

Consolidated Income Statement

in CHF 1 000	Notes	January–June 2022	%	January–June 2021	%
Net sales	5	477 371	100.0	424 445	100.0
Cost of goods sold		(302 908)		(255 916)	
Gross profit		174 463	36.5	168 529	39.7
Selling expense		(64 746)		(59 815)	
Administrative expense		(26 819)		(29 838)	
Research and development expense		(29 998)		(26 854)	
Other operating expense		(205)		(1 288)	
Other operating income		1 285		943	
Operating profit (EBIT)	5	53 980	11.3	51 677	12.2
Financial result		(631)		(902)	
Income before taxes		53 349	11.2	50 775	12.0
Income taxes		(9 546)		(8 886)	
Net income		43 803	9.2	41 889	9.9
Attributable to shareholders of HUBER+SUHNER AG		43 395		41 523	
Attributable to minority interests		408		366	
Data per share					
in CHF		January–June 2022		January–June 2021	
Undiluted / diluted earnings per share		2.28		2.13	

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

Consolidated Balance Sheet

in CHF 1 000	Notes	30.06.2022	%	31.12.2021	%
Assets					
Cash and cash equivalents		145 757		219 845	
Trade receivables		167 983		144 424	
Other short-term receivables		31 273		26 209	
Inventories		186 338		172 019	
Accrued income		5 850		3 454	
Current assets		537 201	66.2	565 951	67.9
Property, plant and equipment		216 841		212 616	
Intangible assets		23 954		21 931	
Financial assets		23 418		22 763	
Deferred tax assets		10 231		10 267	
Non-current assets		274 444	33.8	267 577	32.1
Assets		811 645	100.0	833 528	100.0
Liabilities and equity					
Trade payables		69 000		63 876	
Other short-term liabilities		70 334		62 458	
Short-term provisions		16 704		17 782	
Accrued liabilities		21 970		17 529	
Current liabilities		178 008	21.9	161 645	19.4
Other long-term liabilities		2 670		2 656	
Long-term provisions		8 192		7 992	
Deferred tax liabilities		17 286		17 485	
Non-current liabilities		28 148	3.5	28 133	3.4
Liabilities		206 156	25.4	189 778	22.8
Share capital		5 050		5 050	
Capital reserves		33 480		33 083	
Treasury shares		(52 716)		(13 835)	
Retained earnings		616 312		616 255	
Equity attributable to shareholders of HUBER+SUHNER AG		602 126	74.2	640 553	76.8
Minority interests		3 363	0.4	3 197	0.4
Total equity		605 489	74.6	643 750	77.2
Liabilities and equity		811 645	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	January–June 2022	January–June 2021
Net income		43 803	41 889
Income taxes		9 546	8 886
Depreciation of property, plant and equipment and intangible assets		15 288	17 639
Other non-cash items		2 070	(1 993)
Loss/profit from the disposal of property, plant and equipment		(7)	(111)
Change in trade receivables		(24 262)	(24 933)
Change in inventories		(15 745)	(18 624)
Change in other receivables and accrued income		(4 863)	(4 523)
Change in trade payables		5 583	15 268
Change in other liabilities and accrued liabilities		10 960	17 015
Change in provisions		(812)	1 086
Income tax paid		(10 163)	(8 188)
Interest paid		(146)	(216)
Cash flow from operating activities		31 252	43 195
Purchases of property, plant and equipment		(21 580)	(13 969)
Proceeds from sale of property, plant and equipment		49	355
Purchases of intangible assets		(4 333)	(3 109)
Purchases and disposals of financial assets		(172)	20
Interest received		727	951
Cash outflow from acquisition	3	(243)	(1 276)
Cash flow from investing activities		(25 552)	(17 028)
Payment of dividend		(38 243)	(25 315)
Payment of dividend to minority interests		–	(533)
Purchase of treasury shares ¹⁾		(40 625)	(3 609)
Repayment of short-term financial liabilities		–	(324)
Cash flow from financing activities		(78 868)	(29 781)
Effect of exchange rate changes on cash		(920)	2 815
Net change in cash and cash equivalents		(74 088)	(799)
Cash and cash equivalents at 1.1.		219 845	203 556
Cash and cash equivalents at 30.6.		145 757	202 757
Net change in cash and cash equivalents		(74 088)	(799)

¹⁾ During H1 2022, 498 234 treasury shares were purchased as part of the running share buyback programme at an average share price of CHF 81.54 in the amount of CHF 40.6 million. In total 639 734 treasury shares are purchased so far at an average share price of CHF 82.00 in the amount of CHF 52.5 million, which is 63 % 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	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 31.12.2020	5 050	33 044	(247)	725 924	(140 682)	(34 564)	550 678	588 525	3 103	591 628
Net income	-	-	-	41 523	-	-	41 523	41 523	366	41 889
Dividend paid	-	-	-	(25 315)	-	-	(25 315)	(25 315)	(533)	(25 848)
Purchase of treasury shares	-	-	(3 609)	-	-	-	-	(3 609)	-	(3 609)
Share- based payment	-	39	2 217	(1 080)	-	-	(1 080)	1 176	-	1 176
Goodwill offset	-	-	-	-	(873)	-	(873)	(873)	-	(873)
Currency translation differences	-	-	-	-	-	10 362	10 362	10 362	(13)	10 349
Balance at 30.6.2021	5 050	33 083	(1 639)	741 052	(141 555)	(24 202)	575 295	611 789	2 923	614 712
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	-	-	-	43 395	-	-	43 395	43 395	408	43 803
Dividend paid	-	-	-	(38 243)	-	-	(38 243)	(38 243)	-	(38 243)
Purchase of treasury shares ¹⁾	-	-	(40 625)	-	-	-	-	(40 625)	-	(40 625)
Share- based payment	-	397	1 744	(1 220)	-	-	(1 220)	921	-	921
Goodwill offset	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	(3 875)	(3 875)	(3 875)	(242)	(4 117)
Balance at 30.6.2022	5 050	33 480	(52 716)	791 299	(141 127)	(33 860)	616 312	602 126	3 363	605 489

¹⁾ See footnote 1) at the end of the Cash Flow Statement.

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

Notes to Group Financial Statements

1 General

This unaudited Half-year Report was approved by the Board of Directors on 10 August 2022 and released for publication on 16 August 2022.

2 Accounting policies

The consolidated Half-year Report was prepared in accordance with Swiss GAAP FER 31 “Complementary recommendation for listed companies” and the accounting policies set out in the Annual Report 2021. This Half-year Report is an interim report, which allows simplifications in comparison to an Annual Report.

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 current Swiss GAAP FER (Swiss Accounting and Reporting Recommendations) guidelines. Unless otherwise stated in the Annual Report 2021, 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.

3 Changes in the scope of consolidation and other changes

There were no changes in the scope of consolidation in the first half year 2022.

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

In February 2021 final payment of CHF 0.1 million was made for the acquisition of Inwave Elektronik AG, Reute in Switzerland (acquired in 2017) and the goodwill was adjusted by CHF 0.3 million, as the deferred purchase price was CHF 0.4 million.

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

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.

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	
	30.06.2022	31.12.2021	January–June 2022	January–June 2021
1 EUR	1.01	1.04	1.03	1.10
1 USD	0.96	0.92	0.95	0.91
100 CNY	14.27	14.42	14.54	14.10
1 GBP	1.17	1.23	1.22	1.27
100 INR	1.21	1.23	1.23	1.25
1 PLN	0.22	0.23	0.22	0.24
1 HKD	0.12	0.12	0.12	0.12
1 AUD	0.66	0.66	0.68	0.70

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: aerospace and defense, test and measurement, energy, medical, general industrials.

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 networks, fixed access networks, data centers, communication equipment manufacturers.

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, automotive (conventional and electric vehicles).

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	January–June 2022	January–June 2021
Industry	145 000	137 021
Communication	196 950	165 620
Transportation	135 421	121 804
Total net sales	477 371	424 445
Operating profit (EBIT)	January–June 2022	January–June 2021
Industry	28 740	28 716
Communication	24 799	19 743
Transportation	4 633	7 751
Corporate	(4 192)	(4 533)
Total operating profit (EBIT)	53 980	51 677

Impacts of the exit from Russian business

HUBER+SUHNER stopped all Russian-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 last year's net sales. Around three quarters of HUBER+SUHNER's business in Russia has been in the railway market in the Transportation segment. In the Half-year Report 2022, the order backlog has been adjusted for orders from Russia, amounting to CHF 4.9 million. Allowance for trade receivables and provisions for the exit from the Russian business have been made in the amount of CHF 2.0 million.

6 Events after the balance sheet date

No events occurred between the balance sheet date and the date this half-year report was approved by the Board of Directors which affect the half-year results or require any adjustments to the Group's assets and liabilities.