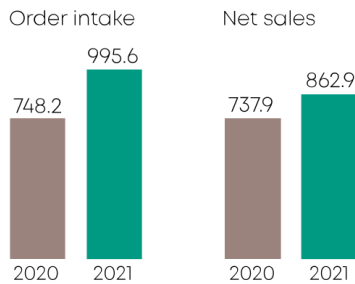


Management Report

1	Key Facts at a glance	4
2	Letter to Shareholders	5
3	Market segment Industry	8
4	Market segment Communication	10
5	Market segment Transportation	12
6	Key Figures and Financial Calendar	14

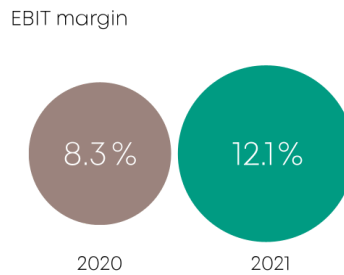
Key Facts at a glance



In CHF million

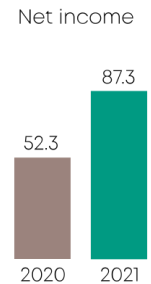
Order intake and net sales significantly above previous year

Double-digit percentage growth in order intake and net sales in all three market segments



EBIT margin of 12.1 % – the highest absolute operating profit in the company's history

Growth initiatives data center, electric vehicle as well as aerospace and defense make an above-average contribution to development compared with previous year

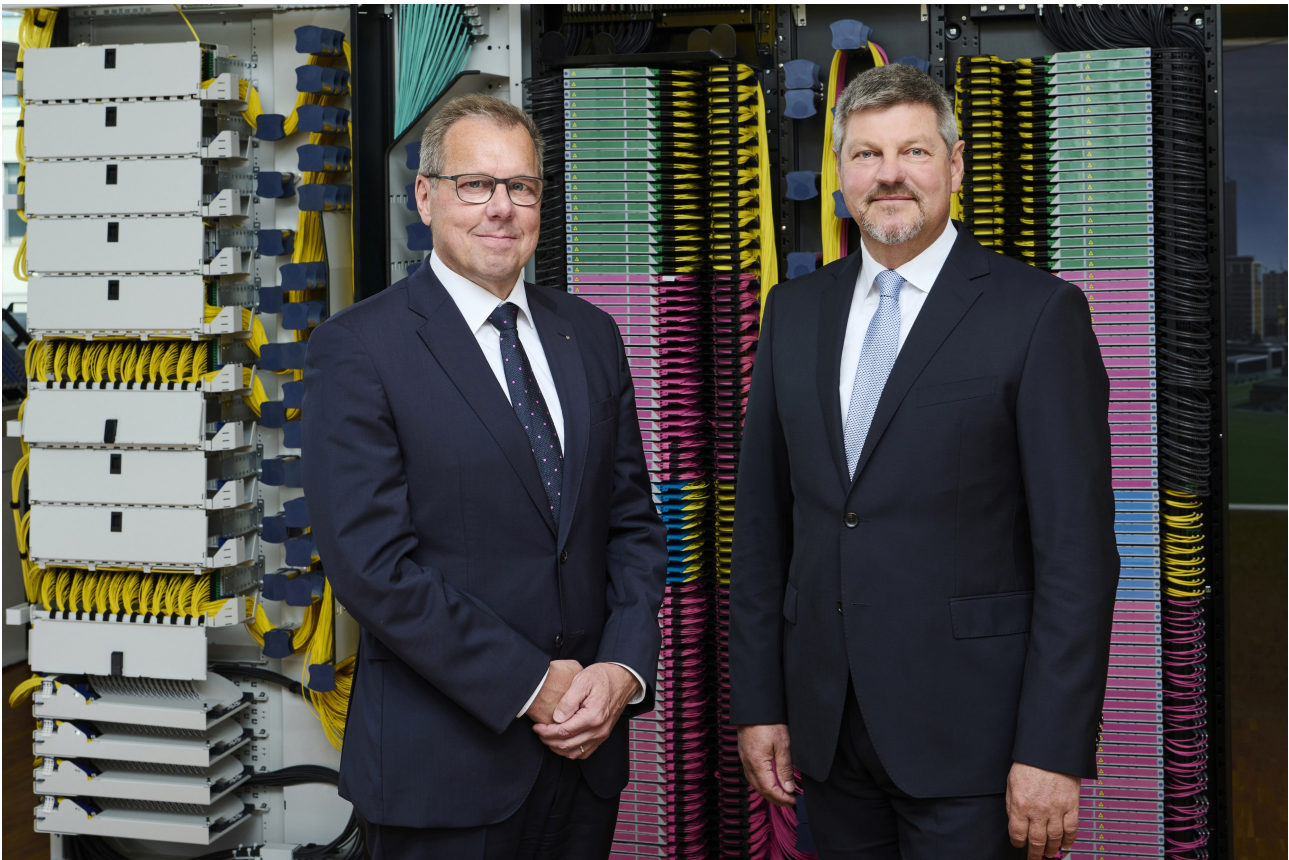


In CHF million

Highest ever net income – up two thirds year-on-year

Target markets in robust shape – medium-term EBIT margin target range revised up to 9–12 %

Record results for HUBER+SUHNER in 2021



Urs Kaufmann (Chairman) and Urs Ryffel (CEO)

2021 was the best financial year in the HUBER+SUHNER history. In an environment that continues to be beset by uncertainties, the company's strong focus on the needs of its customers resulted in significant growth across all key indicators.

In 2021, order intake stood at a very high CHF 995.6 million (previous year CHF 748.2 million), representing a leap of 33.1 %. This strong increase was due to the consistently high demand over the entire reporting period without major seasonal fluctuations. The basis for this was the significantly higher activity in many target markets, which the company was able to successfully take advantage of.

Net sales in 2021 amounted to CHF 862.9 million, which represents a 16.9 % increase year on year (previous year CHF 737.9 million). Adjusted for currency and copper price effects, growth in net sales amounted to 13.8 %. Revenues in the second half of the year were, on the whole, slightly higher than in the first half. The book-to-bill rate of 1.15 (PY 1.01) reflects the increase in the order backlog to CHF 323.4 million at the end of the year. By region, the net sales share in EMEA stood at 54 % (PY 54 %), followed by the Americas at 25 % (PY 18 %) and APAC at 21 % (PY 28 %). All three market segments contributed to the year-on-year growth in net sales.

The operating profit (EBIT) of CHF 104.6 million is a record figure for the company and corresponds to an EBIT margin of 12.1 % (PY 8.3 %). Year on year, the gross margin increased by almost three percentage points. In the case of net income, which rose sharply by around two thirds to CHF 87.3 million (PY CHF 52.3 million), the company also benefited from a low tax rate.

A further rise in research and development expenses to CHF 55.9 million (+17 % year on year) reflects the commitment of HUBER+SUHNER to maintaining and building on its innovation leadership. Despite the higher volumes, there was a disproportionately low increase of 7.4 % in administrative and selling expenses. Employee numbers worldwide grew by 178 to 4588 in the reporting year. In Switzerland, the number of employees fell to 1162 (PY 1225).

New market-segment-based organisation lays foundation for increased market and customer focus

The reorientation of the organisation around the three market segments Industry, Communication and Transportation at the beginning of the reporting year was implemented successfully. This new organisation has increased market focus and simplified structures by abolishing the sales region matrix. Today, customers are served by global sales teams, resulting in greater customer proximity. It provides the basis for offering customers the entire portfolio of innovative HUBER+SUHNER products across all technologies, thus opening up new potential for the company.

Industry market segment sees impressive growth coupled with high profitability

The Industry market segment developed particularly dynamically with a notable increase of 23.7 % in order intake to CHF 296.6 million and of 21.9 % in net sales to CHF 275.4 million. In percentage terms, the test and measurement core market, the aerospace and defense growth initiative and the two other subsegments energy and general industrial all made an equal contribution to growth. Overall, business with industrial customers saw above-average growth as a result of the cross-technology portfolio within the new organisation. With an EBIT margin of 21.2 % (PY 16.1 %), the segment made a significant contribution to the Group's overall result.

Leap in volume in Communication market segment, EBIT margin improved into double digits

The Communication market segment recorded a big jump in order intake of 46.6 % to CHF 420.0 million, attributable to the accelerated expansion of both 5G mobile network and fixed network infrastructure. The data center growth initiative also contributed considerably to the increase. Net sales rose by 18 % to CHF 341.1 million in the reporting year, resulting in a significant increase in the order backlog. The market segment also posted a markedly improved EBIT margin of 12.2 % (PY 5.3 %).

Transportation market segment grows thanks to automotive business, EBIT margin expectations missed

With an order intake of CHF 279.0 million, the Transportation market segment reported a strong 25.7 % increase compared to the previous year. Net sales still showed an increase of 10.6 % to CHF 246.4 million. Business developed very differently in the two subsegments. In the automotive subsegment, orders and net sales increased by around half. The electric vehicle growth initiative made a particularly large contribution to this. By contrast, the railway subsegment moved sideways, while sales decreased slightly. Public transport was severely hit by the pandemic, which led to a decline in projects for new rolling stock, especially in China. With an EBIT margin of 5.1 % (PY 7.3 %), the Transportation segment failed to meet expectations. This was due to rising raw material prices, which could not yet be fully passed on to customers in the reporting period, and significant upfront investments in solutions for autonomous driving.

Business of HUBER+SUHNER driven by people's need for communication, mobility, safety, and sustainability

Being able to communicate, being mobile, feeling safe and preserving the environment are important human needs that call for innovative connectivity solutions from HUBER+SUHNER. By connecting people and bringing them together through its products and solutions, the company is making an important contribution to society and derives its purpose from this. With the vision "Connecting – today and beyond", HUBER+SUHNER combines the claim to serve the needs of society today and tomorrow with connectivity solutions, while at the same time helping to shape the future with innovative solutions. The company's commitment to sustainable business is underscored, for example, by its commitment to achieving net-zero CO2 emissions by 2030. Information about the sustainability strategy of HUBER+SUHNER is provided in the separate Sustainability Report 2021, which is published at the same time as the Annual Report 2021 and can be found under www.hubersuhner.com/en/company/sustainability.

Risk management

At its meeting on 8 December 2021, the Board of Directors assessed the business risks as part of its ongoing risk management and approved the 2021 risk report including the defined measures.

Share buyback programme

At the end of October, HUBER+SUHNER started a share buyback programme of up to 5 % of the share capital over a maximum of three years, with the aim of a sustainable compression of earnings per share. By the end of the year, 141 500 shares or 0.7 % of the registered shares had been bought back.

Dividend

The Board of Directors proposes to the Annual General Meeting a payout of CHF 2.00 (PY CHF 1.30) per share, resulting in a distribution ratio of 45 %.

Outlook

With the record result in the 2021 financial year, HUBER+SUHNER has developed very positively in a dynamic but also quite challenging environment. The high order backlog at the end of the year ensured the company a good start into the current financial year.

HUBER+SUHNER is very well positioned in attractive and robust target markets. Many relevant demand parameters – growing need for communication solutions and higher data volumes, increasing need for mobility, as well as increased demand for security solutions – continue to offer a favourable environment in the future.

Therefore, the company expects higher profitability over the cycle and adjusts the medium-term target range for the operating margin to 9–12 % (previously 8–10 %). In terms of sales, the company is targeting mid-single-digit percentage growth in the current year.

The prerequisite for achieving the medium-term EBIT target range and the targeted growth in 2022 is that the current challenges such as rising inflation rates, a strong Swiss franc or bottlenecks in the global supply and transport chains do not accentuate.

Our sincere thanks

Together with our employees, we can look back on an enormously successful but also challenging financial year. On behalf of the Board of Directors and Executive Group Management, we would like to express our great appreciation for our employees' extraordinary commitment, the flexibility they have shown time and again, and their permanent willingness to work with full dedication for our customers even in difficult times. We would also like to thank our shareholders, customers and suppliers for their valued cooperation and continued trust.



Urs Kaufmann

Chairman of the Board of Directors



Urs Ryffel

Chief Executive Officer

Industry market segment sees impressive growth coupled with high profitability

The Industry market segment developed particularly dynamically with a notable increase of 23.7 % in order intake to CHF 296.6 million and of 21.9 % in net sales to CHF 275.4 million. In percentage terms, the test and measurement core market, the aerospace and defense growth initiative and the two other subsegments energy and general industrial all made an equal contribution to growth. Overall, business with industrial customers saw above-average growth as a result of the cross-technology portfolio within the new organisation. With an EBIT margin of 21.2 % (PY 16.1 %), the segment made a significant contribution to the Group's overall result.



"The strong sales growth in 2021 was driven by all sub-segments. The RADOX® HPC fast charging systems made an above-average contribution. The company also expanded its market leadership in this area across more territories. Bottlenecks in global supply chains proved a challenge. Nevertheless, a high level of delivery reliability for customers continued to be assured thanks to considerable agility and commitment on the part of the whole organisation across all locations. For customers in the industrial environment in particular, connectivity solutions are often not in focus, but at the same time they are of great importance for our customers. It is therefore all the more important for this customer group to work with a competent partner such as HUBER+SUHNER in this area. In the industrial market, dependability and delivery reliability will be even more important in the future, becoming key success and differentiation factors."

Reto Bolt, COO Industry

Growth in all subsegments emphasises competitiveness – new level of profitability reached

In percentage terms, the test and measurement core market, aerospace and defense growth initiative and the two subsegments energy and general industrial all grew at the same pace. A growing need for high-precision components with maximum signal integrity for test applications, the expansion of low-orbit satellite constellations for Earth-wide signal coverage, the trend towards shorter electric vehicle charging times and the construction of wind farms to supply renewable energy: all these factors have contributed to a rapidly increasing demand for connectivity solutions that work without disruption 24/7 whatever the environmental conditions.

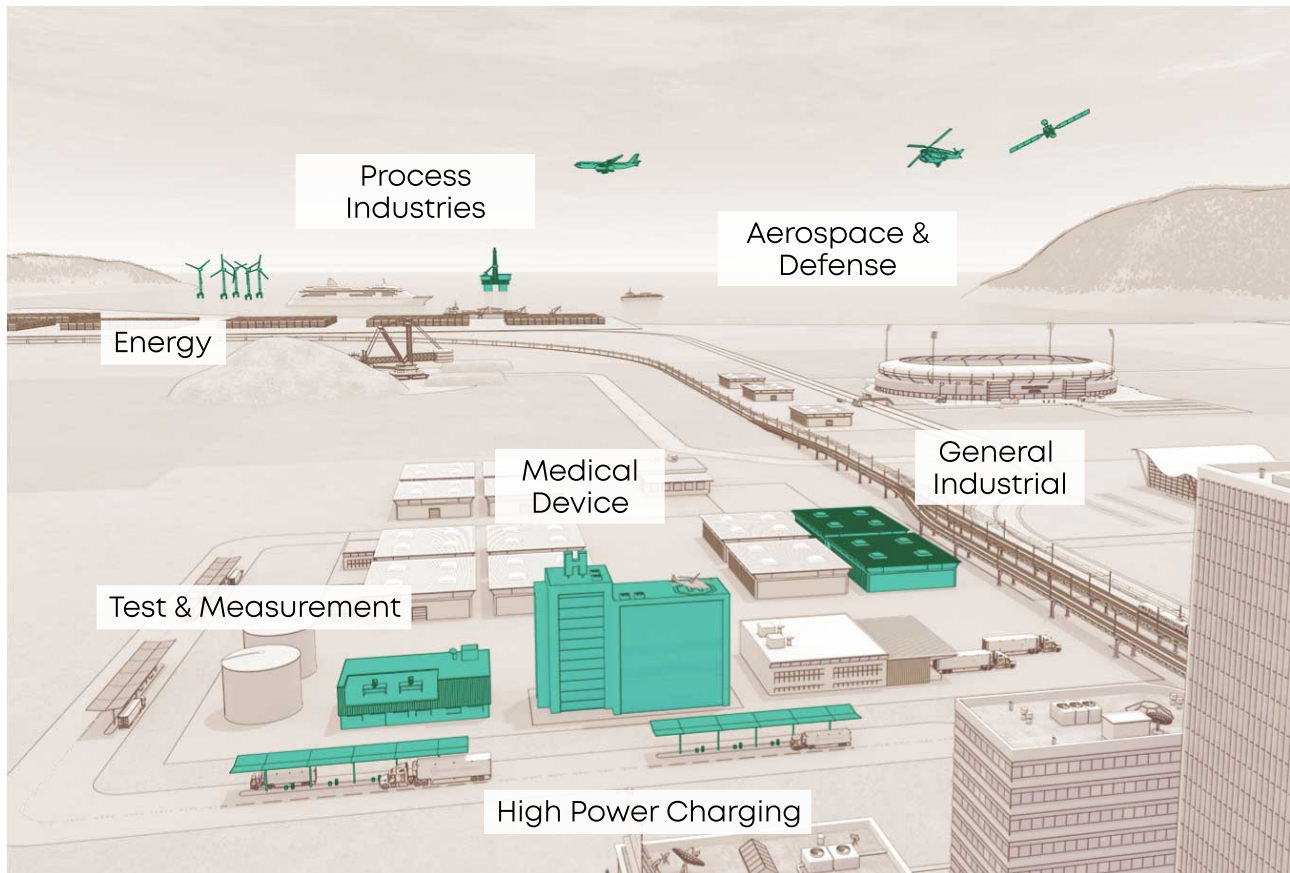
The company's connectivity solutions are also making an essential contribution to ensuring reliability of supply for people. The innovative strength of HUBER+SUHNER, and thus its ability to constantly push the boundaries of what is possible, gives customers the opportunity to make their offerings competitive and sustainable.

Industry segment

		2021	2020 ²⁾	%
Order intake	CHF million	296.6	239.8	23.7
Net sales	CHF million	275.4	225.9	21.9
Operating profit (EBIT)	CHF million	58.4	36.4	60.5
EBIT margin	%	21.2	16.1	

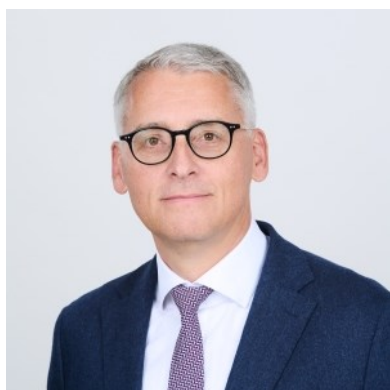
²⁾ Regarding adjustments due to the new segment structure see [note 5](#).

Our solutions for the Industry market



Leap in volume in Communication market segment, EBIT margin improved into double digits

The Communication market segment recorded a big jump in order intake of 46.6 % to CHF 420.0 million, attributable to the accelerated expansion of both 5G mobile network and fixed network infrastructure. The data center growth initiative also contributed considerably to the increase. Net sales rose by 18 % to CHF 341.1 million in the reporting year, resulting in a significant increase in the order backlog. The market segment also posted a markedly improved EBIT margin of 12.2 % (PY 5.3 %).



"In light of the fact that communication networks represent the backbone of a functioning society, the Communication segment achieved strong profitable growth despite the challenges presented by the pandemic. Rollouts of the 5G mobile communications infrastructure emerged as the most important driver. Sales of solutions for data centers and active fixed network infrastructure components from BKTel, which was acquired in 2019, also increased significantly. The unique optical switch technology from HUBER+SUHNER is making major headway in a wide variety of applications, which demonstrates our innovation leadership."

Jürgen Walter, COO Communication

Strong growth in mobile infrastructure and access network business – EBIT margin almost seven percentage points higher

The large-scale rollout of the 5G mobile communication network in North America and Europe prompted the sharp increase in volumes in the reporting year. Increased customer investments in the fixed network infrastructure and in the data center growth initiative also contributed to growth.

Investments in communication networks continued to be driven by the continuously rising volume of data as a result of the networking of more and more devices (internet of things) and the transmission and storage of high-resolution image and video content. In addition, these networks must be upgraded to future applications with growing requirements in terms of reliability, transmission speed and latency. Application examples of this include autonomous driving or surgical procedures over long distances.

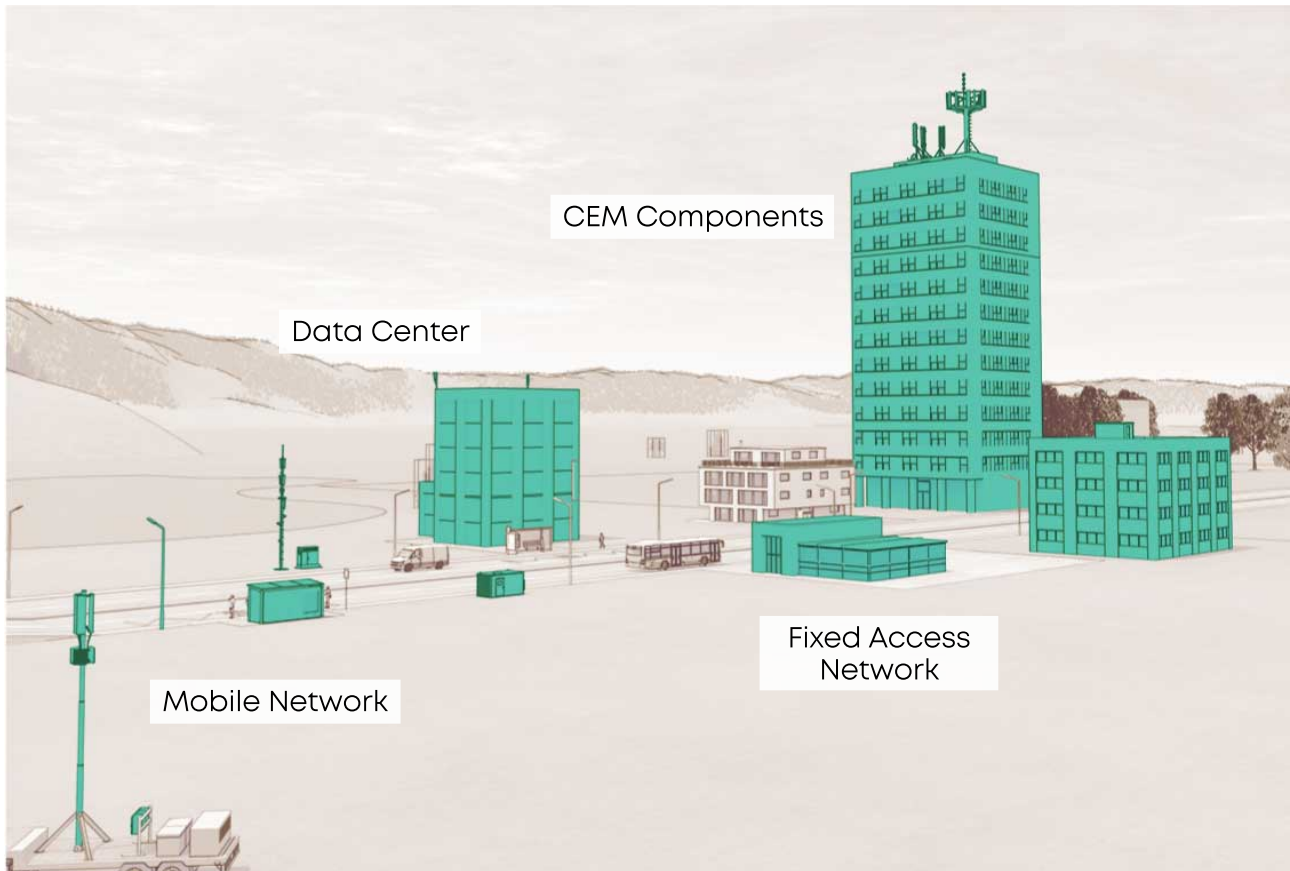
Worldwide, communication network operators will rely on connectivity solutions from HUBER+SUHNER to respond to these changing communication needs of our society in an efficient and future-oriented manner.

Communication segment

		2021	2020 ²⁾	%
Order intake	CHF million	420.0	286.4	46.6
Net sales	CHF million	341.1	289.1	18.0
Operating profit (EBIT)	CHF million	41.5	15.4	168.2
EBIT margin	%	12.2	5.3	

²⁾ Regarding adjustments due to the new segment structure see [note 5](#).

Our solutions for the Communication market



Transportation market segment grows thanks to automotive business, EBIT margin expectations missed

With an order intake of CHF 279.0 million, the Transportation market segment reported a strong 25.7 % increase compared to the previous year. Net sales still showed an increase of 10.6 % to CHF 246.4 million. Business developed very differently in the two subsegments. In the automotive subsegment, orders and net sales increased by around half. The electric vehicle growth initiative made a particularly large contribution to this. By contrast, the railway subsegment moved sideways, while sales decreased slightly. Public transport was severely hit by the pandemic, which led to a decline in projects for new rolling stock, especially in China. With an EBIT margin of 5.1 % (PY 7.3 %), the Transportation segment failed to meet expectations. This was due to rising raw material prices, which could not yet be fully passed on to customers in the reporting period, and significant upfront investments in solutions for autonomous driving.



"For the automotive industry, 2021 was a good year despite the many challenges with bottlenecks in the supply chain. The major trends towards electrification and autonomous driving in both passenger and utility vehicles defined the orientation of the market and our successful leveraging of this contributed to our strong sales growth. As automotive manufacturers are systematically switching to electric drives, high growth rates for electric vehicles are projected in the medium to long term. The railway market will not recover from the effects of the corona pandemic in the short term on account of the lower passenger numbers and lower operator revenues. In the medium term, however, further major investments will be required in rail infrastructure for the ecological mobility."

Drew Nixon, COO Transportation

Business with automotive applications increased by half – high upfront investments put pressure on profitability

The railway and automotive subsegments made very different contributions to the Transportation segment. In the railway core market, the company felt the impact of significantly lower volumes with high-speed trains in China. Within the automotive subsegment, there was strong demand in the electric vehicle growth initiative for high-voltage distribution solutions in commercial vehicles.

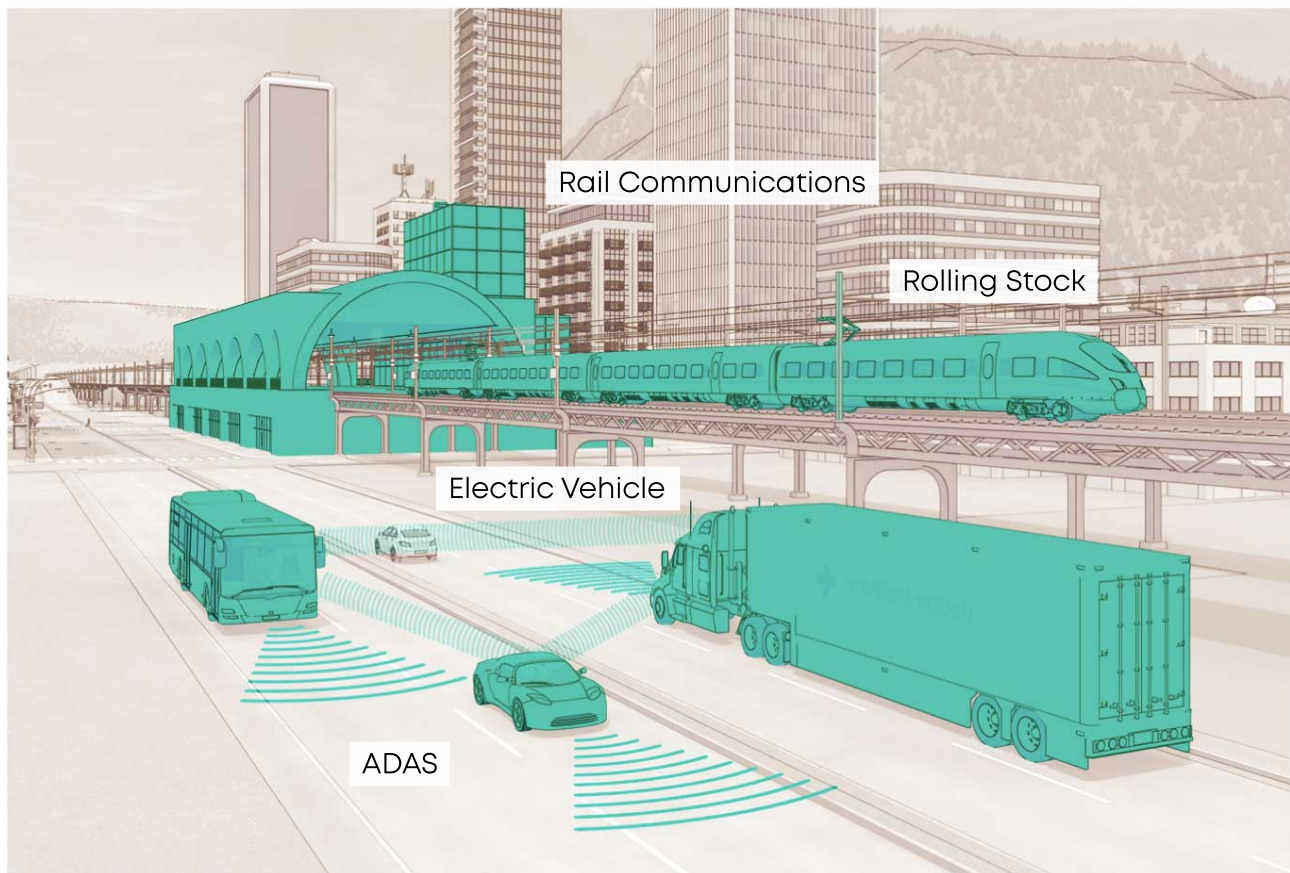
The company is positioning itself in the transportation market with two additional growth initiatives in promising applications that offer high differentiation potential: communications solutions for rolling stock (Rail Communications) and radar antennas with regard to autonomous driving (ADAS – advanced driver assistance system). Both follow the long-term trend that mobility must become safer and travellers want to use their time on the road more efficiently. In particular, the radar antenna business, which is new to HUBER+SUHNER, entailed substantial upfront investments in the reporting year, which will start to make an impact on sales from 2023 onwards.

Transportation segment

		2021	2020 ²⁾	%
Order intake	CHF million	279.0	222.0	25.7
Net sales	CHF million	246.4	222.9	10.6
Operating profit (EBIT)	CHF million	12.5	16.2	(22.3)
EBIT margin	%	5.1	7.3	

²⁾ Regarding adjustments due to the new segment structure see [note 5](#).

Our solutions for the Transportation market



Key Figures and Financial Calendar

Group

in CHF million	2021	2020	Change
Order intake	995.6	748.2	33.1%
Order backlog as of 31.12.	323.4	195.5	65.4%
Net sales	862.9	737.9	16.9%
Gross margin	38.2%	35.4%	
EBITDA	137.6	89.3	54.1%
as % of net sales	16.0%	12.1%	
EBIT	104.6	61.2	70.9%
as % of net sales	12.1%	8.3%	
Financial result	(2.3)	(0.6)	n/m
Net income	87.3	52.3	66.9%
as % of net sales	10.1%	7.1%	
Purchases of PP&E and intangible assets	50.7	37.7	34.6%
Cash flow from operating activities	101.7	86.5	17.5%
Free operating cash flow	56.6	50.2	12.7%
Net liquidity as of 31.12.	219.8	202.9	8.3%
Equity as of 31.12.	643.8	591.6	8.8%
as % of balance sheet total	77.2%	79.9%	
Employees as of 31.12.	4 588	4 410	4.0%
Market capitalisation as of 31.12.	1 679.7	1 361.1	23.4%

n/m = not meaningful

Data per share

in CHF	2021	2020	Change
Stock market price as of 31.12.	87.00	69.90	24.5%
Net income	4.45	2.66	67.1%
Dividend	2.00 ¹⁾	1.30	53.8%

¹⁾ Proposed dividend

Alternative Performance Measures (APM) are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses APM as guidance parameters for both internal and external reporting to stakeholders. For the definition of APM please visit the website under www.hubersuhner.com/en/company/investors/publications

Company information**Media**

Patrick G. Köppe
 Head Corporate Communications
 Phone +41 (0)44 952 25 60
pressoffice@hubersuhner.com

Investors

Ivo Wechsler
 Chief Financial Officer
 Phone +41 (0)44 952 22 43
ivo.wechsler@hubersuhner.com

Financial calendar

Annual General Meeting	06.04.2022
Half-year report	16.08.2022
Media and analysts' conference	16.08.2022
Capital Market Day (Herisau)	23.09.2022
Sales and order intake (9 months)	24.10.2022

The Management Report 2021 in English and German is also available in the [Download Center](#) and on the website under www.hubersuhner.com/en/company/investors/publications. The German version is binding.