

First Quarterly Statement

for the period from 1 October 2022 to 31 December 2022



Earnings Development in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	+/- %
Revenue	27,618	30,727	-10.1
Gross profit	17,233	19,924	-13.5
Operating result/EBIT	2,348	4,849	-51.6
Earning before tax/EBT	2,028	4,553	-55.5
Consolidated net income from continued operations	1,597	3,419	-53.3
Result from discontinued operations	327	-221	248.0
Consolidated profit for the year	1,924	3,198	-39.8
Earnings per share in €	0.32	0.53	-39.6
Number of shares	6,062,930	6,062,930	0.0

Statement of Financial Position

in T€	31.12.2022	30.09.2022	+/- %
Non-current assets	112,760	114,810	-1.8
Current assets	75,139	80,652	-6.8
Equity	108,778	107,239	1.4
Non-current liabilities	36,588	37,202	-1.7
Current liabilities	42,533	51,021	-16.6
Total assets	187,899	195,462	-3.9
Equity ratio as a %	57.9	54.9	5.5

Liquidity Development (continuing and discontinued operations)

in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	+/- %
Cash generated from operations	4,471	-5,140	187.0
Cash flow from operating activities	2,627	-6,591	139.9
Cash flow from investing activities	932	792	17.7
Cash flow from financing activities	-3,144	803	-491.5
Change in cash and cash equivalents	408	-4,934	108.3

Staff	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	+/- %
Average number of employees	636	657	-3.2

Market Development

The global economy weakened in general over the course of 2022 under the impact of the Russian attack on Ukraine, volatile energy prices and fears about supply. Monetary policy, which was tightened extremely quickly in view of high inflationary pressure across the board and led to sharply rising interest rates, is also having an increasing braking effect. The general economic conditions have deteriorated as a result. Production continued to rise well into the autumn, with the first positive impetus coming from the easing of supply bottlenecks in some places. Towards the end of the year, economic momentum has increasingly weakened. The large advanced economies in particular are currently in a phase of weak economic activity, despite considerable fiscal support measures. In Germany, the economy is in stagflation.

Course of Business

At T€ 27,618, the Hönlle Group's sales in the first three months of the 2022/2023 financial year were 10.1% below the previous year's figure. In particular, sales of air disinfection devices fell from € 5.2 million in the previous year to € 0.7 million in the reporting year as the pandemic situation eased. However, sales in the adhesives segment increased. The sales development in France and the USA was encouraging. As a result of the sale and deconsolidation of Raesch Quarz (Germany) GmbH, this quarterly statement is based on continued operations. Sales including discontinued operations amounted to T€ 30,609 (previous year: T€ 33,418).

The operating result (EBIT) for the period from October 2022 to December 2022 was T€ 2,348, down on the previous year at T€ 4,849. It should be noted here that the operating result for the previous year includes a one-time effect from the sale of the company building of the former Aladin GmbH in Rott am Inn in the amount of T€ 1,825. The operating result including discontinued operations amounted to T€ 2,677 (previous year: T€ 4,526).

Business development by Segments

Sales in the adhesives segment increased in the first quarter from T€ 6,513 in the previous year to T€ 7,316 in the year under review. Both the French and the US sales company were able to increase sales in their sales markets. The sales of the largest individual company in the Adhesives segment in the first quarter were at the level of the previous year and thus below the expectations of the Management Board. The increase in personnel together with a changed product mix contributed to the fact that the operating result in the adhesives segment in the first quarter of T€ 650 was below the same period of the previous year of T€ 740.

In the Devices & Systems segment, the significant drop in sales of air disinfection systems was noticeable. The sales of the previous year amounted to T€ 19,389 and included sales in the field of air sterilization in the amount of € 5.2 million. In the first quarter of this fiscal year, sales were T€ 16,041; they included sales of air disinfection systems in the amount of € 0.7 million.

Adjusted for the air disinfection business area, sales increased. The main growth driver was the medical technology sector.

The operating result for the segment was T€ 1,189 in the first three months of the 2022/2023 financial year. The operating result of the previous year of T€ 3,443 included other operating income from the sale of a property amounting to T€ 1,825 and significant earnings contributions from the sale of the air disinfection systems.

Sales generated from continuing operations in the Glass & Lamps segment amounted to T€ 4,262. They were therefore below the previous year's figure of T€ 4,825. Raesch Quarz (Germany) GmbH was sold on December 1st, 2022 due to poor business prospects. As expected, uv-technik Speziallampen GmbH had a somewhat weaker start to the new financial year due to the postponement of orders.

The operating result from continuing operations of the Glass & Lamps segment decreased from T€ 669 in the previous year to T€ 509 in the current financial year.

Results of Operations

At T€ 27,618, the Hönle Group's sales revenues in the first quarter were 10.1% below those of the same period of the previous year. The gross profit fell by 13.5% to T€ 17,233. The cost of materials ratio fell by 5.3 percentage points to 39.3%. The cost of materials ratio of the Dr. Hönle AG and uv-technik Speziallampen GmbH here fell significantly due to sales price increases. At T€ 9,358, personnel expenses were at the previous year's level. The personnel expenses ratio was 33.9% (previous year: 29.4%). The ratio of other operating expenses was 14.7% in the current financial year (previous year: 12.8%).

The operating result (EBIT) fell by 51.6% to T€ 2.348. This corresponds to an EBIT margin of 8.5% after 15.2% in the previous year. Earnings before taxes (EBT) were T€ 2.028 after T€ 4.553 in the same period of the previous year. After income taxes, the consolidated result was T€ 1.923 (previous year: T€ 3.198). Earnings per share fell from € 0.53 to € 0.36. The net return on sales in the first quarter was 7.0% (previous year: 10.4%).

Earnings Development in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	+/- %
Revenue	27,618	30,727	-10.1
Gross profit	17,233	19,924	-13.5
Operating result/EBIT	2,348	4,849	-51.6
Earning before tax/EBT	2,028	4,553	-55.5
Consolidated net income from continued operations	1,597	3,419	-53.3
Result from discontinued operations	327	-221	248.0
Consolidated profit for the year	1,924	3,198	-39.8
Earnings per share in €	0.32	0.53	-39.6
Number of shares	6,062,930	6,062,930	0.0

Financial Position

In the first quarter of the 2022/2023 financial year, the Hönle Group generated an operating cash flow of T€ 4,471 (previous year: T€ -5,140). After paying interest and taxes on income, there was from continuing and discontinued operations a cash flow from operating activities of T€ 2.627 (previous year: T€ -6.591).

The cash flow from investing activities is characterized by payments for the acquisition of property, plant and equipment and partial payments from the disposal of the Raesch Quartz Germany GmbH business unit. In the second quarter, further payments of T€ 2,500 will be made from the sale of this company. The cash flow from investing activities from continued and discontinued operations overall was positive at T€ 932 (previous year: T€ 792).

The cash flow from financing activities amounted to T€ -3.144 (previous year: T€ 803). It is mainly due to the repayment of bank loans.

Overall, cash and cash equivalents increased by T€ 408 in the first three months of the current fiscal year (previous year: T€ -4,935).

Liquidity Development (continuing and discontinued operations) in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021	+/- %
Cash generated from operations	4,471	-5,140	187.0
Cash flow from operating activities	2,627	-6,591	139.9
Cash flow from investing activities	932	792	17.7
Cash flow from financing activities	-3,144	803	-491.5
Change in cash and cash equivalents	408	-4,934	108.3

Net Assets

Raesch Quarz (Germany) GmbH was sold on December 1st, 2022. The deconsolidation of the company made a significant contribution to the fact that property, plant and equipment on the assets side of the balance sheet fell by T€ 2.364 to T€ 77.204. In this context, inventories also fell by T€ 1.231 to T€ 45.140.

The other current assets of T€ 4.134 include an outstanding purchase price payment of T€ 2,500 for the sale of Raesch Quarz (Germany) GmbH.

As of December 31, 2022, cash and cash equivalents amounted to T€ 7.539 (previous year: T€ 7.131).

Due to the positive quarterly result, equity increased by T€ 1.540 to T€ 108.778. With an equity ratio of 57.9%, the Hönlle Group continues to be solidly financed. Current liabilities were significantly reduced in the first three months of the current fiscal year from T€ 51,021 to T€ 42,533.

Statement of Financial Position

in T€	31.12.2022	30.09.2022	+/- %
Non-current assets	112,759	114,810	-1.8
Current assets	75,139	80,652	-6.8
Equity	108,778	107,239	1.4
Non-current liabilities	36,588	37,202	-1.7
Current liabilities	42,533	51,021	-16.6
Total assets	187,899	195,462	-3.9
Equity ratio as a %	57.9	54.9	5.5

Outlook

Overall Market

The global economy is entering the year 2023 weakened. The Russian attack on Ukraine and a mix of high inflation rates and sharply rising interest rates have led to a significant deterioration in the economic environment. In Germany, the economy is in a phase of stagflation. Growth momentum is also declining in the USA, but in relative terms the USA is the winner of the current crisis. In China, lockdown easing is raising hopes of a recovery in growth and easing supply chain concerns, but near-term risks of lower value creation from high sick leave are increasing. The risk of a global recession remains high. Tighter monetary policy and geopolitical risks continue to create headwinds for the global economy. Inflation is likely to have passed its peak and is falling significantly thanks to lower commodity prices and easing economic tensions. In its most recent economic outlook, the International Monetary Fund is less pessimistic about the future and even revised its growth forecast for this year slightly upwards by 0.2% to 2.9% (previous year: 3.4%). Other experts, such as the Institute for the World Economy, are less optimistic and expect economic growth of 2.2% in 2023, which will be well below that of the previous year.

The Hönlle Group - Outlook

Adhesives Segment

The Management Board assumes that in the last quarter of the 2022/2023 financial year, high-volume adhesive projects will be implemented in the areas of photovoltaics and electromobility, which will be of great importance for the medium and long-term development of the adhesives segment. The realization of these projects has been delayed due to extensive tests on the customer side. There are also promising projects in the areas of consumer electronics and 5G mobile networks.

Due to the lifted travel restrictions to China and the expansion of personnel in application technology, ongoing projects can be better managed and implemented again. The aim is to use existing and future projects to significantly increase sales, particularly in the areas of consumer electronics and electromobility.

Equipment & Systems Segment

In the Devices & Systems segment, the Management Board expects good business development in the second half of the year due to the continued good order backlog and stable demand. The second quarter will still be characterized by difficulties on the procurement markets and postponements of delivery dates. Additional impetus will arise in the second half of the year with the introduction of a new product line for the printing machine industry. In electronics production, increasing demands on the quality of the products and at the same time the demand for ever higher production speeds make the use of fast-curing adhesives indispensable. Höhle has developed both the required special adhesives and the UV devices for drying these adhesives specifically for this purpose. In order to be able to identify developments on the market at an early stage and tap new sales potential, the business development area is being further expanded.

Glass & Lamps Segment

The disinfection of water using UV technology is a sustainable growth market. The environmentally friendly process is being used more and more often in the treatment of ballast water, drinking water, process water and waste water. Here, the Höhle Group supplies leading manufacturers of water treatment systems with lamps and components. The Executive Board expects further increases in sales and earnings in this area of application in the 2022/2023 financial year.

Due to the sale of Raesch Quarz (Germany) GmbH in December 2022, segment sales in the 2022/2023 financial year are expected to be below those of the previous year. However, the sale of this company will lead to sustained positive earnings and liquidity effects at Group level. Overall, the Management Board expects a jump in earnings in the Glass & Lamps segment, also due to the sale of Raesch Quarz (Germany) GmbH.

Group Outlook

Promising customer projects covering all three business segments and a favourable orders position provide the basis for Höhle Group's positive development although the contribution to sales and earnings in the second quarter is expected to be lower than in the first quarter. The adjustment of sales prices will help to improve gross profit margins in the course of financial year 2022/2023. Moreover, the sale of Raesch Quarz (Germany) GmbH will lead to positive earnings and liquidity effects at Group level.

In all, the Management Board expects Höhle Group's sales revenues in financial year 2022/2023 to be below the previous year's level (€ 126.5 million) and the operating result to be significantly above the adjusted operating result for the previous year (€ 8.9 million).

Consolidated Income Statement

for the period from 1 October 2022 to 31 December 2022

in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021
Revenue	27,618	30,727
Changes in inventories of finished goods and work in progress	-40	1,192
Other work performed by entity and capitalised	0	39
Other operating income	500	2,196
Cost of purchased materials and services	10,844	14,229
Personnel expenses	9,358	9,384
Depreciation and amortisation of property, plant and equipment and intangible assets	1,097	1,147
Amortisation of rights of use IFRS 16	397	412
Other operating expenses	4,042	4,078
Impairment pursuant to IFRS 9	-9	16
Operating result/EBIT	2,348	4,849
Result from investments accounted for using the equity method	41	0
Financial income	45	6
Financial expenses	405	340
Financial result	-319	-334
Earnings before tax/EBT from continued operations	2,028	4,553
Income taxes	431	848
Consolidated net income from continued operations	1,597	3,419
Earnings from discontinued operations after taxes	327	-221
Consolidated profit	1,924	3,198
Share of earnings attributable to non-controlling interests	5	2
Share of earnings attributable to Dr. Hönle AG shareholders	1,919	3,196
Earnings per share in €	0.32	0.53
Average number of shares in circulation	6,061,854	6,061,854

Consolidated Statement of Financial Position

as at 31 December 2022

in T€	31.12.2022	30.09.2022
ASSETS		
NON-CURRENT ASSETS		
Goodwill	21,119	21,119
Intangible assets	2,423	2,135
Property, plant and equipment	77,204	79,567
Investment property	1,044	1,054
Investments accounted for using the equity method	366	327
Financial assets	26	26
Other non-current assets	7,553	7,535
Deferred tax assets	3,026	3,048
Total non-current assets	112,760	114,810
CURRENT ASSETS		
Inventories	45,140	46,371
Trade accounts receivable	13,841	19,659
Receivables from companies in which an equity interest is held	113	132
Finance lease receivables	77	84
Other current assets	4,134	3,622
Tax refund claims	4,296	3,653
Cash and cash equivalents	7,539	7,131
Total current assets	75,139	80,652
TOTAL ASSETS	187,899	195,462
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	6,063	6,063
Own shares	-8	-8
Capital reserves	41,979	41,979
Retained earnings	60,382	58,848
Equity attributable to Dr. Höhle AG shareholders	108,416	106,881
Non-controlling interests	363	357
Total equity	108,778	107,239
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	29,672	29,852
Non-current finance lease liabilities	1,522	1,808
Other non-current liabilities	402	415
Pension provisions	3,945	4,011
Accrued public investment grants	66	115
Deferred income tax liabilities	982	1,001
Total non-current liabilities	36,588	37,202
CURRENT LIABILITIES		
Trade accounts payable	7,521	10,295
Liabilities to companies in which an equity investment is held	0	1
Contract liabilities	2,223	2,628
Current liabilities from finance leasing	1,366	1,399
Current liabilities to banks and current portion of non-current loans	23,867	26,383
Other current liabilities	5,720	8,121
Other provisions	655	708
Income tax liabilities	1,181	1,486
Current liabilities, total	42,533	51,021
TOTAL EQUITY AND LIABILITIES	187,899	195,462

Statement of Consolidated Cash Flows

for the period from 1 October 2022 to 31 December 2022

in T€	01.10.2022- 31.12.2022	01.10.2021- 31.12.2021
Cash flow from operating activities		
Consolidated profit from continuing activities before taxes	2,028	4,553
Adjustments for:		
Profit/loss from discontinued operations before tax	327	-364
Depreciation of intangible assets, property, plant and equipment and investment property	1,494	1,559
Gains/losses from disposal of intangible assets, property, plant and equipment and investment property	1	1,802
Financial income	-86	-6
Financial expenses	405	342
Other non-cash expenses and income	-424	-321
Operating result before changes to net current assets	3,745	3,961
Increase/decrease in provision	-110	80
Increase/decrease in trade accounts receivable	3,123	-2,059
Increase/decrease in receivables from associated companies	21	-41
Increase/decrease in other assets	-1,219	-991
Increase/decrease in reinsurance	-54	-31
Increase/decrease in inventories	1,309	-3,275
Increase/decrease in trade accounts payable	-997	-1,343
Increase/decrease in liabilities to associated companies	5	24
Increase/decrease in contract liabilities	-405	294
Increase/decrease in other liabilities	-946	-1,759
Cash generated from operations	4,471	-5,140
Interest paid	-337	-311
Income taxes paid	-1,418	-976
Cash flow from operating activities – continuing activities	2,715	-6,427
Cash flow from operating activities – discontinued activities	-88	-164
Cash flow from operating activities – continuing and discontinued activities	2,627	-6,591
Cash flow from investing activities		
Payments from the sale of assets held for sale	0	2,775
Payments for the acquisition of property, plant and equipment and intangible assets	-1,371	-1,394
Payments received from non-current receivables	-3	320
Payments for non-current receivables	0	-300
Interest received	45	4
Payments from the disposal of business units	2,436	0
Cash flow from investing activities – continuing activities	1,642	-1,983
Cash flow from investing activities – discontinued activities	-175	-612
Cash flow from investing activities – continuing activities	932	792
Cash flow from financing activities		
Payments received from loans and liabilities to banks	650	0
Payments for loans and liabilities to banks	-3,353	1,321
Payments for the repayment portion of leasing liabilities	-416	-459
Cash flow from financing activities – continuing activities	-3,119	862
Cash flow from financing activities – discontinued activities	-25	-59
Cash flow from financing activities – continuing and discontinued activities	-3,144	803
Currency-related change in cash and cash equivalents	-7	62
Net change in cash and cash equivalents	408	-4,934
Cash and cash equivalents at the beginning of the reporting period	7,131	12,073
Cash and cash equivalents at the end of the reporting period	7,539	7,138

Financial Calendar

23 March 2023
Virtual General Meeting

12 May 2023
Half Year Report 2022/2023

7 August 2023
III. Quarterly Statement 2022/2023

Note

The quarterly statement is unaudited. It was prepared based on the accounting regulations applied in the most recent consolidated financial statements.

The statements and information provided by Dr. Hönle AG in the quarterly statement also relate to future periods. These forward-looking statements represent assessments which were made based on all information available at the time the statement was prepared. Should the assumptions underlying the forecasts prove to be incorrect, the actual developments and results may deviate from the current expectations. The Company assumes no obligation to update the information contained in this quarterly statement outside the legally required publication provisions.

The figures and percentages contained in this statement may be subject to rounding differences.



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