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Semi-Annual Report

We Enable Energy



Group key figures in the first half of 2021

Order intake reached CHF 123.9 million.

Net Sales totaled CHF 108.6 million.

EBIT amounted to CHF 14.0 million.

EBIT margin was 12.9 % (adjusted 5.5%¹⁾)

Earnings after taxes (EAT) was CHF 26.3 million.

in CHF 1,000	1H 2021	1H 2020
Order intake ²⁾	123,948	108,144
Net sales	108,616	119,509
Earnings before interest, taxes, depreciation and amortization	32,776	-4,953
Operating result before deconsolidation result	14,023	539
Operating result (EBIT)	14,023	-10,947
Earnings after taxes (EAT)	26,326	-15,046
Cash flow from operating activities	986	1,605
Capital expenditures for tangible assets and intangible assets	3,804	2,402
Equity	197,840	179,532
Equity ratio (%)	74.8	74.3
Number of employees (FTE)	933	1,035

¹⁾ Adjusted for the sale of the real estate and the investment in the French wire plant.

²⁾ Order intake for the first half of 2020 was adjusted for the plants in France (CHF 16.3 million), which were discontinued in 2020, to ensure comparability of the core business.

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We Enable Energy

Dear Shareholders,

We have gone through a period of several years of restructuring, which included divesting unprofitable business units, increasing productivity, modernizing our products and management systems, and restoring our financial strength.

With the final restructuring phase completed last year, Von Roll is now on a strong and competitive basis that provides a platform for future growth and entry into new business areas.

For the current financial year, Von Roll can look back on a strong first half of 2021. Order intake improved by 15.0 % to CHF 123.9 million, compared with CHF 108.1 million in the first half of 2020 after adjustment for the plants in France, which were discontinued in 2020.

We managed to pass on most of the massive increases in raw material and logistics costs since the beginning of the year to the market. To ensure our delivery capacity, we increased our inventories early and in a targeted manner; however, this led to an increased working capital as per June 30, 2021.

Net sales in the first half of 2021 were CHF 108.6 million (first half of 2020: CHF 119.5 million). Before currency effects and taking into account the changes in the scope of consolidation, organic sales growth amounted to CHF 7.1 million (+6.9%) compared to the first half of 2020.

The operating result (EBIT) amounted to CHF 14.0 million, after a loss of CHF -10.9 million in the first half of 2020. This includes non-recurring other operating income of CHF 6.7 million from the sale of operating real estate in Switzerland and CHF 1.4 million from the sale of the investment in the French wire plant, discontinued in 2020. Adjusted for this one-off effect, the EBIT margin was 5.5%.

Earnings after taxes (EAT) also improved to CHF 26.3 million for the first half of 2021 (first half of 2020: CHF -15.0 million). In addition to the significant increase in operating earnings power Von Roll benefited especially from the sale of non-operating real estate in Switzerland. This resulted in one-off non-operating income of CHF 12.9 million.

Cash and cash equivalents amounted to CHF 73.8 million at the end of June 2021. This includes payment received of CHF 25.0 million from the sale of real estate. At 74.8%, the equity ratio remains at a very high level.

As part of our strategic orientation, it is becoming apparent that our products and solutions will play a key role in the global electrification of industry and mobility, and thus in an emissions-free future. These megatrends offer Von Roll high growth potential.

Von Roll's strategic realignment is supported by the completely revised and modernized website. With this we present ourselves as a strong partner for our customers and as an interesting employer for talents.

Breitenbach, August 2021

P. Kalantzis

Dr Peter Kalantzis
Chairman of the Board

Dr. Christian Hennerkes

Dr Christian Hennerkes
Chief Executive Officer
of the Board

Financial Reporting

Consolidated income statement (unaudited)

in CHF 1,000	Note	1H 2021	1H 2020
Net sales		108,616	119,509
Other operating income		9,300	920
Total income		117,916	120,429
Change in inventory of unfinished and finished goods		1,071	1,595
Material cost		-46,797	-54,181
Gross profit		72,190	67,843
Personnel expenses		-35,441	-41,651
Depreciation and impairment/ reversal of an impairment of tangible assets (operational)		-4,696	-5,130
Amortization and impairment of intangible assets		-1,029	-1,136
Other operating expenses		-17,001	-19,387
Operating result before deconsolidation result		14,023	539
Deconsolidation result		-	-11,486
Operating result (EBIT)		14,023	-10,947
Financial result		1,528	-2,232
Ordinary result		15,551	-13,179
Non-operating result		12,802	-596
Earnings before taxes (EBT)		28,353	-13,775
Income taxes		-2,027	-1,271
Earnings after taxes (EAT)		26,326	-15,046
Of which attributable to:			
- Shareholders of Von Roll Holding AG		26,326	-15,044
- Non-controlling interests		-	-2
Basic earnings after taxes (EAT) per share (in CHF)		0.0753	-0.0429
Diluted earnings after taxes (EAT) per share (in CHF)		0.0751	-0.0429

Consolidated balance sheet (unaudited)

Assets

in CHF 1,000	Note	30.06.2021	in %	31.12.2020	in %
Current assets					
Cash and cash equivalents		73,846		48,271	
Trade receivables		42,107		33,955	
Other receivables		11,013		8,051	
Inventories		41,481		33,261	
Accrued income and prepaid expenses		2,826		2,132	
Total current assets		171,273	64.7 %	125,670	55.8 %
Total non-current assets					
Tangible assets		82,197		87,442	
Financial assets		355		464	
Intangible assets		5,714		6,207	
Other assets		1,871		2,005	
Deferred income tax assets		3,259		3,485	
Total non-current assets		93,396	35.3 %	99,603	44.2 %
Total assets		264,669	100.0 %	225,273	100.0 %

Liabilities and equity

in CHF 1,000	Note	30.06.2021	in %	31.12.2020	in %
Liabilities					
Current liabilities					
Financial liabilities		1,075		11	
Trade payables		15,008		9,446	
Other liabilities		8,349		4,701	
Provisions		2,696		3,368	
Accrued liabilities and deferred income		10,911		9,279	
Total current liabilities		38,039	14.3 %	26,805	11.9 %
Non-current liabilities					
Financial liabilities		2,379		3,321	
Employee benefit obligations		17,703		18,583	
Provisions		8,365		8,376	
Deferred income tax liabilities		343		281	
Total non-current liabilities		28,790	10.9 %	30,561	13.6 %
Total liabilities		66,829	25.2 %	57,366	25.5 %
Equity					
Share capital		35,656		35,656	
Capital reserves		574,078		572,139	
Own shares		-7,832		-8,462	
Accumulated losses		-403,984		-431,235	
Equity attributable to shareholders of Von Roll Holding AG		197,918	74.8 %	168,098	74.6 %
Non-controlling interests		-78	0.0 %	-191	-0.1 %
Total equity		197,840	74.8 %	167,907	74.5 %
Total liabilities and equity		264,669	100.0 %	225,273	100.0 %

Consolidated cash flow statement (unaudited)

in CHF 1,000	Note	1H 2021	1H 2020
Cash flow from operating activities			
Earnings after taxes (EAT)		26,326	-15,046
Income taxes (income (-)/expenses (+))		2,027	1,271
Financial result (profit (-)/loss (+))		-1,528	2,232
Depreciation and impairment/ reversal of impairment tangible assets (operational)		4,696	5,182
Depreciation and impairment/reversal of impairment investment properties		226	272
Amortization and impairment intangible assets		1,029	1,136
Earnings before interest, taxes, depreciation and amortization		32,776	-4,953
Result from disposal of tangible assets and intangible assets (profit (-)/loss (+))		-21,100	258
Deconsolidation result (profit (-)/loss (+))		-	11,486
Interest and other financial income received		98	218
Interest and other financial expenses paid		-161	-319
Taxes paid		-1,516	-1,270
Increase (+)/decrease (-) in provisions		-2,196	101
Increase (-)/decrease (+) in trade receivables		-6,965	-3,681
Increase (-)/decrease (+) in inventories		-7,018	-4,941
Increase (+)/decrease (-) in trade payables		4,699	485
Increase (-)/decrease (+) in other net current assets		2,369	4,221
Total cash flow from operating activities		986	1,605
Cash flow from investing activities			
Capital expenditures for tangible assets and intangible assets		-3,804	-2,402
Sale of tangible assets		25,013	364
Sale of investments		1,428	-
Disposal of group companies		-	-1,528
Total cash flow from investing activities		22,637	-3,566
Cash flow from financing activities			
Decrease of financial liabilities		-	-6,217
Increase of financial liabilities		-	2,628
Purchase of own shares		-372	-452
Sale of own shares		393	552
Total cash flow from financing activities		22	-3,489
Increase (+)/decrease (-) in cash and cash equivalents		23,645	-5,450
Cash and cash equivalents as at January 1		48,271	55,218
Change in cash and cash equivalents		23,645	-5,450
Currency effects on cash and cash equivalents		1,930	-1,600
Cash and cash equivalents as at June 30		73,846	48,168

Consolidated statement of changes in equity (unaudited)

In the first half of 2021, consolidated equity changed as follows:

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG						Total	Non-controlling interests	Total equity
	Share capital	Capital reserves	Own shares	Offsetting goodwill	Currency effects	Other accumulated losses			
Balance as at January 1, 2021	35,656	572,139	-8,462	-10,968	-15,739	-404,641	167,985	-77	167,908
Restatement capital reserves	-	2,547	-	-	-	-2,547	-	-	-
Balance as at January 1, 2021 restated	35,656	574,686	-8,462	-10,968	-15,739	-407,188	167,985	-77	167,908
Earnings after taxes (EAT)	-	-	-	-	-	26,326	26,326	-	26,326
Purchase/sale of own shares	-	-608	630	-	-	-	22	-	22
Currency effects	-	-	-	-	3,585	-	3,585	-1	3,584
Balance as at June 30, 2021	35,656	574,078	-7,832	-10,968	-12,154	-380,862	197,918	-78	197,840

In the first half of 2020, consolidated equity changed as follows:

in CHF 1,000	Equity attributable to shareholders of Von Roll Holding AG						Total	Non-controlling interests	Total equity
	Share capital	Capital reserves	Own shares	Offsetting goodwill	Currency effects	Other accumulated losses			
Balance as at January 1, 2020	35,656	572,139	-11,746	-10,968	-8,762	-376,662	199,657	-638	199,019
Restatement capital reserves	-	3,506	-	-	-	-3,506	-	-	-
Balance as at January 1, 2020 restated	35,656	575,645	-11,746	-10,968	-8,762	-380,168	199,657	-638	199,019
Earnings after taxes (EAT)	-	-	-	-	-	-15,044	-15,044	-2	-15,046
Restatement non-controlling interests	-	-	-	-	-	-114	-114	114	-
Disposal of group companies	-	-	-	-	-	-188	-188	188	-
Purchase/sale of own shares	-	-2,713	2,813	-	-	-	100	-	100
Restatement own shares	-	465	-465	-	-	-	-	-	-
Currency effects	-	-	-	-	-4,544	-	-4,544	4	-4,540
Balance as at June 30, 2020	35,656	573,397	-9,398	-10,968	-13,306	-395,514	179,867	-334	179,533

Condensed notes to the consolidated Semi-Annual Report (unaudited)

1. Accounting principles

General information

This report contains the consolidated semi-annual financial statements for the period ended June 30, 2021, of Von Roll Holding AG and its subsidiaries.

Von Roll Holding AG (the “company”) and its subsidiaries (collectively “Von Roll”) is an international manufacturing and services corporation. Its primary activities are outlined below on the business segments. The company is a publicly traded company listed on the Swiss stock exchange (SIX Swiss Exchange). Its domicile is at Passwangstrasse 20, 4226 Breitenbach, Switzerland.

The primary operating activities of Von Roll are divided into the two business segments, Von Roll Insulation and Von Roll Composites, which form the basis for segment reporting. Von Roll business segments encompass all activities relating to production processes.

The primary activities are as follows:

- » Von Roll Insulation – production and distribution of electrical insulation materials, winding wires, resins and varnishes
- » Von Roll Composites – production and distribution of composites

The financial operating results per segment are not disclosed because continuing disclosure entails a risk of significant competitive disadvantage. The target markets within these segments are predominantly market niches with a relatively homogeneous product range. The key competitors in the markets relevant for Von Roll either are unlisted companies or do not disclose comparable segment information.

Significant accounting policies

The 2021 Semi-Annual Report has been prepared in accordance with all guidelines set out in the Swiss GAAP FER Accounting and Reporting Recommendations and should be read in conjunction with the consolidated annual financial statements prepared for the financial year ended on December 31, 2020. This is because the consolidated semi-annual financial statements do not include all disclosures from the annual financial statements. The consolidated Semi-Annual Report presents a true and fair view of Von Roll’s financial position, cash flows and result of operations. The financial statements also comply with the listing rules of the SIX Swiss Exchange and of the Swiss stock corporation law.

The preparation of the Semi-Annual Report in accordance with Swiss GAAP FER requires the Management to estimate values and to make assumptions that affect the income, expenses, assets and liabilities reported as well as the disclosure of contingent liabilities. If, in the future, these estimates and assumptions, based on the Management’s best judgment at the date of the semi-annual financial statements, differ from the current circumstances, then the estimates will be modified in the period in which the circumstances change.

The consolidated semi-annual financial statements are presented in Swiss francs (CHF) and refer to CHF 1,000 (TCHF). Due to the chosen number format, minor rounding differences may arise.

2. Changes in the scope of consolidation

Disposals

The following changes occurred in the scope of consolidation in the first half of 2020:

With the announcement of May 26, 2020, an application was made to the commercial court to open judicial reorganization proceedings (“redressement judiciaire”) for the French production sites in Delle, France (Delle Fil SAS and Von Roll Isola France S.A.). The Board of Directors had previously decided not to provide any further funds to these companies. Bankruptcy proceedings were opened on May 28, 2020, for both companies.

By opening the judicial reorganization proceedings, Von Roll is spinning off two business units that had been making losses for many years. Delle Fil SAS produced enameled and taped winding wires (Insulation segment) with 100 employees at the site in Delle, France. Employing 50 staff, Von Roll Isola France S.A. distributed and produced various composites (Composites segment), also at the site in Delle, France.

In the 2020 financial year, Delle Fil SAS contributed CHF 12.3 million to net sales and CHF 0.1 million to operating income (EBIT). Von Roll Isola France S.A. generated net sales of CHF 4.1 million and operating income (EBIT) of CHF 0.6 million in 2020. The aforementioned figures are included in operating income before deconsolidation.

A loss of CHF 11.5 million is attributable to the deconsolidation of the two companies as at May 28, 2020. Of this, a loss of CHF 8.6 million is attributable to Delle Fil SAS and a loss of CHF 2.9 million to Von Roll Isola France S.A.

The loss from deconsolidation mainly comprises the disposal of assets/liabilities (of which CHF 1.5 million in cash) and valuation allowances on receivables and loans to the companies leaving Von Roll.

3. Foreign currencies

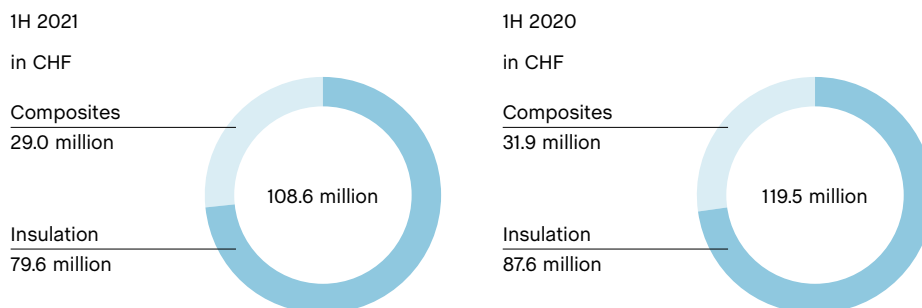
The following exchange rates were applied for the translation of foreign currencies into Swiss francs (CHF):

Currency	Average rates		Spot rates	
	1H 2021	1H 2020	30.06.2021	31.12.2020
EUR	1.094	1.067	1.098	1.080
USD	0.905	0.967	0.924	0.880
GBP	1.255	1.232	1.280	1.202
INR	0.012	0.013	0.012	0.012
BRL	0.167	0.205	0.186	0.170
CNY	0.140	0.138	0.143	0.135

4. Net Sales

4.1. Business segments

Net sales per business segment are as follows:



4.2. Geographical information

The following table provides a breakdown of net sales by geographic markets.

in CHF 1,000	1H 2021	in %	1H 2020	in %	Δ in %
EMEA	55,322	50.9 %	66,303	55.5 %	-16.6 %
America	23,482	21.6 %	24,239	20.3 %	-3.1 %
Asia	29,812	27.5 %	28,967	24.2 %	2.9 %
Total net sales	108,616	100.0 %	119,509	100.0 %	-9.1 %

Net sales of the first half of 2020 include sales till May 2020 of CHF 16.4 million of the discontinued plants in France.

4.3. Special effects

Taking special effects into account, comprising changes in scope of consolidation and after currency effects, sales were CHF 7.1 million higher than in the first half of 2020, which is equivalent to an increase in the core business of 6.9%.

in CHF 1,000	1H 2021	1H 2020	Δ in %
Net sales	108,616	119,509	-9.1 %
Changes in the scope of consolidation/ discontinuation of business areas			
(-) Net sales Delle Fil SAS		-12,302	
(-) Net sales Von Roll Isola France S.A.		-4,085	
Net sales adjusted	108,616	103,122	5.3 %
(+/-) Currency effects	1,631		
Total net sales adjusted after currency effects	110,247	103,122	6.9 %

5. Other topics

In the first half of 2021 operating and non-operating real estate in Breitenbach, Switzerland was sold. The result of CHF 19.6 million was recognized as follows:

- » CHF 12.9 million non-operating income
(proceeds from the sale of non-operating real estate)
- » CHF 6.7 million other operating income
(proceeds from the sale of operating real estate)

6. Financial liabilities

Von Roll has the following convertible bonds outstanding:

in CHF 1,000	1.00 % conv. bond 2016–22	1.25 % conv. bond 2014–20
Liability component on issue (net of issue costs)	127,136	52,104
Amortization of difference between liability component/redemption amount	9,554	4,597
Conversion of bond into bearer shares	-135,621	-50,596
Repayment at maturity date	-	-6,105
Net liability component (carrying amount) as at June 30, 2021	1,069	-
Open nominal value	1,093	-

No rights were converted during the reporting period. The 1.25 % convertible bond 2014 – 2020 was repaid on time.

7. Events after the balance sheet date

There were no significant events between the balance sheet date and the approval of the report by the Board of Directors.

The Board of Directors approved the consolidated semi-annual financial statements for publication on August 17, 2021.

Business address and domicile

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Stock exchange listing

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In the event of any discrepancy, the German version prevails.

The Annual Report is available on the Internet at www.vonroll.com

Von Roll Holding AG with registered office in CH-4226 Breitenbach (canton Solothurn) has been listed on the SIX Swiss Exchange (symbol: ROL, security number: 324.535, ISIN: CH0003245351) since August 11, 1987.