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Financial Report

Consolidated Financial Statements

Financial Statements

Financial commentary FY 2024 Uwe Schiller (CFO)

Dear Readers

The year 2024 was characterised by the sale of the Climate Division (formerly HVAC Division) in that the new Arbonia focused exclusively on the doors business. Although the sale was protracted and the final closing thus did not take place until 26 February 2025, Arbonia used the time and prepared intensively for its future as a pure door manufacturer; it was able to assume market leadership for interior doors in continental Europe by opening up new markets and distribution channels through further acquisitions.

As in the previous year, the Climate Division is also reported as a discontinued operation in the consolidated financial statement for 2024, since the closing of the sale did not take place until 26 February 2025. In precise terms, this means that the result of the Climate Division is only included as a single line item in the group result of the Arbonia Group in the consolidated income statement 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 "Assets held for sale" and "Liabilities associated with assets held for sale" respectively.

General
The massive decline in new residential construction activity in Germany, Arbonia's most important market, continued in 2024 as well. The main reasons for this were higher interest rates, a continuing shortage of skilled workers in the construction industry, as well as increasing material costs. At the same time, the increasing demand for housing in urban areas as well as the high net immigration helped to stabilise the renovation markets. Renovation activities in Germany recorded a slight increase, but at a low level due to the above-mentioned reasons.

Arbonia was able to reduce its dependence on the German market with the acquisition of the Spanish company Dimoldura in May 2024 and the Czech company Lignis in July 2024. In particular, it was possible to develop new markets in Spain, Portugal and France with Dimoldura and in Czechia with Lignis. Arbonia benefited from these growing markets, such as Spain, as well as those in Central and Eastern Europe.

In addition to opening up new distribution channels, especially in the DIY store sector, it was possible to strengthen and expand the contractor services business: Arbonia won an increasing number of major contracts such as hospitals, hotels, as well as public or private complexes. As a result, Arbonia has established itself in the contractor services business and can generate further growth in this sector.

All new installations in the production plants have been delivered, and the production is currently being optimised to increase efficiency. At the highly automated production plant in Prüm, Arbonia was able to commission a combined heat and power (CHP) plant in January 2025; the site uses this to generate a large portion of its own energy from wood waste and can thus sustainably reduce its CO2 emissions as a result. The CHP plant also makes a positive contribution to the energy costs.

In addition to focusing on the doors business, Arbonia was able to sell a non-operational property in Switzerland in the 2024 financial year, which led to an extraordinary profit of CHF 28.8 million. This sales profit and other one-time effects in connection with the Dimoldura and Lignis acquisitions as well as various personnel adjustments led to total one-time effects of CHF 24.6 million at EBITDA level.

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.

Profit and loss account affected by acquisitions and one-time effects
In the 2024 reporting year, Arbonia achieved a net revenue of CHF 556.3 million, which corresponds to an increase in Swiss francs of 10.2 % compared to the previous year (CHF 504.6 million), because of the acquisitions of Dimoldura and Lignis. When adjusted for currency and acquisition effects (organic), the decrease amounted to -5.4 %, which led to an improvement compared to the previous year (-8.2 %). The decrease is above all due to a continued decline in volumes resulting from the continued decrease in new residential construction activity combined with increasing average wage costs and negative exchange rates.

As a discontinued operation, the Climate Division achieved a net revenue of CHF 563.2 million in the same period, which represents a decrease compared to the previous year (-3.8%).

Arbonia reports EBITDA of CHF 66.3 million for 2024, which corresponds to an increase of CHF 34.4 million and is due on the one hand to the previously mentioned one-time effects totalling CHF 24.6 million. On the other hand, the acquisitions of Dimoldura and Lignis contribute to this with CHF 10.2 million. Adjusted for these effects, EBITDA amounts to CHF 31.5 million, which corresponds to a reduction of CHF -0.5 million or -1.5 % compared to the previous year's EBITDA of CHF 31.9 million. Consistent cost management and operational efficiency contributed to the fact that the sales loss of -5.4 % resulted in an EBITDA reduction of -1.5 % when adjusted for currency and acquisition effects.

Depreciation and amortisation increased according to expectations due to the high investments in the past. The amortisation of intangible assets from acquisitions are increasing primarily due to the acquisitions of Dimoldura and Lignis.

The group result was positive in the financial year at CHF 8.3 million, which corresponds to an improvement of CHF 25.5 million compared to the previous year (CHF -17.2 million). This equates to a profit of CHF 0.12 per share (previous year: CHF -0.25 per share). The improvement is primarily due to the sales profit of CHF 28.8 million from a non-operational property.

Net working capital increased due to acquisitions
The net working capital at the end of 2024 amounted to CHF 51.0 million, which results in an increase of CHF 18.2 million compared to the same period of the previous year (CHF 32.8 million). This increase is mainly due to the acquisition-related increase in inventories of CHF 20.4 million. In total, Dimoldura and Lignis' share of the net working capital is CHF 21.5 million. Adjusted for these acquisitions, it was possible to reduce the already low net working capital once more.

Cash flow and net indebtedness
The cash flow from operating activities is CHF 41.3 million, which corresponds to a reduction of CHF 59.7 million compared to 2023 (CHF 101.0 million). For the continuing operations, the cash flow from operating activities is CHF 37.4 million. This means a decrease of CHF 15.3 million compared to the previous year (CHF 52.7 million). The reasons for this are the significantly higher profit taxes paid as well as higher interest costs due to the increased financing requirements. These investments continue to decrease compared to the previous year and amounted to CHF 50.1 million in 2024 (previous year: CHF 59.1 million).

The net indebtedness at the end of 2024 was CHF 357 million compared to CHF 209 million at the end of 2023. The increase of CHF 148 million is largely due to the acquisitions of Dimoldura and Lignis (CHF 135 million).

In 2025, the shareholders will participate in the proceeds from the sale of the Climate Division. The previously announced nominal value reduction of CHF 4.00 as well as the dividend for 2023 of CHF 0.30 per share will be proposed to the General Meeting for distribution. A dividend for 2024 of CHF 0.33 per share, as well as an extraordinary distribution of CHF 1.20 per share will also be proposed to the General Meeting for distribution.

Consolidated Financial Statements Arbonia Group

Consolidated Income Statement

in 1 000 CHF	Note	2024	in %	2023 restated [1]	in %
Continuing operations					
Net revenues	**31**	**556 308**	**100.0**	**504 605**	**100.0**
Other operating income	39	36 353	6.5	8 539	1.7
Capitalised own services		5 185	0.9	5 755	1.1
Changes in inventories of semi-finished and finished goods		– 615	– 0.1	– 4 777	– 0.9
Cost of material and goods		– 215 957	– 38.8	– 199 691	– 39.6
Personnel expenses		– 209 702	– 37.7	– 186 155	– 36.9
Other operating expenses		– 105 301	– 18.9	– 96 390	– 19.1
EBITDA	**31**	**66 271**	**11.9**	**31 886**	**6.3**
Depreciation, amortisation and impairments	36, 37, 38, 39, 40	– 33 328	– 6.0	– 28 993	– 5.7
Amortisation of intangible assets from acquisitions	36, 40	– 16 032	– 2.9	– 11 600	– 2.3
EBIT	**31**	**16 912**	**3.0**	**– 8 707**	**– 1.7**
Financial income	51	4 736	0.9	322	0.1
Financial expenses	51	– 13 500	– 2.4	– 15 489	– 3.1
Group result before income tax	**31**	**8 148**	**1.5**	**– 23 874**	**– 4.7**
Income tax expense	52	– 5 400	– 1.0	9 782	1.9
Group result from continuing operations	**31**	**2 748**	**0.5**	**– 14 092**	**– 2.8**
Group result from discontinued operations after taxes	**36**	**5 531**	**1.0**	**– 3 120**	**– 0.6**
Group result		**8 279**	**1.5**	**– 17 212**	**– 3.4**
Attributable to:					
Shareholders of Arbonia AG		8 279		– 17 212	
Earnings per share from continuing operations in CHF	48	0.04		– 0.20	
Earnings per share from discontinued operations in CHF	48	0.08		– 0.05	
Earnings per share in CHF	48	0.12		– 0.25	
Basic and diluted earnings are identical.					

1 see note 36

The notes on pages 139 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

in 1 000 CHF	2024	2023 restated [1]
Group result	**8 279**	**– 17 212**
Other comprehensive income		
Items that will not be reclassified to income statement		
Remeasurements of employee benefit obligations	5 436	21 658
Deferred tax effect	– 988	– 2 266
Total items that will not be reclassified to income statement	**4 448**	**19 392**
Items that may be reclassified subsequently to income statement		
Fair value adjustments from hedge accounting	14 036	
Cost of hedging	– 8 851	
Currency translation differences	6 124	– 58 874
Total items that may be reclassified subsequently to income statement	**11 309**	**– 58 874**
Total other comprehensive income after taxes	**15 757**	**– 39 482**
Total comprehensive income	**24 036**	**– 56 694**
Attributable to:		
Shareholders of Arbonia AG	24 036	– 56 694
Total comprehensive income from continuing operations	15 571	– 18 966
Total comprehensive income from discontinued operations	8 465	– 37 728

[1] see note 36

The notes on pages 139 to 196 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in 1 000 CHF	Note	31/ 12/ 2024	in %	31/ 12/ 2023	in %
Assets					
Cash and cash equivalents	32	23 639		17 160	
Accounts receivable	33	46 072		50 041	
Other current assets		11 931		8 209	
Inventories	34	75 779		55 415	
Contract assets	33	11 417		7 068	
Deferred expenses		4 535		4 137	
Current income tax receivables		6 489		8 401	
Assets held for sale	36	646 453		619 812	
Current assets		**826 315**	**48.6**	**770 243**	**52.0**
Property, plant and equipment	37	432 204		393 140	
Right-of-use assets	38	18 833		8 202	
Investment property	39	4 072		5 300	
Intangible assets	40	163 186		106 491	
Goodwill	40	189 830		146 123	
Deferred income tax assets	46	14 916		6 051	
Capitalised pension surplus	47	27 217		24 513	
Financial assets	35	23 608		22 515	
Non-current assets		**873 866**	**51.4**	**712 335**	**48.0**
Total assets		**1 700 181**	**100.0**	**1 482 578**	**100.0**

in 1 000 CHF	Note	31/ 12/ 2024	in %	31/ 12/ 2023	in %
Liabilities and shareholders' equity					
Accounts payable		45 126		33 139	
Contract liabilities	33	5 545		7 935	
Other liabilities		12 405		12 060	
Financial debts	42	337 731		134 346	
Lease liabilities	55	4 133		1 994	
Accruals and deferred income		30 105		31 281	
Current income tax liabilities		9 004		12 412	
Provisions	45	3 042		3 626	
Liabilities associated with assets held for sale	36	212 275		195 193	
Current liabilities		**659 366**	**38.8**	**431 986**	**29.1**
Financial debts	42	17 447		74 926	
Lease liabilities	55	15 182		6 317	
Other liabilities		144		519	
Provisions	45	4 947		4 633	
Deferred income tax liabilities	46	43 725		31 526	
Employee benefit obligations	47	12 952		11 700	
Non-current liabilities		**94 397**	**5.6**	**129 621**	**8.7**
Total liabilities		**753 763**	**44.3**	**561 607**	**37.9**
Share capital	48	291 787		291 787	
Share premium		475 751		475 751	
Treasury shares	49	– 274		– 1 389	
Other reserves	50	– 174 995		– 186 304	
Retained earnings		354 149		341 126	
Shareholders' equity		**946 418**	**55.7**	**920 971**	**62.1**
Total liabilities and shareholders' equity		**1 700 181**	**100.0**	**1 482 578**	**100.0**

The notes on pages 139 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

in 1 000 CHF	Note	2024	2023
Group result		**8 279**	**– 17 212**
Depreciation, amortisation and impairments	37, 38, 39, 40	72 117	77 813
Profit/loss on disposal of non-current assets	37, 38, 39	– 28 610	– 310
Changes in non-cash transactions	55	5 467	19 272
Net interest expense		14 856	9 680
Income tax expense		15 862	– 6 262
Changes in working capital	55	2 912	37 468
Changes in current liabilities	55	– 15 584	– 3 142
Interest paid		– 14 103	– 8 999
Interest received		415	448
Income tax paid		– 20 269	– 7 762
Cash flows from operating activities - net		**41 342**	**100 994**
To investment activities			
Purchases of property, plant and equipment	37	– 55 570	– 77 578
Purchases of investment properties	39	– 13	– 1 086
Purchases of intangible assets	40	– 18 805	– 14 320
Acquisition of subsidiaries (net of cash acquired)	41	– 107 432	– 4 374
Issuance of financial assets	35	– 585	– 1 799
From divestment activities			
Proceeds from sale of property, plant and equipment	37	624	512
Proceeds from sale of investment properties	39	19 051	
Proceeds from sale of intangible assets		40	
Repayment of financial assets		4	22
Cash flows from investing activities - net		**– 162 686**	**– 98 623**

in 1 000 CHF	Note	2024	2023
From financing activities			
Proceeds from financial debts	42, 55	208 561	233 496
To financing activities			
Repayments of financial debts	42, 55	– 68 167	– 200 337
Lease liability payments	55	– 9 383	– 8 598
Dividend and distribution from capital contribution reserves			– 20 434
Purchase of treasury shares	49	– 1 075	– 2 722
Cash flows from financing activities - net		**129 936**	**1 405**
Effects of translation differences on cash and cash equivalents		– 297	– 2 056
Change in cash and cash equivalents		**8 295**	**1 720**
Reconciliation of change in cash and cash equivalents			
Cash and cash equivalents as of 01/01 continuing operations	32	17 160	29 196
Cash and cash equivalents as of 01/01 discontinued operations	36	13 756	
Cash and cash equivalents as of 31/12 continuing operations	32	23 639	17 160
Cash and cash equivalents as of 31/12 discontinued operations	36	15 572	13 756
Change in cash and cash equivalents		**8 295**	**1 720**

The notes on pages 139 to 196 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 share-holders' equity
Balance at 01/ 01/ 2023		**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**
Group result						8 279	8 279
Total other comprehensive income after taxes	50				11 309	4 448	15 757
Total comprehensive income					**11 309**	**12 727**	**24 036**
Changes in treasury shares	49			– 67		– 1	– 68
Share based payments	56			1 182		297	1 479
Total transactions with owners				**1 115**		**296**	**1 411**
Balance at 31/ 12/ 2024		**291 787**	**475 751**	**– 274**	**– 174 995**	**354 149**	**946 418**

The notes on pages 139 to 196 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. The company with the continuing operations consists of Division Doors with the Wood Solutions and Glass Solutions Business Units. Manufacturing plants are located in Switzerland, Germany, Poland, Spain, Portugal, France and the Czech Republic. Arbonia owns major brands such as Arbonia, Kermi, Koralle, RWD Schlatter, Prüm, Garant, Invado, Dimoldura and Rozière and possesses a strong position in its home markets in Switzerland and Germany.

On 18 April 2024, a contract was signed between Arbonia and Midea Electrics Netherlands B.V., a company of Midea Group for the sale of the Climate business. The closing of the transaction took place on 26 February 2025 (see note 36). The location in Russia included in the Climate segment (AFG RUS) is not part of this transaction. Several expressions of interest and concrete offers for the sale of AFG RUS have also been received. The sale of AFG RUS is considered highly probable and the company is recognised as a discontinued operation. The closing of the transaction is expected in the first half of 2025, after all regulatory and legal approvals have been granted (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 26 February 2025 and require approval from the Annual General Meeting on 25 April 2025. The publication of the consolidated financial statements occurred on 4 March 2025 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 2023, except for the adoption of the following amended standard.

Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants
The amendments to IAS 1 clarify certain requirements for determining whether a liability is classified as current or non-current. Borrowings are classified as current liabilities unless at the end of the reporting period, the group has a substantial right to defer settlement of the liability for at least 12 months after the reporting period. The amendments did not result in a change in the classification of Arbonia's borrowings.

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

Published standards that are not yet effective nor adopted early

IFRS 18 - Presentation and disclosure in financial statements
IFRS 18 will replace IAS 1 «Presentation of financial statements» and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses in the income statement into five categories: the operating, investing, financing, income tax and discontinued operations category. Entities are also required to present two newly-defined subtotals «operating result» and «result before financing and income tax». Entities' net result will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

The introduction of IFRS 18 will have an impact on Arbonia's reporting. Arbonia will systematically analyse and review its reporting with regard to the implementation of this standard.

The other 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 2024
– As of 16 May 2024, Arbonia acquired 100% of Dimoldura Group, ES-Toledo (see note 41).
– As of 1 July 2024, Arbonia acquired 100% of Lignis s.r.o., CZ-Koryčany (see note 41).

In the financial year 2023
– As of 24 October 2023, Arbonia acquired 100% of Interwand GmbH, DE-Dörzbach (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 other 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 other comprehensive income.

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 other comprehensive income are recognised in the income statement.

The following foreign currency rates have been applied:

Currency	Unit	2024		2023	
		Year-end rate	Average rate	Year-end rate	Average rate
EUR	1	0.9412	0.9496	0.9284	0.9717
CZK	100	3.7371	3.7755	3.7549	4.0507
PLN	100	22.0267	22.0364	21.3523	21.4040
CNY	100	12.5065	12.2035	11.8129	12.7689
RUB	100	0.8851	0.9411	0.9367	1.0652
RSD	100	0.8031	0.8110	0.7966	0.8286

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

Financial assets of Arbonia are divided into the following categories: (1) Financial assets measured at amortised cost (FA AC) and (2) Financial assets for hedge instruments.

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 of Arbonia comprise 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. Derivatives are measured at fair value 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.

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
Software/-licenses	Software/-licenses	up to 8
Capitalised development costs	Other intangible assets	up to 5
Other intangible assets	Other intangible assets	up to 5
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.

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

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.

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 and adjusted against the right-of-use asset.

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.

26. Deferred income tax

Deferred taxes are recognised using the liability method. In accordance with this method, the income tax effects of temporary differences between the intra-group and tax balance sheet values are recognised as non-current liabilities or non-current assets. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date. Deferred taxes on temporary differences are not recognised for (1) goodwill that is not deductible for tax purposes, (2) transactions resulting from the initial recognition of assets or liabilities that affect neither the taxable profit nor the profit for the year and do not result from business combinations, and (3) investments in subsidiaries, provided that the timing of the reversal can be controlled by Arbonia and it is probable that the temporary differences 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. In 2024, the valuation of the Deal Contingent Forward (incl. cost of hedging) concluded in the reporting year is also included in other reserves.

29. Income statement

Net revenue

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 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.

In addition to short-term series production, the Wood Solutions Business Unit of the Doors Division is also active 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, Arbonia has an enforceable right to payment and the orders 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 and investment property.

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, minority share from associated companies and foreign exchange gains. Interest income is recognised on a time-proportion basis using the effective interest method. Foreign exchange gains and losses are shown on a net basis.

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.

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 2024, the carrying amount of inventory was at CHF 75.8 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 2024, the carrying amount of property, plant and equipment totalled CHF 432.2 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 2024, the carrying amount of goodwill was at CHF 189.8 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 2024, the carrying amount of intangible assets acquired in a business combination amounted to CHF 119.0 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 2024, the carrying amount of the provisions totalled CHF 8.0 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 2024, the overfunding amounted to CHF 14.3 million, thereof CHF 27.2 million recorded in the balance sheet as capitalised pension surplus and CHF 13.0 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 2024, the carrying amount of deferred tax assets before offsetting totalled CHF 35.5 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

On 18 April 2024, a contract was signed between Arbonia and Midea Electrics Netherlands B.V., a company of Midea Group for the sale of the Climate business. The location in Russia included in the Climate segment (AFG RUS) is not part of this transaction. Several expressions of interest and concrete offers for the sale of AFG RUS have also been received. The sale of AFG RUS is considered highly probable as per 31 December 2024. In line with internal management reporting, the Climate segment is no longer included in the segment information. The segment information of the previous year was restated accordingly.

With this sales transaction, Arbonia will focus on its doors business in future, which will remain as the only reportable business segment. A non-operating property in the Netherlands (Brugman Radiatorenfabriek BV), included in the Climate business, is not part of the transaction and will remain with Arbonia. These activities are allocated to Corporate Services in the segment information. This position also includes Corporate Services, which consists of service, finance, real estate and investment companies and provides services almost entirely to Group companies.

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.

Doors Division
With its Wood Solutions Business Unit and the associated companies Prüm, Garant, Invado, RWD Schlatter, Joro, Dimoldura and Lignis 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. Of the seventeen production sites of the Doors Division, seven are located in Germany, two in Switzerland, one in Poland, four in Spain, one in France, one in Portugal and one in the Czech Republic.

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					2024
	Doors	Total reportable segments	Corporate Services	Elimina-tions	Total Group
Sales with third parties at point in time	496 581	496 581	2 539		499 120
Sales with third parties over time	57 188	57 188			57 188
Net revenues	**553 769**	**553 769**	**2 539**		**556 308**
Segment results I (EBITDA)	**48 573**	**48 573**	**17 698**		**66 271**
in % of net revenues	*8.8*	*8.8*			*11.9*
Depreciation and amortisation	– 31 254	– 31 254	– 2 111		– 33 365
Reversal of impairment on property, plant and equipment			37		37
Segment results II (EBITA)	**17 319**	**17 319**	**15 624**		**32 943**
in % of net revenues	*3.1*	*3.1*			*5.9*
Amortisation of intangible assets from acquisitions	– 16 032	– 16 032			– 16 032
Segment results III (EBIT)	**1 288**	**1 288**	**15 624**		**16 912**
in % of net revenues	*0.2*	*0.2*			*3.0*
Interest income	659	659	19 780	– 19 915	524
Interest expenses	– 21 609	– 21 609	– 10 308	19 879	– 12 038
Minority share from associated companies	224	224			224
Other financial result	– 2 651	– 2 651	9 180	– 4 003	2 526
Result before income tax	**– 22 089**	**– 22 089**	**34 276**	**– 4 039**	**8 148**
Income tax expense	5 718	5 718	– 11 118		– 5 400
Result after income tax	**– 16 371**	**– 16 371**	**23 158**	**– 4 039**	**2 748**
Average number of employees	**3 447**	**3 447**	**88**		**3 535**
Total assets	**983 639**	**983 639**	**1 044 750**	**– 974 661**	**1 053 728**
thereof associated companies	23 030	23 030			23 030
Total liabilities	**575 969**	**575 969**	**367 487**	**– 401 968**	**541 488**
Purchases of property, plant and equipment, right-of-use assets, investment properties and intangible assets	52 399	52 399	703		53 102

in 1 000 CHF					2023 restated [1]
	Doors	Total reportable segments	Corporate Services	Elimina-tions	Total Group
Sales with third parties at point in time	439 489	439 489	3 065		442 554
Sales with third parties over time	62 051	62 051			62 051
Sales with other segments	23	23		– 23	
Net revenues	**501 563**	**501 563**	**3 065**	**– 23**	**504 605**
Segment results I (EBITDA)	**39 138**	**39 138**	**– 7 288**	**36**	**31 886**
in % of net revenues	*7.8*	*7.8*			*6.3*
Depreciation and amortisation	– 26 528	– 26 528	– 2 465		– 28 993
Segment results II (EBITA)	**12 610**	**12 610**	**– 9 753**	**36**	**2 893**
in % of net revenues	*2.5*	*2.5*			*0.6*
Amortisation of intangible assets from acquisitions	– 11 600	– 11 600			– 11 600
Segment results III (EBIT)	**1 010**	**1 010**	**– 9 753**	**36**	**– 8 707**
in % of net revenues	*0.2*	*0.2*			*– 1.7*
Interest income	272	272	16 923	– 16 893	302
Interest expenses	– 17 302	– 17 302	– 7 915	16 940	– 8 277
Minority share from associated companies	– 674	– 674			– 674
Other financial result	– 2 806	– 2 806	6 957	– 10 669	– 6 518
Result before income tax	**– 19 500**	**– 19 500**	**6 211**	**– 10 586**	**– 23 874**
Income tax expense	4 714	4 714	5 068		9 782
Result after income tax	**– 14 786**	**– 14 786**	**11 280**	**– 10 586**	**– 14 092**
Average number of employees	**3 025**	**3 025**	**101**		**3 126**
Total assets	**795 422**	**795 422**	**905 254**	**– 837 910**	**862 766**
thereof associated companies	22 497	22 497			22 497
Total liabilities	**471 664**	**471 664**	**245 550**	**– 350 800**	**366 414**
Purchases of property, plant and equipment, right-of-use assets, investment properties and intangible assets	58 993	58 993	1 846		60 839

1 see note 36

Information about geographical areas

in 1 000 CHF				2024
	Switzerland	Germany	Other Countries	Total
Net revenues	110 768	298 289	147 251	556 308
Property, plant and equipment, right-of-use assets, investment properties, intangible assets and goodwill	103 771	516 029	188 325	808 125

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

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/ 2024	31/ 12/ 2023
CHF	7 051	4 793
EUR	12 680	9 496
PLN	1 298	1 530
CZK	2 373	1 200
Other currencies	237	141
Total	**23 639**	**17 160**

33. Accounts receivable / contract balances

Accounts receivable

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Accounts receivable	49 929	53 554
Allowance for accounts receivable	– 3 857	– 3 513
Total	**46 072**	**50 041**
thereof accounts receivable project business	6 656	18 316

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

The ageing analysis is as follows:

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Not yet due	40 574	43 601
Overdue up to 30 days	3 911	4 513
Overdue more than 30, less than 60 days	128	1 096
Overdue more than 60, less than 90 days	179	363
Overdue more than 90, less than 180 days	901	351
Overdue more than 180, less than 360 days	188	139
Overdue more than 360 days	193	– 22
Total accounts receivable, net	**46 072**	**50 041**

Outstanding accounts receivable amounting to CHF 19.3 million (2023: CHF 12.7 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	2024	2023
Balance at 01/ 01	**– 1 886**	**– 3 892**
Foreign exchange differences	6	106
Changes in scope of consolidation	– 362	– 82
Additional allowances	– 184	– 1 049
Used during year	191	540
Unused amounts reversed	155	319
Reclassification to assets held for sale		2 172
Balance at 31/ 12	**– 2 080**	**– 1 886**

Contract balance

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Contract assets project business	11 417	7 068
Total contract assets	**11 417**	**7 068**
Contract liabilities project business	4 115	6 413
Other advance payments by customers	1 430	1 522
Total contract liabilities	**5 545**	**7 935**

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	2024	2023
Balance at 01/ 01	**7 068**	**18 822**
Foreign exchange differences		– 43
Reclassification of contract assets existing at the beginning of the period to accounts receivable	– 1 134	– 15 776
Revenue recognition on projects in progress as of the balance sheet date based on percentage of completion	23 675	5 811
Offset against contract liabilities due to partial payments received	– 18 192	– 882
Reclassification to assets held for sale		– 864
Balance at 31/ 12	**11 417**	**7 068**

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	2024	2023
Balance at 01/ 01	**6 413**	**6 592**
Foreign exchange differences		– 288
Revenue recognised from amounts included in the contract liabilities at the beginning of the period	– 4 857	– 3 516
Partial payments received for projects in progress at the balance sheet date	20 751	10 528
Offset against contract assets	– 18 192	– 882
Reclassification to assets held for sale		– 6 021
Balance at 31/ 12	**4 115**	**6 413**

In 2024, 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/ 2024	30 722	2 097	3 940
Revenues expected to be recognised on uncompleted order backlog as at 31/ 12/ 2023	21 331	1 419	

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/ 2024	31/ 12/ 2023
Raw material and supplies	42 259	29 264
Semi-finished and finished goods	31 425	24 156
Goods purchased for resale	2 074	1 872
Prepayments	21	123
Total	**75 779**	**55 415**

A provision of CHF 6.1 million (2023: CHF 6.1 million) has been provided for obsolete and slow-moving items and is deducted from inventories. 2024 and 2023, 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/ 2024	31/ 12/ 2023
Investments in associated companies > 20 % < 50 %	23 030	22 497
Other financial assets	578	18
Total	**23 608**	**22 515**

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 2023, the cash outflow is included in the position issuance of financial assets.

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	2024	2023
Balance at 01/ 01	**22 497**	**10 457**
Foreign exchange differences	309	– 1 320
Increase of investment		14 034
Minority share from associated companies	224	– 674
Balance at 31/ 12	**23 030**	**22 497**

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

Associated companies – Balance sheet

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Current assets	35 833	40 007
Non-current assets	3 387	3 378
Total assets	**39 221**	**43 384**
Current liabilities	9 187	7 480
Shareholders' equity	30 034	35 904
Total liabilities and shareholders' equity	**39 221**	**43 384**

Associated companies - Income statement

in 1 000 CHF	2024	2023
Net revenues	36 648	25 122
Results after taxes	4 741	2 358

Business transactions with associated companies

in 1 000 CHF	2024	2023
Sale of goods and services	395	299
Purchase of goods and services	308	33

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

On 18 April 2024, a contract was signed between Arbonia and Midea Electrics Netherlands B.V., a company of Midea Group for the sale of the Climate business. The location in Russia included in the Climate segment (AFG RUS) is not part of this transaction. Several expressions of interest and concrete offers for the sale of AFG RUS have also been received. The sale of AFG RUS is considered highly probable as per 31 December 2024. A non-operating property in the Netherlands (Brugman Radiatorenfabriek BV), included in the Climate business, is not part of the transaction and will remain with Arbonia. In accordance with IFRS 5, Arbonia reports the Climate Division, with the exception of Brugman Radiatorenfabriek BV, as discontinued operations. The Climate business was already recognised as discontinued operation in the 2023 consolidated financial statements. The prior-year figures in the income statement have been adjusted to the effect that the continuing operations of Brugman Radiatorenfabriek BV have been allocated to continuing operations. In the consolidated balance sheet as of 31 December 2024, 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 were not adjusted.

Assets held for sale and discontinued operations

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Cash and cash equivalents	15 572	13 756
Receivables and other assets	102 399	79 927
Inventories and contract assets	131 121	129 055
Deferred expenses	1 862	1 276
Financial assets	627	407
Property, plant and equipment and right-of-use assets	284 995	288 064
Investment property		4 095
Intangible assets and goodwill	98 163	92 215
Deferred income tax assets	3 584	3 812
Capitalised pension surplus	8 131	7 205
Total	**646 453**	**619 812**

Liabilities associated with assets held for sale and discontinued operations

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Liabilities	96 802	78 108
Financial debts and lease liabilities	21 750	22 174
Accruals and deferred income	26 562	24 842
Provisions	8 103	17 485
Deferred income tax liabilities	27 528	19 572
Employee benefit obligations	31 530	33 012
Total	**212 275**	**195 193**

Result from discontinued operations

in 1 000 CHF	2024	2023 restated
Net revenues	**563 156**	**585 289**
Other operating income and capitalised own services	14 841	12 040
Changes in inventories of semi-finished and finished goods	2 987	– 7 547
Cost of material and goods	– 280 655	– 294 942
Personnel expenses	– 160 647	– 163 652
Other operating expenses	– 95 934	– 89 989
EBITDA	**43 748**	**41 199**
Depreciation, amortisation and impairments	– 22 758	– 31 810
Amortisation of intangible assets from acquisitions		– 5 410
EBIT	**20 991**	**3 979**
Financial result	– 4 999	– 3 580
Result from discontinued operations before income tax	**15 992**	**399**
Income tax expense	– 10 461	– 3 520
Result from discontinued operations	**5 531**	**– 3 120**

The results for the reporting period 2024 includes currently incurred sales costs for the disposal of the Climate Division of CHF 3.3 million (2023: CHF 1.4 million).

The revaluation of assets held for sale and adjustment to the lower of carrying amount and fair value less costs to sell of AFG RUS resulted in impairments on property, plant and equipment in the amount of CHF 21.1 million in the reporting period 2024.

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	2024	2023
Cash flows from operating activities	**3 943**	**48 259**
Cash flows from investing activities	**– 24 187**	**– 33 674**
Cash flows from financing activities	**– 7 069**	**– 6 570**

As per 31 December 2024, other comprehensive income includes cumulative expenses in connection with discontinued operations totalling around CHF 78 million (2023: 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/ 2023	**273 416**	**218 220**	**16 914**	**166 471**	**675 021**
Cost					
Balance at 01/ 01/ 2023	**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/ from 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**
Foreign exchange differences	1 101	1 775	176	1 743	4 795
Change in scope of consolidation	9 587	5 605	509	723	16 424
Additions	780	6 786	1 254	26 896	35 716
Disposals	– 14	– 4 205	– 822	– 56	– 5 097
Reclassification to/ from assets held for sale	24 835	– 2 517	– 5 418	– 2 126	14 773
Reclassifications	4 207	31 859	106	– 35 987	185
Balance at 31/ 12/ 2024	**223 245**	**208 580**	**15 776**	**111 356**	**558 956**

in 1 000 CHF	Land and buildings	Plant and machinery	Other equipment	Prepayments and assets under construction	Total
Accumulated depreciation					
Balance at 01/ 01/ 2023	**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/ from 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**
Foreign exchange differences	76	648	136		860
Depreciation	6 505	17 314	1 654		25 473
Reversal of impairment		– 37			– 37
Disposals		– 4 155	– 712		– 4 867
Reclassification to/ from assets held for sale	12 268	– 1 923	– 4 154		6 191
Reclassifications		85	27		112
Balance at 31/ 12/ 2024	**44 736**	**71 097**	**10 918**		**126 751**
Net book value at 31/ 12/ 2023	**156 861**	**110 113**	**6 003**	**120 163**	**393 140**
Net book value at 31/ 12/ 2024	**178 508**	**137 483**	**4 857**	**111 356**	**432 204**

The group entity Kermi GmbH was active for both the Doors Division (Glass Solutions) and the Climate Division. Due to the planned sale of the Climate Division, the Glass Solutions segment was carved out in 2024. The carve-out and the final contract negotiations with the buyer led to adjustments in the allocation of assets between continuing and discontinued operations. These shifts are recognised as reclassification to assets held for sale. The reclassification in land and buildings relates to the transfer of the land and factory building in Plattling to the Glass Solutions segment.

No borrowing costs were capitalised in 2024 and 2023.

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/ 2024	31/ 12/ 2023
Property, plant and equipment	13 132	22 443
Intangible assets	247	
Total	**13 379**	**22 443**

Land and buildings amounting to CHF 37.6 million (2023: CHF 37.1 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/ 2023	**15 297**	**3 054**	**5 655**	**24 006**
Cost				
Balance at 01/ 01/ 2023	**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/ from 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**
Foreign exchange differences	– 198	– 59	33	– 224
Change in scope of consolidation	7 361	1 748	345	9 454
Additions	476	1 167	1 475	3 118
Disposals and remeasurements	793	– 41	– 1 016	– 264
Reclassification to/ from assets held for sale	116	– 139	331	308
Reclassifications		210	– 388	– 178
Balance at 31/ 12/ 2024	**17 612**	**4 041**	**5 123**	**26 776**

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/ 2023	**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/ from 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**
Foreign exchange differences	29	1	21	51
Depreciation	1 686	684	1 459	3 829
Disposals	– 983	– 36	– 1 093	– 2 112
Reclassification to/ from assets held for sale		– 98	91	– 7
Reclassifications		22	– 200	– 178
Balance at 31/ 12/ 2024	**4 148**	**1 003**	**2 792**	**7 943**
Net book value at 31/ 12/ 2023	**5 648**	**725**	**1 829**	**8 202**
Net book value at 31/ 12/ 2024	**13 464**	**3 037**	**2 332**	**18 833**

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

in 1 000 CHF	2024	2023
Expenses relating to short-term leases	710	841
Expenses relating to leases of low-value assets (excluding short-term leases)	370	308
Expenses for variable lease payments	132	412
Total	**1 212**	**1 561**

Total cash outflows for leases amounted to CHF 14.6 million in 2024 (2023: CHF 12.8 million). Of this amount, CHF 5.4 million (2023: CHF 4.8 million) was attributable to continuing operations.

Lease agreements may contain renewal options. The determination of the lease term of these leases requires judgement. As of 31 December 2023, possible future cash outflows of CHF 0.9 million were not included in the lease liability as it was not reasonably certain that the lease agreements will be renewed. There are no not included renewal options as at 31 December 2024.

39. Investment property

in 1 000 CHF	Investment property - land	Investment property - buildings	Total
Net book value at 01/ 01/ 2023	**5 251**	**3 613**	**8 864**
Cost			
Balance at 01/ 01/ 2023	**5 787**	**28 256**	**34 043**
Foreign exchange differences	– 260	– 16	– 276
Additions		1 086	1 086
Disposals		– 2 071	– 2 071
Reclassification to/ from assets held for sale	– 3 925	– 243	– 4 168
Balance at 31/ 12/ 2023	**1 602**	**27 012**	**28 614**
Foreign exchange differences	55	3	58
Additions		13	13
Disposals	– 1 675	– 27 028	– 28 703
Reclassification to/ from assets held for sale	3 925	243	4 168
Balance at 31/ 12/ 2024	**3 907**	**243**	**4 150**
Accumulated depreciation			
Balance at 01/ 01/ 2023	**536**	**24 643**	**25 179**
Foreign exchange differences	– 2	– 2	– 4
Depreciation		284	284
Disposals		– 2 071	– 2 071
Reclassification to/ from assets held for sale	– 35	– 39	– 74
Balance at 31/ 12/ 2023	**499**	**22 815**	**23 314**
Depreciation		220	220
Disposals	– 498	– 23 032	– 23 530
Reclassification to/ from assets held for sale	35	39	74
Balance at 31/ 12/ 2024	**36**	**42**	**78**
Net book value at 31/ 12/ 2023	**1 103**	**4 197**	**5 300**
Net book value at 31/ 12/ 2024	**3 871**	**201**	**4 072**
Fair values of investment properties at 31/ 12/ 2023			**12 355**
Fair values of investment properties at 31/ 12/ 2024			**5 664**

Rental income from investment properties from continuing operations amounted to CHF 1.2 million (2023: CHF 1.8 million) and is included in other operating income. Related direct operating expenses were CHF 0.1 million (2023: CHF 0.2 million) and are included in other operating expenses.

In the second quarter of 2024, Arbonia sold the non-operating property Zelgstrasse (Arbon). This resulted in a gain on disposal of CHF 28.8 million, which is included in the income statement under other operating income. The cash inflow of CHF 19.0 million is included in the cash flow statement under proceeds from sale of investment property.

At the same time, the mortgage of CHF 14.9 million was repaid and deducted directly from the sales price by the bank.

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	Technologies	Other intangible assets from business combinations	Software/ -licenses	Other intangible assets	Total	Goodwill
Net book value at 01/ 01/ 2023	**53 137**	**87 446**	**14 808**	**348**	**27 160**	**3 405**	**186 304**	**182 395**
Cost								
Balance at 01/ 01/ 2023	**88 492**	**142 022**	**23 202**	**5 005**	**46 161**	**4 863**	**309 745**	**211 396**
Foreign exchange differences	– 4 496	– 6 797	– 1 448	– 142	– 1 787	– 720	– 15 390	– 9 098
Change in scope of consolidation					8		8	
Additions					11 151	3 169	14 320	
Disposals					– 713		– 713	
Reclassification to/ from assets held for sale	– 26 358	– 42 407	– 16 569	– 246	– 10 006	– 5 015	– 100 601	– 48 075
Reclassifications					2 181	977	3 158	
Balance at 31/ 12/ 2023	**57 638**	**92 818**	**5 185**	**4 617**	**46 995**	**3 274**	**210 527**	**154 223**
Foreign exchange differences	264	– 529	71	– 67	542	22	303	492
Change in scope of consolidation	14 130	45 935		2 888	206		63 159	43 215
Additions					14 102	154	14 256	
Disposals					– 451		– 451	
Reclassification to/ from assets held for sale					– 2 211		– 2 211	
Reclassifications					– 51	88	37	
Balance at 31/ 12/ 2024	**72 032**	**138 224**	**5 256**	**7 438**	**59 132**	**3 538**	**285 620**	**197 930**

in 1 000 CHF	Brands	Customer relationships	Tech-nologies	Other intangible assets from business combinations	Software/ -licenses	Other intangible assets	Total	Goodwill
Accumulated amortisation								
Balance at 01/ 01/ 2023	**35 355**	**54 576**	**8 394**	**4 657**	**19 001**	**1 458**	**123 441**	**29 001**
Foreign exchange differences	– 1 882	– 2 304	– 591	– 137	– 632	– 234	– 5 780	
Amortisation	5 706	9 605	1 355	343	5 037	641	22 687	
Disposals					– 713		– 713	
Reclassification to/ from assets held for sale	– 8 257	– 11 503	– 8 088	– 246	– 6 807	– 660	– 35 561	– 20 901
Reclassifications						– 38	– 38	
Balance at 31/ 12/ 2023	**30 922**	**50 374**	**1 070**	**4 617**	**15 886**	**1 167**	**104 036**	**8 100**
Foreign exchange differences	359	525	11	12	145	1	1 053	
Amortisation	4 900	8 513	454	2 165	3 442	401	19 875	
Disposals					– 450		– 450	
Reclassification to/ from assets held for sale					– 2 080		– 2 080	
Balance at 31/ 12/ 2024	**36 181**	**59 412**	**1 535**	**6 794**	**16 943**	**1 569**	**122 434**	**8 100**
Net book value at 31/ 12/ 2023	**26 716**	**42 444**	**4 115**		**31 109**	**2 107**	**106 491**	**146 123**
Net book value at 31/ 12/ 2024	**35 851**	**78 812**	**3 721**	**644**	**42 189**	**1 969**	**163 186**	**189 830**

Expenses for research and development in the amount of CHF 3.2 million (2023: CHF 4.3 million) have been charged to the income statement, since they did not fulfil the capitalisation criteria. The additions to other intangible assets consist of CHF 0.1 million (2023: CHF 3.1 million) of own development costs and CHF 0.1 million (2023: CHF 0.1 million) of purchased or acquired items.

Goodwill

As of 31 December 2024 goodwill from business combinations is allocated to the Group's five cash-generating units (CGUs) Joro Doors, Wood Solutions, Dimoldura, Lignis and Glass Solutions. The movements of the carrying amounts of goodwill were as follows:

in 1 000 CHF	Lignis	Dimoldura	Joro Doors	Wood Solu-tions	Glass Solu-tions	Termovent	Sabiana	Total
Balance at 01/ 01/ 2023			**11 615**	**127 258**	**14 647**	**7 271**	**21 604**	**182 395**
Foreign exchange differences			– 719	– 6 678		– 363	– 1 338	– 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**
Acquisition	4 368	38 847						43 215
Foreign exchange differences	– 127	– 1 488	150	1 957				492
Balance at 31/ 12/ 2024	**4 241**	**37 359**	**11 046**	**122 537**	**14 647**			**189 830**

Goodwill impairment tests 2024
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 2024 and were used for the impairment tests.

The value in use calculation for the annual 2024 impairment tests assumed the following key assumptions:

in %	Lignis	Dimoldura	Joro Doors	Wood Solutions	Glass Solutions
Budgeted gross margin	64.8	52.6	69.8	58.4	74.5
Eternal growth rate	2.0	1.5	1.8	2.0	1.8
Discount rate	11.4	12.5	11.6	10.4	10.5

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.

A planning horizon of ten years was used for CGU Wood Solutions, consisting of a budget year and four planning years with a subsequent reconciliation of a further five years to the residual values. The slump in construction activity, particularly in Germany, led to a drop in demand for doors. Due to this slump in demand, the highly automated plant of the future 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.

Based on a reasonably possible change in the key assumptions, sensitivity analyses were calculated in 2024 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.

Other key assumptions for the impairment test of the CGU Wood Solutions included an annual average growth rate of 6.2% until 2029 and 5.0% until 2034 as well as an EBITDA margin development to 13.9% until 2029 and to 16.0% until 2034.

If the discount rate were increased from 10.4% to 11.4%, the calculated value would be equal to its carrying amount. A reduction in the budgeted gross margin from 58.4% to 51.4% would have led to an impairment of CHF 47 million in the CGU Wood Solutions. A 20% reduction in EBITDA would lead to an impairment of CHF 45 million. At a reduction of 13.3% 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 70 million. At a reduction of 11.6% in EBITDA and an eternal growth of 1.75%, the recoverable amount was equal to its carrying amount.

Goodwill impairment tests 2023
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 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 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.

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 of 14.9% until 2028 and 16.9% until 2033.

A reduction in the budgeted gross margin from 58.0% to 51.0% would have been just enough to prevent an impairment in the CGU Wood Solutions. A 20% reduction in EBITDA would have led to an impairment of CHF 7 million. With a 19.1% reduction in EBITDA, the calculated value would be equal to its carrying amount. A 20% reduction in EBITDA with a simultaneous reduction in eternal growth from 2.0% to 1.5% would have led to an impairment of CHF 31 million. In the event of a 17.4% reduction in EBITDA and an eternal growth rate of 1.75%, the calculated value would be 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 2024

Dimoldura Group

in 1 000 CHF	Fair Value
Assets	
Cash and cash equivalents	3 422
Accounts receivable	17 750
Other current assets	679
Inventories	22 559
Current income tax receivables	116
Property, plant and equipment	10 821
Right-of-use assets	9 178
Intangible assets	54 806
Deferred income tax assets	172
Financial assets	215
Total assets	**119 719**
Liabilities	
Accounts payable	18 744
Other liabilities	4 301
Financial debts	18 491
Lease liabilities	9 176
Current income tax liabilities	2 879
Provisions	104
Deferred income tax liabilities	13 969
Employee benefit obligations	547
Total liabilities	**68 210**
Net assets acquired	**51 508**
Goodwill	38 847
Purchase consideration	**90 355**
Net cash outflow was as follows:	
Purchase price	90 355
Cash and cash equivalents acquired	– 3 422
Net cash outflow on acquisition	**86 933**

As of 16 May 2024, Arbonia acquired 100% of Dimoldura Group, ES-Toledo. Dimoldura is the market leader in the area of wooden interior doors in Spain and is also active with a strong market presence in Portugal and France. The markets of Dimoldura therefore complement the existing sales markets of the Doors Division. The Doors Division is additionally expanding its presence in the contractor services business and DIY business. The purchase price in cash amounted to CHF 90.4 million. From the date of acquisition, Dimoldura Group contributed CHF 70.3 million in net revenues and CHF 0.8 million in profit to the Group. Had the acquisition taken place on 1 January 2024, net revenues for the reporting period would have been CHF 112.0 million and profit, including amortisation charges on intangible assets from acquisitions, would have been CHF 2.5 million. The gross carrying amount of accounts receivables amounted to CHF 18.0 million, of which CHF 0.3 million were considered uncollectable. The acquisition-related costs amounted to CHF 1.2 million and are included in operating expenses in 2024. 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. Goodwill contains the expected synergy potential within the Doors Division. With the acquisition of Dimoldura Group, Arbonia is expanding its geographical presence and gaining access to southern Europe, a market in which the Doors Division was hardly active and present before the transaction. In addition to new markets and greater geographical coverage, Arbonia is also expanding its product portfolio, which it can offer to existing and new customers. The goodwill also includes the know-how of the workforce.

Lignis s.r.o.

in 1 000 CHF	Fair Value
Assets	
Cash and cash equivalents	989
Accounts receivable	4 436
Other current assets	176
Inventories	1 405
Deferred expenses	33
Property, plant and equipment	5 603
Right-of-use assets	277
Intangible assets	8 353
Total assets	**21 273**
Liabilities	
Accounts payable	607
Other liabilities	272
Financial debts	1 070
Lease liabilities	277
Accruals and deferred income	462
Current income tax liabilities	112
Provisions	39
Deferred income tax liabilities	2 147
Total liabilities	**4 986**
Net assets acquired	**16 286**
Goodwill	4 368
Purchase consideration	**20 654**
Cost of acquisition	
Purchase price in cash	19 647
Purchase price in equity instruments	1 008
Total cost of acquisition	**20 654**
Net cash outflow was as follows:	
Purchase price	19 647
Cash and cash equivalents acquired	– 989
Net cash outflow on acquisition	**18 657**

As of 1 July 2024, Arbonia acquired 100% of Lignis s.r.o., CZ-Koryčany. Lignis is a specialist for functional doors and serves the contractor services business incl. assembly. Lignis is the only door manufacturer in Czechia that can provide the entire product portfolio from standard doors to functional doors made of wood and metal. This acquisition will make Arbonia the second-largest provider in Czechia and Slovakia. The purchase price amounted to CHF 20.7 million, of which CHF 19.7 million was paid in cash and CHF 1.0 million in Arbonia shares. From the date of acquisition, Lignis contributed CHF 6.6 million in net revenues and CHF 0.2 million in profit to the Group. Had the acquisition taken place on 1 January 2024, net revenues for the reporting period would have been CHF 13.0 million and profit, including amortisation charges on intangible assets from acquisitions, would have been CHF 0.3 million. The gross carrying amount of accounts receivables amounted to CHF 4.5 million, of which CHF 0.1 million were considered uncollectable. The acquisition-related costs amounted to CHF 0.3 million and are included in operating expenses in 2024. 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. Goodwill mainly contains the expected synergy potential within the Doors Division. The goodwill also includes the know-how of the workforce.

In 2024, deferred purchase price payments for Joro, CICSA and Interwand of CHF 1.8 million were due and paid.

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 had 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 a deferred purchase price payment of CHF 1.1 million was included. From the date of acquisition, Interwand contributed CHF 1.8 million in net revenues for 2023 and CHF 0.3 million in profit for 2023 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 and CICSA of CHF 1.4 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.

Arbonia has taken out a bridge loan of EUR 100 million to finance acquisitions. The outstanding bridge loan of EUR 80 million is to be repaid in full once the sale of the Climate Division has been completed.

The financial debts are comprised of the following:

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Promissory note loan	61 178	60 346
Syndicated loan	198 824	133 926
Bridge loan	75 296	
Mortgages		15 000
Bank loans	11 918	
Bank borrowings	7 962	
Total	**355 178**	**209 272**

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 2024 and 2023.

The maturities of the financial debts are as follows:

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
within 1 year	337 731	134 346
between 1 and 5 years	17 447	74 926
Total	**355 178**	**209 272**

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

	31/ 12/ 2024	
	CHF	EUR
Financial debts	2.6%	3.9%

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

The syndicated loan, the bridge loan and the bank borrowings, as well as the majority of bank loans have variable interest rates, whereas the promissory note loan has fixed interest rates.

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

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
CHF	180 005	135 000
EUR	175 173	74 272
Total	**355 178**	**209 272**

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/ 2024
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	45 126	45 126	45 126				
Other liabilities (without derivatives)	1 110	1 110	532	578			
Lease liabilities	19 315	22 654	2 868	2 166	3 654	5 915	8 051
Accruals and deferred income	21 312	21 312	21 130	182			
Financial debts	355 178	358 008	337 907	1 855	5 505	12 311	430
Total	**442 041**	**448 210**	**407 563**	**4 781**	**9 159**	**18 226**	**8 481**

							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**

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.

						31/ 12/ 2024
in 1 000 CHF	FA Hedge instruments	FA AC	FL AC	Book value		Fair Value
					Level 2	Level 3
Cash and cash equivalents		23 639		23 639		
Accounts receivable		46 072		46 072		
Derivative financial instruments	5 185			5 185		5 185
Other current assets (without derivatives)		408		408		
Deferred expenses		2 463		2 463		
Other financial assets		578		578		
Assets	**5 185**	**73 160**		**78 345**		
Accounts payable			45 126	45 126		
Other liabilities (without derivatives)			1 110	1 110		
Lease liabilities			19 315	19 315		
Accruals and deferred income			21 312	21 312		
Promissory note loan			61 178	61 178	60 846	
Syndicated loan			198 824	198 824		
Bridge loan			75 296	75 296		
Bank loans			11 918	11 918		
Bank borrowings			7 962	7 962		
Liabilities			**442 040**	**442 040**		

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	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**	

Abbreviations in the header of this table are explained in note 9 «Financial Instruments» on page 142.

The derivative financial instruments relate to the Deal Contingent Forward concluded in the reporting year 2024 (see note 54). The fair value was determined by the bank with which the transaction was entered into. The instrument was allocated to hierarchy level 3. The valuation was based on factors observable on the market such as forward rates, yield curves and volatilities. In addition, the probability of occurrence of the planned sale of the Climate Division was taken into account as a non-observable factor.

The fair value of financial liabilities 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 allocated to level 2 in the hierarchy.

In 2024 and 2023, no gains/losses resulted from level 3 financial instruments. Furthermore, no reclassifications occurred between the levels.

45. Provisions

in 1 000 CHF	Warranty	Personnel	Restructuring	Onerous contracts project business	Other provisions	Total
Balance at 01/ 01/ 2023	**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 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**
Foreign exchange differences	28	63	11		9	111
Change in scope of consolidation	38				105	143
Additional provisions	1 397	911	119		76	2 503
Used during the year	– 1 363	– 1 189	– 506		– 143	– 3 201
Unused amounts reversed	– 241	– 155				– 396
Reclassification liabilities associated with assets held for sale					571	571
Balance at 31/ 12/ 2024	**2 648**	**4 259**	**139**		**944**	**7 990**
thereof current at 31/ 12/ 2023	2 258	595	515		258	3 626
thereof current at 31/ 12/ 2024	2 128	570	139		205	3 042

The current provisions are expected to be fully utilised during 2025. 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	519	1 955			740	3 214
after 5 years		1 733				1 733

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 was attributable to this.

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/ 2024		31/ 12/ 2023
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Assets				
Accounts receivable	1 046	53	456	51
Other current assets		40		67
Inventories	851	98	574	72
Property, plant and equipment and right-of-use assets	1 827	13 080	97	10 896
Investment property		120		40
Intangible assets	5 048	31 802	96	20 080
Capitalised pension surplus and financial assets	147	12 498	132	12 144
Liabilities				
Current liabilities	1 123	4 795	809	3 325
Non-current liabilities	6 243	1 615	4 362	1 661
Current and non-current provisions	368	185	306	122
Employee benefit obligations	1 358		2 092	13
Deferred taxes from timing differences	**18 011**	**64 286**	**8 924**	**48 471**
Deferred tax assets derived from tax loss carryforwards	31 690		22 571	
Valuation allowance	– 14 224		– 8 499	
Net deferred taxes from timing differences	**35 477**	**64 286**	**22 996**	**48 471**
Offset of deferred tax assets and liabilities	– 20 561	– 20 561	– 16 945	– 16 945
Total deferred taxes	**14 916**	**43 725**	**6 051**	**31 526**

From the capitalised pension surplus and employee benefit obligations, CHF 0.5 million (2023: CHF 2.3 million) of deferred taxes from continuing operations were recorded in comprehensive income. All other changes of assets and liabilities in the amount of CHF -4.3 million were recorded through the income statement. Of this amount, CHF -3.3 million was attributable to temporary differences on intangible assets from acquisitions, CHF -2.1 million to the capitalisation of tax loss carryforwards, CHF 0.9 million to current financial liabilities and CHF 0.2 million to other balance sheet items.

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 28.2 million (2023: 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 2024 and 2023 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	2024	2023 restated [1]
Balance at 01/01	**25 475**	**50 599**
Change in scope of consolidation	15 944	602
Changes to other comprehensive income	476	2 308
Changes to other comprehensive income for discontinued operations		– 42
Changes to the income statement	– 4 255	– 8 912
Changes to the income statement for discontinued operations		– 1 332
Reclassification assets held for sale	– 31	3 812
Reclassification liabilities associated with assets held for sale	– 8 540	– 19 572
Foreign exchange differences	– 260	– 1 987
Balance at 31/12	**28 809**	**25 475**

1 see note 36

The CHF -8.5 million recognised in the reclassification to liabilities associated with assets held for sale in the reporting year 2024 relates to the carve-out of the Glass Solutions business of Kermi GmbH (see also note 37).

Unrecognised tax loss carryforwards in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Tax loss carryforwards	181 286	135 295
thereof recognised as deferred taxes	– 94 647	– 77 296
Unrecognised tax loss carryforwards	**86 639**	**57 999**
Portion expiring:		
between 1 and 5 years	647	
after 5 years	85 992	57 999
Total	**86 639**	**57 999**
Tax effect on unrecognised tax loss carryforwards	**14 224**	**8 499**
thereof pertaining to tax rates below 15.0%	9 804	7 560
thereof pertaining to tax rates between 15.0% and 20.0%	306	119
thereof pertaining to tax rates between 20.1% and 25.0%	661	148
thereof pertaining to tax rates between 25.1% and 30.0%	3 453	672

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/ 2024	31/ 12/ 2023
Present value of funded obligations	104 499	98 893
Fair value of plan assets	131 716	123 405
Overfunding	**– 27 218**	**– 24 513**
Present value of unfunded obligations	12 952	11 700
Liability (net) recognised in the balance sheet	**– 14 265**	**– 12 813**
thereof recorded as employee benefit obligations	12 952	11 700
thereof recorded as capitalised pension surplus	– 27 218	– 24 513

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

in 1 000 CHF	2024	2023
Balance at 01/01	**110 592**	**156 327**
Changes in scope of consolidation	547	
Interest cost	2 003	4 351
Current service cost	3 395	3 967
Contributions by plan participants	2 175	2 564
Benefits paid	– 5 430	– 6 748
Actuarial losses arising from changes in financial assumptions	3 942	11 676
Actuarial gains/losses arising from experience adjustements	– 658	2 334
Administration cost	51	55
Reclassification liabilities associated with assets held for sale	691	– 60 751
Foreign exchange differences	142	– 3 184
Balance at 31/12	**117 450**	**110 592**
thereof for active members	83 898	78 721
thereof for pensioners	31 426	30 618
thereof for deferred members	2 127	1 253

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

in 1 000 CHF	2024	2023
Balance at 01/01	**123 403**	**154 416**
Interest income	1 734	3 631
Return on plan assets excl. interest income	6 294	– 696
Contributions by the employer	3 032	5 519
Contributions by plan participants	2 175	2 564
Benefits paid	– 5 430	– 6 748
Reclassification assets held for sale	506	– 34 944
Foreign exchange differences		– 340
Balance at 31/12	**131 715**	**123 403**

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

in 1 000 CHF	2024	2023
Balance at 01/01		**35 547**
Interest cost		817
Change in effect of asset ceiling excl. interest cost		– 36 364
Balance at 31/12		

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

in 1 000 CHF	2024	2023
Actuarial losses	3 283	7 795
Actuarial gains/losses from discontinued operations	– 1 010	6 215
Return on plan assets excl. interest income	– 7 709	696
Change in effect of asset ceiling excl. interest cost		– 36 364
Remeasurements of employee benefit obligations	**– 5 436**	**– 21 658**
thereof from discontinued operations	– 2 297	– 1 168

The amounts recognised in the income statement are as follows:

in 1 000 CHF	2024	2023
Current service cost	3 395	3 967
Net interest result	268	720
Interest cost on effect of asset ceiling		817
Administration cost	51	55
Net charges for defined benefit plans	**3 715**	**5 560**
thereof recorded under personnel expenses from continuing operations	3 446	3 006
thereof recorded under financial results from continuing operations	268	603
thereof recorded under Group result from discontinued operations after taxes		1 950

The principal actuarial assumptions used were as follows:

Weighted average		2024	2023
Discount rate at 31/12		1.3%	1.6%
Future salary increases		2.1%	2.0%
Future pension increases		0.2%	0.2%
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:

Impact on employee benefit obligations	Change in assumption	2024	2023
Discount rate	– 0.25%	4 096	3 716
	+ 0.25%	– 3 838	– 3 484
Salary increases	– 0.25%	– 563	– 484
	+ 0.25%	561	483
Life expectancy	+ 1 year	2 314	2 124
	– 1 year	– 2 349	– 2 159
Service cost 2025 with discount rate	+ 0.25%	– 219	– 201

The weighted average duration of employee benefit obligations is 13.9 years (2023: 13.3 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/ 2024 Total	quoted	unquoted	31/ 12/ 2023 Total
Cash and cash equivalents		5 735	5 735		7 687	7 687
Equity instruments	45 801		45 801	40 185		40 185
Debt instruments	26 106		26 106	20 836		20 836
Real estate	6 523	40 276	46 799	6 923	40 522	47 445
Others		7 274	7 274		7 250	7 250
Total plan assets	**78 430**	**53 285**	**131 715**	**67 944**	**55 459**	**123 403**

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	419	346	1 517	3 261

Expected contributions to pension plans for the year 2025 amount to CHF 5.3 million (2024: CHF 5.4 million), of which CHF 3.1 million (2024: CHF 3.2 million) are attributable to the employer.

48. Share capital

The capital structure is as follows:

			31/ 12/ 2024			31/ 12/ 2023
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 proposed distribution per share amounts to CHF 1.83, divided into CHF 0.30 for the 2023 financial year, CHF 0.33 for the 2024 financial year and CHF 1.20 as an extraordinary distribution.

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 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 262'807'620.60 either by cancelling a maximum of 6'900'000 registered shares or by reducing the nominal value of the registered shares to not less than CHF 3.783.

Earnings per share	2024	2023
Group earnings from continuing operations after non-controlling interests (in 1 000 CHF)	2 748	– 14 092
Group earnings from discontinued operations after non-controlling interests (in 1 000 CHF)	5 531	– 3 120
Group earnings for the year (in 1 000 CHF)	8 279	– 17 212
Outstanding shares (average)	69 473 243	69 473 243
Less treasury shares (average)	– 46 202	– 382 435
Average number of shares outstanding for the calculation	**69 427 041**	**69 090 808**

There were no dilutive effects impacting the calculation.

49. Treasury shares

	2024			2023		
	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	**11.37**	**122 141**	**1 389**	**13.96**	**1 111 022**	**15 514**
Transfer for share based payments	11.38	– 103 844	– 1 182	13.62	– 88 153	– 1 201
Delivery for purchase of shares in associated company				13.62	– 1 148 801	– 15 646
Delivery for purchase of Lignis s.r.o.	12.61	– 79 973	– 1 008			
Purchase	12.95	83 034	1 075	10.97	248 073	2 722
Balance at 31/12	**12.85**	**21 358**	**274**	**11.37**	**122 141**	**1 389**

The delivery of treasury shares for the purchase of Lignis s.r.o. was recognised at the average price of CHF 12.61 per share, the fair value at the time of purchase was CHF 12.60 per share. The delivery of treasury shares in 2023 for the purchase of shares in associated company related 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:

in 1 000 CHF	Other reserves 31/ 12/ 2024	Retained earnings 31/ 12/ 2024	Total other comprehensive income 31/ 12/ 2024	Other reserves 31/ 12/ 2023	Retained earnings 31/ 12/ 2023	Total other comprehensive income 31/ 12/ 2023
Remeasurements of employee benefit obligations		5 436	5 436		21 658	21 658
Deferred tax effect		– 988	– 988		– 2 266	– 2 266
Total items that will not be reclassified to income statement		**4 448**	**4 448**		**19 392**	**19 392**
Fair value adjustments from hedge accounting	14 036		14 036			
Cost of hedging	– 8 851		– 8 851			
Currency translation differences	6 124		6 124	– 58 874		– 58 874
Total items that may be subsequently reclassified to income statement	**11 309**		**11 309**	**– 58 874**		**– 58 874**
Other comprehensive income after taxes	**11 309**	**4 448**	**15 757**	**– 58 874**	**19 392**	**– 39 482**

The fair value adjustments from hedge accounting and the cost of hedging relate to the Deal Contingent Forward concluded in the reporting year 2024 (see note 54).

Other reserves

in 1 000 CHF	Hedging reserve	Currency translation	Total
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**
Fair value adjustments from hedge accounting	14 036		14 036
Cost of hedging	– 8 851		– 8 851
Currency translation differences		6 124	6 124
Balance at 31/ 12/ 2024	**5 185**	**– 180 180**	**– 174 995**

51. Financial results

in 1 000 CHF	2024	2023
Financial income		
Bank and other interest	179	227
Interest on net pension surplus	345	74
Total interest income	**524**	**301**
Impact of exchange rate fluctuations	3 731	
Minority share from associated companies	224	
Other financial income	257	21
Total other financial income	**4 212**	**21**
Total financial income	**4 736**	**322**
Financial expenses		
Bank and other interest	1 735	316
Interest on leases	689	290
Interest on non-current financial debts and syndicated loan	8 935	6 925
Interest on net employee benefit obligations	612	677
Compounding of liabilities	67	69
Total interest expenses	**12 038**	**8 277**
Impact of exchange rate fluctuations		6 005
Minority share from associated companies		674
Bank charges and other financial expenses	1 462	533
Total other financial expenses	**1 462**	**7 212**
Total financial expenses	**13 500**	**15 489**
Total net financial results	**– 8 764**	**– 15 167**

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

in 1 000 CHF	2024	2023
Total interest income from financial assets measured at amortised cost (FA AC)	179	227
Total interest expenses from financial liabilities measured at amortised cost (FL AC)	11 426	7 600
Finance costs recognised in financial expenses from financial assets/ liabilities measured at amortised cost (FA/ FL AC)	1 400	464

52. Income taxes

in 1 000 CHF	2024	2023 restated [1]
Current income taxes	9 655	– 870
Changes in deferred income taxes	– 4 255	– 8 912
Total	**5 400**	**– 9 782**

[1] see note 36

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	2024	2023 restated [1,2]
Earnings before income tax	**8 148**	**– 23 874**
Weighted average tax rate in %	19.7	20.6
Expected tax expense/income	**1 609**	**– 4 915**
Income tax reconciliation		
Effect of recognising loss-making entities in absolute values [2]	– 3 405	2 795
Effect of utilisation of previously unrecognised tax losses		– 584
Effect of not capitalised losses for the year	5 220	5 612
Effect of non-tax-deductible expenses and non-taxable income	359	– 11 083
Effect of income and expenses taxed at special rates	1 218	– 1 907
Effect of tax charges related to prior years	6	
Effect of tax rate changes	275	249
Other items	118	51
Effective tax expense/income	**5 400**	**– 9 782**
Effective tax rate in %	66.3	41.0

[1] see note 36

[2] To improve the informative value of the tax rate reconciliation, the weighted average tax rate was calculated using absolute values. 2023 figures have also been adjusted accordingly.

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.

There were no significant changes to the local tax rates compared to 2023.

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). Based on the OECD recommendations, a number of countries, including Switzerland, have already enacted the corresponding legislation.

Arbonia will be subject to the Pillar Two rules in the 2024 financial year. Due to the sale of the Climate Division, it can be assumed that Arbonia will no longer fulfil the size criteria in the 2025 financial year and will fall outside the scope of Pillar Two.

Arbonia will make use of the temporary simplifications, the so-called Safe Harbour Rules, in the 2024 financial year. Compliance with the Safe Harbour criteria exempts the taxpayer from the full application of the Pillar Two rules, which means, among other things, that a Pillar Two income tax of zero can be assumed in these countries. Arbonia has carried out the Safe Harbour calculations for the 2024 financial year for all countries in which it operates. Based on these calculations and the current interpretation of the Safe Harbour regulations, Arbonia currently assumes that it will meet the Safe Harbour criteria in all countries. Consequently, Arbonia does not expect to be subject to Pillar Two income taxes in the 2024 financial year.

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 28.9% (2023: 21.1%) of existing trade receivables. The 10 largest customers of continuing operations generated 26.4% (2023: 25.2%) of the Group's net revenues in the reporting year.

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 44% / 30% / 5% of total liquid funds as of the balance sheet date (2023: 65% / 28% / 6%).

The maximum credit risk corresponds to the book values or fair values of financial assets reported in note 44 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/ 2024	31/ 12/ 2023
Cash and cash equivalents	39 211	30 916
+ undrawn credit facilities	64 686	130 646
Total available liquidity	**103 897**	**161 562**

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 2024 and 2023, 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.

In the reporting year, Arbonia entered into a CHF/ EUR Deal Contingent Forward for a nominal amount of EUR 400 million to hedge the foreign currency risks on a portion of the expected cash inflow in connection with the sale of the Climate Division. Arbonia applied hedge accounting in accordance with IFRS 9 for this transaction (see note 54).

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 (2023: 5%), a 5% increase (decrease) of the CZK against the CHF (2023: 5%), a 5% increase (decrease) of the PLN against the CHF (2023: 5%) or a 5% increase (decrease) of the RUB against the CHF (2023: 5%) would have the following effects on Arbonia's Group result as of the balance sheet date:

in 1 000 CHF				31/ 12/ 2024
	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	1 499	821	842	130
Impact of a decrease on group result	– 1 499	– 821	– 842	– 130

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

(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 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 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 (2023: 50 basis points) or by 50 basis points for EUR interest rates (2023: 50 basis points) would have the effects set forth below on Group result from continuing operations of Arbonia:

in 1 000 CHF		31/ 12/ 2024
	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	– 745	– 422
Impact of a decrease on group result from continuing operations	745	422

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	– 496	– 19
Impact of a decrease on group result	496	19

(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 55.7% as of the balance sheet date (2023: 62.1%). The decrease in the equity ratio compared to the previous year is due in particular to the increase in total assets as a result of the Dimoldura and Lignis acquisitions.

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 derivative financial instruments recognised in the balance sheet as of the balance sheet date:

in 1 000 CHF	31/ 12/ 2024
Forward foreign exchange contracts with cash flow hedges	5 185

The foreign currency risks on part of the expected cash inflow in connection with the sale of the Climate Division were hedged with a transaction-related CHF/ EUR foreign currency forward (Deal Contingent Forward) with a nominal value of EUR 400 million. This derivative financial instrument is included in the consolidated balance sheet under other current assets. The effectiveness of the hedging relationship was assessed at the time the contract with UBS Switzerland AG was concluded on 2 May 2024 and on an ongoing basis. Maturity, currency and nominal amount match the hedged transaction, resulting in a hedge ratio of 1:1. Arbonia has designated the spot component of this instrument as hedge accounting and recognises the changes in fair value through other comprehensive income. The fair value adjustments as of 31 December 2024 amount to CHF 14.0 million (see note 50). The forward component and the deal contingent premium are recognised as cost of hedging in other comprehensive income and amount to CHF -8.9 million as at 31 December 2024 (see note 50). No gains/losses from this instrument were recognised in the income statement in the reporting year. No ineffectiveness was recognised in connection with the Deal Contingent Forward. Possible causes of ineffectiveness include the credit risk of the counterparty (UBS), the change in the timing of the hedged transaction and the contingency component contained in the hedging instrument.

The Deal Contingent Forward is the only financial instrument measured at fair value as at the balance sheet date. Further information on the methods and assumptions used to determine the fair value can be found in note 44.

55. Additional information on the cash flow statements

in 1 000 CHF	2024	2023
Changes in non-cash transactions		
Additional/reversed provisions	5 595	15 042
Changes in capitalised pension surplus/employee benefit obligations	– 738	– 1 495
Share based payments	1 479	1 033
Minority share from associated companies	– 224	674
Other non-cash effects	– 645	4 018
Total changes in non-cash transactions	**5 467**	**19 272**
Changes in working capital		
Changes in accounts receivable	7 583	– 9 414
Changes in inventories	3 508	30 659
Changes in contract assets project business	– 5 902	10 848
Changes in other working capital items	– 2 277	5 375
Total changes in working capital	**2 912**	**37 468**
Changes in liabilities		
Changes in accounts payable	– 7 131	– 576
Changes in contract liabilities	7 003	7 981
Used provisions	– 15 917	– 10 841
Changes in other current liabilities	461	294
Total changes in liabilities	**– 15 584**	**– 3 142**

in 1 000 CHF	Current and non-current financial debts
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 liabilities associated with assets held for sale	– 6 027
Balance at 31/ 12/ 2023	**209 272**
Foreign exchange differences	– 880
Change in scope of consolidation	19 581
Proceeds from financial debts	208 908
Repayments of financial debts	– 67 280
Repayment of mortgage by purchase price offsetting	– 14 895
Non-cash foreign exchange effects	473
Balance at 31/ 12/ 2024	**355 178**

in 1 000 CHF	Lease liabilities
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 liabilities associated with assets held for sale	– 16 148
Balance at 31/ 12/ 2023	**8 311**
Foreign exchange differences	– 273
Change in scope of consolidation	9 453
Lease additions	3 118
Lease liability payments	– 3 548
Lease disposals and remeasurements	1 853
Reclassification liabilities associated with assets held for sale	401
Balance at 31/ 12/ 2024	**19 315**

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% (2023: 50%) and the other employees between 20% and 35% (2023: 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 2024, Group Management and certain other employees received for their work in the year 2023 a total of 42 636 allotted shares (2023: 37 400 shares) at a fair value of CHF 0.5 million (2023: CHF 0.4 million) and CHF 11.79 per share respectively (2023: CHF 10.66). The members of the Board of Directors received for their work from 22 April 2023 up to the Annual General Meeting on 19 April 2024 a total of 61 208 shares (2023: 50 753 shares) at a fair value of CHF 0.7 million (2023: CHF 0.5 million) and CHF 11.79 per share respectively (2023: CHF 10.66).

Personnel expenses in 2024 for share based payments totalled CHF 1.3 million (2023: CHF 1.0 million).

57. Related party transactions

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

in 1 000 CHF	2024	2023
Salaries and other short-term employee benefits	3 460	2 417
Share based payments	882	937
Pension and social security contributions	689	578
Total	**5 031**	**3 932**

The detailed disclosures regarding executive remuneration required by Swiss law are included in the compensation report on pages 118 to 120.

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 2024	Balance on receivables	Balance on liabilities 31/ 12/ 2024
Key management personnel	1		2		
Other related parties	225	4 071	92	182	
Total	**226**	**4 071**	**94**	**182**	

in 1 000 CHF	Purchase of services	Sale of goods	Purchase of goods 2023	Balance on receivables	Balance on liabilities 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**

Goods sold in 2024 and 2023 are largely Arbonia products acquired at market prices by 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 2024 are disclosed in the notes to the 2024 financial statements of Arbonia AG on page 208.

58. Contingencies

There were no contingencies.

59. Events after the balance sheet date

On 26 February 2025, the sale of the Climate segment to Midea Electrics Netherlands B.V., a company of the Midea Group, was completed by payment of EUR 742 million in cash.

No other events occurred between the balance sheet date and the date of this report which could have a significant influence on the 2024 consolidated financial statements.

60. Subsidiaries

Company	Head Office	Share Capital in million		Interest in Capital 2024	Interest in Capital 2023	Room Climate	Shower Stalls/ Divider walls	Doors	Services
Doors Division									
Arbonia Doors Suisse 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%		▲		
Arbonia Duschdesign Suisse AG	Arbon, CH	0.100	CHF	100%			▲		
Lignis s.r.o.	Koryčany, CZ	1.000	CZK	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%	49.9%			▲	●
Griffwerk GmbH	Blaustein, DE	0.100	EUR	17.2%	17.2%			▲	
Kermi Duschdesign GmbH	Plattling, DE	2.070	EUR	100%	100%		▲		
Arbonia Glassysteme GmbH	Deggendorf, DE	1.278	EUR	100%	100%		▲		
Interwand GmbH	Dörzbach, DE	0.520	EUR	100%	100%		▲		
Arbonia Spain Holding S.L.	Madrid, ES	3.297	EUR	100%					●
Dimoldura Ibérica S.L.	Toledo, ES	0.003	EUR	100%				▲	
Puertas Dile S.L.	Navarra, ES	0.006	EUR	100%				▲	
Rozière S.A.S.	Bozouls, FR	1.624	EUR	100%				▲	
Dimoldura - Molduras E Componentes S.A.	Carregal do Sal, PT	1.000	EUR	100%				▲	
Invado Sp.z o.o.	Ciasna, PL	20.000	PLN	100%	100%			▲	
Lignis Slovakia s.r.o.	Bratislava, SK	0.005	EUR	100%					●
Baduscho Dusch- und Badeeinrichtungen Produktions- und Vertriebsgesellschaft m.b.H	Margarethen am Moos, AT	0.036	EUR	100%	100%		■		

▲ Production / Sales
■ Trade
● Services / Finances

Company	Head Office	Share Capital in million		Interest in Capital 2024	Interest in Capital 2023	Room Climate	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%	▲	
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%		●
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%		●
DWA Beteiligungsgesellschaft mbH	Magdeburg, DE	0.025	EUR	100%	100%		●
Brugman Radiatorenfabriek BV	Tubbergen, NL	4.000	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 2024, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 132 to 196) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, 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

ACQUISITION OF DIMOLDURA GROUP

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.

VALUATION OF GOODWILL WOOD SOLUTIONS

Key Audit Matter

As at 31 December 2024, the carrying amount of the goodwill Wood Solutions amounts to CHF 122.5 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;

— review of the sensitivity analyses performed.

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 144

— Note 20 „Impairment of assets“, page 144

— Note 30 „Significant accounting judgments, estimates and assumptions“, paragraphs „Estimated impairment of goodwill“, page 149

— Note 40 „Intangible assets“, page 164

KPMG

ACQUISITION OF DIMOLDURA GROUP

Key Audit Matter

On 16 May 2024, the Arbonia Group acquired 100% of Dimoldura Group (Spain) for a purchase price of CHF 90.4 million.

On the basis of the purchase price allocation (PPA), intangible assets of CHF 54.7 million and goodwill of CHF 38.8 million were recognised at the time of acquisition.

The valuation of assets acquired and liabilities assumed is complex and requires significant judgement in applying forecasts and assumptions made by management.

Given the size of the transaction and the extent of judgment in valuing these assets and liabilities, the fair value calculation is considered a key audit matter.

Our response

Our procedures included, amongst others, the following:

- We obtained an understanding of the processes for the acquisition, including the process of identifying intangible assets in the business combination;
- We read the share purchase agreement and evaluated the accounting treatment of the acquisition;
- We traced the cash transferred to bank statements;
- Along with our valuation specialists, we verified whether the methodologies and models applied to value intangible assets are appropriate. We challenged the main assumptions and judgements that affected the valuation by comparing these with market data and our experience of similar transactions;
- We checked the mathematical accuracy of the valuation model; and
- We considered the appropriateness of disclosures in respect of this acquisition.

For further information on the acquisition of Dimoldura Group refer to the following:

- Note 30 „Significant accounting judgments, estimates and assumptions“, paragraphs „Intangible assets acquired in a business combination“, page 149
- Note 41 „Acquisitions“, page 167

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.

Board of Directors' Responsibilities for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with 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 scepticism 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.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 to 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

David Grass
Licensed Audit Expert
Auditor in Charge

Nicolas Wuffli
Licensed Audit Expert

St. Gallen, 26 February 2025

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

Financial Statements Arbonia AG

Income Statement

in 1 000 CHF	Note		2024		2023
			in %		in %
Dividend income		16 030		11 130	
Financial income	2.7	27 349		34 576	
Other operating income		1		1	
Total income		**43 380**	**100.0**	**45 707**	**100.0**
Financial expenses	2.8	– 20 651	– 47.6	– 12 359	– 27.0
Personnel expenses		– 970	– 2.2	– 946	– 2.1
Other operating expenses	2.9	– 4 409	– 10.2	– 3 777	– 8.3
Taxes		– 1 124	– 2.6	– 3 149	
Total expenses		**– 27 155**	**– 62.6**	**– 20 232**	**– 44.3**
Net profit		**16 225**	**37.4**	**25 475**	**55.7**

The notes on pages 205 to 208 are an integral part of these financial statements.

Balance sheet

in 1 000 CHF			31/ 12/ 2024		31/ 12/ 2023
	Note		in %		in %
Assets					
Cash and cash equivalents		17 253		15 739	
Other receivables					
Third parties		196		97	
Shareholdings		292 230		203 585	
Deferred expenses		29		29	
Current assets		**309 708**	**18.3**	**219 450**	**14.7**
Loans to shareholdings		589 622		482 924	
Investments	2.1	788 812		788 812	
Non-current assets		**1 378 435**	**81.7**	**1 271 736**	**85.3**
Total assets		**1 688 143**	**100.0**	**1 491 186**	**100.0**

in 1 000 CHF	Note	31/ 12/ 2024	in %	31/ 12/ 2023	in %
Liabilities and shareholders' equity					
Accounts payable					
Third parties		1 503		4	
Shareholdings		1 688		984	
Interest bearing liabilities	2.2				
Bank loans		276 494		133 926	
Promissory note loan		64 669			
Shareholdings		277 237		240 417	
Other liabilities					
Third parties		6		8	
Accruals and deferred income		2 489		4 537	
Current liabilities		**624 087**	**37.0**	**379 876**	**25.5**
Interest bearing liabilities	2.3				
Promissory note loan		11 758		76 427	
Non-current liabilities		**11 758**	**0.7**	**76 427**	**5.1**
Total liabilities		**635 845**	**37.7**	**456 303**	**30.6**
Share capital	2.4	291 788		291 788	
Legal capital reserves					
Capital contribution reserve	2.5	432 571		432 571	
Other capital reserves		42 812		42 812	
Voluntary reserves					
Free reserves		11 217		11 144	
Treasury shares	2.6	– 274		– 1 391	
Balance sheet earnings					
Retained earnings		257 960		232 485	
Net profit		16 225		25 475	
Shareholders' equity		**1 052 298**	**62.3**	**1 034 884**	**69.4**
Total liabilities and shareholders' equity		**1 688 143**	**100.0**	**1 491 186**	**100.0**

The notes on pages 205 to 208 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

1.1. General information

These financial statements 2024 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/ 2024		31/ 12/ 2023	
	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/ 2024	31/ 12/ 2023
Bank loans – syndicated loan	198 824	133 926
Bridge loan	77 670	
Promissory note loan	64 669	
Loans to shareholdings	277 237	240 417
Total	**618 400**	**374 343**

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.

Arbonia has taken out a bridge loan of EUR 100 million to finance acquisitions. The outstanding bridge loan of EUR 80 million is to be repaid in full once the sale of the Climate Division has been completed.

2.3. Non-current interest bearing liabilities

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Promissory note loan	11 758	76 427
Total	**11 758**	**76 427**

Maturity structure

in 1 000 CHF	31/ 12/ 2024	31/ 12/ 2023
Within 5 years	11 758	76 427
Total	**11 758**	**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 2023) as capital contribution within the meaning of article 5 para. 1bis VStG.

2.6. Treasury shares

	2024			2023		
	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	**11**	**122 141**	**1 391**	**14**	**1 111 022**	**15 702**
Purchase	13	83 034	1 075	11	248 073	2 722
Transfer for share based payments	12	– 103 844	– 1 257	11	– 88 153	– 940
Sale	13	– 79 973	– 1 009	11	– 1 148 801	– 12 246
Gain (+) / loss (–)			73			– 3 847
Balance at 31/ 12	**13**	**21 358**	**274**	**11**	**122 141**	**1 391**

2.7. Financial income

Financial income totals CHF 27.3 million (2023: CHF 34.6 million) and consists mainly of interest income on loans to shareholdings and foreign currency exchange gains.

2.8. Financial expenses

Financial expenses totals CHF 20.7 million (2023: CHF 12.4 million) and consists mainly of bank interest and foreign currency exchange losses.

2.9. Other operating expenses

in 1 000 CHF	2024	2023
Administrative costs	4 047	3 552
Consultancy and audit fees	352	217
Other operating expenses	11	9
Total	**4 409**	**3 777**

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/ 2024	31/ 12/ 2023
UBS AG			
in favor of Termovent Komerc	in 1 000 EUR	12 738	
in favour of Kermi GmbH	in 1 000 CHF	250	250
in favour of Joro Türen GmbH	in 1 000 CHF	163	163
in favour of Kermi Duschdesign GmbH	in 1 000 CHF	60	
UniCredit Bank			
in favor of Termovent Komerc	in 1 000 EUR	18 679	14 534
in favour of Kermi GmbH	in 1 000 EUR	366	385
in favour of Kermi Duschdesign GmbH	in 1 000 EUR	300	
in favour of Kermi sp. z o.o.	in 1 000 EUR	135	135
in favour of TPO Holz-Systeme GmbH	in 1 000 EUR	100	125
in favour of Arbonia Doors GmbH	in 1 000 EUR	15	24
in favour of Arbonia AG	in 1 000 EUR	2	2

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/ 2024 Voting and capital interest	31/ 12/ 2023 Voting and capital interest
Artemis Beteiligungen I AG	22.57%	22.56%

3.4. Off-balance sheet transactions

in 1 000 CHF	Contract value	31/ 12/ 2024 Replacement value positive
Forward foreign exchange contracts	376 480	5 185
Total financial instruments	**376 480**	**5 185**

The foreign currency risks on part of the expected cash inflow in connection with the sale of the Climate Division were hedged with a transaction-related CHF/ EUR foreign currency forward (Deal Contingent Forward) with a nominal value of EUR 400 million. Maturity, currency and nominal amount match the hedged transaction. The valuation of the derivative as of 31 December 2024 amount to CHF 5.2 million. As this is a hedge transaction, it is not measured at fair value but disclosed in the notes. The hedge is recognised when it matures (at closing sale Climate Division).

3.5. Headcount in full-time equivalents

Arbonia AG does not employ any staff.

3.6. Disclosure of participation rights

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

		31/ 12/ 2024		31/ 12/ 2023
	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	79 260	959	69 946	746
Allocated to employees	24 584	297	18 207	194
Total	**103 844**	**1 257**	**88 153**	**940**

Proposal of the Board of Directors

The Board of Directors will propose at the Annual General Meeting of the shareholders on 25 April 2025 the following:

Appropriation of Retained Earnings

in 1 000 CHF	2024
Retained earnings carried forward from previous year	257 960
Net profit for the year	16 225
Retained earnings	**274 185**
Distribution of a dividend [1] for the financial year 2023	– 10 421
Distribution of a dividend [1] for the financial year 2024	– 11 463
Distribution of an extraordinary dividend [1]	– 41 684
Retained earnings carried forward	**210 617**

Repayment of capital contribution reserve

in 1 000 CHF	2024
Carry forward from previous year	432 571
Withholding tax free repayment [1] for the financial year 2023	– 10 421
Withholding tax free repayment [1] for the financial year 2024	– 11 463
Withholding tax free extraordinary repayment [1]	– 41 684
Capital contribution reserve carried forward	**369 003**

[1] No distribution/ repayment for treasury shares at the time of payment

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 2024, 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 203 to 208) comply with Swiss law and the Company’s articles of incorporation.

Basis for Opinion

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

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

Key Audit Matters

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 2024 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 881.9 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 205

— Note 1.3 „Financial assets", page 205

— Note 2.1 „Investments", page 206

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 scepticism 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 to 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.

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 the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposals of the Board of Directors comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

David Grass
Licensed Audit Expert
Auditor in Charge

Nicolas Wuffli
Licensed Audit Expert

St. Gallen, 26 February 2025

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