other reserves	Retained earnings	Total other comprehensive income	Other reserves	Retained earnings	Total other comprehensive income
Remeasurements of employee benefit obligations		21 658	21 658		– 15 224	– 15 224
Deferred tax effect		– 2 266	– 2 266		– 567	– 567
Total items that will not be reclassified to income statement		**19 392**	**19 392**		**– 15 792**	**– 15 792**
Currency translation differences	– 58 874		– 58 874	– 28 971		– 28 971
Total items that may be subsequently reclassified to income statement	**– 58 874**		**– 58 874**	**– 28 971**		**– 28 971**
Other comprehensive income after taxes	**– 58 874**	**19 392**	**– 39 482**	**– 28 971**	**– 15 792**	**– 44 763**

Other reserves

in 1 000 CHF	Currency translation	Total
Balance at 31/ 12/ 2021	**– 98 459**	**– 98 459**
Currency translation differences	– 28 971	– 28 971
Balance at 31/ 12/ 2022	**– 127 430**	**– 127 430**
Currency translation differences	– 58 874	– 58 874
Balance at 31/ 12/ 2023	**– 186 304**	**– 186 304**

51. Financial results

in 1 000 CHF	2023	2022 restated [1]
Financial income		
Bank and other interest	227	70
Interest on net pension surplus	74	105
Total interest income	**301**	**175**
Gains derivative financial instruments		4
Minority share from associated companies		1 263
Other financial income	21	13
Total other financial income	**21**	**1 280**
Total financial income	**322**	**1 455**
Financial expenses		
Bank and other interest	316	256
Interest on leases	290	291
Interest on non-current financial debts and syndicated loan	6 925	1 955
Interest on net employee benefit obligations	677	364
Compounding of liabilities	69	215
Total interest expenses	**8 277**	**3 081**
Impact of exchange rate fluctuations	6 005	4 648
Minority share from associated companies	674	
Bank charges and other financial expenses	533	968
Total other financial expenses	**7 212**	**5 616**
Total financial expenses	**15 489**	**8 697**
Total net financial results	**– 15 167**	**– 7 242**

[1] see note 36

The classification of the financial result of financial instruments into the categories according to IFRS 9 is as follows:

in 1 000 CHF	2023	2022 restated [1]
Total interest income from financial assets measured at amortised cost (FA AC)	227	70
Total interest expenses from financial liabilities measured at amortised cost (FL AC)	7 600	2 717
Net gain from financial assets/ liabilities measured at fair value through profit or loss (FA/ FL FVTPL)		4
Finance costs recognised in financial expenses from financial assets/ liabilities measured at amortised cost (FA/ FL AC)	464	922

[1] see note 36

52. Income taxes

in 1 000 CHF	2023	2022 restated [1]
Current income taxes	– 995	4 551
Changes in deferred income taxes	– 8 811	131
Total	**– 9 806**	**4 683**

[1] see note 36

The changes in deferred income taxes (CHF -8.8 million) largely relates to the change in deferred taxes from tax loss carryforwards and temporary differences on intangible assets.

The tax on Group earnings before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to earnings before tax of the consolidated companies as follows:

in 1 000 CHF	2023	2022 restated [1]
Earnings before income tax	**– 24 025**	**5 181**
Weighted average tax rate in %	22.9	50.7
Expected tax income/expense	**– 5 503**	**2 629**
Income tax reconciliation		
Effect of utilisation of previously unrecognised tax losses	– 584	– 64
Effect of not capitalised losses for the year	5 612	2 150
Effect of non-tax-deductible expenses and non-taxable income	– 10 222	– 67
Effect of income and expenses taxed at special rates	584	348
Effect of tax charges related to prior years		10
Effect of tax rate changes	249	– 287
Other items	58	– 36
Effective tax income/expense	**– 9 806**	**4 683**
Effective tax rate in %	40.8	90.4

[1] see note 36

The Group's applicable tax rate represents the weighted average of the statutory corporate tax rates, prevailing in the tax jurisdictions in which the Group companies operate.

The expected weighted average tax rate of the continuing operations decreased significantly compared to previous year, but now reflects the weighted medium-term tax rate expected by Arbonia. Compared to 2022, there were no significant changes in local tax rates.

Global minimum tax
In December 2021, the OECD published model rules to introduce a global minimum tax rate of 15% for large multinational corporations (so-called Pillar Two model rules). The Pillar Two rules are relevant for groups with an annual revenues of over EUR 750 million. The net revenues of the continuing operations of Arbonia are below this limit in 2023 and 2022. Consequently, it can be assumed that Arbonia does not fall within the scope of these regulations.

53. Financial risk management

Risk management principles

Arbonia has a centralised risk management system. The risk management process is carried out as stated in the internal guidelines. Any potential and material risks have been identified and quantified according to the likelihood, damage to reputation and impact. Overall, no potential risks have been identified in the business year, which could lead to material adjustments of net assets, the financial position and results of operations of the consolidated financial statements of Arbonia.

Due to its international business activities, the Group is subject to various financial risks, such as credit, liquidity and other market risks. The principal goal of risk management activities is to minimise financial risks to the continued existence (liquidity and default risks) and profitability (currency, interest rate fluctuation, price risks) while ensuring adequate solvency at any time. Risk minimisation does not mean to completely eliminate but rather to control financial risks in an economically useful manner within an identified framework. Depending on their assessment, the Group uses derivative and non-derivative financial instruments to hedge certain risks. To minimise financial default risks, derivative financial instruments are only entered into with banks which are specifically defined in the treasury policy.

There are financial management guidelines and principles within the Group that regulate the handling of currency, interest rate fluctuation, commodity and credit risks, the use of derivative and non-derivative financial instruments as well as the management of liquid funds not required for operations. The risk management guidelines adopted by the Board of Directors are implemented centrally by group treasury but in close cooperation with the Divisions.

The Group's financial resources are not used for speculation purposes. The derivatives used aim to hedge underlying transactions.

Credit default risk

Credit risks arise from the possibility that the counterparty of a transaction might not be able or willing to meet its obligations. The credit risk relates to financial assets (see note 44) as well as to contract assets (see note 33).

The credit or default risk in relation to receivables and contract assets is controlled by the individual subsidiaries on a decentralised basis and limited through the assignment of credit limits on the basis of systematic and regular credit ratings. Corresponding guidelines are in place within the Group aiming at an ongoing control and value adjustment of open positions. Due to the broad diversification of the customer portfolio into various business segments and geographic regions but also the possibility to create construction tradesman's liens or the use of credit insurance, the credit risk is limited. The 10 largest debtors of Arbonia's continuing operations as of the balance sheet date accounted for a share of 21.1% (2022: 25.9% for all operations) of existing trade receivables. The 10 largest customers of continuing operations generated 25.2% (2022: 23.5% for all operations) of the Group's net revenues in the year under review.

To minimise financial default risks, cash and cash equivalents, fixed-term deposits and derivative financial instruments are only deposited or entered into with banks which are specifically defined in the treasury policy. The three largest banks accounted for 65% / 28% / 6% of total liquid funds as of the balance sheet date (2022: 68% / 8% / 5%).

The maximum credit risk corresponds to the book values or fair values reported in note 44 for the financial asset categories "at fair value through profit and loss" (FA FVTPL) and "at amortised cost" (FA AC) and the book values of the contract assets reported in note 33. If applicable, these include derivative financial instruments having a positive fair value.

Liquidity risk

The liquidity risk arises from the fact that the Group might not be in a position to obtain the funds required to meet the obligations assumed in connection with financial instruments on the relevant due dates.

The cash, investments, financing and redemptions are managed and controlled on an ongoing basis by group treasury. The standard policy involves financial structures with matching maturities and currencies for each individual subsidiary. Scheduled cash requirements for the planning horizon must be secured under facility agreements or internal funding within the Group and/or via banks. By means of rolling monthly cash flow forecasts over a planning horizon of 12 months, the future cash development is forecasted in order to take measures in due time in the event of an excess coverage or shortfall. Arbonia monitors its liquidity risk with the aid of a consolidated liquidity plan, taking into account additional funding sources, e.g. undrawn credit limits. As individual divisions of Arbonia are subject to seasonal fluctuations, cash decreases early in the year but normally rises again in the second half of the year.

The available liquidity as of the balance sheet date (continuing and discontinued operations) is shown below:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Cash and cash equivalents	30 916	29 196
+ undrawn credit facilities	130 646	210 404
Total available liquidity	**161 562**	**239 600**

The syndicated loan taken out in 2020 includes the leverage ratio as covenant. If such covenant are not complied with, the banks may demand immediate redemption of their share. In 2023 and 2022, Arbonia complied with the covenant.

The contractually agreed maturities of financial liabilities within the meaning of IFRS 7 are set forth in note 43.

Market risk
(a) Currency risk
Due to the Group's international focus, there are currency risks based on exchange rate fluctuations of various currencies. In the case of Arbonia, these mainly relate to the EUR, PLN, CZK and RUB.

A currency risk arises from transactions that are not settled in the functional currency of the Group companies. Group companies can hedge their net risk position for the period of the risk horizon with hedging transactions at Group Treasury. Arbonia's risk position equals the sum of the subsidiaries' net risk positions and is hedged by the group treasury with external counterparties using currency forward contracts of the relevant foreign currency. The hedging ratio depends on the maturity and currency risk exposure and is determined on a case by case basis.

Translation differences (translation risks) also arise from the consolidation in CHF of the financial statements of foreign subsidiaries prepared in foreign currencies. Translation affects the amount of earnings and comprehensive income. The major risk to the Group in connection with translation differences relates to the EUR. The effects of such exchange rate fluctuations on significant net investments are as much as possible hedged by means of natural hedges with liabilities in this currency.

For the description of market risks, IFRS 7 requires sensitivity analyses showing the effects of realistic currency fluctuations on Group earnings and shareholders' equity. These effects are calculated on the basis of financial instruments existing as of the balance sheet date. In this context, it is assumed that all other variables remain unchanged. Translation risks arising from the translation of foreign subsidiaries are not included in the following table.

A 5% increase (decrease) of the EUR against the CHF (2022: 5%), a 5% increase (decrease) of the CZK against the CHF (2022: 5%), a 5% increase (decrease) of the PLN against the CHF (2022: 5%) or a 5% increase (decrease) of the RUB against the CHF (2022: 5%) would have the following effects on Arbonia's Group result as of the balance sheet date:

in 1 000 CHF				31/ 12/ 2023
	EUR/CHF	CZK/CHF	PLN/CHF	RUB/CHF
Assumed change	5.0%	5.0%	5.0%	5.0%
Impact of an increase on group result	2 545	508	681	178
Impact of a decrease on group result	– 2 545	– 508	– 681	– 178

in 1 000 CHF				31/ 12/ 2022
	EUR/CHF	CZK/CHF	PLN/CHF	RUB/CHF
Assumed change	5.0%	5.0%	5.0%	5.0%
Impact of an increase on group result	2 480	687	223	244
Impact of a decrease on group result	– 2 480	– 687	– 223	– 244

(b) Interest rate risk
Interest rate risks arise from interest rate fluctuations which may have a negative effect on the Group's asset and earnings position. Interest rate fluctuations result in changes in interest income and expenses relating to interest-bearing assets and liabilities. In addition, they may also affect the fair value of certain financial assets, liabilities and financial instruments, as set forth below under «Market risks».

Group companies are exclusively funded via group treasury on terms in line with the market and on a decentralised basis only in exceptional cases and with the prior approval of the Group CFO. Excess cash is also invested via group treasury (with the exception of Russia). The standard policy for the Group as well as for subsidiaries is that interest-bearing financial transactions in terms of capital commitment and fixed interest rates must always meet the underlying requirements. Derivative financial instruments, such as interest rate swaps or interest rate options, are used on a case-by-case basis by group treasury and only upon consultation with or according to the instruction of Group CFO.

For the description of interest fluctuation risks, IFRS 7 requires sensitivity analyses showing the effects of realistic fluctuations in market interest rates on Group earnings and shareholders' equity. These effects are calculated on the basis of financial instruments existing as of the balance sheet date. In this context, it is assumed that all other variables remain unchanged and that the balance of financial instruments as of the balance sheet date is representative of the entire year. Fixed-rate financial instruments valued at amortised cost are not subject to interest rate fluctuation risks within the meaning of IFRS 7.

An increase (decrease) in the market interest level as of the balance sheet date by 50 basis points for CHF interest rates (2022: 50 basis points) or by 50 basis points for EUR interest rates (2022: 50 basis points) would have the effects set forth below on Group result of Arbonia:

in 1 000 CHF		**31/ 12/ 2023**
	CHF interest rate	**EUR interest rate**
Assumed change in basis points	50	50
Variable interest-bearing financial instruments		
Impact of an increase on group result from continuing operations	– 496	– 19
Impact of a decrease on group result from continuing operations	496	19

in 1 000 CHF		**31/ 12/ 2022**
	CHF interest rate	**EUR interest rate**
Assumed change in basis points	50	50
Variable interest-bearing financial instruments		
Impact of an increase on group result	6	– 157
Impact of a decrease on group result	– 6	157
Interest rate swaps		
Impact of an increase on group result		82
Impact of a decrease on group result		– 82

(c) Other market risks

Fair value risk

Changes in fair values of financial assets, liabilities or financial instruments may affect the Group's asset and earnings position.

For the description of market risks, IFRS 7 requires sensitivity analyses showing the effects of a reasonable potential change in risk variables, such as market prices, indices, etc., on prices of financial instruments, on the Group's earnings and shareholders' equity.

Equity management

The objective of Arbonia is a strong equity base to secure the Group's future development. A sustainable equity ratio of between 45% and 55% is the goal. The shareholders' equity corresponds to an equity ratio of 62.1% as of the balance sheet date (2022: 65.0%). The decrease in the equity ratio compared to the previous year is in particular due to currency translation effects as a result of the stronger CHF.

With regard to the maximum amount still available for the creation of new share capital through a conditional and/or authorised capital increase, see note 48.

Arbonia is not governed by any regulatory authorities with respect to minimum capital requirements.

54. Derivative financial instruments

The following table shows the fair values of the various derivative financial instruments recognised in the balance sheet as of the balance sheet date:

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Interest rate swaps without hedges		70

Interest rate swaps of 2022 were entered into to hedge the interest rate risk, i.e. to secure variable interest rates on borrowings in fixed interest rates.

55. Additional information on the cash flow statements

in 1 000 CHF	2023	2022
Changes in non-cash transactions		
Additional/reversed provisions	15 042	6 355
Changes in capitalised pension surplus/employee benefit obligations	– 1 495	260
Share based payments	1 033	2 278
Minority share from associated companies	674	– 1 263
Other non-cash effects	4 018	4 172
Total changes in non-cash transactions	**19 272**	**11 802**
Changes in working capital		
Changes in accounts receivable	– 9 414	– 3 946
Changes in inventories	30 659	– 44 770
Changes in contract assets project business	10 848	– 5 340
Changes in other working capital items	5 375	– 1 884
Total changes in working capital	**37 468**	**– 55 940**
Changes in liabilities		
Changes in accounts payable	– 576	– 36 642
Changes in contract liabilities	7 981	1 087
Used provisions	– 10 841	– 14 718
Changes in other current liabilities	294	– 11 208
Total changes in liabilities	**– 3 142**	**– 61 481**

in 1 000 CHF	Current and non-current financial debts
Balance at 31/ 12/ 2021	**134 110**
Foreign exchange differences	– 383
Proceeds from financial debts	64 202
Repayments of financial debts	– 1 078
Non-cash foreign exchange effects	– 5 413
Balance at 31/ 12/ 2022	**191 438**
Foreign exchange differences	– 465
Proceeds from financial debts	233 496
Repayments of financial debts	– 200 337
Non-cash foreign exchange effects	– 8 833
Reclassification to liabilities associated with assets held for sale	– 6 027
Balance at 31/ 12/ 2023	**209 272**

in 1 000 CHF	Lease liabilities
Balance at 31/ 12/ 2021	**26 542**
Foreign exchange differences	– 984
Change in scope of consolidation	1 940
Lease additions	12 487
Lease liability payments	– 8 218
Lease disposals and remeasurements	– 9 648
Balance at 31/ 12/ 2022	**22 119**
Foreign exchange differences	– 1 446
Change in scope of consolidation	166
Lease additions	10 176
Lease liability payments	– 8 598
Lease disposals and remeasurements	2 042
Reclassification to liabilities associated with assets held for sale	– 16 148
Balance at 31/ 12/ 2023	**8 311**

56. Share based payments

For Group Management and certain other employees a share based payment plan exists. As part of this plan, Group Management members receive 50% (2022: 50%) and the other employees between 20% and 35% (2022: between 20% and 35%) of their bonus in shares. This equity-settled variable remuneration is measured at fair value and recognised as an increase in equity. The determination of the number of shares is based on the volume weighted average share price of 20 trading days, less a 20% discount for the restriction period. These shares granted have a restriction period of four years. A share based payment plan also exists for members of the Board of Directors. Under this plan, members receive a minimum of 50% of their compensation in shares. This plan has the same features as the one for Group Management.

In 2023, Group Management and certain other employees received for their work in the year 2022 a total of 37 400 allotted shares (2022: 72 712 shares) at a fair value of CHF 0.4 million (2022: CHF 1.2 million) and CHF 10.66 per share respectively (2022: CHF 16.84). In 2022, the CEO received a larger portion of his base compensation for his employment 2022 in shares. He was allocated 60 000 shares at a fair value of CHF 1.3 million and CHF 21.17 per share respectively. The members of the Board of Directors received for their work from 22 April 2022 up to the Annual General Meeting on 21 April 2023 a total of 50 753 shares (2022: 31 372 shares) at a fair value of CHF 0.5 million (2022: CHF 0.5 million) and CHF 10.66 per share respectively (2022: CHF 16.84).

Personnel expenses in 2023 for share based payments totalled CHF 1.0 million (2022: CHF 2.2 million).

57. Related party transactions

Members of the Board of Directors and Group Management were compensated as follows:

in 1 000 CHF	2023	2022
Salaries and other short-term employee benefits	2 417	2 168
Share based payments	937	2 027
Pension and social security contributions	578	595
Total	**3 932**	**4 790**

The detailed disclosures regarding executive remuneration required by Swiss law are included in the compensation report on pages 136 to 138.

The following transactions were carried out with related parties and the following balances were outstanding as of the balance sheet date respectively:

in 1 000 CHF	Purchase of services	Sale of goods	Purchase of goods	Balance on receivables	Balance on liabilities
			2023		31/ 12/ 2023
Key management personnel	1	17	14		
Other related parties	30	3 728	183	574	1
Total	**31**	**3 745**	**197**	**574**	**1**

in 1 000 CHF	Purchase of services	Sale of goods	Purchase of goods	Balance on receivables	Balance on liabilities
			2022		31/ 12/ 2022
Other related parties	216	3 759	175	241	5
Total	**216**	**3 759**	**175**	**241**	**5**

Goods sold in 2023 and 2022 are almost exclusively Arbonia products acquired at market prices by companies owned by Michael Pieper (non-executive member of the Board of Directors) and companies in which a non-executive member of the Board of Directors is a director. There were no guarantees granted as of the balance sheet date. Furthermore no provisions were required for receivables. Transactions and outstanding balances with associated companies are disclosed in note 35.

Major shareholders as of 31 December 2023 are disclosed in the notes to the 2023 financial statements of Arbonia AG on page 229.

58. Contingencies

There were no contingencies.

59. Events after the balance sheet date

No events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2023 consolidated financial statements.

60. Subsidiaries

Company	Head Office	Share Capital in million		Interest in Capital 2023	Interest in Capital 2022	Room Climate	Shower Stalls/ Divider walls	Doors	Services
Climate Division									
Arbonia Solutions AG	Arbon, CH	4.000	CHF	100%	100%	■	■		
Prolux Solutions AG	Arbon, CH	1.000	CHF	100%	100%	■			
ARBONIA climate AG	Arbon, CH	0.250	CHF	100%	100%				●
Vasco Group NV	Dilsen-Stokkem, BE	32.500	EUR	100%	100%	■			
Vasco BVBA	Dilsen-Stokkem, BE	20.029	EUR	100%	100%	▲			
Kermi s.r.o.	Stribro, CZ	195.000	CZK	100%	100%	▲	■		
PZP Heating a.s.	Dobre, CZ	7.200	CZK	100%	100%	▲			
Arbonia Riesa GmbH	Glaubitz, DE	0.614	EUR	100%	100%	■			
Kermi GmbH	Plattling, DE	15.339	EUR	100%	100%	▲	▲		
Vasco Group GmbH	Dortmund, DE	0.077	EUR	100%	100%	■			
Tecnologia de Aislamientos y climatizacion, S.L.	Algete, ES	0.481	EUR	100%	100%	■			
Cirelius S.A.	Avintes, PT	0.250	EUR	100%	100%	■			
Termovent Komerc d.o.o.	Belgrad, RS	0.064	RSD	100%	100%	▲			
Arbonia France Sàrl	Hagenbach, FR	0.600	EUR	100%	100%	■			
Vasco Group Sarl	Nogent-sur-Marne, FR	2.000	EUR	100%	100%	■			
Sabiana S.p.A.	Corbetta, IT	4.060	EUR	100%	100%	▲			
Brugman Radiatorenfabriek BV	Tubbergen, NL	4.000	EUR	100%	100%	▲			
Vasco Group BV	Tubbergen, NL	9.518	EUR	100%	100%	■			
Brugman Fabryka Grzejnikow Sp.z o.o.	Legnica, PL	20.000	PLN	100%	100%	▲			
Kermi Sp.z o.o.	Wroclaw, PL	0.900	PLN	100%	100%	■	■		
Vasco Group Sp.z o.o.	Legnica, PL	0.500	PLN	100%	100%	■			
AFG RUS	Moskau, RU	454.5	RUB	100%	100%	▲			
AFG (Shanghai) Building Materials Co. Ltd.	Shanghai, CN	2.000	USD	100%	100%				●

▲ Production / Sales
■ Trade
● Services / Finances

Company	Head Office	Share Capital in million		Interest in Capital 2023	Interest in Capital 2022	Room Climate	Shower Stalls/ Divider walls	Doors	Services
Doors Division									
Arbonia Doors AG	Arbon, CH	0.250	CHF	100%	100%			■	●
RWD Schlatter AG	Roggwil, CH	2.000	CHF	100%	100%			▲	
Bekon-Koralle AG	Dagmersellen, CH	1.000	CHF	100%	100%		▲		
Prüm-Türenwerk GmbH	Weinsheim, DE	3.500	EUR	100%	100%			▲	
Garant Türen- und Zargen GmbH	Amt Wachsenburg, DE	0.100	EUR	100%	100%			▲	
TPO Holz-Systeme GmbH	Leutershausen, DE	0.025	EUR	100%	100%			▲	
Joro Türen GmbH	Renchen, DE	0.125	EUR	100%	100%			▲	
Arbonia Doors GmbH	Erfurt, DE	0.025	EUR	100%	100%				●
KIWI-KI GmbH	Berlin, DE	0.096	EUR	49.9%	34.0%			▲	●
Griffwerk GmbH	Blaustein, DE	0.100	EUR	17.2%				▲	
Koralle Sanitärprodukte GmbH	Vlotho, DE	2.070	EUR	100%	100%		■		
Arbonia Glassysteme GmbH	Deggendorf, DE	1.278	EUR	100%	100%		▲		
Interwand GmbH	Dörzbach, DE	0.520	EUR	100%			▲		
Invado Sp.z o.o.	Ciasna, PL	20.000	PLN	100%	100%			▲	
Baduscho Dusch- und Badeeinrichtungen Produktions- und Vertriebsgesellschaft m.b.H	Margarethen am Moos, AT	0.036	EUR	100%	100%		■		
Corporate Services									
Arbonia AG	Arbon, CH	291.787	CHF						●
AFG International AG	Arbon, CH	1.000	CHF	100%	100%				●
Arbonia Schweiz AG	Arbon, CH	1.000	CHF	100%	100%				●
AFG Immobilien AG	Arbon, CH	1.000	CHF	100%	100%				●
Arbonia Management AG	Arbon, CH	0.250	CHF	100%	100%				●
Arbonia Services AG	Arbon, CH	0.250	CHF	100%	100%				●
Arbonia Deutschland GmbH	Plattling, DE	0.511	EUR	100%	100%				●
Skyfens Sp.z o.o.	Lublin, PL	13.005	PLN	100%	100%				▲

▲ Production / Sales
■ Trade
● Services / Finances

KPMG

Statutory Auditor's Report

To the General Meeting of Arbonia AG, Arbon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arbonia AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated income statement, consolidated statement of comprehensive income, 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 material accounting policy information.

In our opinion, the consolidated financial statements (pages 152 to 218) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

VALUATION OF GOODWILL WOOD SOLUTIONS

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.

KPMG

VALUATION OF GOODWILL WOOD SOLUTIONS

Key Audit Matter

As at 31 December 2023, the carrying amount of the goodwill Wood Solutions amounts to CHF 120.6 million.

Management assesses the valuation of goodwill based on a value in use calculation for the relevant cash generating unit (“CGU”).

The impairment test for this item requires significant management judgment with regards to cash flow forecasts, margin, growth rate as well as the discount rate, and is therefore a key area of audit focus.

Our response

Our procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests, the appropriateness of the assumptions used, and the methodology used by management to prepare cash flow forecasts. We used our own valuation specialists to support our procedures.

Amongst others, we performed the following audit procedures:

— assessing the forecasting accuracy by back-testing historical forecasts to actual results;

— comparing projected cash flows with the latest forecasts by management and with the business plan approved by the board of directors;

— challenging the robustness of the key assumptions used to determine the recoverable amount, including forecast cash flows, margin, growth rate and the discount rate by comparing them with publicly available data and our understanding of the commercial prospects of the relevant CGU;

— conducting sensitivity analyses, taking into account the historical forecasting accuracy.

We also considered the appropriateness of disclosures in the consolidated financial statements in relation to sensitivities regarding the impairment testing of goodwill.

For further information on goodwill refer to the following:

— Note 19 „Intangible assets“, page 164

— Note 20 „Impairment of assets“, page 164

— Note 30 „Significant accounting judgments, estimates and assumptions“, paragraphs „Estimated impairment of goodwill“, page 169

— Note 40 „Intangible assets“, page 187

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 of the company, the compensation 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.

KPMG

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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, ISA 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 20 February 2024

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

Financial Statements Arbonia AG

Income Statement

in 1 000 CHF	Note	2023	in %	2022	in %
Dividend income		11 130		50 680	
Financial income	2.7	34 576		12 241	
Other operating income		1		2	
Total income		**45 707**	**100.0**	**62 923**	**100.0**
Financial expenses	2.8	– 12 359	– 27.0	– 10 170	– 16.2
Personnel expenses		– 946	– 2.1	– 929	– 1.5
Other operating expenses	2.9	– 3 777	– 8.3	– 4 531	– 7.2
Taxes		– 3 149	– 6.9		
Total expenses		**– 20 232**	**– 44.3**	**– 15 630**	**– 24.8**
Net profit		**25 475**	**55.7**	**47 293**	**75.2**

The notes on pages 226 to 229 are an integral part of these financial statements.

Balance sheet

in 1 000 CHF	Note	31/ 12/ 2023	in %	31/ 12/ 2022	in %
Assets					
Cash and cash equivalents		15 739		13 193	
Other receivables					
Third parties		97		3	
Shareholdings		203 585		146 621	
Deferred expenses		29		99	
Current assets		**219 450**	**14.7**	**159 916**	**11.2**
Loans to shareholdings		482 924		484 701	
Investments	2.1	788 812		788 812	
Non-current assets		**1 271 736**	**85.3**	**1 273 514**	**88.8**
Total assets		**1 491 186**	**100.0**	**1 433 429**	**100.0**

in 1 000 CHF	Note	31/ 12/ 2023	in %	31/ 12/ 2022	in %
Liabilities and shareholders' equity					
Accounts payable					
Third parties		4		53	
Shareholdings		984		33	
Interest bearing liabilities	2.2				
Bank loans		133 926		64 331	
Promissory note loan				65 845	
Shareholdings		240 417		205 203	
Other liabilities					
Third parties		8		34	
Accruals and deferred income		4 537		2 126	
Current liabilities		**379 876**	**25.5**	**337 623**	**23.6**
Interest bearing liabilities	2.3				
Promissory note loan		76 427		76 427	
Non-current liabilities		**76 427**	**5.1**	**76 427**	**5.3**
Total liabilities		**456 303**	**30.6**	**414 050**	**28.9**
Share capital	2.4	291 788		291 788	
Legal capital reserves					
Capital contribution reserve	2.5	432 571		442 788	
Other capital reserves		42 812		42 812	
Voluntary reserves					
Free reserves		11 144		14 991	
Treasury shares	2.6	– 1 391		– 15 702	
Balance sheet earnings					
Retained earnings		232 485		195 409	
Net profit		25 475		47 293	
Shareholders' equity		**1 034 884**	**69.4**	**1 019 379**	**71.1**
Total liabilities and shareholders' equity		**1 491 186**	**100.0**	**1 433 429**	**100.0**

The notes on pages 226 to 229 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

1.1. General information

These financial statements 2023 were prepared under the provisions of the Swiss accounting law (32nd title of the Swiss Code of Obligations).

Since Arbonia AG prepares consolidated financial statements in accordance with a recognised financial reporting standard (International Financial Reporting Standards), the company is not disclosing in accordance with the statutory provisions the audit fees and is not presenting a cash flow statement and a management report.

1.2. Other current receivables

Other current receivables from shareholdings are short term loans, which are accounted for at nominal value and for which if necessary, individual specific valuation allowances have been booked.

1.3. Financial assets

Financial assets consist of long-term loans to shareholdings and are valued at cost reduced by required impairments. Loans denominated in foreign currencies are converted at the current closing rate. Unrealised exchange losses are recorded immediately whereas unrealised exchange gains are not recorded (imparity principle).

1.4. Treasury shares

Treasury shares are recognised at acquisition date at cost as a negative item in equity. In a subsequent sale or delivery in the context of the share based payments, profit or loss arising from the sale of treasury shares is recognised directly in equity under voluntary reserves.

1.5. Share based payments

A share based payment plan exists for members of the Board of Directors. Under this plan, members receive a minimum of 50% of their compensation in shares. The determination of the number of shares is based on the volume weighted average share price of 20 trading days, less a 20% discount for the restriction period. These shares granted have a restriction period of four years. The fair value of the equity compensation instruments is determined at the grant date and recorded to the income statement as personnel expenses with a corresponding offsetting entry to equity.

1.6. Interest bearing liabilities

Interest bearing liabilities are accounted for at nominal value. Long-term loans denominated in foreign currencies are converted at the current closing rate. Unrealised exchange losses are recorded immediately whereas unrealised exchange gains are not recorded (imparity principle).

2. Information and notes to the financial statements

2.1. Investments

Company	31/ 12/ 2023		31/ 12/ 2022	
	Share capital in 1 000 CHF	Capital and voting interest in %	Share capital in 1 000 CHF	Capital and voting interest in %
Arbonia Schweiz AG, Arbon	1 000	100.00%	1 000	100.00%
AFG International AG, Arbon	1 000	100.00%	1 000	100.00%
Arbonia Management AG, Arbon	250	100.00%	250	100.00%
Arbonia Services AG, Arbon	250	100.00%	250	100.00%

All subsidiaries directly or indirectly held by Arbonia AG are disclosed in note 60 in the notes to the consolidated financial statements of Arbonia Group.

2.2. Current interest bearing liabilities

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Bank loans – syndicated loan	133 926	54 434
Bank loans		9 897
Promissory note loan		65 845
Loans to shareholdings	240 417	205 203
Total	**374 343**	**335 378**

On 3 November 2020, Arbonia had entered into a syndicated loan for CHF 250 million. This loan, arranged with a consortium of domestic and foreign banks, has a term of five years, with the option to extend the agreement twice for one year each. The first extension option was exercised in 2021 and the second in 2022, so that the term now runs until 2027.

2.3. Non-current interest bearing liabilities

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Promissory note loan	76 427	76 427
Total	**76 427**	**76 427**

Maturity structure

in 1 000 CHF	31/ 12/ 2023	31/ 12/ 2022
Within 5 years	76 427	64 669
Over 5 years		11 758
Total	**76 427**	**76 427**

2.4. Share capital

Refer to note 48 in the notes to the consolidated financial statements of Arbonia Group.

2.5. Capital contribution reserve

The capital contribution reserve includes the premium from the capital increases in 2007, 2009, 2015, 2016 and 2017 reduced by previous distributions.

The distribution from capital contribution reserve is fiscally treated like a redemption of share capital. The Swiss Federal Tax Administration (FTA) has confirmed the disclosed capital contribution reserve (balance as of 31 December 2022) as capital contribution within the meaning of article 5 para. 1bis VStG.

2.6. Treasury shares

	2023			2022		
	Ø market value in CHF	Number of shares	Amount in 1 000 CHF	Ø market value in CHF	Number of shares	Amount in 1 000 CHF
Balance at 01/ 01	**14**	**1 111 022**	**15 702**	**16**	**350 373**	**5 700**
Purchase	11	248 073	2 722	14	924 733	12 698
Transfer for share based payments	11	– 88 153	– 940	19	– 164 084	– 3 037
Sale	11	– 1 148 801	– 12 246			
Gain (+) / loss (–)			– 3 847			340
Balance at 31/ 12	**11**	**122 141**	**1 391**	**14**	**1 111 022**	**15 702**

2.7. Financial income

Financial income totals CHF 34.6 million (2022: CHF 12.2 million) and consists mainly of interest income on loans to shareholdings and foreign currency exchange gains.

2.8. Financial expenses

Financial expenses totals CHF 12.4 million (2022: CHF 10.2 million) and consists mainly of bank interest and foreign currency exchange losses.

2.9. Other operating expenses

in 1 000 CHF	2023	2022
Administrative costs	3 552	4 251
Consultancy and audit fees	217	224
Other operating expenses	9	56
Total	**3 777**	**4 531**

3. Other disclosures

3.1. Guarantees, warranty obligations and collateral in favour of third parties

The following guarantees were issued for the companies listed below:

		31/ 12/ 2023	31/ 12/ 2022
UBS AG			
in favour of Kermi GmbH	in 1 000 CHF	250	
in favour of Joro Türen GmbH	in 1 000 CHF	163	163
UniCredit Bank			
in favor of Termovent Komerc	in 1 000 EUR	14 534	
in favour of Kermi GmbH	in 1 000 EUR	385	683
in favour of Kermi sp. z o.o.	in 1 000 EUR	135	112
in favour of TPO Holz-Systeme GmbH	in 1 000 EUR	125	100
in favour of Arbonia Doors GmbH	in 1 000 EUR	24	
in favour of Arbonia AG	in 1 000 EUR	2	9 279

3.2. Contingent liabilities

A joint and several liability exists towards the affiliated subsidiaries under the cash pooling agreement with UniCredit Bank AG and UBS Switzerland AG.

3.3. Major shareholders

	31/ 12/ 2023	31/ 12/ 2022
	Voting and capital interest	**Voting and capital interest**
Artemis Beteiligungen I AG	22.56%	22.10%

3.4. Headcount in full-time equivalents

Arbonia AG does not employ any staff.

3.5. Disclosure of participation rights

The Board of Directors, Group Management and employees were granted the following participation rights:

		31/ 12/ 2023		31/ 12/ 2022
	Number of registered shares	**Amount in 1 000 CHF**	**Number of registered shares**	**Amount in 1 000 CHF**
Allocated to the Board of Directors and Group Management	69 946	746	116 500	2 235
Allocated to employees	18 207	194	47 584	801
Total	**88 153**	**940**	**164 084**	**3 037**

Proposal of the Board of Directors

The Board of Directors will propose at the Annual General Meeting of the shareholders on 19 April 2024 the following:

Appropriation of Retained Earnings

in 1 000 CHF	2023
Retained earnings carried forward from previous year	232 485
Net profit for the year	25 475
Retained earnings	**257 960**
Retained earnings carried forward	**257 960**

KPMG

Statutory Auditor's Report

To the General Meeting of Arbonia AG, Arbon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arbonia AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement 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 224 to 229) 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, together with 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

VALUATION OF INVESTMENTS AND LOANS DUE FROM SHAREHOLDINGS

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.

KPMG

VALUATION OF INVESTMENTS AND LOANS DUE FROM SHAREHOLDINGS

Key Audit Matter

The financial statements of Arbonia AG as at 31 December 2023 include investments amounting to CHF 788.8 million and loans due from shareholdings (included in the balance sheet items "Other receivables shareholdings" as well as "Loans to shareholdings") amounting to CHF 686.5 million. The company reviews the individual investments and loans due from shareholdings for impairment annually.

The impairment assessment of investments and loans due from shareholdings partially requires significant management judgment and is therefore a key area of audit focus.

Our response

During our audit, we assessed management's impairment review of the investments and the loans due from shareholdings.

Amongst others, we performed the following audit procedures:

- Comparing the carrying amounts of the investments with the equity of the relevant companies, in some cases considering the pro-rata net assets of indirect investments or relying on management's impairment reviews that had been assessed during the group audit;
- Assessing the recoverability of loans due from shareholdings by analyzing the equity position of the borrower.

For further information on Valuation of investments and loans due from shareholdings refer to the following:

- Note 1.2 „Other current receivables", page 226
- Note 1.3 „Financial assets/non-current loans", page 226
- Note 2.1 „Investments", page 227

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 of the Company, the compensation 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.

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

— Identify and assess the risks of material misstatement of the financial statements, 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.

— Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 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 financial statements according to the instructions of the Board of Directors.

We further 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.

KPMG AG

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

St. Gallen, 20 February 2024

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

Notes

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 with greater cost implications for acquisitions that did not materialise
– 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 acquisitions / disposals of subsidiaries / financial assets and expansion capital expenditures

Capital expenditures
Maintenance and expansion capital expenditures

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Alternative Performance Measures

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

in 1 000 CHF									2023
		IFRS	%	Consultancy and integration costs from acquisitions	Costs for restructurings and reorganisation	Various	Tax effects on one-time effects	without one-time effects/adjusted	%
Doors	**EBITDA**	**39 138**	**7.8**	**203**	**1 956**	**88**		**41 385**	**8.3**
	EBITA	**12 610**	**2.5**					**14 857**	**3.0**
	EBIT	**1 010**	**0.2**					**3 257**	**0.6**
Corporate Services	**EBITDA**	**– 8 858**						**– 8 858**	
	EBITA	**– 11 306**						**– 11 306**	
	EBIT	**– 11 306**						**– 11 306**	
Group	**Net revenues**	**504 605**	**100.0**					**504 605**	**100.0**
	Other operating income	8 191	1.6					8 191	1.6
	Capitalised own services	5 755	1.1					5 755	1.1
	Changes in inventories of semi-finished and finished goods	– 4 777	– 0.9					– 4 777	– 0.9
	Cost of material and goods	– 199 691	– 39.6					– 199 691	– 39.6
	Personnel expenses	– 186 083	– 36.9		1 956	88		– 184 039	– 36.5
	Other operating expenses	– 96 281	– 19.1	203				– 96 078	– 19.0
	EBITDA	**31 719**	**6.3**					**33 966**	**6.7**
	Depreciation, amortisation and impairments	– 28 978	– 5.7					– 28 978	– 5.7
	EBITA	**2 741**	**0.5**					**4 988**	**1.0**
	Amortisation of intangible assets from acquisitions	– 11 600	– 2.3					– 11 600	– 2.3
	EBIT	**– 8 858**	**– 1.8**					**– 6 611**	**– 1.3**
	Financial income	322	0.1					322	0.1
	Financial expenses	– 15 489	– 3.1					– 15 489	– 3.1
	Group result before income tax	**– 24 025**	**– 4.8**					**– 21 778**	**– 4.3**
	Income tax expense	9 806	1.9				– 566	9 240	1.8
	Group result from continuing operations	**– 14 219**	**– 2.8**					**– 12 538**	**– 2.5**

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

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

in 1 000 CHF										2022
		IFRS	%	Consultancy and integration costs from acquisitions	Costs for restructurings and reorganisation	Consultancy costs from acquisitions that did not materialise	Various	Tax effects on one-time effects	without one-time effects/adjusted	%
Doors	**EBITDA**	**59 217**	**10.7**	**226**	**2 865**		**– 100**		**62 208**	**11.3**
	EBITA	**35 404**	**6.4**		**262**				**38 658**	**7.0**
	EBIT	**23 984**	**4.3**						**27 238**	**4.9**
Corporate Services	**EBITDA**	**– 9 488**			**– 75**	**628**			**– 8 935**	
	EBITA	**– 11 567**							**– 11 014**	
	EBIT	**– 11 567**							**– 11 014**	
Group	**Net revenues**	**555 906**	**100.0**						**555 906**	**100.0**
	Other operating income	9 269	1.7						9 269	1.7
	Capitalised own services	5 240	0.9						5 240	0.9
	Changes in inventories of semi-finished and finished goods	6 361	1.1						6 361	1.1
	Cost of material and goods	– 239 138	– 43.0						– 239 138	– 43.0
	Personnel expenses	– 198 681	– 35.7		2 664				– 196 017	– 35.3
	Other operating expenses	– 89 222	– 16.0	226	127	628	– 100		– 88 341	– 15.9
	EBITDA	**49 735**	**8.9**						**53 281**	**9.6**
	Depreciation, amortisation and impairments	– 25 893	– 4.7		262				– 25 630	– 4.6
	EBITA	**23 842**	**4.3**						**27 650**	**5.0**
	Amortisation of intangible assets from acquisitions	– 11 419	– 2.1						– 11 419	– 2.1
	EBIT	**12 423**	**2.2**						**16 231**	**2.9**
	Financial income	1 455	0.3						1 455	0.3
	Financial expenses	– 8 697	– 1.6		16				– 8 681	– 1.6
	Group result before income tax	**5 181**	**0.9**						**9 005**	**1.6**
	Income tax expense	– 4 683	– 0.8					– 1 081	– 5 764	– 1.0
	Group result from continuing operations	**498**	**0.1**						**3 241**	**0.6**

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

Supplementary Information for Investors

	2023	2022	2021	2020	2019
Number of shares					
Registered par value CHF 4.20	69 473 243	69 473 243	69 473 243	69 473 243	69 473 243
Registered par value CHF 4.20 average number	69 090 808	68 946 385	69 163 962	69 159 789	68 834 805
Stock market prices in CHF					
Highest	13.7	22.9	21.5	14.2	13.5
Lowest	7.1	10.5	13.6	5.8	10.0
31/12	9.6	12.9	20.6	14.2	12.6
Stock market capitalisation in CHF million (31/12)	**669.0**	**896.2**	**1 431.1**	**986.5**	**875.4**
Per share data					
Gross dividend in CHF [1]	0.00	0.30	0.30	0.47	0.00
Pay-out ratio (in % of Group earnings)	0.0	108.1	15.0	72.4	0.0
Group earnings in CHF [2]	– 0.3	0.3	2.0	0.7	0.4
Cash flow from operating activities in CHF	1.5	– 0.4	1.3	2.0	1.6
Shareholders' equity in CHF	13.3	14.3	15.1	12.9	12.7
Price/earnings ratio (highest) [2]	– 55.0	82.5	10.7	21.9	35.4
Price/earnings ratio (lowest) [2]	– 28.5	37.8	6.8	8.9	26.3
Price/earnings ratio (31/12) [2]	– 38.7	46.5	10.3	21.9	33.1
Price/cash flow ratio (highest)	9.4	– 61.3	16.0	6.9	8.3
Price/cash flow ratio (lowest)	4.9	– 28.1	10.2	2.8	6.2
Price/cash flow ratio (31/12)	6.6	– 34.5	15.4	6.9	7.8

[1] 2024 proposal to the Annual General Meeting
[2] 2021 includes the disposal gain for the Windows Division