

Financial Report

HUBER+SUHNER Group Financial Statements

Key Figures	69
Consolidated Income Statement	70
Consolidated Balance Sheet	71
Consolidated Cash Flow Statement	72
Consolidated Statement of Equity	73
Notes to Group Financial Statements	74
Group Companies	93
Report of the statutory auditor on the consolidated financial statements	94
Five-Year Financial Summary	97
Alternative Performance Measures	98

Key Figures

Group

in CHF million	2022	2021	Change
Order intake	975.4	995.6	(2.0%)
Order backlog as of 31.12.	320.0	323.4	(1.1%)
Net sales	954.6	862.9	10.6%
Gross margin	35.7%	38.2%	
EBITDA	135.3	137.6	(1.7%)
as % of net sales	14.2%	16.0%	
EBIT	103.2	104.6	(1.3%)
as % of net sales	10.8%	12.1%	
Financial result	(1.8)	(2.3)	n/m
Net income	85.2	87.3	(2.4%)
as % of net sales	8.9%	10.1%	
Purchases of PP&E and intangible assets	45.3	50.7	(10.8%)
Cash flow from operating activities	87.3	101.7	(14.1%)
Free operating cash flow	37.7	56.6	(33.4%)
Net liquidity as of 31.12.	151.1	219.8	(31.3%)
Return on invested capital (ROIC) in %	20.9%	23.2%	
Equity as of 31.12.	606.7	643.8	(5.8%)
as % of balance sheet total	74.4%	77.2%	
Employees as of 31.12.	4 469	4 588	(2.6%)
Market capitalisation as of 31.12.	1 600.4	1 679.7	(4.7%)

n/m = not meaningful

Data per share

in CHF	2022	2021	Change
Stock market price as of 31.12.	86.30	87.00	(0.8%)
Net income	4.47	4.45	0.5%
Dividend	2.10 ¹⁾	2.00	5.0%

¹⁾ Proposed dividend

Segment information

in CHF million		2022	2021	Change
Industry	Order intake	310.5	296.6	4.7%
	Net sales	298.0	275.4	8.2%
	EBIT	63.4	58.4	8.5%
	as % of net sales	21.3%	21.2%	
Communication	Order intake	380.6	420.0	(9.4%)
	Net sales	385.9	341.1	13.1%
	EBIT	34.2	41.5	(17.6%)
	as % of net sales	8.9%	12.2%	
Transportation	Order intake	284.4	279.0	1.9%
	Net sales	270.6	246.4	9.8%
	EBIT	13.7	12.5	8.9%
	as % of net sales	5.1%	5.1%	

Consolidated Income Statement

in CHF 1 000	Notes	2022	%	2021	%
Net sales	5	954 564	100.0	862 947	100.0
Cost of goods sold		(614 085)		(533 473)	
Gross profit		340 479	35.7	329 474	38.2
Selling expense		(132 203)		(120 547)	
Administrative expense		(48 354)		(49 456)	
Research and development expense		(59 243)		(55 937)	
Other operating expense		(402)		(2 355)	
Other operating income		2 901		3 398	
Operating profit (EBIT)	5	103 178	10.8	104 577	12.1
Financial result	6	(1 799)		(2 265)	
Income before taxes		101 379	10.6	102 312	11.9
Income taxes	7	(16 187)		(14 996)	
Net income		85 192	8.9	87 316	10.1
Attributable to shareholders of HUBER+SUHNER AG		84 253		86 538	
Attributable to minority interests		939		778	
Data per share					
in CHF	Notes	2022		2021	
Undiluted / diluted earnings per share	27	4.47		4.45	
Dividend		2.10 ¹⁾		2.00	

¹⁾ Proposed dividend

The notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

in CHF 1 000	Notes	31.12.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents	14	151 138		219 845	
Trade receivables	15	162 232		144 424	
Other short-term receivables	16	28 742		26 209	
Inventories	17	193 919		172 019	
Accrued income		4 133		3 454	
Current assets		540 164	66.3	565 951	67.9
Property, plant and equipment	19	214 867		212 616	
Intangible assets	20	26 250		21 931	
Financial assets	21	23 208		22 763	
Deferred tax assets	25	10 494		10 267	
Non-current assets		274 819	33.7	267 577	32.1
Assets		814 983	100.0	833 528	100.0
Liabilities and equity					
Trade payables		76 079		63 876	
Other short-term liabilities	23	66 263		62 458	
Short-term provisions	24	17 175		17 782	
Accrued liabilities		19 452		17 529	
Current liabilities		178 969	22.0	161 645	19.4
Other long-term liabilities		2 667		2 656	
Long-term provisions	24	7 778		7 992	
Deferred tax liabilities	25	18 917		17 485	
Non-current liabilities		29 362	3.6	28 133	3.4
Liabilities		208 331	25.6	189 778	22.8
Share capital	26	5 050		5 050	
Capital reserves		33 480		33 083	
Treasury shares		(75 231)		(13 835)	
Retained earnings		640 058		616 255	
Equity attributable to shareholders of HUBER+SUHNER AG		603 357	74.0	640 553	76.8
Minority interests		3 295	0.4	3 197	0.4
Total equity		606 652	74.4	643 750	77.2
Liabilities and equity		814 983	100.0	833 528	100.0

The notes are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

in CHF 1 000	Notes	2022	2021
Net income		85 192	87 316
Income taxes		16 187	14 996
Depreciation of property, plant and equipment and intangible assets	12	32 112	33 069
Other non-cash items		1 995	(5 881)
Loss/profit from the disposal of property, plant and equipment		(45)	(177)
Change in trade receivables		(23 242)	(21 936)
Change in inventories		(28 007)	(32 800)
Change in other receivables and accrued income		(2 470)	299
Change in trade payables		15 468	23 973
Change in other liabilities and accrued liabilities		5 826	14 561
Change in provisions		(464)	3 522
Income tax paid		(15 077)	(14 748)
Interest paid		(156)	(544)
Cash flow from operating activities		87 319	101 650
Purchases of property, plant and equipment	19	(37 107)	(40 097)
Proceeds from sale of property, plant and equipment	19	202	414
Purchases of intangible assets	20	(8 853)	(5 690)
Purchases and disposals of financial assets		(24)	(88)
Interest received		1 456	1 668
Cash outflow from acquisition	3	(5 333)	(1 276)
Cash flow from investing activities		(49 659)	(45 069)
Payment of dividend		(38 243)	(25 315)
Payment of dividend to minority interests		(640)	(533)
Purchase of treasury shares ¹⁾		(63 140)	(15 805)
Repayment of short-term financial liabilities		–	(629)
Cash flow from financing activities		(102 023)	(42 282)
Effect of exchange rate changes on cash		(4 344)	1 990
Net change in cash and cash equivalents		(68 707)	16 289
Cash and cash equivalents at beginning of year		219 845	203 556
Cash and cash equivalents at end of year	14	151 138	219 845
Net change in cash and cash equivalents		(68 707)	16 289

¹⁾ During 2022, 786 584 treasury shares were purchased as part of the running share buyback programme at an average share price of CHF 80.27 in the amount of CHF 63.1 million. In total 928 084 treasury shares have been purchased so far at an average share price of CHF 80.78 in the amount of CHF 75.0 million, which is 91.9 % of the total programme.

The notes are an integral part of the consolidated financial statements.

Consolidated Statement of Equity

in CHF 1 000	Share capital ¹⁾	Capital reserves	Treasury shares	Other retained earnings	Goodwill offset	Transla- tion dif- ferences	Retained earnings	Equity attribut- able to share- holders of H+S AG	Minority interests	Total equity
Balance at 1.1.2021	5 050	33 044	(247)	725 924	(140 682)	(34 564)	550 678	588 525	3 103	591 628
Net income	–	–	–	86 538	–	–	86 538	86 538	778	87 316
Dividend paid	–	–	–	(25 315)	–	–	(25 315)	(25 315)	(533)	(25 848)
Purchase of treasury shares	–	–	(15 805)	–	–	–	–	(15 805)	–	(15 805)
Share-based payment	–	39	2 217	220	–	–	220	2 476	–	2 476
Goodwill offset ²⁾	–	–	–	–	(445)	–	(445)	(445)	–	(445)
Currency translation differences	–	–	–	–	–	4 579	4 579	4 579	(151)	4 428
Balance at 31.12.2021	5 050	33 083	(13 835)	787 367	(141 127)	(29 985)	616 255	640 553	3 197	643 750
Net income	–	–	–	84 253	–	–	84 253	84 253	939	85 192
Dividend paid	–	–	–	(38 243)	–	–	(38 243)	(38 243)	(640)	(38 883)
Purchase of treasury shares ³⁾	–	–	(63 140)	–	–	–	–	(63 140)	–	(63 140)
Share-based payment	–	397	1 744	250	–	–	250	2 391	–	2 391
Goodwill offset ²⁾	–	–	–	–	(5 853)	–	(5 853)	(5 853)	–	(5 853)
Currency translation differences	–	–	–	–	–	(16 604)	(16 604)	(16 604)	(201)	(16 805)
Balance at 31.12.2022	5 050	33 480	(75 231)	833 627	(146 980)	(46 589)	640 058	603 357	3 295	606 652

¹⁾ See [note 26](#)

²⁾ See [note 20](#)

³⁾ See footnote 1) at the end of the consolidated cash flow statement.

The notes are an integral part of the consolidated financial statements.

Notes to Group Financial Statements

1 General

These consolidated financial statements were approved by the Board of Directors on 1 March 2023 and released for publication on 7 March 2023. They are subject to the approval of the shareholders at the Annual General Meeting on 29 March 2023.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the HUBER+SUHNER Group are based on the individual financial statements of the Group companies and were prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER. Unless otherwise stated in the consolidation and accounting policies, the consolidated financial statements have been prepared under the historical cost convention.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.

The financial year-end date for HUBER+SUHNER AG, all subsidiaries and the Group financial statements is 31 December.

2.2 Scope and principles of consolidation

Investments in subsidiaries are included in the Group financial statements as follows:

- All subsidiaries which HUBER+SUHNER controls are fully consolidated. Control is usually presumed where the Group directly or indirectly owns more than 50 % of the voting rights of the subsidiaries. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Minority interests in the consolidated equity and net income are shown separately. All intercompany transactions and balances as well as intercompany profits in inventory and other assets are eliminated on consolidation.
- Those companies purchased during the reporting year are included in the consolidation as at the date on which control was effectively transferred. All previously recognised assets and liabilities as well as contingent liabilities of the company are valued from the date of transfer of control and at fair value. Companies which have been divested during the reporting year are included in the consolidated financial statements until the date on which control ceased.
- Joint ventures and investments with voting rights of between 20 % and 50 % are recognised using the equity method and with the proportionate equity share as at the balance sheet date. They are reported under financial assets in the balance sheet and as equity investments in the notes. Using the equity method, the proportional share of net income is shown as income (expense) in the consolidated income statement.
- Capital consolidation is based on the purchase method (acquisition method). The net assets acquired are revalued at the acquisition date and compared with the purchase price; only previously recognised assets are revalued. Any resulting goodwill is directly offset against equity. This approach is used for both positive and negative goodwill. If parts of the purchase price are dependent on future results, they are estimated as accurately as possible at the date of acquisition and recognised in the balance sheet. In the event of disparities the goodwill offset in equity is adjusted accordingly.

2.3 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are prepared in Swiss francs (CHF). CHF is the Group's presentation currency and, unless stated otherwise, the information is given in CHF 1000 (KCHF).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the respective 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 entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, for each balance sheet, are translated at the closing rate on the balance sheet date;
- income and expenses, for each income statement, are translated at average exchange rates of the period;
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, profit and loss are not affected by exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments which are designated as hedges of such investments. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, postal and bank accounts, cheques and fixed-term deposits with an original maturity of three months or less. Cash and cash equivalents are stated at nominal value.

2.5 Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are valued at nominal value less provision for doubtful trade receivables, if any. Indications for provisions for doubtful trade receivables are substantial financial problems on the customer side, a declaration of bankruptcy or a material delay in payment.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of goods comprises direct material and production costs and related production overheads. Borrowing costs are excluded. Early payment discounts are treated as a deduction of the purchase price. The inventory valuation is based on standard costs; these are verified annually. Slow-moving and obsolete stock that have insufficient inventory turnover are systematically value-adjusted, either partially or fully.

2.7 Property, plant and equipment

Property, plant and equipment are stated on the balance sheet at the purchased or manufactured cost less accumulated depreciation and impairment. Using the straight-line method, depreciation is charged over the estimated useful lives of the related assets. Investment properties (including undeveloped property) are held for the purposes of rental income and capital gains. They are valued at purchase cost less accumulated depreciation and

impairment, and are depreciated over their estimated useful life (20 to 40 years) using the straight-line method. Land is not depreciated. Assets under construction, which are not yet available for use, are depreciated when the asset is in use.

Asset category	Useful life in years
Land	not depreciated
Buildings	20-40 years
Technical equipment and machinery	5-15 years
Leasehold improvements	5-10 years
Office furniture and fixtures	3-5 years
IT hardware	3-5 years
Other equipment	3-7 years

2.8 Intangible assets

Software

Acquired computer software and other intangible assets are capitalised on the basis of the costs incurred to acquire and bring the asset to use. These costs are amortised over their estimated useful life (3 to 10 years).

Development costs for software are capitalised on the basis that the asset generates future economic benefits such as revenues or owner-utilisation and that the costs of the asset can be identified reliably. Self-developed intangible assets are not capitalised (including internal costs associated with developing or maintaining computer software).

Other intangible assets

Acquired rights of land use are capitalised on the basis of the acquisition costs incurred. They are amortised on a straight-line basis for the full term of the rights.

2.9 Impairment of assets

Property, plant and equipment and other long-term assets including intangible assets are reviewed for impairment if events or changes in circumstances have occurred that indicate that the book value cannot be recovered. Assets with a book value above the recoverable amount are deemed impaired and are carried at no more than the recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost to sell and value in use. To determine the reduction in value, assets are allocated to specific cash-generating units; cash flows for the latter are determined separately.

If there is an indication that the impairment in the prior period no longer exists or has decreased, the carrying amount is, with the exception of goodwill, increased to its recoverable amount and is recognised immediately in the income statement.

2.10 Financial assets

Financial assets include securities with a long-term investment horizon where the share in equity is less than 20 %, investments in associates and joint ventures as well as loans, assets from employer contribution reserves, long-term rental deposits and re-insurance of retirement plans. As a general rule, marketable securities are valued at the current market price; in some circumstances, they are valued at the cost of acquisition. Investments in associates and joint ventures are accounted for using the equity method. Loans are valued based on the nominal values less any value adjustments. Assets from employer contribution reserves are valued at their current value; long-term rental deposits are valued at their nominal value and are only discounted if material. Re-insurance of retirement plans is accounted for using an actuarial valuation.

2.11 Financial liabilities

Financial liabilities consist of bank debt and are recognised at nominal value.

2.12 Trade payables and other short-term liabilities

Trade payables and other short-term liabilities are recognised at nominal value.

2.13 Provisions

Provisions are made for warranties, personnel expenses, restructuring costs, as well as legal and other miscellaneous operational risks that meet the recognition criteria. They are recognised when the Group has a current legal or constructive obligation as a result of past events and if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Warranty provisions are generally measured and recognised based on prior experience. The amount of the provision is measured by the current value of the expected cash outflows insofar as the cash outflow substantially underlies interest effects.

2.14 Off-balance-sheet transactions

Contingent liabilities and other non-recognisable commitments are valued and disclosed at each balance sheet date. If contingent liabilities and other non-recognisable commitments lead to an outflow of funds without a simultaneous usable inflow of funds, and the outflow of funds is probable and can be measured reliably, a corresponding provision is made.

2.15 Employee benefits

Companies in the HUBER+SUHNER Group operate employee pension plans in accordance with the regulations of the country where the given company is domiciled.

The economic impact of these pension plans on the HUBER+SUHNER Group is determined annually. For Swiss pension plans, economic benefits and/or economic obligations are determined on the basis of the annual financial statement, which is prepared in accordance with Swiss GAAP FER 26. The economic impact of foreign pension plans is determined according to the methods applied in the given country.

An economic benefit is capitalised if it is permissible and the intention is to use the pension plan funds to cover the company's future pension expense. An economic obligation is recognised when the conditions for the recognition of a provision are met. Existing employer contribution reserves are recognised as a financial asset. Changes in the economic benefit or the economic obligation are recognised in the income statement as personnel expenses incurred during the reporting period.

2.16 Share-based payment

Members of the Board of Directors and Executive Group Management are partly compensated in HUBER+SUHNER AG shares. These are issued with a blocking period of at least three years. The allocation of shares is subject to approval by the Annual General Meeting; the valuation of the share-based payment is determined at the grant date (i.e. the date at which the share allocation was approved by the Annual General Meeting). Share-based payment transactions which have not yet been approved by the Annual General Meeting are valued at the year-end share price.

The market value of the shares is fully recognised in equity based on the accruals principle and the one-year vesting period in the accounts of the respective year under review. Any subsequent variances between the year-end share price and the share price at the date of the retroactive approval by the Annual General Meeting are recorded in the income statement of the following year.

2.17 Revenue recognition

HUBER+SUHNER generates revenues mainly from the sale of products and systems. Revenues from these sales are recognised upon delivery to the customer. Depending on the terms of the sales contract, delivery is made when the risks and rewards of the sold products are transferred to the customer or when the service has been performed. Sales are shown as a net amount in the income statement. They represent the total value of invoices to third parties less sales taxes, credits for returns and revenue reductions (primarily rebates and discounts).

2.18 Gross profit

The income statement is presented by function, whereby gross profit represents net sales less the cost of goods sold.

2.19 Income taxes

Income taxes are accounted for on the basis of the income for the reporting year, less the use of tax losses carried forward, using expected effective (local) tax rates. Income tax receivables and payables outstanding at the balance sheet date are disclosed under other short-term receivables or other short-term liabilities. Deferred income tax is calculated using the liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. Deferred income tax is measured at tax rates that are expected to apply to the period when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates/laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset.

Deferred income tax is provided for temporary differences on investments in subsidiaries and associates, except when the Group can control the timing of the reversal of the temporary difference or the reversal is not probable in the foreseeable future.

2.20 Alternative Performance Measures

Alternative Performance Measures are key figures not defined by Swiss GAAP FER. HUBER+SUHNER uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. For the definition of Alternative Performance Measures please visit [Publications](#).

3 Changes in the scope of consolidation and other changes

On 31 October 2022 HUBER+SUHNER acquired Phoenix Dynamics Ltd., a provider of customised, assembled cable solutions, electro-mechanical assemblies, concept design and consulting for the industrial markets in Europe and North America. Based in Staffordshire, UK, Phoenix Dynamics has been active in the aerospace and defense markets for 25 years. The company that also serves customers in industries such as automotive, energy, industrial, marine, medical, rail and security has been renamed in HUBER+SUHNER Phoenix Dynamics Ltd..

At the time of acquisition, the fair values of net assets acquired according to Swiss GAAP FER were as follows:

Effect of acquisition	Fair Value
Cash and cash equivalents	584
Trade receivables	763
Other short-term receivables	41
Income tax receivable	50
Inventories	435
Accrued income	197
Property, plant and equipment	46
Deferred tax asset	51
Trade payables	(157)
Other short-term liabilities	(51)
Accrued liabilities	(321)
Acquired net assets	1 638

The goodwill from the acquisition of Phoenix Dynamics Ltd., which was offset with equity, is CHF 5.9 million. The total purchase price (including acquisition costs) is CHF 7.5 million. After the deduction for purchased net cash (CHF 0.6 million) and the outstanding payments (CHF 1.8 million) the net cash outflow is CHF 5.1 million. Phoenix Dynamics Ltd. is reported in the Industry segment.

From the acquisition of ROADMap Systems Ltd., Cambridge, UK, in 2021, the remaining payment of CHF 0.2 million was paid in April 2022.

On 30 April 2021 HUBER+SUHNER acquired ROADMap Systems Ltd., a technology start-up located in Cambridge, UK, through an asset deal. The company is developing the next generation of highly integrated wavelength-selective switch technology and is integrated into the Communication segment. At the time of acquisition, the fair values of net assets acquired according to Swiss GAAP FER were as follows:

Effect of acquisition	Fair Value
Property, plant and equipment	44
Deferred tax asset	230
Acquired net assets	274

In 2021 the goodwill from the acquisition of ROADMap Systems Ltd., which was offset with equity, was CHF 1.2 million. The total purchase price (including acquisition costs) was CHF 1.5 million. Considering the remaining payment of total CHF 0.3 million, the net cash outflow was CHF 1.2 million in 2021. This business is reported in the Communication segment.

In 2021 the remaining outstanding payment of CHF 0.6 million for the acquisition of Kathrein SE, Germany (acquired in 2019), was fully derecognized as the criteria for deferred payment were not achieved and the goodwill was reduced by CHF 0.5 million (net of taxes) accordingly (see [note 20](#)). This business is reported in the Industry segment.

In 2021 a final payment of CHF 0.1 million was made for the acquisition of Inwave Elektronik AG, Reute, Switzerland (acquired in 2017) and the goodwill was reduced by CHF 0.3 million, as the deferred purchase price was CHF 0.4 million. This business is reported in the Industry segment.

A complete list of all Group companies can be found in chapter [Group Companies](#).

4 Exchange rates for currency translation

The following exchange rates were used for the Group's main currencies:

	Spot rates for the consolidated balance sheet		Average rates for the consolidated income and cash flow statement	
	31.12.2022	31.12.2021	2022	2021
1 EUR	0.99	1.04	1.00	1.08
1 USD	0.93	0.92	0.95	0.92
100 CNY	13.29	14.42	14.10	14.21
1 GBP	1.12	1.23	1.17	1.26
100 INR	1.12	1.23	1.21	1.24
1 PLN	0.21	0.23	0.21	0.24
1 HKD	0.12	0.12	0.12	0.12
1 AUD	0.63	0.66	0.66	0.69

5 Segment information

The segment reporting of HUBER+SUHNER consists of three market segments and Corporate.

Industry segment

HUBER+SUHNER utilises its expertise in electrical and optical connectivity in developing advanced and differentiated solutions for demanding applications in a variety of industrial markets. Customers benefit from a wide range that encompasses components such as cables, connectors, cable assemblies, antennas, lightning protection and resistive components – all of which can be customised to meet specific requirements. This comprehensive portfolio features products specifically designed to withstand the extreme environments of space and offshore applications, ensure data integrity and connectivity to safeguard protective forces, guarantee accuracy and repeatability for test and measurement systems, maintain safe-handling in high power electric car charging, provide lifetime data transfer and control for wind energy and industrial automation, and deliver the precision and flexibility necessary for medical applications in improving lives.

Markets served: test and measurement, energy, high power charging, medical device, process industries, aerospace and defense.

Communication segment

HUBER+SUHNER is a strategic partner to the communication market combining profound technical expertise with extensive customer intimacy to meet the needs of mobile networks, fixed access networks, data centers and communication equipment manufacturers. Customers benefit from a comprehensive and customisable portfolio of physical layer connectivity products and systems that are based on fiber optic and radio frequency technologies. HUBER+SUHNER provides an extensive range of reliable, future-ready solutions that pull from products including harsh environment connectivity, antenna transmission, residential access, video overlay, bandwidth expansion, cable systems, cable management, hardware interconnection, optical switching and wavelength-selective switching. Each solution is designed and engineered to provide the highest performance, density and scalability for today and far into the future.

Markets served: mobile network, fixed access network, data center, communication equipment manufacturer.

Transportation segment

HUBER+SUHNER develops comprehensive and sustainable connectivity solutions for the transportation market by combining three in-house technologies into innovations. The solutions in the transportation segment address the mobility needs of today and tomorrow in the railway and automotive markets. These needs also include the addition of communication solutions and thus the possibility of being mobile while being connected. The portfolio includes an extensive range of cables, cable assemblies, hybrid cables and cable systems, as well as antennas, radar and connectors. By specialising in polymer compounds using a patented formula developed in-house for high-quality cable insulation, and in combination with electron beam cross-linking technology, low frequency cable products offer competitive advantages of space and weight savings, and long lifetime, even under extreme conditions. Altogether, customers benefit from efficient electrical transmission, high-speed data transfer, and autonomous control in future-ready transportation concepts.

Markets served: railway (rolling stock, rail communications), automotive (electric vehicle, advanced driver assistance system).

Corporate

This segment chiefly covers the expenses of corporate functions in Switzerland and all business activities that cannot be allocated to one of the three market segments.

Net sales by segment

	2022	2021
Industry	298 026	275 398
Communication	385 917	341 108
Transportation	270 621	246 441
Total net sales	954 564	862 947

Net sales by region (sales area)

	2022	2021
Switzerland	41 955	40 673
EMEA (Europe, Middle East and Africa [excl. CH])	450 410	419 384
APAC (Asia-Pacific)	216 199	185 624
Americas (North and South America)	246 000	217 266
Total net sales	954 564	862 947

Operating profit (EBIT)

	2022	2021
Industry	63 360	58 387
Communication	34 164	41 459
Transportation	13 673	12 558
Corporate	(8 019)	(7 827)
Total operating profit (EBIT)	103 178	104 577

Impacts of the exit from Russian business

HUBER+SUHNER stopped all Russia-related activities as of 26 February 2022, shortly after Russian troops invaded the Ukraine. As a result, HUBER+SUHNER misses out on about two and a half percent of prior-year net sales. Around three quarters of the HUBER+SUHNER business in Russia has been in the railway market in the Transportation segment. In the Annual Report 2022, the order backlog has been adjusted for orders from Russia, amounting to CHF 4.9 million. The write-off for trade receivables and the costs for the exit from the Russian business amounted to CHF 1.9 million in the reporting period.

6 Financial result

	2022	2021
Interest income	1 940	1 870
Foreign exchange gains incl. derivative financial instruments	2 843	1 401
Other financial income	2	–
Total financial income	4 785	3 271
Interest expense	(173)	(547)
Foreign exchange losses incl. derivative financial instruments	(4 399)	(2 487)
Other financial expense	(2 012)	(2 502)
Total financial expense	(6 584)	(5 536)
Total financial result	(1 799)	(2 265)

Other financial expense includes amongst others bank charges and non-refundable withholding taxes on dividend from Group companies.

7 Income taxes

	2022	2021
Current income taxes	(15 230)	(15 513)
Deferred income taxes	(957)	517
Total income taxes	(16 187)	(14 996)

The differences between the expected and the effective income taxes were as follows:

	2022	2021
Net income before taxes	101 379	102 312
Expected income tax rate	19.9%	19.2%
Expected income taxes	(20 137)	(19 694)
Effect of utilisation of non-recognised tax losses carry-forward	736	1 414
Effect of non-tax-deductible expenses and non-taxable income	2 019	2 803
Effect of non-recognition of current tax losses	(32)	(348)
Effect of increased/reduced allowance on deferred tax balances	35	82
Effect of changes in tax rates on deferred tax balances	(7)	(335)
Effect of tax credits/debits from prior years and other effects	1 199	1 082
Effective income taxes	(16 187)	(14 996)
Effective income tax rate	16.0%	14.7%

The expected Corporate income tax rate corresponds to the weighted average income tax rate based on the net income before taxes and the income tax rate of each individual Group company. The net income before taxes complies with the ordinary result according to Swiss GAAP FER.

In the reporting year, the decrease from 19.9 % in the expected income tax rate to 16.0 % in the effective income tax rate is mainly attributable to the following three factors: Firstly, one legal entity was able to use non capitalised losses due to taxable profits in the reporting year. Secondly, in several countries (Switzerland, China, France, USA, UK) research and development deductions and other tax benefits are available, that can be used by HUBER+SUHNER (shown in the line "effect of non-tax-deductible expenses and non-tax-deductible income"). Thirdly, due to the deviation from the assumed income tax rate and the effective income tax rate in Switzerland and prior-year true-ups (shown in the line "effect of tax credits/debits from prior years and other effects").

The capitalised deferred tax assets on losses carried forward amount to CHF 0.8 million (previous year: CHF 1.2 million). The unrecognised tax loss carried forward was CHF 22.1 million (previous year: CHF 21.5 million). This corresponds to a potential tax asset of CHF 5.9 million (previous year: CHF 5.6 million). In 2022 no tax losses carried forward expired (previous year: CHF 0.0 million).

The valuation of related tax assets on losses carried forward is generally based on business plans. The capitalisation of usable tax losses carried forward is assessed on a yearly basis. Tax losses carried forward are recognised only to the extent that it is probable that future taxable profits will be available and therefore allow the assets to be utilised. In countries and for subsidiaries where the use of tax losses carried forward is not foreseeable, tax loss is not capitalised. For the calculation of deferred income taxes in the consolidated balance sheet, the expected tax rate per tax subject is applied.

8 Personnel expenses

Personnel expenses included in the income statement amount to:

	2022	2021
Total personnel expenses	286 602	280 807

9 Post-employment benefits

According to local law, autonomous pension funds bear the risks relating to the defined benefits. In the event of restructuring measures, the employer must pay an additional contribution alongside its normal contributions. Through the HUBER+SUHNER AG pension fund, HUBER+SUHNER AG provides pension benefits for its employees in the event of retirement, invalidity and death.

The leading body administering the fund is the Board of Foundation, which comprises an equal number of employee and employer representatives. The Board of Foundation establishes an Investment Committee, which is responsible for investing the funds held by the pension plan in accordance with the investment regulations defined by the Board of Foundation. All insured persons can claim their pension or part thereof in the form of either capital or retirement pension payments. HUBER+SUHNER AG also has two paternal foundations.

Most HUBER+SUHNER subsidiaries operate defined contribution pension plans. As a general rule, these involve employees and employer paying into pension funds administered by third parties. The HUBER+SUHNER Group has no payment obligations beyond these defined contributions, which are recognised as personnel costs in the profit and loss. The economic obligation recognised in the balance sheet for pension plans without own assets (mainly for a few retired executives) concern pension plans operated in Germany and the USA.

Employer contribution reserves (ECR)

	Nominal value	Waiver of use	Accumulation	Balance sheet		Income statement impact from ECR	
	31.12.2022	2022	2022	31.12.2022	31.12.2021	2022	2021
Employer contribution reserves ¹⁾	17 902	–	677	17 902	17 225	677	296
Total	17 902	–	677	17 902	17 225	677	296

¹⁾ The ECR are based on the annual reports of the paternal fund from the previous year. The economic benefits/economic obligations are assessed at each balance sheet date. In 2022 as well as in 2021, interest on the paternal fund of the ECR is recognised as financial income.

Economic benefit/economic obligation and pension benefit expenses

	Funding surplus	Economic part of the organisation		Change from prior year with income statement impact	Change from prior year with no income statement impact	Contributions for the period	Pension costs within personnel expenses	
	31.12.2022	31.12.2022	31.12.2021	2022	2022	2022	2022	2021
Paternal fund ¹⁾	76 345	–	–	–	–	–	–	–
Pension plans with surplus ¹⁾	83 334	–	–	–	–	(9 073)	(9 073)	(8 843)
Pension plans without own assets	–	1 480	1 612	(22)	154	–	(22)	(144)
Total	159 679	1 480	1 612	(22)	154	(9 073)	(9 095)	(8 987)

¹⁾ The paternal fund and the funding surplus of the pension plan of HUBER+SUHNER AG are based on annual reports issued by the corresponding institutions for the previous year. The economic benefits / economic obligations are assessed at each balance sheet date.

10 Share-based payment

Compensation and remuneration for members of the Board of Directors and for members of the Executive Group Management includes, amongst others, long-term incentives in the form of shares (see Compensation Report, [Notes 2](#) and [3](#)).

The members of the Board of Directors annually receive a long-term incentive in the form of a fixed number of HUBER+SUHNER AG shares, with a blocking period after assignment of at least three years.

As long-term compensation, the members of Executive Group Management receive a variable number of HUBER+SUHNER AG shares each year. The number of shares that are effectively granted is determined by the Board of Directors and driven by long-term business success, which is assessed according to three factors: market environment, strategy implementation and financial situation. The shares are allocated also with a blocking period of at least three years.

Share-based compensation is calculated based on the year-end share price of CHF 86.30 (previous year: CHF 87.00). In the year under review, 23 100 shares (prior year: 24 775 shares) were allocated. Expenses, which included social security, in the amount of CHF 2.2 million (prior year: CHF 2.4 million) are recognised accordingly in the income statement. Shares are transferred in the following financial year, subject to approval by the Annual General Meeting.

11 Related party transactions

In 2022 and 2021 no services were purchased from related parties.

Pension contributions to the HUBER+SUHNER AG pension plan are disclosed in [Note 9](#), line item 'Pension plan with surplus'.

12 Depreciation and amortisation

Depreciation and amortisation expenses included in the income statement are as follows:

	2022	2021
Depreciation of property, plant and equipment	27 691	26 993
Amortisation of intangible assets	4 421	6 076
Total depreciation and amortisation	32 112	33 069

13 Liabilities from operating lease

Some Group companies lease a number of offices, warehouses and cars under operating lease contracts which cannot be cancelled at short notice.

Liabilities from operating lease

	31.12.2022	31.12.2021
Less than 1 year	5 837	5 513
Between 1 and 5 years	14 725	15 637
More than 5 years	12 009	14 583
Total liabilities from operating lease	32 571	35 733

14 Cash and cash equivalents

	31.12.2022	31.12.2021
Cash at bank and on hand	78 747	98 769
Term deposits < 3 month term, in CHF	50 000	94 998
Term deposits < 3 month term, in other currency	22 391	26 078
Total cash and cash equivalents	151 138	219 845

15 Trade receivables

	31.12.2022	31.12.2021
Trade receivables from third parties	165 225	146 927
Provision for doubtful trade receivables	(2 993)	(2 503)
Total trade receivables, net	162 232	144 424

16 Other short-term receivables

	31.12.2022	31.12.2021
Other short-term receivables	28 226	25 424
Derivative financial instruments	516	785
Total other short-term receivables	28 742	26 209

Other short-term receivables include value-added and withholding tax receivables, current income tax receivables, received letters of credit, and other short-term receivables such as a receivable relating to prepayments and other current assets.

17 Inventories

	31.12.2022	31.12.2021
Raw materials and supplies	95 869	84 019
Work in progress	13 939	12 814
Finished goods	125 313	109 854
Total inventories, gross	235 121	206 687
Inventory provision	(41 202)	(34 668)
Total inventories, net	193 919	172 019

18 Derivative financial instruments

To hedge exposure related to fluctuation in foreign currencies, the Group uses derivative financial instruments, in particular forward exchange contracts. Derivative financial instruments used for hedging balance sheet items are recognised at current value and at the date a derivative contract is entered into. They are recorded as other short-term receivables or other short-term liabilities. Derivatives are subsequently re-measured, based on current market prices, to their fair value at each balance sheet date; unrealised gains and losses are recognised in the income statement.

Derivative financial instruments

	Positive market value	Negative market value	Purpose	Positive market value	Negative market value	Purpose
	31.12.2022			31.12.2021		
Foreign exchange	516	333	Hedging	785	42	Hedging
Total	516	333		785	42	

19 Property, plant and equipment

	Undeveloped property	Land and buildings	Technical equipment and machinery	Other equipment	Assets under construction	Total
Cost at 1.1.2021	2 080	203 933	341 834	81 641	27 075	656 563
Additions	–	1 017	4 678	3 216	35 179	44 090
Disposals	–	(227)	(11 331)	(2 289)	(1)	(13 848)
Reclassifications	–	1 614	28 354	4 234	(34 202)	–
Change in consolidation scope	–	–	44	–	–	44
Currency translation differences	–	502	2 419	(298)	(388)	2 235
Cost at 31.12.2021	2 080	206 839	365 998	86 504	27 663	689 084
Additions	479	937	4 437	3 414	26 735	36 002
Disposals	–	(98)	(2 253)	(1 627)	(273)	(4 251)
Reclassifications	429	17 278	8 216	4 492	(30 415)	–
Change in consolidation scope	–	27	16	3	–	46
Currency translation differences	(17)	(3 369)	(5 296)	(1 410)	(762)	(10 854)
Cost at 31.12.2022	2 971	221 614	371 118	91 376	22 948	710 027
Accumulated depreciation and impairment at 1.1.2021	–	(120 103)	(272 095)	(69 255)	–	(461 453)
Additions	–	(5 240)	(16 903)	(4 850)	–	(26 993)
Impairments	–	–	–	–	–	–
Disposals	–	35	10 920	2 078	–	13 033
Reclassifications	–	–	–	–	–	–
Currency translation differences	–	117	(1 317)	145	–	(1 055)
Accumulated depreciation and impairment at 31.12.2021	–	(125 191)	(279 395)	(71 882)	–	(476 468)
Additions	–	(4 865)	(16 982)	(5 844)	–	(27 691)
Impairments	–	–	–	–	–	–
Disposals	–	82	1 810	1 524	–	3 416
Reclassifications	–	(9)	22	(13)	–	–
Currency translation differences	–	1 182	3 459	942	–	5 583
Accumulated depreciation and impairment at 31.12.2022	–	(128 801)	(291 086)	(75 273)	–	(495 160)
Net book value at 1.1.2021	2 080	83 830	69 739	12 386	27 075	195 110
Net book value at 31.12.2021	2 080	81 648	86 603	14 622	27 663	212 616
Net book value at 31.12.2022	2 971	92 813	80 032	16 103	22 948	214 867

¹⁾ Other equipment includes vehicles as well as IT, measurement and testing equipment.

20 Intangible assets

	Software	Other	Total
Cost at 1.1.2021	80 163	1 377	81 540
Additions	6 606	–	6 606
Disposals	(874)	–	(874)
Change in consolidation scope	–	–	–
Currency translation differences	(11)	86	75
Cost at 31.12.2021	85 884	1 463	87 347
Additions	9 254	8	9 262
Disposals	(443)	–	(443)
Change in consolidation scope	–	–	–
Currency translation differences	(89)	(114)	(203)
Cost at 31.12.2022	94 606	1 357	95 963
Accumulated amortisation and impairment at 1.1.2021	(59 967)	(251)	(60 218)
Additions	(6 044)	(32)	(6 076)
Disposals	892	–	892
Impairments	–	–	–
Currency translation differences	1	(15)	(14)
Accumulated amortisation and impairment at 31.12.2021	(65 118)	(298)	(65 416)
Additions	(4 389)	(32)	(4 421)
Disposals	44	–	44
Impairments	–	–	–
Currency translation differences	57	23	80
Accumulated amortisation and impairment at 31.12.2022	(69 406)	(307)	(69 713)
Net book value at 1.1.2021	20 196	1 126	21 322
Net book value at 31.12.2021	20 766	1 165	21 931
Net book value at 31.12.2022	25 200	1 050	26 250

Other intangible assets include amongst others the land use right in Changzhou, China.

Theoretical movement schedule for goodwill

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The theoretical amortisation of goodwill is based on the straight-line method over the useful life of five years. The carrying amounts of goodwill at the time of conversion from IFRS to Swiss GAAP FER on 1 January 2016 have been included in the theoretical movement schedule below; closing rates on 1 January 2016 were applied. Goodwill from new acquisitions is set in Swiss francs and calculated based on the closing rate at the acquisition date. This procedure means that the movement schedule no longer has to include foreign exchange differences. The impact of the theoretical capitalisation and amortisation of goodwill is presented below:

Cost	2022	2021
Balance at 1.1.	141 127	140 682
Additions from acquisitions	5 853	1 177
Reduction of goodwill	–	(732)
Balance at 31.12.	146 980	141 127

For the changes in goodwill see [note 3](#).

Accumulated amortisation

	2022	2021
Balance at 1.1.	(115 328)	(104 463)
Amortisation expense	(9 004)	(10 865)
Balance at 31.12.	(124 332)	(115 328)
Theoretical net book value at 31.12.	22 648	25 799

Impact on balance sheet

	31.12.2022	31.12.2021
Equity according to the balance sheet	606 652	643 750
Theoretical capitalisation of goodwill	22 648	25 799
Theoretical equity incl. net book value of goodwill	629 300	669 549

Impact on income statement

	2022	2021
Net income	85 192	87 316
Amortisation of goodwill	(9 004)	(10 865)
Theoretical net income	76 188	76 451

21 Financial assets

	31.12.2022	31.12.2021
Assets from employer contribution reserves	17 902	17 225
Others	5 306	5 538
Total financial assets	23 208	22 763

Others include rental deposits and re-insurance from retirement plan obligations.

22 Restrictions on the title to assets

An asset with a carrying amount of CHF 1.1 million (previous year: CHF 1.1 million) was pledged to secure a bank loan and is in the process of being relieved. The pledged asset consists of a building.

23 Other short-term liabilities

	31.12.2022	31.12.2021
Accrual for personnel expenses	32 678	33 754
Advance payments from customers	2 122	2 882
Derivative financial instruments	333	42
Current income tax liabilities	15 015	14 961
Other liabilities	16 115	10 819
Total other short-term liabilities	66 263	62 458

24 Provisions

	Retire- ment plan oblig- ations	Employee- related provisions	Order- related provisions	Other provisions	Total
Balance at 1.1.2021	2 281	4 643	11 285	4 631	22 840
Additions	146	1 886	4 421	224	6 677
Releases	–	(181)	(350)	(27)	(558)
Utilisation	(770)	(825)	(1 406)	(223)	(3 224)
Change in consolidation scope	–	–	–	–	–
Currency translation differences	(44)	(28)	99	12	39
Balance at 31.12.2021	1 613	5 495	14 049	4 617	25 774
Additions	111	924	2 972	235	4 242
Releases	(89)	(240)	(738)	(2)	(1 069)
Utilisation	(83)	(1 579)	(1 656)	(380)	(3 698)
Change in consolidation scope	–	–	–	–	–
Currency translation differences	(71)	(56)	(155)	(14)	(296)
Balance at 31.12.2022	1 481	4 544	14 472	4 456	24 953
Short-term provisions	–	2 605	12 880	2 297	17 782
Long-term provisions	1 613	2 890	1 169	2 320	7 992
Total provisions at 31.12.2021	1 613	5 495	14 049	4 617	25 774
Short-term provisions	–	1 844	13 349	1 982	17 175
Long-term provisions	1 481	2 700	1 123	2 474	7 778
Total provisions at 31.12.2022	1 481	4 544	14 472	4 456	24 953

Retirement plan obligations include liabilities in connection with defined contribution plans (pension plans without own assets) and primarily concern specific former employees.

Employee-related provisions mainly include length-of-service rewards and obligations to employees.

Order-related provisions are directly related to services arising from product deliveries and projects, and are formulated based on the experience and estimation of each project. Order-related provisions relate to warranties, customer claims, penalties and other guarantees.

Other provisions include obligations which do not fit into the aforementioned categories, such as current or possible litigations arising from divestments, licence agreements or duties as well as other constructive or legal obligations.

Due to the nature of the long-term provisions, the timing of the cash outflows is uncertain. However, a partial cash outflow can be expected within two to three years, on average.

In both the reporting and the prior-year period, there were no restructuring provisions.

25 Deferred tax assets and liabilities

	Deferred tax assets	Deferred tax liabilities
Balance at 1.1.2021	11 119	19 094
Additions	734	283
Releases / utilisation	(1 604)	(1 670)
Releases through equity	(73)	–
Reclassifications	(221)	(220)
Change in consolidation scope	230	–
Currency translation differences	82	(2)
Balance at 31.12.2021	10 267	17 485
Additions	1 572	1 485
Releases / utilisation	(1 045)	(1)
Releases through equity	–	–
Reclassifications	–	–
Change in consolidation scope	51	–
Currency translation differences	(351)	(52)
Balance at 31.12.2022	10 494	18 917

26 Share capital

As at 31.12.2022, 20 200 000 (previous year: 20 200 000) registered shares, with a nominal value of CHF 0.25, were outstanding. The Company has no authorised or conditional capital. Reserves which are not disposable or distributable amount to CHF 2.5 million as at 31 December 2022 (previous year: CHF 2.5 million).

The following table shows transactions and balances relating to treasury shares:

	Quantity	Trans- action price (Ø) in CHF	Pur- chase cost	Quantity	Trans- action price (Ø) in CHF	Pur- chase cost
	2022			2021		
Balance at 1.1.	893 140		13 834	727 640		246
Purchases of treasury shares	786 584	80.27	63 140	196 425	80.46	15 805
Disposals of treasury shares	(23 925)	72.89	(1 744)	(30 925)	71.69	(2 217)
Balance at 31.12.	1 655 799		75 231	893 140		13 834

Out of the total purchases of treasury shares of 786 584 (previous year: 196 425), in 2022 786 584 (previous year: 141 500) treasury shares have been purchased as part of the running share buyback programme and no (previous year: 54 925) treasury shares for remuneration purposes.

In total 928 084 treasury shares have been purchased as part of the running share buyback programme, which are 4.6 % of registered shares and 91.9 % of the share buyback programme target (max. 5 % of the registered shares).

As at the balance sheet date, foundations related to the HUBER+SUHNER Group hold 274 716 shares in HUBER+SUHNER AG (previous year: 274 716). Pension funds connected with the HUBER+SUHNER Group hold no shares in HUBER+SUHNER AG.

27 Earnings per share

	2022	2021
Net income attributable to shareholders of HUBER+SUHNER AG	84 253	86 538
Average number of outstanding shares	18 832 614	19 440 610
Undiluted / diluted earnings per share (CHF)	4.47	4.45

The average number of outstanding shares is calculated based on issued shares less the weighted average of treasury shares. There are no conversion or option rights outstanding; therefore, there is no dilution of earnings per share.

28 Future commitments

The Group companies have committed to various capital expenditures essential for the day-to-day business operations. At year-end there were commitments for the purchase of property, plant and equipment and intangible assets amounting to CHF 23.4 million (previous year: CHF 27.3 million).

29 Contingent liabilities

As at 31 December 2022 parent guarantees in the amount of CHF 8.5 million (previous year: CHF 6.4 million) exist in favour of a third party for a long-term lease agreement and in favour of a third party repayment of an advance payment. This amount represents the maximum amount of the obligation assumed. HUBER+SUHNER Group has not given any other guarantees in respect of its business relationships with third parties.

30 Events after the balance sheet date

No events occurred between the balance sheet date and the date these consolidated financial statements were approved by the Board of Directors (1 March 2023) which affect the annual results or require any adjustments to the Group's assets and liabilities.

Group Companies

Companies at 31.12.2022 (all fully consolidated)		Domicile		Capital stock in 1 000	Ownership	Purpose
Switzerland	HUBER+SUHNER AG	Herisau	CHF	5 050	parent company	▲ ■
Australia	HUBER+SUHNER (Australia) Pty Ltd.	Frenchs Forest, New South Wales	AUD	5 000	100%	▲ ■
Brazil	HUBER+SUHNER América Latina Ltda.	São José dos Campos	BRL	39 197	100%	—
Canada	HUBER+SUHNER (Canada) Ltd.	Ottawa	CAD	2 350	100%	—
China	HUBER+SUHNER (Hong Kong) Ltd.	Hong Kong	HKD	12 325	100%	◆ ■
	HUBER+SUHNER (Shanghai) Co. Ltd. ¹⁾	Shanghai	CNY	19 970	100%	■
	HUBER+SUHNER CCT (Shanghai) Co. Ltd. ¹⁾	Shanghai	CNY	27 854	100%	■
	HUBER+SUHNER CCM (Changzhou) Co. Ltd. ¹⁾	Changzhou	CNY	126 246	100%	▲
Costa Rica	HUBER+SUHNER Astrolab Costa Rica S.r.l. ²⁾	San José	USD	0	100%	▲
France	BKtel photonics SAS ³⁾	Lannion	EUR	10	57%	▲ ■
	HUBER+SUHNER (France) SAS	Voisins-le-Bretonneux	EUR	200	100%	■
Germany	HUBER+SUHNER BKtel GmbH	Hückelhoven	EUR	600	100%	▲ ■
	HUBER+SUHNER GmbH	Taufkirchen	EUR	3 068	100%	◆ ■
	HUBER+SUHNER Cube Optics AG ⁴⁾	Mainz	EUR	590	100%	▲ ■
India	HUBER+SUHNER Electronics Pvt. Ltd. ⁵⁾	New Delhi	INR	170 000	100%	▲ ■
Japan	BKtel Pacific Rim (Japan) Inc. ³⁾	Yokohama	JPY	10 000	51%	■
Malaysia	HUBER+SUHNER (Malaysia) Sdn Bhd ⁶⁾	Kuala Lumpur	MYR	2 500	100%	▲ ■
Netherlands	HUBER+SUHNER B.V.	Rosmalen	EUR	200	100%	—
Poland	HUBER+SUHNER Sp. z o.o.	Tczew	PLN	5 600	100%	▲
Singapore	HUBER+SUHNER (Singapore) Pte Ltd.	Singapore	SGD	3 000	100%	◆ ■
Spain	HUBER+SUHNER (Spain) ⁷⁾	Madrid	EUR	3	100%	▲
Tunisia	HUBER+SUHNER (Tunisie) SARL	Sousse	TND	100	100%	▲
United Kingdom	HUBER+SUHNER (UK) Ltd.	Bicester	GBP	4 000	100%	▲ ■
	HUBER+SUHNER Polatis Ltd.	Cambridge	GBP	700	100%	▲ ■
	Phoenix Dynamics Group Ltd. ⁸⁾	Staffordshire	GBP	3	100%	◆
	HUBER+SUHNER Phoenix Dynamics Ltd. ⁹⁾	Staffordshire	GBP	10	100%	▲ ■
	Phoenix Dynamics (Lake) Ltd. ⁹⁾	Staffordshire	GBP	0	100%	—
	Phoenix Dynamics Optics Ltd. ⁹⁾	Staffordshire	GBP	0	100%	—
USA	HUBER+SUHNER (North America) Corp.	Charlotte, North Carolina	USD	1	100%	◆
	HUBER+SUHNER, Inc. ¹⁰⁾	Charlotte, North Carolina	USD	50	100%	▲ ■
	HUBER+SUHNER Astrolab, Inc. ¹⁰⁾	Warren, New Jersey	USD	12 000	100%	▲ ■

¹⁾ Subsidiary of HUBER+SUHNER (Hong Kong) Ltd.

²⁾ Subsidiary of HUBER+SUHNER Astrolab, Inc.

³⁾ Subsidiary of HUBER+SUHNER BKtel GmbH

⁴⁾ Subsidiary of HUBER+SUHNER GmbH

⁵⁾ Subsidiary of HUBER+SUHNER AG and of HUBER+SUHNER B.V.

⁶⁾ Subsidiary of HUBER+SUHNER (Singapore) Pte Ltd.

⁷⁾ Subsidiary of HUBER+SUHNER Cube Optics AG

⁸⁾ Subsidiary of HUBER+SUHNER (UK) Ltd.

⁹⁾ Subsidiary of Phoenix Dynamics Group Ltd.

¹⁰⁾ Subsidiary of HUBER+SUHNER (North America) Corp.

◆ Holding/Finance companies

▲ Production and assembly plants

■ Sales organisations

— Dormant / in liquidation



Ernst & Young Ltd
Aeschengraben 27
P.O. Box
CH-4002 Basle

Phone: +41 58 286 86 86
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 1 March 2023

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements HUBER+SUHNER AG and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of equity and notes to the group financial statements including a summary of significant accounting policies, for the year ended 31 December 2022.

In our opinion, the consolidated financial statements (pages 70 to 93) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.



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 consolidated financial statements" section of our report. We are independent of the Group 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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to



address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 70 to 93).

Valuation of inventories

Area of focus As of 31 December 2022, inventories amounted to CHF 193.9 million, representing 23.8% of the Group's total assets.

As indicated in Note 2.6 to the consolidated financial statements, inventories are valued at the lower of cost and net realisable value. Cost is determined according to the standard costing method. For slow-moving and obsolete stock the Group recognizes an inventory allowance based on the inventory turnover.

Due to the significance of the carrying values of inventories and the degree of management judgment involved in determining production costs, write-downs and fair value less cost to sell, this matter was considered significant to our audit.

Our audit response Our audit procedures included, amongst other:

- We gained an understanding of the inventory valuation process, the valuation method, as well as the underlying assumptions applied.
- On a sample basis we analysed the standard cost calculations and verified the differences between the standard and actual costs.
- We challenged the estimates made by Management regarding write-downs by assessing whether they are in line with historical experience.
- We reviewed inventory ratio's and audited underlying data of the inventory ageing list.
- We verified compliance with the principle of net realisable value for finished goods by comparing production costs with the expected net sale proceeds.

Our audit procedures did not lead to any reservations regarding to the valuation of inventories.



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 HUBER+SUHNER Group Financial Statements, the Financial Statements of HUBER+SUHNER AG, the tables on pages 61 to 65 in 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 Swiss GAAP FER 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 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

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.

Ernst & Young Ltd



Iwan Zimmermann
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Erik Zeller
(Qualified
Signature)

Licensed audit expert

Five-Year Financial Summary

in CHF million	2018	2019	2020	2021	2022
Order intake	915.2	800.9	748.2	995.6	975.4
change in % over prior year	10.8	(12.5)	(6.6)	33.1	(2.0)
Order backlog as of 31.12.	246.9	213.6	195.5	323.4	320.0
change in % over prior year	7.1	(13.5)	(8.5)	65.4	(1.1)
Net sales	885.0	830.6	737.9	862.9	954.6
change in % over prior year	14.3	(6.1)	(11.2)	16.9	10.6
Gross margin	34.6%	36.2%	35.4%	38.2%	35.7%
EBITDA	116.4	111.8	89.3	137.6	135.3
as % of net sales	13.2	13.5	12.1	16.0	14.2
EBIT	82.5	80.5	61.2	104.6	103.2
as % of net sales	9.3	9.7	8.3	12.1	10.8
change in % over prior year	41.9	(2.4)	(24.0)	70.9	(1.3)
Financial result	(2.8)	(1.7)	(0.6)	(2.3)	(1.8)
Net income	61.4	62.8	52.3	87.3	85.2
as % of net sales	6.9	7.6	7.1	10.1	8.9
change in % over prior year	45.6	2.3	(16.7)	66.9	(2.4)
Purchases of PP&E and intangible assets	27.0	37.5	37.7	50.7	45.3
change in % over prior year	(28.5)	38.9	0.4	34.6	(10.8)
Cash flow from operating activities	99.6	129.1	86.5	101.7	87.3
change in % over prior year	88.0	29.7	(33.0)	17.5	(14.1)
Free operating cash flow	71.7	45.1	50.2	56.6	37.7
change in % over prior year	259.2	(37.1)	11.3	12.7	(33.4)
Net liquidity as of 31.12.	198.8	190.2	202.9	219.8	151.1
change in % over prior year	30.3	(4.3)	6.7	8.3	(31.3)
Return on invested capital (ROIC) in %¹⁾	–	–	–	23.2%	20.9%
Equity as of 31.12.	620.8	587.7	591.6	643.8	606.7
as % of balance sheet total	80.7	78.4	79.9	77.2	74.4
Employees at year-end (permanent employees)	4 456	4 823	4 410	4 588	4 469
change in % over prior year	6.1	8.2	(8.6)	4.0	(2.6)
Employees, yearly average (permanent employees)	4 352	4 636	4 726	4 466	4 608

¹⁾ as from 2022 onwards ROIC is disclosed as an additional KPI including the prior year 2021 (see APM [ROIC](#)).

Alternative Performance Measures

HUBER+SUHNER uses alternative performance measures as guidance parameters for both internal and external reporting to stakeholders. HUBER+SUHNER uses the following definitions, which may differ from the one other companies use.

This document has been prepared in conformity with the Directive on the Use of Alternative Performance Measures issued by SIX Exchange Regulation Ltd.

Organic sales development

The organic sales development is calculated by adjusting the reported net sales for the impact of currency effects, copper price effects as well as portfolio effects (acquisitions and disposals). When determining the currency effects, the functional currency that is valid in the respective country is used.

Order intake

A new order is recognised as an order intake only when the contract creates enforceable obligations between the Group and its customer. When this condition is met, the order is recognised at the contract value.

Book-to-bill

The book-to-bill is the ratio of total order intake third to total net sales third.

Order backlog

The order backlog represents the amount of booked orders not yet delivered/invoiced at a closing date. The order backlog is calculated as follows:

- order backlog at the beginning of the year;
- plus order intake during the reporting period;
- less cancellations of orders recorded;
- less sales recognised during the reporting period.

EBIT

EBIT is calculated by subtracting cost of goods sold and operating expenses from net sales.

	2022	2021
Net sales	954.6	862.9
Cost of goods sold	(614.1)	(533.4)
Gross profit	340.5	329.5
Selling, administrative and research and development expense	(239.8)	(225.9)
Other operating expense / income	2.5	1.0
EBIT (= operating profit)	103.2	104.6

EBITDA

The EBITDA corresponds to the operating profit (EBIT) before depreciation of property, plant and equipment and amortisation of intangible assets.

	2022	2021
EBIT (= operating profit)	103.2	104.6
Depreciation of property, plant and equipment	27.7	27.0
Amortisation of intangible assets	4.4	6.0
EBITDA	135.3	137.6

Return on invested capital (ROIC)

The return on invested capital (ROIC) measures how efficiently the invested capital is used. It is defined as net operating profit after taxes (NOPAT) divided by the average invested capital. The average is calculated by adding the invested capital at the beginning of the period to that at the end of the period and dividing the sum by two.

Invested capital and NOPAT are defined as follows:

	2022	2021
Trade receivables	162.2	144.4
Other short-term receivables (excl. derivative financial instruments)	28.2	25.4
Inventories	193.9	172.0
Accrued income	4.1	3.5
Property, plant and equipment (excl. undeveloped property)	211.9	210.5
Intangible assets	26.3	21.9
Deferred tax assets	10.5	10.3
Operating assets	637.2	588.1
Trade payables	(76.1)	(63.9)
Other short-term liabilities (excl. derivative financial instruments)	(65.9)	(62.4)
Short-term provisions	(17.2)	(17.8)
Accrued liabilities	(19.5)	(17.5)
Other long-term liabilities	(2.7)	(2.7)
Long-term provisions (excl. retirement plan obligations)	(6.3)	(6.4)
Deferred tax liabilities	(18.9)	(17.5)
Operating liabilities	(206.5)	(188.1)
Invested capital	430.6	399.9
Average invested capital	415.3	383.8
EBIT (= operating profit)	103.2	104.6
Effective income tax rate	16.0%	14.7%
Effective income taxes	(16.5)	(15.4)
NOPAT (= net operating profit after taxes)	86.7	89.2
Return on invested capital (ROIC) in % = NOPAT / average invested capital	20.9%	23.2%

Free operating cash flow

Free operating cash flow is defined as cash flow from operating activities less cash flow from investing activities.

	2022	2021
Cash flow from operating activities	87.3	101.7
Cash flow from investing activities	(49.7)	(45.1)
Free operating cash flow	37.7	56.6

Free cash flow

	2022	2021
Free operating cash flow	37.7	56.6
Payment of dividend	(38.2)	(25.3)
Payment of dividend to minority interests	(0.6)	(0.5)
Purchase of treasury shares	(63.1)	(15.8)
Free cash flow	(64.4)	14.9

Net liquidity

	2022	2021
Cash and cash equivalents	151.1	219.8
Short-term financial liabilities	0	0
Net liquidity	151.1	219.8

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and deltas are calculated using the underlying amount rather than the presented rounded amount.

Financial Report

Financial Statements HUBER+SUHNER AG

Income Statement	102
Balance Sheet	103
Notes to Financial Statements	104
Recommendation for Appropriation of Earnings	110
Report of the statutory auditor on the financial statements	111

Income Statement

in CHF 1 000	Notes	2022	2021
Net Sales		461 207	431 087
Other operating income	3.1	27 770	50 470
Change in semi-finished and finished goods		6 251	11 888
Total operating income		495 228	493 445
Material expenses		(218 338)	(215 824)
Personnel expenses		(148 582)	(147 371)
Other operating expenses		(67 138)	(52 985)
Depreciation and amortisation		(28 762)	(46 426)
Total operating expenses		(462 820)	(462 606)
Operating profit (EBIT)		32 408	30 839
Financial income		1 772	4 272
Financial expense		(3 674)	(579)
Income from investments	3.2	44 821	44 997
Expense from investments	3.2	–	(3 200)
Non-operating income		1 048	923
Non-operating expenses		(638)	(527)
Extraordinary income	3.3	–	252
Income before taxes		75 737	76 977
Income taxes		(3 741)	(3 816)
Net Income		71 996	73 161

Balance Sheet

in CHF 1 000	Notes	31.12.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents		96 571		148 930	
Trade receivables third party		23 146		23 456	
Trade receivables group companies		42 819		32 249	
Other short-term receivables third party		7 674		7 114	
Other short-term receivables group companies		2 122		1 314	
Inventories	3.4	51 900		39 050	
Accrued income		2 031		1 618	
Current assets		226 263	43.6	253 731	46.9
Property, plant, equipment and intangible assets	3.5	103 695		105 597	
Investments in subsidiaries	3.6	149 161		149 161	
Long-term loans group companies		39 924		32 828	
Non-current assets		292 780	56.4	287 586	53.1
Assets		519 043	100.0	541 317	100.0
Liabilities and equity					
Trade payables third party		23 406		17 986	
Trade payables group companies		10 635		11 262	
Other short-term liabilities third party		18 933		18 918	
Short-term provisions		1 463		2 365	
Accrued liabilities		4 656		4 636	
Current liabilities		59 093		55 167	
Long-term provisions		28 662		27 615	
Other long-term liabilities		2 590		2 590	
Non-current liabilities		31 252		30 205	
Liabilities		90 345	17.4	85 372	15.8
Share capital	3.7	5 050		5 050	
Legal reserves		40 271		40 271	
General reserves		90 993		90 597	
Retained earnings		367 620		333 867	
Treasury shares	3.8	(75 236)		(13 840)	
Equity		428 698	82.6	455 945	84.2
Liabilities and equity		519 043	100.0	541 317	100.0

Notes to Financial Statements

1 General

The financial statements of HUBER+SUHNER AG, domiciled in Herisau, are prepared in accordance with the Swiss Code of Obligations (OR).

2 Accounting policies

2.1 General

These financial statements were prepared in accordance with the commercial accounting provisions of the Swiss Code of Obligations. The accounting of major balance sheet and income statement positions is disclosed hereinafter.

2.2 Foreign currency translation

All assets and liabilities denominated in foreign currencies are converted into Swiss francs at the year-end exchange rates according to the parity principle. Income and expenses as well as transactions in foreign currencies are converted at the conversion rate valid at the transaction date. The resulting foreign exchange differences are recognised in the income statement.

2.3 Revenue recognition

Revenues from the sale of products are recognised when the risks and rewards of the products sold have been transferred to the customer.

2.4 Trade receivables

Trade receivables are measured at nominal value less allowances. Indications of impairment are substantial financial problems on the customer side, a declaration of bankruptcy or a material delay in payment. In addition, a fiscally permitted allowance is recognised in the remaining trade receivables.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of goods comprises direct material and production costs and related production overheads. The valuation of the inventory is based on standard costs that are verified annually. Slow-moving and obsolete stock that have insufficient inventory turns are systematically revaluated, either partly or fully. In addition, a fiscally permitted allowance is recognised in the remaining inventories.

2.6 Property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets are stated at the purchased or manufactured cost less fiscally permitted accumulated depreciation. If there are indications that the carrying amount is overstated, property, plant, equipment and intangible assets are reviewed for impairment and, where necessary, written down to the recoverable amount.

2.7 Investments in subsidiaries

Investments are initially recognised at cost. Investments are assessed annually and individually.

2.8 Provisions

Provisions are made for warranties, personnel expenses, restructuring costs, as well as legal and other miscellaneous operational risks that meet the recognition criteria. They are recognised when the company has a present legal or constructive obligation as a result of past events and if it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Warranty provisions are generally measured and recognised based on experience values. Additional provisions may be made if permitted under tax regulations.

2.9 Treasury shares

Treasury shares are stated at acquisition cost and presented as a negative position in the shareholders' equity. No subsequent valuation is made. If the treasury shares are disposed of later, the resulting gain or loss is recognised in the reserves.

3 Details to individual positions

3.1 Other operating income

Other operating income includes income from other activities such as the sale of scrap, miscellaneous services, the capitalisation of internally produced capital goods, the release of provisions and miscellaneous, not periodical, operating revenues from third parties.

3.2 Income and expense from investments

Income from investments includes dividend payments from subsidiaries in the amount of KCHF 44 821 (previous year: KCHF 44 997). No impairments of investments were recognised (previous year: KCHF 3200) or reversed (previous year: no reversal).

3.3 Extraordinary income

No extraordinary income was recognised in the current year (previous year: KCHF 252).

3.4 Inventories

in CHF 1 000	31.12.2022	31.12.2021
Raw materials and supplies	18 069	12 653
Work in progress	8 795	7 157
Semi-finished and finished goods	67 895	61 644
Inventory provision	(42 859)	(42 404)
Total	51 900	39 050

3.5 Property, plant, equipment and intangible assets

in CHF 1 000	31.12.2022	31.12.2021
Land	6 225	6 225
Buildings	44 200	35 116
Technical equipment and machinery	16 889	20 960
Other equipment	746	629
Assets under construction	7 933	18 677
Investment property	2 080	2 080
Intangible assets	25 622	21 910
Total	103 695	105 597

3.6 Investments in subsidiaries

Directly and indirectly held subsidiaries are listed in chapter [Group Companies](#) of the Group Financial Statements.

3.7 Share capital

Both at 31 December 2022 and at 31 December 2021 the share capital was composed of 20 200 000 registered shares, with a nominal value of CHF 0.25 each.

The composition of capital stock is disclosed in the Notes to the Group Financial Statements (see [Note 26](#)).

The company holds 1655 799 treasury shares (726 640 treasury stock, 928 084 treasury shares as part of the running share buyback programme 2021, and 1075 other treasury shares for remuneration purposes).

On 29 October 2021 HUBER+SUHNER AG launched a share buyback programme over a maximum period of three years, for up to 5 % of the registered shares. The shares are being repurchased via a second trading line on the SIX Swiss Exchange for the purpose of capital reduction.

3.8 Treasury shares

	2022	2021
Number at 1.1.	893 140	727 640
Purchases	786 584	196 425
Allotment	(23 925)	(30 925)
Number at 31.12.	1 655 799	893 140

For details of transactions and balances relating to treasury shares see [note 26](#) of the Notes to Group Financial Statements.

4 Contingent liabilities

in CHF 1 000	31.12.2022	31.12.2021
Parent guarantee for long-term lease	6 489	6 429
Parent guarantee for repayment of an advance payment	1 973	–

5 Liabilities to pension funds

in CHF 1 000	31.12.2022	31.12.2021
Total liabilities to pension funds	–	–

6 Net release of undisclosed reserves

in CHF 1 000	2022	2021
Total net release of undisclosed reserves	–	–

7 Significant shareholders/shareholdings of Board of Directors and of Executive Group Management

Shares of votes and capital	31.12.2022	31.12.2021
EGS Beteiligungen AG	9.24%	9.24%
S. Hoffmann-Suhner	6.18%	6.18%
Huwa Finanz- und Beteiligungs AG	3.25%	3.25%
BlackRock, Inc.	3.08%	n/a

n/a = not applicable (no significant shareholder in that year)

Information about published disclosure notices in accordance with Article 20 BEHG are included in Corporate Governance, chapter [1.2 Significant shareholders](#).

According to the Ordinance against Excessive Compensation in Listed Companies (OaEC), which has been in force since 1 January 2014, details of compensation for members of the Board of Directors and Executive Group Management are presented in a separate Compensation Report (see [Compensation Report](#)).

In accordance with Article 663c of the Swiss Code of Obligations (OR), shareholdings in the company by members of Board of Directors and by members of Executive Group Management are as follows:

Shareholdings of Board of Directors

(Number of shares at 31 December 2022)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares ²⁾	Total share of votes ³⁾
Urs Kaufmann	Chairman	91 200	400	91 600	51 600	40 000	0.49%
Beat Kälin	Deputy Chairman	25 700	–	25 700	16 500	9 200	0.14%
Monika Bütler	Member	6 800	–	6 800	3 600	3 200	< 0.10%
Rolf Seiffert	Member	14 233	–	14 233	11 033	3 200	< 0.10%
Jörg Walther	Member	6 800	–	6 800	–	6 800	< 0.10%
Franz Studer ¹⁾	Member	–	–	–	–	–	–
Total shareholdings BoD 2022		144 733	400	145 133	82 733	62 400	0.78%

Shareholdings of Board of Directors

(Number of shares at 31 December 2021)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares ²⁾	Total share of votes ³⁾
Urs Kaufmann	Chairman	89 200	500	89 700	45 700	44 000	0.46%
Beat Kälin	Deputy Chairman	24 500	–	24 500	12 500	12 000	0.13%
Monika Bütler	Member	6 000	–	6 000	2 400	3 600	< 0.10%
Rolf Seiffert	Member	13 433	–	13 433	9 833	3 600	< 0.10%
Jörg Walther	Member	6 000	–	6 000	–	6 000	< 0.10%
Franz Studer ¹⁾	Member	–	–	–	–	–	–
Total shareholdings BoD 2021		139 133	500	139 633	70 433	69 200	0.72%

¹⁾ The figures stated do not include the participation of EGS Beteiligungen AG, where F. Studer is a member of the executive board and Investment Director. Further information on the shareholdings by EGS Beteiligungen AG is provided in this Note above.

Shareholdings of Executive Group Management

(Number of shares at 31 December 2022)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares ²⁾	Total share of votes ³⁾
Urs Ryffel	CEO	39 100	–	39 100	25 100	14 000	0.21%
Reto Bolt	Member	14 080	–	14 080	80	14 000	< 0.10%
Drew Nixon	Member	12 330	–	12 330	5 130	7 200	< 0.10%
Patricia Stolz	Member	6 720	–	6 720	1 820	4 900	< 0.10%
Jürgen Walter	Member	400	–	400	–	400	< 0.10%
Ivo Wechsler	Member	17 600	–	17 600	6 000	11 600	< 0.10%
Total shareholdings EGM 2022		90 230	–	90 230	38 130	52 100	0.49%

Shareholdings of Executive Group Management

(Number of shares at 31 December 2021)		Own shares	Shares of close family members	Total shares	Of which non-restricted shares	Of which restricted shares ²⁾	Total share of votes ³⁾
Urs Ryffel	CEO	34 100	–	34 100	20 100	14 000	0.18%
Reto Bolt	Member	14 570	–	14 570	2 570	12 000	< 0.10%
Drew Nixon	Member	10 330	–	10 330	1 530	8 800	< 0.10%
Patricia Stolz	Member	4 970	–	4 970	70	4 900	< 0.10%
Jürgen Walter	Member	–	–	–	–	–	< 0.10%
Ivo Wechsler	Member	17 600	–	17 600	3 600	14 000	< 0.10%
Total shareholdings EGM 2021		81 570	–	81 570	27 870	53 700	0.42%

²⁾ Shares with remaining lock-in periods of up to ten years

³⁾ Shares in % of shares entitled to a dividend

Allotted number of shares to:

	2022	2021
Board of Directors	6 400	7 250
Executive Group Management	11 800	13 150
Employees	4 900	4 375

Allotted shares

in CHF 1 000	2022	2021
Expensed amount in Income Statement	1 994	2 155

Outstanding shares are effectively assigned in the following year. For members of Board of Directors and Executive Group Management, the issue is subject to approval by the Annual General Meeting. The expense amount, which exclude social security, in the Income Statement is based on the 2022 year-end share price of CHF 86.30 (previous year: CHF 87.00).

8 Full-time positions

As in the previous year, HUBER+SUHNER AG had over 250 employees (full-time-equivalent) in 2022.

9 Equal pay analysis

HUBER+SUHNER AG has performed an equal pay analysis based on the reference month March 2021, as required by Article 13a of the Gender Equality Act. The analysis concluded that the employee pay-related gender effect is clearly within the tolerance threshold.

10 Leasing obligations not recorded in the balance sheet

At the balance sheet date there are neither short-term obligations with a duration of less than one year (previous year: KCHF 0.0) nor obligations in excess of one year (previous year: none).

11 Events after the balance sheet date

There were no events after the balance sheet date which affect the annual results or would require an adjustment to the carrying amounts of the HUBER+SUHNER AG assets and liabilities.

12 Additional disclosures, cash flow statement and management report

Pursuant to Article 961d para. 1 of the Swiss Code of Obligations, no additional disclosures are made, as HUBER+SUHNER AG prepares Group Financial Statements in accordance with generally accepted accounting principles (Swiss GAAP FER).

Recommendation for Appropriation of Earnings

The Board of Directors of HUBER+SUHNER AG recommends to the Annual General Meeting the following appropriation of available earnings for the year 2022:

in CHF 1 000	2022	2021
Prior-year retained earnings	295 624	260 706
Net income for the year	71 996	73 161
Total retained earnings	367 620	333 867
Dividend	(38 943)	(38 243)
Total appropriation	(38 943)	(38 243)
Retained earnings carried forward	328 677	295 624

If this recommendation is accepted the following amounts will be valid for each registered share, with a nominal value of CHF 0.25 each:

	CHF	CHF
Gross dividend	2.100	2.000
Less 35 % withholding tax	0.735	0.700
Net dividend	1.365	1.300



Ernst & Young Ltd
Aeschengraben 27
P.O. Box
CH-4002 Basle

Phone: +41 58 286 86 86
Fax: +41 58 286 30 04
www.ey.com/ch

To the General Meeting of
Huber+Suhner AG, Herisau

Basle, 1 March 2023

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of HUBER+SUHNER AG (the Company), which comprise the income statement, balance sheet and notes to the financial statements, including a summary of significant accounting policies, for the year ended 31 December 2022.

In our opinion, the financial statements (pages 102 to 110) 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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements (pages 102 to 110).



Valuation of inventories

Area of Focus As of 31 December 2022, inventories amounted to CHF 51.9 million, representing 10.0% of HUBER+SUHNER AG's total assets. As indicated in Note 2.5 of the notes to the stand-alone financial statements of HUBER+SUHNER AG, inventories are valued at the lower of cost and net realisable value. Cost is determined according to the standard costing method. For slow-moving and obsolete stock the entity recognizes an inventory allowance based on the inventory turnover. Due to the significance of the carrying values of inventories and the degree of Management judgment involved in determining production costs, write-downs and fair value less cost of sales, this matter was considered significant to our audit.

Our audit response Our audit procedures included, amongst other:

- We gained an understanding of the inventory valuation process, the valuation method, as well as the underlying assumptions applied.
- On a sample basis we analysed the standard cost calculations and verified the differences between the standard and actual costs.
- We challenged the estimates made by Management regarding write-downs by assessing whether they are in line with historical experience.
- We reviewed inventory ratio's and audited underlying data of the inventory ageing list.
- We verified compliance with the principle of net realisable value for finished goods by comparing production costs with the expected net sale proceeds.

Our audit procedures did not lead to any reservations regarding to the valuation of inventories.

Valuation of investments to subsidiaries and loans to group companies

Area of Focus As of 31 December 2022, the HUBER+SUHNER AG holds investments in subsidiaries of CHF 149.2 million and loans to group companies of CHF 39.9 million, which corresponds to 28.7% and 7.7% respectively of total assets. The investments in subsidiaries are disclosed in the note "Group Companies" of the consolidated financial statements of HUBER+SUHNER AG. Investments in subsidiaries and loans to group companies are material to the entity and may be subject to changes in value. Accordingly, Management performs regular impairment considerations and calculations to determine the value of each investment and loan. The investments in subsidiaries and the loans to group companies were considered significant to our audit as the amounts concerned are material and the assessments involve judgment in preparing the underlying key assumptions for the valuation.



Our audit response

Our audit work for the valuation of the investments in subsidiaries and loans to group companies consisted of auditing Management's valuation assessments and the underlying key assumptions. We also assessed the historical accuracy of the Company's estimates and long-term business plans.

Our audit procedures did not lead to any reservations regarding to the valuation of investments in subsidiaries and loans to group companies



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 HUBER+SUHNER Group Financial Statements, the Financial Statements of HUBER+SUHNER AG, the tables on pages 61 to 65 in 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.



A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

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

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Iwan Zimmermann
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Erik Zeller
(Qualified
Signature)

Licensed audit expert

Share Data

HUBER+SUHNER AG is a company listed in Switzerland and whose shares are traded on the SIX Swiss Exchange, and which has the following listing details:

Registered office	9100 Herisau, Switzerland
Listing	SIX Swiss Exchange, Swiss Reporting Standard
Security number	3'038'073
ISIN	CH0030380734
Security symbol	HUBN
Nominal value	CHF 0.25

Registered shares at 31.12. (nominal value CHF 0.25)	2018	2019	2020	2021	2022
Number of issued shares	20 200 000	20 200 000	20 200 000	20 200 000	20 200 000
Number of shares entitled to a dividend	19 453 360	19 464 860	19 472 360	19 306 860	18 544 201
Number of shareholders at 31.12.	4 116	4 702	5 365	6 861	6 054

Stock market price (in CHF)

high	74.90	85.90	77.80	88.00	95.60
low	50.90	60.80	47.80	69.00	71.50
year-end	65.50	76.80	69.90	87.00	86.30

Amounts per registered share¹⁾ (in CHF)

Net income	3.15	3.22	2.66	4.45	4.47
Ordinary dividend	1.50	1.60	1.30	2.00	2.10 ³⁾
Anniversary dividend	1.00	–	–	–	–
Total dividend	2.50	1.60	1.30	2.00	2.10³⁾
Pay-out ratio	79%	50%	49%	45%	47%

Market capitalisation²⁾

in CHF million	1 274	1 495	1 361	1 680	1 600
as % of net sales	144	180	184	195	168
as % of shareholders' equity	205	254	230	262	265

¹⁾ Based on the average outstanding shares

²⁾ Stock market price at year-end × number of shares entitled to a dividend

³⁾ Proposed dividend

For further information on the HUBER+SUHNER Group, please visit www.hubersuhner.com.