

Ad-hoc announcement pursuant to Art. 53 KR

Press release

Arbonia half-year results for 2024

Increase in EBITDA margin despite continuing challenging environment

Arbonia:

- Revenue from continuing operations: CHF 278.2 million compared with CHF 279.7 million in the previous year (organic -5.4%)
- EBITDA: CHF 47.4 million compared with CHF 17.5 million in the previous year
- Positive special effects (net) of 26.2 million (CHF 28.8 million sale of property no longer required for operational purposes compared to CHF 2.6 million personnel restructuring and M&A)
- EBITDA margin: 17.0% compared with 6.3% in the previous year
- EBIT: CHF 24.3 million compared with CHF -4.1 million in the previous year
- Group result after tax: CHF 40.9 million compared with CHF -2.0 million in the previous year
- Confirmation of 2024 guidance for continuing operations: constant revenue (organic) with higher EBITDA and higher margin

Doors – without other segments/Corporate Services and without special effects:

- Revenue: CHF 263.6 million compared with CHF 265.6 million in the previous year (organic - 6.9%)
- EBITDA: CHF 25.5 million compared with CHF 21.2 million in the previous year
- EBITDA margin: 9.7% compared with 8.0% in the previous year
- EBIT : CHF 4.5 million compared with CHF 2.0 million in the previous year

Arbon, 27 August 2024 – In the first half of 2024, the new Arbonia with its focus on doors managed to hold its own in markets that continue to be very challenging. There were further sharp declines in new residential construction projects, while renovation activities continue to be restrained. This trend is particularly noticeable in Germany, the largest European market and Arbonia's most important market, where the Doors Division achieves around 60% of its revenue. The industry has been seriously hampered by increased interest rates and high construction costs, which are having a significant impact on the profitability of construction projects. As a result, building permits in Germany and other important European markets have continued to decline significantly. However, the doors business has compensated for the falling volumes by implementing growth initiatives, price increases, and operational improvements. This has enabled it to maintain the level of revenue achieved in the first half of 2023, while also increasing the EBITDA margin substantially by 170 basis points from 8.0% to 9.7%.

Looking at the operational activities at Arbonia, it is clear that its markets were characterised by the continued weak development of the construction industry in Europe in the first half-year of 2024. This was triggered by significant cost inflation and the subsequent increases in interest rates. This has massively

restricted the construction of new residential buildings in Europe, and of single-family homes in particular. Coupled with this, building permits have continued to fall sharply compared to the previous year. By contrast, renovation activities have not been so significantly weakened, since tradespeople are now gradually freeing up capacity that was previously scarce, meaning they can begin clearing the backlog of renovations that has built up in recent years. A contributing factor in this regard is the price development for existing properties, which have lost considerable value compared to new builds. Institutional investors in residential buildings in particular can now take measures to preserve the value of their investments. Together with reductions in ancillary housing costs and energy costs, this can allow scope to increase rents. Alongside these rays of hope in the economy, Arbonia was able to defend or even improve its margins in a challenging market through increases in productivity, the personnel changes announced in summer 2023, and also due to lower energy costs. In addition, Arbonia has gradually expanded as a contractor services business in recent years, allowing it to partially compensate for the weaknesses in residential construction. Since the start of the year, Arbonia doors have been available in more than 100 branches of a major German DIY store, with a second major chain to be added this year. In the medium term, Arbonia intends to continue growing in the DIY business and thereby achieve a significant revenue contribution in the tens of millions.

Arbonia with the continuing operations maintained practically the same level of revenue in the first half of 2024, reporting a figure of CHF 278.2million, compared with CHF 279.7 million in the same period last year. However, when adjusted for currency and acquisition effects (organic), revenue decreased, resulting in negative organic growth of -5.4%. EBITDA was CHF 47.4 million (previous year: CHF 17.5 million), representing an increase of around CHF 30 million, with CHF 26.2 million attributable to one-time effects (net). As a consequence, the EBITDA margin increased from 6.3% to 17.0%. Without one-time effects, EBITDA increased by around 20%, from CHF 17.6 million to CHF 21.2 million, which corresponds to an improvement in the EBITDA margin from 6.3% to 7.6%. EBIT was CHF 24.3 million (previous year: CHF -4.1 million), representing an increase of CHF 28.4 million. Without one-time effects, EBIT increased by CHF 2.0 million, from CHF -4.0 million in the previous year to CHF -2.0 million. The group result was CHF 40.9 million, compared to CHF -2.0 million in the previous year. The reported figures (without one-time effects) include the one-time profit of CHF 28.8 million from the sale of the Zelgstrasse site in Arbon at the EBITDA level, as well as negative one-time effects of CHF -2.6 million (further staff restructuring and acquisition-related costs). Adjusted for one-time effects, EBITDA is therefore CHF 26.2 million lower.

Since the beginning of the year, net indebtedness has increased by CHF 127 million to CHF 336 million due to the acquisition of Dimoldura, investments, and slightly negative cash flow from operational business. Despite this increase, the leverage ratio remained constant compared with the start of the year at 2.8x. Shareholders' equity rose to CHF 999.5 million (previous year CHF 967.9 million). However, the equity ratio declined from 61.6% in the previous year to the still high rate of 56.4% due to the acquisition of Dimoldura.

The development of the Doors Division in the first half of 2024

In purely operational terms, without any contributions to revenue and results from the other segments/Corporate Services, the **Doors Division** generated a revenue of CHF 263.6 million in the first half-year of 2024, corresponding to a decrease of -0.8% compared to the previous year (CHF 265.6 million). Organic growth (adjusted for currency and acquisitions) amounted to -6.9%. Compared with the same period last year, EBITDA increased 11.1% from CHF 21.1 million to CHF 23.4 million. This corresponds to an increase in the EBITDA margin from 7.9% to 8.9%. EBITDA without one-time effects rose by 20.3%, from CHF 21.2 million in the previous year to CHF 25.5 million. This corresponds to an increase in the EBITDA margin from 8.0% in the previous year to 9.7%. EBIT rose by 26.6% from CHF 1.9 million in the previous year to CHF 2.3 million. Without one-time effects, the EBIT amounted to CHF 4.5 million (same period last year: CHF 2.0 million).

In addition to the sale of the Zelgstrasse site, Arbonia took an important step towards focusing on the doors business with the acquisitions of Dimoldura (ES) and Lignis (CZ), which were announced in May. With the acquisition of the Spanish market leader, which also has a strong market position in Portugal and France, as well as the Czech contractor services specialist, Arbonia has successfully diversified its end markets both geographically and on the customer side. The doors business previously had a strong orientation towards the DACH markets, with Germany alone accounting for a revenue share of almost two thirds. The acquisitions will allow this proportion to be reduced to around 50%. At the same time, the acquisitions have enabled Arbonia to expand its product portfolio to include solid wood doors and white painted doors, and the company has taken an important step towards achieving its goal of adopting a market-leading position as a full-range provider in Europe. The two acquisitions will also enable higher margins to be achieved while compensating for part of the lost revenue resulting from the sale of the Climate Division. Dimoldura has been contributing to the result at Arbonia for 1.5 months, since the acquisition was closed in mid-May. By contrast, the acquisition of Lignis will be completed by 1 July 2024, meaning this acquisition will contribute to the result from the second half-year onwards. The two acquisitions should contribute an additional share of CHF >75 million to revenue and CHF >11 million to EBITDA in 2024.

Update on the sale of the Climate Division

Arbonia's focus on the doors business is advancing on account of the preparations that are underway to conclude the sale of the Climate Division to the Chinese Midea Group. The sale is scheduled for completion in the fourth quarter of the year.

Outlook

For the 2024 financial year, Arbonia expects to achieve revenue at the level of the previous year for continuing operations before acquisition and FX effects, as well as an increase in EBITDA and consequently also the EBIT without one-time effects both in absolute numbers and in terms of the EBITDA margin. In addition, material and energy costs are continuing to fall slightly, while there are hopes that a lower interest rate environment will improve the profitability of real estate. As a result, Arbonia expects the development of the construction industry to stabilise in the short to medium term. A partly improvement in customer ordering behaviour is already noticeable in Eastern Europe, where the previous downturn also had an impact at an earlier stage.

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This press release, the key figures for the first half of 2024, the first semester financial report 2024 and other information about Arbonia can be found on the website www.arbonia.com.

Explanations, definitions, and reconciliations for the alternative performance key figures are found in the first semester financial report 2024 on pages 21–26.

Arbonia is a focused building components supplier with two divisions that are active in the areas of indoor climate (heating, ventilation, and air-conditioning technology) and interior doors made of wood and glass. The company, which is listed on the SIX Swiss Exchange, is active worldwide with its own distribution companies as well as with representatives and partners in more than 70 countries. Its main production sites are located in Switzerland, Germany, the Czech Republic, Poland, Serbia, Italy, and Belgium. A total of around 6,200 employees work for the Arbonia Group. A contract for the sale of the Climate Division was

signed in April, however, meaning that Arbonia will focus on the doors business after the sales process has been concluded.