

Third Quarterly Statement

for the period from 1 October 2021 to 30 June 2022



Earnings Development in T€	01.10.2021- 30.06.2022	01.10.2020- 30.06.2021	+/- %
Revenue	95,141	84,932	12.0
Gross profit	58,809	54,800	7.3
Operating result/EBIT	7,214	7,162	0.7
Earnings before tax/EBT	6,138	6,395	-4.0
Consolidated profit for the year	4,736	4,849	-2.3
Earnings per share in €	0.77	0.79	-2.5
Number of shares	6,062,930	6,062,930	0.0

Statement of Financial Position in T€	30.06.2022	30.09.2021	+/- %
Non-current assets	123,564	120,350	2.7
Current assets	87,090	81,605	6.7
Equity	120,022	111,122	8.0
Non-current liabilities	57,401	64,131	-10.5
Current liabilities	33,232	27,652	20.2
Total assets	210,654	202,905	3.8
Equity ratio as a %	57.0	54.8	4.0

Liquidity Development in T€	01.10.2021- 30.06.2022	01.10.2020- 30.06.2021	+/- %
Cash generated from operations	3,170	6,278	-49.5
Cash flow from operating activities	-1,561	1,917	-181.4
Cash flow from investing activities	-5,494	-18,005	69.5
Cash flow from financing activities	1,092	1,617	-32.5
Change in cash and cash equivalents	-5,743	-14,486	60.4

Staff	01.10.2021- 30.06.2022	01.10.2020- 30.06.2021	+/- %
Average member	658	653	0.8

Market Development

The upswing in the global economy has slackened in the light of new negative developments. Given the Russian attack on Ukraine, high inflation rates and rising interest rates, economic conditions have worsened.

After the economic upturn in the second half of 2021, the recovery lost considerable momentum at the beginning of 2022. The key factors were first the renewed adverse effects of the pandemic, followed by Russia's attack on Ukraine, both of which led to an increase in already existing supply bottlenecks and further fuelled the high inflation rates. The Kiel Institute for the World Economy indicates an increase in global production of only 0.6% in the first quarter of 2022, which is less than the average for the years before the coronavirus crisis.

Course of Business

Sales revenues generated by the Hönle Group rose by 12% to T€ 95,141 in the first nine months of financial year 2021/2022 compared with the prior-year period. While revenues in the Adhesives segment picked up slightly (1.1%), those recorded in the Equipment & Systems and in the Glass & Lamps segments saw a significant rise of 16.8% and 12.6%, respectively.

The earnings development lagged behind planning in the third quarter, in particular in June, and the situation on the procurement markets as well as higher energy prices had a significant negative impact on the quarterly result which was additionally impaired by one-off effects associated with the personnel changes implemented at the management level of Dr. Hönle AG. The operating result (EBIT) amounted to T€ -449 in the third quarter of the year.

In the 9-month period, the operating result (EBIT) increased slightly from T€ 7,162 in the previous year to T€ 7,214 in the year under review.

Business Development by Segments

At T€ 20,661, revenues generated in the Adhesives Segment in the first nine months of financial year 2021/2022 were slightly above the figure of T€ 20,432 recorded in the previous year. Since the production sites of many customers are located in China, this sales territory is of great significance for the Hönle Group. Coronavirus-related restrictions hampered sales activities in that area until recently, in some cases even considerably. In particular, it was not possible to acquire new customers in China as planned. Moreover, the realisation of several adhesives projects in different sales regions was delayed.

The segment's operating result came to T€ 2,776, which is below the prior year's figure of T€ 4,053. The main reason for the lower result for the period was higher personnel expenses in connection with the expansion of the workforce. In the course of the planned sales growth, manpower was further increased in the development, application technology and sales areas.

Business developed favourably in the Equipment & Systems segment. While the previous year was still marked by the reluctance to invest, particularly in the printing press industry, the economic upswing made itself felt in almost all product areas and sales markets in the current financial year.

Revenues climbed from T€ 44,033 in the prior year to T€ 51,428 in the current financial year.

One major growth driver was the printing industry. The Hönle Group produced significantly more UV drying systems for printing press manufacturers than a year ago. Series equipment manufacturing also benefited from the economic recovery, selling significantly more UV drying systems for industrial adhesives. This equipment is used primarily in electronics manufacturing. Another business area also developed positively: Although the pandemic situation eased off, sales of air disinfection equipment increased year-on-year. The main customers were social institutions such as schools and retirement homes, but many companies also equipped their offices with air disinfection equipment.

Despite temporarily significantly lower gross profit margins, the segment's operating result improved significantly from T€ 1,872 in the prior year to T€ 4,345 in the current financial year. A large part of the implemented or planned price adjustments will take effect in the next few months.

Sales revenues also increased in the Glass & Lamps segment, climbing from T€ 20,467 in the prior year period to T€ 23,052 in the financial year under review. As in the previous year, sales revenues generated by uv-technik

Speziallampen GmbH continued to rise in the reporting year. Raesch Quarz (Germany) GmbH also succeeded in increasing its sales revenues, which were clearly above the previous year's period in the semiconductor market, in particular. The high energy prices had a noticeable impact on earnings. The further significant rise in energy prices in the wake of the Russia-Ukraine war had a considerable adverse impact on Raesch Quarz (Germany) GmbH's result for the period.

Overall, the operating result of the Glass & Lamps segment dropped from T€ 1,236 achieved in the first nine months of the previous year to T€ 93 in the current financial year due to higher energy prices.

Results of Operations

The Höhle Group's sales revenues in the nine-month period amounted to T€ 95,141, a 12.0% increase compared to the prior year period.

The earnings development in the third quarter was significantly worse than planned. The situation on the procurement markets and the rise in energy prices temporarily had a substantial negative impact on earnings. The cost of materials ratio rose from 41.1% in the previous year to 48.3% in the reporting year.

In the nine-month period, it advanced from 38.3% to 45.2%. Gross profit increased by 7.3% to T€ 58,809 in the nine months under consideration. Personnel expenses were up 11.7% to T€ 32,591. They include one-off factors that mainly relate to the personnel changes implemented at the management level of Dr. Höhle AG and which led to a T€ 1,300 rise in personnel expenses in the third quarter. The personnel expense ratio stood at 32.0% (PY: 33.4%) after the first nine months of the financial year. The ratio of other operating expenses improved slightly from 13.9% in the previous year to 13.3% in the current financial year.

The operating result (EBIT) came to T€ 7,214 in the period from 1 October 2021 to 30 June 2022, which is 0.7% higher than the previous year's figure and corresponds to an EBIT margin of 7.1% (PY: 8.2%). The pre-tax result (EBT) came to T€ 6,138 (PY: T€ 6,395). Consolidated profit after income taxes amounted to T€ 4,736, corresponding to a decline of 2.3%. Earnings per share decreased marginally from € 0,79 to € 0,77. Net profit on sales thus stood at 5.0% (PY: 5.7%).

Earnings Development	01.10.2021-	01.10.2020-	
in T€	30.06.2022	30.06.2021	+/- %
Revenue	95,141	84,932	12.0
Gross profit	58,809	54,800	7.3
Operating result (EBIT)	7,214	7,162	0.7
Earnings before tax (EBT)	6,138	6,395	-4.0
Consolidated profit for the year	4,736	4,849	-2.3
Earnings per share in €	0.77	0.79	-2.5
Number of shares	6,062,930	6,062,930	0.0

Financial Position

The T€ 9,208 increase in inventories and the payment of income taxes in the amount of T€ 3,740 played a main role in the negative cash flow from operating activities of T€ -1,561 (PY: T€ 1,917) reported in the nine-month period. The increase in the inventory balance is mainly due to the rise in stock in connection with the SteriWhite Air product line.

At T€ 5,494, capital expenditure was clearly below the previous year's level of T€ 18,005. While the prior year was still characterised by the substantial payments made for the new corporate premises, these expenses declined perceptibly in the current financial year. In addition, the cash flow from investing activities included capital equipment spending on systems and business equipment at Dr. Höhle AG, Panacol-Elosol GmbH, Raesch Quarz (Germany) GmbH and other entities.

The cash flow from financing activities, which amounted to T€ 1,092 (PY: T€ 1,617) is primarily due to bank borrowings, the repayment of loans and bank liabilities as well as the payment of lease liabilities. In addition, dividend payments were made in the amount of T€ 1,212 (PY: T€ 4,800).

Overall, cash and cash equivalents declined by T€ 5,743 (PY: T€ -14,486) in the first nine months of the current financial year.

Liquidity Development	01.10.2021-	01.10.2020-	
in T€	30.06.2022	30.06.2021	+/- %
Cash generated from operations	3,170	6,278	-49.5
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Cash flow from investing activities	-5,494	-18,005	69.5
Cash flow from financing activities	1,092	1,617	-32.5
Change in cash and cash equivalents	-5,743	-14,486	60.4

Net Assets

On the assets side of the statement of financial position, property, plant and equipment came to T€ 89,395 (PY: T€ 87,801) as at 30 June 2022. In this context, capital expenditure on plant and machinery led to a rise in property, plant and equipment. Inventories stood at T€ 56,118 as at 30 June 2022. The production of UVC air disinfection systems at Dr. Höhle AG largely led to a T€ 9,393 rise in inventories.

The inventory build-up played a major role in the reduction of cash and cash equivalents from T€ 12,073 to T€ 6,331.

Revenue reserves reported under equity capital rose by T€ 8,813 to T€ 71,495 on the liabilities side of the statement of financial position. The equity ratio rose to 57.0% (PY: 54.8%). Non-current loans came to T€ 43,382 and current bank liabilities stood at T€ 9,738. At the end of the previous financial year, the corresponding figures amounted to T€ 45,520 and T€ 3,890, respectively.

Statement of Financial Position

in T€	30.06.2022	30.09.2021	+/- %
Non-current assets	123,564	120,350	2.7
Current assets	87,090	81,605	6.7
Equity	120,022	111,122	8.0
Non-current liabilities	57,401	64,131	-10.5
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Total assets	210,654	202,905	3.8
Equity ratio as a %	57.0	54.8	4.0

Outlook

Overall Market

Russia's attack on Ukraine as well as a mix of high inflation rates and rising interest rates have worsened the general economic conditions. In July 2022 the International Monetary Fund reduced its growth forecasts for the global economy, and a further downward adjustment is likely.

The economy in the eurozone is in a phase of stagflation. If Russia were to discontinue gas supplies, this would lead to the threat of recession in the eurozone. The economic situation in the USA is suffering from consumer restraint, signs of a slowdown in economic growth have also increased perceptibly in recent months. In China, the economy continues to suffer from the government's strict zero-Covid policy. However, a package of measures to stimulate the economy and the lifting of the lockdown in Shanghai should have a positive impact.

Overall, the risks of a global recession have increased, accompanied by political risks and an even tighter monetary policy providing additional headwinds for the global economy. Forecasts for economic growth in 2022 were reduced by the International Monetary Fund to 3.2% most recently.

Outlook for the Höhle Group

Business development in the third quarter and, in particular, in June 2022 was significantly worse than planned. The situation on the procurement markets and the sharp rise in energy prices temporarily had a significant negative impact on the Höhle Group's earnings. Moreover, one-off effects, mainly associated with the personnel changes implemented at the management level of Dr. Höhle AG, had an adverse impact on the result.

The Management Board does not anticipate any easing on the procurement markets for the fourth quarter of the reporting year, and also expects a further increase in energy prices. Energy prices are significantly influenced by the Russia-Ukraine war and supply reliability of the Nord Stream 1 gas pipeline.

This development has a particularly strong impact on the earnings strength of Raesch Quarz (Germany) GmbH. The Management Board therefore expects a significant negative impact on earnings at that company. The situation on the procurement markets is also expected to temporarily weigh on gross profit margins in the fourth quarter and result in the postponement of orders.

Moreover, the Höhle Group expects large-scale orders in the Adhesives segment, which will probably be postponed to the next financial year.

In the release dated 22 July 2022, the Management Board thus adjusted the revenue forecast from previously € 130 million to 140 million to now € 125 million to € 130 million (PY: € 115 million) and the forecast for the operating result (EBIT) from previously € 14 million to € 17 million to now € 9 million to € 11 million (PY: € 0.3 million) for the Höhle Group in financial year 2021/2022.

The Höhle Group's high order backlog and a large number of ongoing customer projects represent a good starting point for the new financial year. The strains on margins in the current financial year are expected to be offset in financial year 2022/2023 as a result of already implemented or planned sales price adjustments. Assuming economic conditions remain unchanged, sales and earnings are therefore expected to rise in financial year 2022/2023.

Adhesives Segment

Sales revenues earned in the Adhesives segment in the year under review were roughly on a par with the previous year. The existing travel restrictions in China had an inhibiting effect on sales revenues. The situation has been normalising in this region in recent weeks. With respect to financial year 2022/2023, the high-volume adhesives projects are expected to realise, which is of great importance for the Company's further development.

Due to the large number of high-potential adhesives projects, the Management Board anticipates strong business development over the medium to long term. An additional managing director, responsible for international adhesives sales, is to further develop the sales territories in China and the USA in particular. For the planned increase in sales, both the spatial capacities and the number of application laboratories were extended and personnel capacities required for the areas of development and sales are also to be expanded in the relevant target markets.

Equipment & Systems Segment

Höhle is experiencing strong demand for UV-based drying solutions for adhesives. The adhesives predominantly are used in the electronics industry. Increasing requirements placed on product quality as well as high cycle times make the use of fast-curing adhesives indispensable in electronics manufacturing. UV dryers enable reliable adhesives drying and thus the immediate further processing of the products. Medical technology is another important sales market for UV drying equipment where very high demands are placed on the quality of the bonded components. Both the order intake in the current financial year and the order

backlog as at 30 June 2022 are significantly higher than in the previous year respecting UV systems for adhesive drying.

Order intake and order backlog concerning drying systems for the printing and coating market are also up on the previous year. In addition, a new product line for the printing industry is expected to contribute significantly to the planned sales growth from the new financial year onwards.

Despite the temporary subsidy programs for air purifiers in schools and daycare centres, to date, Hönle has sold fewer systems than initially assumed. The further development of sales in this segment largely depends on the further course of the pandemic and the willingness of potential customers to invest in this technology. The life science segment, and UV-based disinfection, in particular, is an important field of business, offering great potential for the Hönle Group's future development. In addition to air disinfection, this also includes the chemical-free disinfection of surfaces in the food industry and the environmentally friendly disinfection of drinking water, as well as industrial, ballast and waste water.

In all, given favourable order books and the large number of customer projects, good business development is expected in the next financial year in the Equipment & Systems segment.

Glass & Lamps Segment

The high demand for UV lamps in the area of air and water disinfection contributed to the good development of revenues at uv-technik Speziallampen GmbH. The prospects in the disinfection and drying business areas are also extremely good due to the high order backlog and the large number of ongoing customer projects. Good business development in the UV lamps segment is therefore also expected in the future.

A strong quartz glass market, a high order backlog and the fact that all quartz glass melting furnaces are in operation and producing glass with low scrap rates will lead to a continuous increase in sales in the coming quarters.

The earnings development at Raesch Quarz (Germany) GmbH will largely depend on the development of electricity prices. The Board of Management expects that the development of electricity prices will continue to weigh heavily on this company's earnings. With the Energy Cost Reduction Programme (EKDP), the German government launched the announced program for energy price subsidies for energy-intensive companies, which are heavily burdened due to significantly increased energy costs, on 15 July. Part of the natural gas and electricity costs from February to September 2022 will be subsidised. Under this programme, Raesch Quarz (Germany) GmbH is expected to be reimbursed for part of its increased energy costs.

Consolidated Income Statement

for the period from 1 October 2021 to 30 June 2022

in T€	01.04.2022- 30.06.2022	01.10.2021- 30.06.2022	01.04.2021- 30.06.2021	01.10.2020- 30.06.2021
Revenue	28,901	95,141	27,327	84,932
Changes in inventories of finished goods and work in progress	3,643	6,394	1,531	2,416
Other work performed by entity and capitalised	270	318	9	43
Other operating income	477	3,003	122	919
Cost of purchased materials and services	15,859	46,046	11,859	33,510
Personnel expenses	11,422	32,591	10,136	29,171
Depreciation and amortisation of property, plant and equipment and intangible assets	1,353	4,067	1,260	3,538
Amortisation of rights of use IFRS 16	444	1,352	795	2,816
Other operating expenses	4,632	13,543	4,455	12,153
Impairment pursuant to IFRS 9	31	41	55	-39
Operating result/EBIT	-449	7,214	429	7,162
Profit/loss from investments accounted for at equity	0	0	18	18
Financial income	8	20	8	49
Financial expenses	373	1,097	346	834
Financial result	-365	-1,077	-321	-767
Earnings before tax and non-controlling interests/EBT	-814	6,138	108	6,395
Income taxes	-116	1,402	-188	1,546
Consolidated profit	-698	4,736	296	4,849
Share of earnings attributable to non-controlling interests	26	88	167	72
Share of earnings attributable to Dr. Hönle AG shareholders	-724	4,648	129	4,777
Earnings per share (basic) in €		0.77		0.79
Earnings per share (diluted) in €		0.77		0.79
Average number of shares in circulation (basic)		6,061,854		6,061,854
Average number of shares in circulation (diluted)		6,061,854		6,061,854

Consolidated Statement of Financial Position

as at 30 June 2022

in T€	30.06.2022	30.09.2021
ASSETS		
NON-CURRENT ASSETS		
Goodwill	21,119	21,119
Intangible assets	2,400	2,889
Property, plant and equipment	89,395	87,801
Investment property	1,063	1,093
Investments accounted for using the equity method	290	282
Financial assets	26	26
Other non-current assets	4,590	2,272
Deferred tax assets	4,681	4,870
Total non-current assets	123,564	120,350
CURRENT ASSETS		
Inventories	56,118	46,725
Trade accounts receivable	18,719	17,057
Receivables from companies in which an equity interest is held	130	98
Finance lease receivables	91	112
Other current assets	2,527	3,228
Tax refund claims	3,174	2,311
Cash and cash equivalents	6,331	12,073
Total current assets	87,090	81,605
Non-current assets held for sale	0	950
TOTAL ASSETS	210,654	202,905
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	6,063	6,063
Own shares	-8	-8
Capital reserves	41,979	41,979
Retained earnings	71,495	62,683
Equity attributable to Dr. Höhle AG shareholders	119,528	110,716
Non-controlling interests	493	406
Total equity	120,022	111,122
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	43,382	45,520
Non-current finance lease liabilities	2,123	2,548
Other non-current liabilities	1,872	6,667
Pension provisions	8,707	8,603
Accrued public investment grants	119	137
Deferred income tax liabilities	1,197	656
Total non-current liabilities	57,401	64,131
CURRENT LIABILITIES		
Trade accounts payable	10,168	9,431
Liabilities to companies in which an equity investment is held	1	-23
Contract liabilities	2,659	3,106
Current liabilities from finance lease	1,412	1,588
Current liabilities to banks and current portion of non-current loans	9,738	3,890
Other current liabilities	6,464	6,645
Other provisions	703	663
Income tax liabilities	2,087	2,352
Current liabilities, total	33,232	27,652
TOTAL EQUITY AND LIABILITIES	210,654	202,905

Statement of Consolidated Cash Flows

for the period from 1 October 2021 to 30 June 2022

in T€	01.10.2021- 30.06.2022	01.10.2020- 30.06.2021
Cash flow from operating activities		
Consolidated profit before non-controlling interests and taxes	6,138	6,395
Adjustments for:		
Depreciation of intangible assets, property, plant and equipment and investment property	5,419	6,354
Gains/losses from disposal of intangible assets, property, plant and equipment and investment property	15	186
Financial income	-20	-67
Financial expenses	1,097	834
Other non-cash expenses and income	-325	118
Operating result before changes to net current assets	12,324	13,820
Increase/decrease in provisions	60	261
Increase/decrease in trade accounts receivables	-1,674	-42
Increase/decrease in receivables from companies in which an equity investment is held	-31	17
Increase/decrease in assets held for sale	950	0
Increase/decrease in other assets	721	271
Increase/decrease in reinsurance	-154	-136
Increase/decrease in inventories	-9,208	-9,556
Increase/decrease in trade accounts payable	803	185
Increase/decrease in liabilities to companies in which an equity investment is held	23	33
Increase/decrease in contract liabilities	-447	159
Increase/decrease in other liabilities	-197	1,264
Cash generated from operations	3,170	6,278
Interest paid	-991	-758
Income taxes paid	-3,740	-3,603
Cash flow from operating activities	-1,561	1,917
Cash flow from investing activities		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	63	136
Acquisition of subsidiaries less acquired net cash	0	-6,222
Payments for the acquisition of property, plant and equipment and intangible assets	-5,642	-12,033
Change in financial assets	0	1
Payments received from non-current receivables	365	166
Payments for non-current receivables	-300	-100
Interest received	19	47
Cash flow from investing activities	-5,494	-18,005
Cash flow from financing activities		
Payments received from loans and liabilities to banks	6,296	11,594
Payments for loans and liabilities to banks	-2,603	-2,436
Payments for the repayment portion of leasing liabilities	-1,389	-2,857
Payments received from liabilities to non-controlling shareholders	0	0
Equity contributions by minority shareholders	0	116
Payments on dividends	-1,212	-4,800
Cash flow from financing activities	1,092	1,617
Currency-related change in cash and cash equivalents	222	-15
Net change in cash and cash equivalents	-5,743	-14,486
Cash and cash equivalents at the beginning of the reporting period	12,073	34,175
Cash and cash equivalents at the end of the reporting period	6,331	19,688

Financial Calendar of Dr. Hönle AG

5 August 2022

Present 3rd Quarterly Statement 2021/2022

15 November 2022

MKK Munich Capital Market Conference (GBC), Munich

Note

For reasons of better readability, the masculine form is often used for personal designations and personal words. The shortened form of language is for editorial reasons only and does not include any rating. Corresponding terms refer to all genders (male, female, diverse) in the sense of equal treatment.

The consolidated interim financial statements are unaudited.

The management report contains statements and information provided by Dr. Hönle AG that relate to future periods. The forward-looking statements represent assessments that were made on the basis of information available at the time when this report was prepared. Should the assumptions underlying the forecasts prove to be incorrect or should risks, such as those mentioned in the risk report, materialise, actual developments and results may deviate from current expectations. The Company assumes no obligation to update the statements contained in this management report, with the exception of publishing such updates as required by statutory provisions.

The figures and percentages contained in this report may be subject to rounding difference.



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