

FINANCIAL REPORT
HALF-YEAR 2022



Consolidated Income Statement

in CHF millions	Note	Six months (unaudited) ended					
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		30.06.2022	30.06.2022	30.06.2022	30.06.2021	30.06.2021	30.06.2021
Net revenue	1	541.6	–	541.6	485.0	105.0	590.0
Cost of goods sold		–415.7	–	–415.7	–348.5	–83.8	–432.3
Gross profit		125.9	–	125.9	136.5	21.2	157.7
Research and development expenses		–18.2	–	–18.2	–12.9	–	–12.9
Marketing and selling expenses		–16.6	–	–16.6	–16.5	–9.3	–25.8
General and administrative expenses		–29.8	–	–29.8	–28.0	–1.9	–29.9
Other operating income		11.3	–	11.3	10.0	0.1	10.1
Other operating expenses		–0.1	–	–0.1	–0.3	–	–0.3
Operating result	1	72.5	–	72.5	88.8	10.1	98.9
Net finance result	5	2.6	–	2.6	–1.2	–0.0	–1.2
Earnings before tax (EBT)		75.1	–	75.1	87.6	10.1	97.7
Income tax expenses		–17.7	–	–17.7	–20.8	–2.4	–23.2
Net result		57.4	–	57.4	66.8	7.7	74.5
Net result per bearer share (in CHF)		3.38	–	3.38	3.93	0.45	4.38

There were no dilutive effects for the net result per bearer share in the first half-year of 2022 and 2021.

The accompanying notes on pages F05 to F08 are an integral part of these interim consolidated financial statements.

Consolidated Balance Sheet

Assets

in CHF millions	Note	30.06.2022 unaudited	31.12.2021	30.06.2021 unaudited
Cash and cash equivalents		93.0	219.6	137.6
Money market investments		–	60.0	–
Trade accounts receivable		250.0	169.7	203.0
Inventories		214.6	143.4	157.3
Other receivables		34.2	26.0	27.8
Prepayments made and accrued income		17.1	11.8	8.9
Current assets		608.9	630.5	534.6
Property, plant and equipment		614.9	550.6	559.4
Intangible assets		29.1	27.4	27.3
Deferred income tax assets		55.3	51.0	58.7
Miscellaneous financial assets		1.4	1.5	1.0
Non-current assets		700.7	630.5	646.4
Total assets	4	1'309.6	1'261.0	1'181.0

Liabilities and equity

in CHF millions	Note	30.06.2022 unaudited	31.12.2021	30.06.2021 unaudited
Trade accounts payable		95.5	68.3	74.8
Short-term bank debt		426.4	0.4	0.9
Current interest-bearing liabilities due to Pema Holding AG		145.0	–	52.0
Current provisions		15.0	12.4	17.7
Other current liabilities		45.8	26.4	48.9
Accrued expenses and deferred income		41.4	36.2	44.6
Current liabilities		769.1	143.7	238.9
Long-term bank debt		0.1	0.1	0.2
0.625% bond 2018–2024		150.0	150.0	150.0
Long-term provisions		6.5	6.5	9.6
Deferred income tax liabilities		9.8	9.5	9.8
Pension liabilities		2.9	2.8	2.7
Other long-term liabilities		1.4	0.1	0.1
Long-term liabilities		170.7	169.0	172.4
Total liabilities		939.8	312.7	411.3
Share capital		0.9	0.9	0.9
Treasury shares		–	–	–
Additional paid-in capital		205.1	205.1	205.1
Goodwill offset against equity		–838.5	–285.6	–355.6
Retained earnings		1'098.7	1'116.8	997.2
Cumulative translation adjustments		–96.4	–88.9	–77.9
Equity		369.8	948.3	769.7
Total liabilities and equity	4	1'309.6	1'261.0	1'181.0

The accompanying notes on pages F05 to F08 are an integral part of these interim consolidated financial statements.

Condensed Consolidated Cash Flow Statement

in CHF millions	Note	Six months ended	
		30.06.2022 unaudited	30.06.2021 unaudited
Net result		57.4	74.5
Non-cash items of income and expenses		53.1	49.0
Operating cash flow before changes in working capital		110.5	123.5
Changes in net working capital		-74.5	-44.9
Net cash flow from operating activities		36.0	78.6
Net purchases of property, plant and equipment and intangible assets		-48.6	-53.1
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	3	-661.3	-
Earn-out payments		-	-0.1
Net proceeds from sale of money market investments		60.0	-
Net purchases of other non-current assets		0.8	-0.1
Net cash used in investing activities		-649.1	-53.3
Net proceeds from bank debt	4	416.4	0.8
Net proceeds from/(repayment of) loan payable to Pema Holding AG	4	145.0	-3.0
Net increase/(decrease) in other long-term liabilities		1.4	-0.1
Purchase of treasury shares		-5.5	-3.9
Dividend paid to shareholders		-71.4	-54.4
Net cash provided by/(used in) financing activities		485.9	-60.6
Net change in cash and cash equivalents		-127.2	-35.3
Cash and cash equivalents at 1 January		219.6	169.5
Effect of exchange rate changes on cash and cash equivalents		0.6	3.4
Cash and cash equivalents at 30 June		93.0	137.6

The accompanying notes on pages F05 to F08 are an integral part of these interim consolidated financial statements.

Consolidated Statement of Changes in Equity

in CHF millions	Share capital ¹	Treasury shares ²	Additional paid-in capital	Goodwill offset against equity	Retained earnings	Cumulative translation adjustments	Total equity
At 1 January 2021	0.9	–	205.1	–355.4	978.7	–94.2	735.1
Net result	–	–	–	–	74.5	–	74.5
Dividends	–	–	–	–	–54.4	–	–54.4
Purchase of treasury shares	–	–3.9	–	–	–	–	–3.9
Share award plan (see note 6)	–	1.5	–	–	–	–	1.5
Long-term incentive plan (see note 6)	–	2.4	–	–	–1.6	–	0.8
Offset of goodwill from acquisitions	–	–	–	–0.2	–	–	–0.2
Currency translation differences	–	–	–	–	–	16.3	16.3
At 30 June 2021	0.9	–	205.1	–355.6	997.2	–77.9	769.7
Net result	–	–	–	–	119.5	–	119.5
Long-term incentive plan	–	–	–	–	0.1	–	0.1
Offset of goodwill from acquisitions	–	–	–	0.1	–	–	0.1
Goodwill charged to income on sale of subsidiaries (see note 2)	–	–	–	69.9	–	–	69.9
Cumulative translation adjustments charged to income on sale of subsidiaries foreign subsidiaries (see note 2)	–	–	–	–	–	5.4	5.4
Currency translation differences	–	–	–	–	–	–16.4	–16.4
At 1 January 2022	0.9	–	205.1	–285.6	1'116.8	–88.9	948.3
Net result	–	–	–	–	57.4	–	57.4
Dividends	–	–	–	–	–71.4	–	–71.4
Purchase of treasury shares	–	–5.5	–	–	–	–	–5.5
Share award plan (see note 6)	–	1.1	–	–	–	–	1.1
Long-term incentive plan (see note 6)	–	4.4	–	–	–4.1	–	0.3
Offset of goodwill from acquisitions (see note 3)	–	–	–	–552.9	–	–	–552.9
Currency translation differences	–	–	–	–	–	–7.5	–7.5
At 30 June 2022	0.9	–	205.1	–838.5	1'098.7	–96.4	369.8

¹ At 30 June 2022, the holding company's share capital was CHF 850'000 (30 June 2021 CHF 850'000).

² At 30 June 2022, the par value of treasury shares amounted to CHF 0 (30 June 2021 CHF 0).

The accompanying notes on pages F05 to F08 are an integral part of these interim consolidated financial statements.

Notes to the Consolidated Financial Statements

I / SEGMENT INFORMATION

in CHF millions					
	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Total Group
Six months ended 30 June 2022:					
Revenue from external customers	265.7	275.9	–	–	541.6
Inter-segment revenue	–	3.6	–	–3.6	–
Total net revenue	265.7	279.5	–	–3.6	541.6
Operating result	58.0	14.5	–	–	72.5
Operating result as % of net revenue	21.8%	5.2%	–	–	13.4%

in CHF millions					
	Healthcare Solutions	Industrial Solutions	Technical Components	Eliminations	Total Group
Six months ended 30 June 2021:					
Revenue from external customers	238.7	246.3	105.0	–	590.0
Inter-segment revenue	–	3.0	0.0	–3.0	–
Total net revenue	238.7	249.3	105.0	–3.0	590.0
Operating result	56.9	31.9	10.1	–	98.9
Operating result as % of net revenue	23.8%	12.8%	9.6%	–	16.8%

The Dätwyler Group is a focused industrial supplier organised into the two business areas Healthcare Solutions and Industrial Solutions, both with leading positions in global and regional market segments.

The result of the Group management functions is allocated to the two business areas Healthcare Solutions and Industrial Solutions using a revenue-based key. The business areas are managed independently and their business performance is measured separately.

The Business Area Healthcare Solutions offers system-critical components for containers and delivery systems for injectable drugs and diagnostics in the pharmaceutical and medical markets. The significant manufacturing and distribution companies are located in Belgium, Germany, Italy, the USA, India and China.

The Business Area Industrial Solutions manufactures customised system-critical components for applications in the Mobility, Connectors, General Industry and Food & Beverage markets. The significant manufacturing and distribution companies are located in Switzerland, Germany, Italy, the Czech Republic, China, South Korea, the USA, Brazil and Mexico.

The Technical Components division consisted of the electronic distributor Reichelt located in Germany until its sale at the end of September 2021.

2 / BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements (hereinafter referred to as the “interim consolidated financial statements”) comprise the unaudited interim financial statements for the six months ended 30 June 2022 (hereinafter referred to as “first half of 2022”). The consolidated financial statements are prepared in accordance with Swiss GAAP. The consolidated interim financial statements have been prepared in accordance with the rules of Swiss GAAP standard 31 relating to interim financial reporting. The interim consolidated financial statements do not include all the information and disclosures presented in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 22 August 2022.

The interim consolidated financial statements include all companies which belonged to the Group during the reporting period and over which Dätwyler Holding Inc. had the power to govern the financial and operating policies so as to obtain benefits from their activities. In the Dätwyler Group, this is achieved when more than 50% of a Group company’s share capital or voting rights is unconditionally owned directly or indirectly by Dätwyler Holding Inc. domiciled in Altdorf (Switzerland).

Discontinued operations as presented in the consolidated income statement include all Reichelt subsidiaries, which were sold at the end of September 2021.

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management’s best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The operations of the Dätwyler Group are not subject to significant seasonal variations.

3 / ACQUISITION OF SUBSIDIARIES

At the beginning of March 2022, Yantai Xinhui Packing Co. Ltd. in Yantai (Shandong), China, were fully acquired by the Healthcare Solutions business area. Between March and the end of June 2022 the acquired companies employed an average of 200 people and generated net revenue of CHF 5.4 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

<u>in CHF millions</u>	<u>Fair value on acquisition</u>
Cash and cash equivalents	0.5
Trade accounts receivable	3.1
Inventories	2.6
Other current assets	0.7
Property, plant and equipment	20.1
Other non-current assets	0.1
Current liabilities	-14.5
Net assets acquired at fair value	12.6
Goodwill including directly attributable transaction costs	46.3
Total	58.9
Less cash and cash equivalents acquired	-0.5
Net cash outflow on acquisition	58.4

In May 2022, QSR headquartered in Twinsburg (OH), USA, was fully acquired by the Industrial Solutions business area. Between May and the end of June 2022 the acquired companies employed an average of 1'680 people and generated net revenue of CHF 28.7 million. The following table shows the fair value of assets and liabilities acquired at acquisition date and the goodwill arising from this transaction.

in CHF millions	Fair value on acquisition
Cash and cash equivalents	5.5
Trade accounts receivable	41.6
Inventories	37.3
Other current assets	5.5
Property, plant and equipment	37.5
Other non-current assets	2.4
Current liabilities	-27.4
Long-term liabilities	-0.6
Net assets acquired at fair value	101.8
Goodwill including directly attributable transaction costs	506.6
Total	608.4
Less cash and cash equivalents acquired	-5.5
Net cash outflow on acquisition	602.9

4 / BALANCE SHEET

Total assets increased by CHF 48.6 million or 3.9% compared to year-end 2021, including the effects of acquisitions. Cash and cash equivalents of the Group amounted to CHF 93.0 million at the end of June 2022. Compared to year-end 2021 and including money market investments, a decrease of CHF 186.6 million resulted, which is mainly attributable to the acquisition of subsidiaries, see note 3, and the dividend payment. Primarily as a result of the bridge financing of the QSR acquisition, short-term bank debt rose to CHF 426.4 million. In addition, a loan of CHF 145.0 million was granted by Pema Holding AG. The offset of goodwill from acquisitions of CHF 552.9 million was the main reason for the decrease of consolidated equity of CHF 578.5 million to an ending balance of CHF 369.8 million, representing an equity ratio of 28.2% (end of 2021 75.2%).

5 / INCOME STATEMENT

Compared with the first half of 2021, personnel expenses increased by CHF 11.5 million to CHF 178.7 million. Compared to 30 June 2021, the number of employees including temporary staff increased by 1'706 to 8'802 at 30 June 2022, mainly influenced by newly acquired companies, see note 3. Depreciation and amortisation amounted to CHF 37.4 million (first half of 2021 CHF 32.5 million).

Net finance income of CHF 2.6 million (first half of 2021 expenses of CHF 1.2 million) includes net foreign exchange gains of CHF 1.6 million (first half of 2021 gains of CHF 5.4 million) and net gains on derivative financial instruments of CHF 2.8 million (first half of 2021 losses of CHF 5.7 million). Net interest expense amounted to CHF 1.2 million in the first half of 2022 (first half of 2021 CHF 0.5 million).

6 / SHARE AWARD PLAN AND LONG-TERM INCENTIVE PLAN

Since 2007, Directors and senior executives have received a portion of their remuneration in the form of bearer shares of Dätwyler Holding Inc.

The share award plan was introduced in 2007 and since 2019 only directors have participated in this plan. The award of shares is based on a fixed monetary amount. The number of shares to be awarded, representing the fixed monetary amount, is determined based on current market value. Share-based payments under the share award plan are recognised as personnel expenses in full at issue date, because the voting and dividend rights of shares awarded are transferred to the beneficiaries at issue date. The shares awarded under the share award plan may not be sold for a period of five years after issue date. In June 2022, directors were awarded a total of 4'736 (June 2021 4'879) bearer shares of Dätwyler Holding Inc., which were purchased for this purpose from the related party Pema Holding AG at market prices. Personnel expenses relating to the share award plan amounted to CHF 1.1 million (first half of 2021 CHF 1.5 million), without impact on additional paid-in capital (first half of 2021 no impact on additional paid-in capital).

Since 2018, a long-term incentive plan has been in place for senior executives, granting the participants a conditional right to receive bearer shares of Dätwyler Holding Inc. subject to fulfilment of certain conditions after completion of a three-year vesting period. Participants leaving the company before completion of the three-year vesting period usually will forfeit the right to receive shares. The number of shares to be received after completion of the vesting period is dependent on the share price performance as well as on achieving three performance targets in comparison with a peer group of companies. Personnel expenses for the long-term incentive plan attributable to the first half of 2022 amounted to CHF 0.7 million (first half of 2021 CHF 0.8 million). Under this plan, shares were awarded in April 2022, when 14'416 (April 2021 8'356) bearer shares of Dätwyler Holding Inc. were purchased for this purpose from the related party Pema Holding AG at market prices and distributed to the participants of the long-term incentive plan.

7 / EVENTS AFTER THE BALANCE SHEET DATE

On 15 June 2022, a 2.1% CHF 240.0 million bond was placed with a five-year term and annual interest payments starting on 13 July 2023. The new bond was paid up on 13 July 2022 at an issue price of 100.035%. On 26 July 2022, the Board of Directors of Dätwyler Holding Inc. decided to shut down the operations at the plant in Malyn, Ukraine, resulting in the termination for most employees. The assets of the subsidiary were written down at 30 June 2022 and no significant additional costs are expected. The Board of Directors and the Executive Management are not aware of any other significant events occurring up to the date of approval of the interim consolidated financial statements on 22 August 2022 that would cause an adjustment of the carrying amounts of the Group's assets and liabilities.

8 / CURRENCY TRANSLATION RATES

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Closing rate at 30.06.	Average rate first half-year	Closing rate at 30.06.	Average rate first half-year
100 CNY	14.24	14.57	14.24	14.01
1 EUR	1.00	1.03	1.10	1.09
1 USD	0.95	0.94	0.92	0.91

Alternative Performance Measures (APM)

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

in CHF millions	Datwyler Group	Six months ended		Continuing operations	Continuing operations
		Datwyler Group	Continuing operations		
	30.06.2022 unaudited	30.06.2021 unaudited	30.06.2022 unaudited	30.06.2021 unaudited	30.06.2021 unaudited
Net revenue	541.6	590.0	541.6	485.0	485.0
Operating result (EBIT)	72.5	98.9	72.5	88.8	88.8
EBIT margin	13.4%	16.8%	13.4%	18.3%	18.3%
Depreciation and amortization	37.4	32.5	37.4	31.9	31.9
EBITDA	109.9	131.4	109.9	120.7	120.7
EBITDA margin	20.3%	22.3%	20.3%	24.9%	24.9%

RETURN ON CAPITAL EMPLOYED (ROCE)

ROCE is calculated by dividing the operating result (EBIT) of the last twelve months (= LTM) by the average capital employed of the same period. The following table illustrates the ROCE calculation:

in CHF millions	Datwyler Group	Six months ended		Continuing operations	Continuing operations
		Datwyler Group	Continuing operations		
	30.06.2022 unaudited	30.06.2021 unaudited	30.06.2022 unaudited	30.06.2021 unaudited	30.06.2021 unaudited
EBIT (LTM = last twelve months) before gain on sale of subsidiaries	149.4	182.4	144.1	161.8	161.8
Average capital employed	804.9	723.3	791.9	686.2	686.2
Return on capital employed (ROCE)	18.6%	25.2%	18.2%	23.6%	23.6%

AVERAGE CAPITAL EMPLOYED (CE)

Average capital employed according to Datwyler's definition is calculated using the average of trade accounts receivable, inventories, property, plant and equipment excluding assets under construction, intangible assets less trade accounts payable. Averages are calculated using the balance sheet amounts per 30 June, 31 December of the prior year and 30 June of the prior year divided by 3 as illustrated on the following table:

in CHF millions	30.06.2022	31.12.2021	30.06.2021	31.12.2020	30.06.2020
	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group	Datwyler Group
Trade accounts receivable	250.0	169.7	203.0	167.8	157.7
Inventories	214.6	143.4	157.3	123.5	132.1
Property, plant and equipment excluding assets under construction	507.3	461.1	463.0	448.0	429.7
Intangible assets	29.1	27.4	27.3	25.3	25.0
Trade accounts payable	-95.5	-68.3	-74.8	-59.8	-55.2
Capital employed (CE)	905.5	733.3	775.8	704.8	689.3
Average capital employed	804.9		723.3		

CAPITAL EXPENDITURES

Capital expenditures represent the additions made to property, plant and equipment and intangible assets. Please note that net purchases of property, plant and equipment as reported in the cash flow statement equal capital expenditures based on cash payments, less cash received on disposal of fixed and intangible assets.

in CHF millions	Six months ended	
	Dätwyler Group	Dätwyler Group
	30.06.2022 unaudited	30.06.2021 unaudited
Capital expenditures in property, plant and equipment	43.9	50.8
Capital expenditures in intangible assets	4.0	4.0
Total capital expenditures	47.9	54.8

FREE CASH FLOW AND CHANGE IN CASH AND CASH EQUIVALENTS

Free cash flow equals cash flow from operating activities less cash used in investing activities as presented in the cash flow statement.

in CHF millions	Six months ended	
	Dätwyler Group	Dätwyler Group
	30.06.2022 unaudited	30.06.2021 unaudited
Cash flow from operating activities	36.0	78.6
Net cash used in investing activities	-649.1	-53.3
Free cash flow	-613.1	25.3
Net cash provided by financing activities	485.9	-60.6
Net change in cash and cash equivalents	-127.2	-35.3



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