Registered number: 00902205

HUBER+SUHNER (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

HUBER+SUHNER (UK) LIMITED

COMPANY INFORMATION

Directors	U Ryffel I Wechsler D Nixon
Registered number	00902205
Registered office	Telford Road Bicester Oxfordshire OX26 4LA
Independent auditors	MHA MacIntyre Hudson Statutory Auditors London, United Kingdom
Bankers	National Westminster Bank PLC Bicester Oxfordshire OX26 6DA

HUBER+SUHNER (UK) LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present the strategic report for the year ended 31 December 2021.

Business review

The company's principal activity continues to be that of importing, manufacturing and selling electrical and optical connectivity components and cables and accessories related to the three key markets of Transportation, Communications and Industrial. This is coupled with an increasing level of "Value Add" and systems solutions to effectively differentiate the company from the traditional competitors in the UK and EU market.

The HUBER+SUHNER Northern Europe Region consists of the UK, Sweden, Denmark, Norway, Finland and the Baltics. The centre of this region is HUBER+SUHNER (UK) Ltd where all of the central functions such as Finance, HR, IT and the majority of the front office are based with branch offices of HUBER+SUHNER (UK) in Sweden and Denmark. Norway, Finland and the Baltics continue to be serviced by third party distributors but are managed directly out of the UK.

The turnover for 2021 was up 24.6% relative to the prior year and gross margins decreased slightly to 19.4% (2020: 19.7%) due to higher cost of sale to Global Key Accounts.

The sales from Global Key Accounts as defined by HUBER+SUHNER group was £4.8m higher than the previous year, mainly from sales to Ericsson managed by the Sweden branch. To reduce the currency impact on purchases, the business continues a natural hedging policy with purchases made from its Parent Company in Switzerland, with the majority of purchases made in the same currency as the customer invoice currency, which mitigates some of the local currency risk. The balance of any net currency cash flows were covered with forward contracts.

Third Party sales increased by 24.6% to £80,033,000 in 2021 (2020: £64,225,000) and inter-group sales increased to £90,000 in 2021 (2020: £66,000). Turnover in 2021 made by the Denmark branch was £7,937,000 (2020: £8,969,000) and by Sweden was £30,204,000 (2020: £19,773,000).

The company generated profit before tax of 9.3% (2020: 8.2%).

Strategy

The company is a part of the HUBER+SUHNER Group whose main objectives are to focus on the 3 x 3 strategy of supplying into 3 key markets of Communication, Transportation and Industrial through our 3 core technologies - Fibre Optics, Low Frequency and Radio Frequency and to introduce new innovative products and solutions that assist growth in those markets and in our core technologies.

In the UK the company supports the group strategy by operating in the same markets and introducing, promoting and selling the new products and services in the country. The UK has continued to successfully position itself to offer greater total solution packages to all strategic markets thereby differentiating itself from traditional component competitors.

Future outlook

The reporting period indicated a recovery from COVID-19 and also withstood the impacts of Brexit by exceeding expected performance. However, the increase in global demand in many industries has driven price increases in raw materials, bottlenecks in supply chain as well as increased need for transportation capacities. There is still uncertainty within the UK and EU market due to several reasons including post-Brexit trading, COVID-19 and with the latest impacts of the war in Ukraine. Company management have focussed on the impact that these matters has had on the UK market and the company itself have put in place specific measures to manage the future pipeline of sales and related costs and expenses.

Despite a successful year, the outlook continues to be mixed with optimism and caution due to the uncertain economic environment. The company will continue its focus within Aerospace and Defence, Data Centres and Railway communications.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the UK economic situation as well as changes in product technology and the fluctuation in the key exchange rates versus Sterling. There is still uncertainties on the future relationship between the UK and the European Union, and how this will impact future business trades and competition between the two regions. Currently, the major disruption as a result of the UK leaving the EU has been on delivery to customer, causing delays. This disruption is expected to be short-term and normal lead times to return as the new custom rules become more familiar.

Further government spending in large railway projects spread across future years could affect our long-term position in the market, despite planned UK infrastructure spend. This is also true in the key Aerospace and Defence market where the awarding of projects can take a number of years.

The large Global Key Accounts where there are lower than average margins are also a key business risk. It has been observed that, due to their global nature, these customers may choose to place their business in other regions creating risk to turnover. Conversely, due to the low margins seen with these customers, any large increases in turnover from these same customers are a risk to margin.

An area of uncertainty in recent times has been the war with Ukraine which has had an impact on UK and EU economy with rising commodity prices such energy and raw materials. Although the impact has been managed very well in 2021, the company management are monitoring the situation carefully and have put measures in place to mitigate this risk which are more fully documented within the Going Concern section.

The company continues to also monitor the risk of COVID-19 and post-Brexit trading. Although the impacts has been managed very well in 2021, the company management are monitoring the situation carefully and have put measures in place to mitigate these risk, which are further documented within the Going Concern section.

Financial risk management policy

In the ordinary course of business, the company is exposed to a variety of financial risks that include price risk, credit risk, exchange rate risk and liquidity risk. Company management monitors these risks regularly and makes every effort to minimise negative influences on the company's financial results.

Price risk

The company monitors the market prices and takes action to adjust prices where there are movements in commodity prices. Large material purchases are selectively hedged by the parent company at a group level. Prices of commodity such as copper, aluminium, nickel as well as energy are on the rise which will have an impact on the prices of the products sold. Company continues to review costs and margins regularly to ensure the risk is managed well.

Credit risk

The credit risk for sales debtors from trading is limited by the market spread of customers. In addition, this risk is reduced by regular checks of creditworthiness, withdrawing credit for slow payers and requesting cash with order for higher risk customers.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Exchange rate risk

The company is exposed directly to seven currencies, the Euro, CHF, US Dollar, PLN, NOK and the Danish and Swedish Krone for both sales and purchases. The risk is minimised by including currency fluctuation clauses in standard terms and conditions. In addition to local hedging, the parent company uses foreign exchange forward contracts and options to control foreign currency risks at a group level.

Liquidity risk

Where necessary the company negotiates local facilities with UK financial institutions. In addition, the group will give liquidity support if required. However, improved sales at higher margin coupled with good cash collection resulted in vastly improved liquidity.

Financial key performance indicators

In addition to the Key Performance Indicators of turnover and profit margin detailed on page 1, Key Performance Indicators are in place covering number of areas from efficiency and productivity to quote conversion, sales, orders and profit. KPI's are a fundamental part of the corporations' Global Management System (GMS).

This report was approved by the board and signed on its behalf.

I Wechsler
Director

Date: 22 June 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £6,186 thousand (2020 - £4,211 thousand).

Particulars of dividends paid are detailed in note 9 of the financial statements.

Directors

The directors who served during the year were:

U Ryffel
I Wechsler
D Nixon

Future developments

Overall the UK economy is showing resilience, however uncertainty in key areas such as post-Brexit trading and the COVID-19 situation may put pressure on sales revenue, margins and customer spend in 2022 and beyond. HUBER+SUHNER as a group has decided to align its focus into three markets; Indsutry, Communication and Transportation, to strengthen market orientation and reduce complexity from 2022, thus abolishing the matrix organisation at Group level. The company believes it is well positioned, with the right technologies, products and innovative solutions, to play a leading role in important applications of the future.

Section 172 (1) Statement

HUBER+SUHNER (UK) Ltd is committed to conducting its business in accordance with high ethical standards, integrity, and compliance with applicable rules. In the communities where its premises are located the company behaves like a good corporate citizen.

The company mission and business model emphasises the need to generate sustainable added value for all our stakeholders with long-term focus, and also upholds great value on promoting an entrepreneurial spirit in caring for employees, society and environment. As stated in the HUBER+SUHNER Environmental Policy (SPVO7), it is our intention to conduct our business activities with a view to protecting the environment along the entire value chain (life cycle perspective). We aim to prevent pollution, use resources sustainably, mitigate climate change, and to continually improve our contribution and performance in that respect.

Customer

We have very strong and direct relationships with our customers in UK and Europe, which is facilitated through our branches in UK, Sweden and Denmark. We continued to be a reliable partner in supporting our customers with providing a broad-based technologies and products that support future changes in technology. We have changed our focus to into three markets, Industry, Communication and Transportation. The sales organisations have been directly integrated into the three segments, thus abolishing the matrix organisation at Group level. The aim behind the new alignment is to place a greater focus on the markets and simplify structures. We pride ourselves in delivering high performance, quality, reliability and a long service life even under the toughest conditions. During the pandemic, we continued to improve our supply chain to ensure customers still received the same level of service despite the challenging times.

Environment & Social

The company encourages its suppliers and distributors to include ethical, social, environmental and human rights criteria as well as occupational health and safety in both their business conduct and decision making, and to establish appropriate policies. HUBER+SUHNER as a group includes such corporate social responsibility criteria in its supplier audits and in its due diligence when selecting new business partners.

The company is committed to protecting the environment and to contributing to keeping global warming below 1.5 degrees. The company uses resources like energy, water and materials sustainably and efficiently. The group determines its environment impact and greenhouse gas emissions annually. Based on the results of this analysis HUBER+SUHNER defines actions with the aim of continually reducing the intensity of its resource consumption, waste generation as well as emissions of greenhouse gases and other pollutants.

Shareholders

Our shareholder is HUBER+SUHNER AG who play an active role in strategic direction and performance of the company, as well as provide support from its wider group resources. The support structure is managed through the company's management team being able to directly report to group with matters that require group's involvement and support.

Employees

HUBER+SUHNER provides equal opportunity and treatment towards all employees in order to prevent discrimination on the basis of ethnic group, colour, gender, language, religion, political or other opinion, national or social origin, property, birth or other status, as well as membership in a trade union, sexual orientation, disability or age. Recruitment is based solely on personal and professional qualification, suitability and performance.

The company provides wages in accordance with national laws, or collective labour agreements. In the absence of such regulations, the company pays wages at least adequate for the needs of employees and their families taking into account the general level of wages and the cost of living in the country. Special consideration shall be given to equal pay for work of equal value.

The company protects its employees against harassment in the workplace, in particular against any kind of sexual, physical or psychological abuse. An open dialogue is encouraged between managers and employees based on mutual trust and respect. Grievances regarding human rights violations, unequal treatment or harassment at work are dealt with in a low-threshold, structured procedure, which can be conducted anonymously if desired.

The health and safety of employees has top priority at HUBER+SUHNER. The company ensures a safe and healthy working environment by complying with applicable laws and regulations, monitoring work processes and regularly identifying associated hazards and assessing risks and opportunities. The measures derived from these evaluations serve to eliminate hazards and minimise risks.

Governance

Regular management meetings ensure the company maintains compliance with its corporate governance codes and ensure that its business is conducted in line with the ethical standard and with integrity.

Qualifying third party indemnity provisions

The parent company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Streamlined Energy and Carbon Reporting

The company is committed to protecting the environment and to contributing to keeping global warming below 1.5 degrees.

The company has a small production and warehouse facility in Bicester to produce assemblies. The workspaces are designed to ensure waste is minimised as much as possible and disposed of in the appropriate way. The building in Bicester has undergone several phases of refurbishment to ensure there is more open space and LED lightings.

Greenhouse gas emissions

We report under all three scope of emissions defined by the Greenhouse Gas protocol as follows:

Scope 1 (Direct Emissions): Operations of facilities (Boiler);
Scope 2 (Indirect Emissions): Consumption of purchased electricity, heat and steam;
Scope 3 (Other Indirect Emissions): Business travel in employee-owned vehicles

Emissions data in respect of the 2021 financial reporting period was as follows:

Emission Type 2021	CO2e tonnes
Scope 1: Operations of facilities	64
Scope 2: Purchase Energy	69
Scope 3: Business travel	16
Total Emissions	149

Greenhouse gas emissions intensity ratio:

	CO2e tonnes
Scope 1, 2 & 3	149
Turnover (£)	80.1m
Intensity ratio (CO2e tonnes/£1m)	1.86

Scope and Methodology

Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions. Conversion factors for UK electricity for UK electricity, gas and other emissions are those published by the UK Government CHG Conversion factors for Company reporting for the year 2021.

We have reported on all the measures emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), except where stated.

The period of our report is from 1 January 2021 to 31 December 2021.

Gas, Electricity & Water

The company used 324,977 kWh of electricity, consumed 347,542 kWh of gas, and water usage was 223 cubic meters for the rep.

Waste

In 2021, the company had zero waste from Electrical and Electronic Equipment (WEEE)

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Going concern

Based upon the analysis from our forecast and various scenarios for the next 12 months to 30 June 2023, prepared on information that is currently available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is exposed to macro-economic risks that could arise, including pandemic disease that could have a significant effect on our operations, as well as political decisions on recovery of economy. The company continues to monitor the COVID-19 outbreak which continues to cause economic disruption to some extent, although the impact is expected to lower than prior years. In the current year, we generated a profit of £6,186,000 (2020: £4.211,000) and generated positive cash inflow despite any impact of COVID-19. Whilst the operations of the company continued with specific safety measures in place, the management team continue to forecast and assess the impact on the continuing operations of the company. The considerations and assessment performed have been disclosed within the going concern sections in these financial statements. The Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The impact of COVID-19 on the business began in early March 2020 and has been unprecedented and continues to be present to some extent despite improvements in supply chain. The impact of the virus on the global business had been acknowledged early on, allowing HUBER+SUHNER UK to adapt quickly. Since the pandemic, the business has adapted very well to the continuous changes and regulations of COVID-19 and the impact to the business as a result. The turnover of £80,123,000 for the year was much higher than forecasted for the year and compared to 2020, which is evidence of the successfully management of the COVID-19 situation as well as of a well-diversified risk market and product portfolio.

Management continue to prepare monthly forecasts to foresee results under possible scenarios which are based on assumptions from the current political and economic outlook. The company continues to monitor the situation and take necessary steps to action cost saving initiatives depending on top line sales. The company management have been reviewing the forecasts to proactively manage liquidity and take necessary actions if and when needed. Scenarios have also been stress tested to identify the impact to profitability and liquidity with revenue reducing between 10% to 30% on current forecast for 2022 which is expected to achieve similar turnover as 2021. The worst-case scenario of reducing sales to 30% in 2022 and with recovery of 20% in following year, still results in positive EBIT and cash position.

The company operates within diverse markets which have been affected by COVID-19 in different ways. As far as our analysis of the markets we work within, we are seeing short-term disruptions rather than long term negative impacts on growth. In some markets such as communication and energy the demand continues to be strong despite the current climate, and national railway and defence projects have resumed reflected by turnover from these markets 2021. Therefore, the business is diversified to counteract certain market risks with others where possible. We believe there is enough mitigating actions to ensure the business is liquid to continue as a going concern. Such mitigation actions could include delaying dividend payments.

The broader political and economic uncertainty along with potential future impact of COVID-19 on HUBER+SUHNER (UK) Ltd have been considered in our scenarios, and these have been considered as part of the company's going concern basis. The company has confidence in achieving the budgeted turnover and margins as well as have mitigating actions available to address the possible downside from such scenarios

Reflecting the board's confidence, HUBER+SUHNER (UK) LTD continues to adopt the going concern basis in preparing the financial statements as the company has sufficient liquidity to operate.

Branches outside of the UK

The company fully owns and controls two branches in Denmark and Sweden and has done since 2014. The branch turnover decreased by 11.7% £7,919,000 (2020: £8,969,000) and increased by 52.4% to £30,127,000 (2020: £19,773,000) in Denmark and Sweden respectively.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

I Wechsler
Director

Date: 22 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBER+SUHNER (UK) LIMITED

Opinion

We have audited the financial statements of Huber+Suhner (UK) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBER+SUHNER (UK) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the company operates in;
- Reviewing key correspondence with regulatory authorities;
- Testing for evidence of management override;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Discussing among the engagement team regarding how and where fraud might occur.

Because of the inherent limiations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or representation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Atul Kariya

Atul Kariya FCCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditors

London, United Kingdom
Date: 27 June 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	**80,123**	64,291
Cost of sales		**(64,544)**	(51,640)
Gross profit		**15,579**	12,651
Distribution costs		**(1,265)**	(1,111)
Administrative expenses		**(7,053)**	(6,362)
Other operating income		**50**	17
Operating profit	5	**7,311**	5,195
Interest receivable and similar income	7	**148**	64
Fair value of investment property	11	**386**	-
Profit before tax		**7,845**	5,259
Tax on profit	8	**(1,659)**	(1,048)
Profit for the financial year		**6,186**	4,211

There was no other comprehensive income for 2021 (2020:£000NIL).

The notes on pages 16 to 31 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	10		**1,836**		2,322
Investment property	11		**1,100**		-
			2,936		2,322
Current assets					
Stocks	12	**2,174**		1,668	
Debtors: amounts falling due within one year	13	**28,629**		17,730	
Cash at bank and in hand	14	**2,076**		4,144	
		32,879		23,542	
Creditors: amounts falling due within one year	15	**(14,638)**		(8,964)	
Net current assets			**18,241**		14,578
Total assets less current liabilities			**21,177**		16,900
Provisions for liabilities					
Deferred tax	16	**(401)**		(167)	
			(401)		(167)
Net assets			**20,776**		16,733
Capital and reserves					
Called up share capital	17		**4,000**		4,000
Profit and loss account	18		**16,776**		12,733
			20,776		16,733

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

I Wechsler
Director

Date: 22 June 2022

The notes on pages 16 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	4,000	10,105	14,105
Comprehensive income for the year			
Profit for the year	-	4,211	4,211
Dividends: Equity capital	-	(1,583)	(1,583)
Total transactions with owners	-	(1,583)	(1,583)
At 1 January 2021	4,000	12,733	16,733
Comprehensive income for the year			
Profit for the year	-	6,186	6,186
Dividends: Equity capital	-	(2,143)	(2,143)
Total transactions with owners	-	(2,143)	(2,143)
At 31 December 2021	4,000	16,776	20,776

The notes on pages 16 to 31 form part of these financial statements.

1. General information

Huber + Suhner (UK) Ltd is a private company limited by shares incorporated in England and Wales in the United Kingdom. The company registration number and the address of the registered office is on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions under FRS 102:

- the requirements of section 7 for Statement of Cash Flows;
- the requirements of paragraph 33.03 on Related Party Disclosures.

Where required, equivalent disclosures are given in the group financial statements of HUBER+SUHNER AG for the year ended 31 December 2021. The group financial statements of HUBER+SUHNER AG are available to the public and can be obtained as set out in note 21.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Going concern

Based upon the analysis from our forecast and various scenarios for the next 12 months to 30 June 2023, prepared on information that is currently available, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company is exposed to macro-economic risks that could arise, including pandemic disease that could have a significant effect on our operations, as well as political decisions on recovery of economy. The company continues to monitor the COVID-19 outbreak which continues to cause economic disruption to some extent, although the impact is expected to lower than prior years. In the current year, we generated a profit of £6,186,000 (2020: £4.211,000) and generated positive cash inflow despite any impact of COVID-19. Whilst the operations of the company continued with specific safety measures in place, the management team continue to forecast and assess the impact on the continuing operations of the company. The considerations and assessment performed have been disclosed within the going concern sections in these financial statements. The Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The impact of COVID-19 on the business began in early March 2020 and has been unprecedented and continues to be present to some extent despite improvements in supply chain. The impact of the virus on the global business had been acknowledged early on, allowing HUBER+SUHNER UK to adapt quickly. Since the pandemic, the business has adapted very well to the continuous changes and regulations of COVID-19 and the impact to the business as a result. The turnover of £80,123,000 for the year was much higher than forecasted for the year and compared to 2020, which is evidence of the successfully management of the COVID-19 situation as well as of a well-diversified risk market and product portfolio.

Management continue to prepare monthly forecasts to foresee results under possible scenarios which are based on assumptions from the current political and economic outlook. The company continues to monitor the situation and take necessary steps to action cost saving initiatives depending on top line sales. The company management have been reviewing the forecasts to proactively manage liquidity and take necessary actions if and when needed. Scenarios have also been stress tested to identify the impact to profitability and liquidity with revenue reducing between 10% to 30% on current forecast for 2022 which is expected to achieve similar turnover as 2021. The worst-case scenario of reducing sales to 30% in 2022 and with recovery of 20% in following year, still results in positive EBIT and cash position.

The company operates within diverse markets which have been affected by COVID-19 in different ways. As far as our analysis of the markets we work within, we are seeing short-term disruptions rather than long term negative impacts on growth. In some markets such as communication and energy the demand continues to be strong despite the current climate, and national railway and defence projects have resumed reflected by turnover from these markets 2021. Therefore, the business is diversified to counteract certain market risks with others where possible. We believe there is enough mitigating actions to ensure the business is liquid to continue as a going concern. Such mitigation actions could include delaying dividend payments.

The broader political and economic uncertainty along with potential future impact of COVID-19 on HUBER+SUHNER (UK) Ltd have been considered in our scenarios, and these have been considered as part of the company's going concern basis. The company has confidence in achieving the budgeted turnover and margins as well as have mitigating actions available to address the possible downside from such scenarios

2. Accounting policies (continued)

2.2 Going concern (continued)

Reflecting the board's confidence, HUBER+SUHNER (UK) LTD continues to adopt the going concern basis in preparing the financial statements as the company has sufficient liquidity to operate.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 40 years
Plant and machinery	- 3 - 10 years
Computer equipment	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Investment property

Investment property is carried at fair value determined annually by external valuers or by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Inventory provisioning

The company designs, manufactures and sells electronic components and cables and is subject to changing consumer demands and technological changes. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. Inventory provision is recognised and reported in the profit and loss account. The provision is calculated by the system for each material in stock based on the consumption of the stock over the last twelve months. Some system provision on materials will be overriden due to existing sales orders, new materials bought in the last three months as well as by management decision due to known facts i.e. customer forecast.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Holiday pay accrual

A liability is recognised to the extent any unused holiday pay entitlement which has accrued at the balance sheet ate and carried forward to future periods. This is measured at the undiscounted rate.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

2. Accounting policies (continued)

2.18 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors consider that the critical accounting policies where judgments and estimations have been applied relate to the tangible fixed asset lives, in particular the useful economic life and residual values of plant and machinery, and the valuation of investment property, debtors and stock at the balance sheet date. The directors have concluded that the asset values and residual values are appropriate, debtors are recoverable and stock is reflected the lower of cost and net realisable value.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Radio frequency	**21,041**	20,750
Fibre optics	**34,971**	25,524
Cable	**24,111**	18,017
	80,123	64,291

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	**28,602**	25,002
Rest of Europe	**46,544**	33,794
Rest of the world	**4,977**	5,495
	80,123	64,291

5. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Fees payable to the company's auditors for the audit of the company's financial statements	**33**	39
Depreciation of property, plant and equipment	**198**	182
Cost of inventories recognised as an expense	**65,115**	52,138
Staff costs	**6,926**	6,524
Operating lease charges	**83**	173
Inventory write down/impairment cost	**139**	33
Other operating income	**(50)**	(17)
Forex loss and gains on receivables and payables	**435**	(876)

Other operating income of £50,000 (2020 - £17,000) relates to rental income of UK warehouse space.

6. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	**5,769**	5,439
Social security costs	**775**	717
Cost of defined contribution scheme	**382**	368
	6,926	6,524

There were no director's emoluments paid during the year in respect of their services to the company as these are borne by the parent undertaking (2020: £Nil). These costs are not recharged to the company.

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Manufacturing	**26**	28
Office and management	**75**	81
	101	109

7. Interest receivable

	2021 £000	2020 £000
Interest receivable from group companies	**148**	63
Other interest receivable	**-**	1
	148	64

8. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**1,410**	1,037
Adjustments in respect of previous periods	**15**	17
	1,425	1,054
Total current tax	**1,425**	1,054
Deferred tax		
Origination and reversal of timing differences	**234**	(6)
Total deferred tax	**234**	(6)
Taxation on profit on ordinary activities	**1,659**	1,048

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	**7,845**	5,259
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,491**	999
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**6**	8
Capital allowances for year in excess of depreciation	**(28)**	-
Higher rate taxes on overseas earnings	**14**	15
Adjustments to tax charge in respect of prior periods	**15**	17
Short term timing difference leading to an increase (decrease) in taxation	**161**	9
Total tax charge for the year	**1,659**	1,048

8. Taxation (continued)

Factors that may affect future tax charges

The UK Corporation tax rate rises from 19% to 25% from 2023.

9. Dividends

	2021 £000	2020 £000
Dividends	2,143	1,583
	2,143	1,583

10. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2021	3,604	592	4,196
Additions	241	184	425
Disposals	-	(6)	(6)
Transfer of investment property	(1,160)	-	(1,160)
At 31 December 2021	2,685	770	3,455
Depreciation			
At 1 January 2021	1,510	363	1,873
Charge for the year	111	87	198
Disposals	-	(6)	(6)
Transfer of investment property	(446)	-	(446)
At 31 December 2021	1,175	444	1,619
Net book value			
At 31 December 2021	1,510	326	1,836
At 31 December 2020	2,094	228	2,322

10. Tangible fixed assets (continued)

As shown in note 11, during the year the company entered into a rental lease with a third party to rent out a warehouse property owned by the company. The property, with a net book value of £714,000, has been transferred from tangible fixed assets to investment property.

11. Investment property

	Freehold investment property £000
Valuation	
Fair value movement	**386**
Transfer from tangible fixed assets	**714**
At 31 December 2021	**1,100**

During the year, the company entered into a rental lease with a third party to rent out a warehouse property owned by the company. The property has been transferred from tangible fixed assets to investment property.

The warehouse was valued at the date of the transfer at £1,100,000 by Conways Commercial Property Consultants RICS. This valuation reflects a revaluation surplus of £386,000 over its carrying amount in tangible fixed assets of £714,000. The fair value movement of £386,000 has been reflected in accordance with FRS 102 and accounting policy 2.10. The directors have valued the warehouse at £1,100,000 at the balance sheet date.

12. Stocks

	2021 £000	2020 £000
Raw materials and consumables	**351**	131
Work in progress (goods to be sold)	**36**	138
Finished goods and goods for resale	**1,787**	1,399
	2,174	1,668

Stock written off in 2021 to the profit and loss account was £139,000 (2020 - £33,000)

13. Debtors

	2021 £000	2020 £000
Trade debtors	**19,532**	11,855
Amounts owed by group undertakings	**7,295**	4,475
Other debtors	**38**	185
Prepayments and accrued income	**126**	145
Tax recoverable	**1,522**	1,070
Financial instruments	**116**	-
	28,629	17,730

14. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**2,076**	4,144
	2,076	4,144

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**436**	302
Amounts owed to group undertakings	**9,332**	4,647
Corporation tax	**1,545**	1,037
Other taxation and social security	**1,236**	1,399
Other creditors	**38**	185
Accruals and deferred income	**2,051**	1,394
	14,638	8,964

16. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**167**	173
Charged to profit or loss	**234**	(6)
At end of year	**401**	167

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**304**	167
Gain on investment property	**97**	-
	401	167

17. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
4,000,000 (2020 - 4,000,000) Ordinary shares of £1.00 each	**4,000**	4,000

18. Reserves

Profit and loss account

The Profit and Loss account is represented by retained earnings. Changes in reserves are set out in the Statement of Changes in Equity.

19. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund in the period and amounted to £382,000 (2020 - £368,000). Contributions totaling £4,024 (2020 - £5,364) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	**83**	86
Later than 1 year and not later than 5 years	**-**	87
	83	173

21. Parent entity

The company is a wholly owned subsidiary of HUBER+SUHNER AG, a company incorporated in Switzerland, and its results are included in the consolidated financial statements of HUBER+SUHNER AG, which can be obtained from Tumbelenstrasse 20, CH-8330 Pfaffikon ZH, Switzerland.