

First Quarterly Statement

for the period from 1 October 2020 to 31 December 2020



	01/10/2020 – 31/12/2020	01/10/2019 – 31/12/2019	
Consolidated			
Income Statement	in T€	in T€	+/- %
Revenue	26,673	25,499	4.6
Operating result /EBIT	2,119	3,681	-42.4
Earnings before tax/EBT	1,973	3,621	-45.5
Consolidated profit	1,625	2,608	-37.7
Share			
Earnings per share in €	0,27	0.48 ¹⁾	-37.2
Number of shares	6,062,930	6,062,930 ¹⁾	0.0
Cash flow			
Operating cash flow ²⁾	2.194	3,108	-29,4
Staff			
Average number of staff	647	589	9.9
Statement of Financial Position	31/12/2020 in T€	30/09/2020 in T€	+/- %
Non-current assets	119,649	107,226	11.6
Current assets	91,193	88,020	3.6
Equity	118,262	116,685	1.4
Non-current liabilities	69,333	58,442	18.6
Current liabilities	24,197	21,069	14.8
Total assets	211,792	196,196	8.0
Equity ratio as a %	55.8	59.5	6.2

1) adjusted figures of the previous year

2) cash generated from operations

Dr. Höhle AG - Financial Calendar

23 March 2021

Virtual General Meeting

12 May 2021

Half-Year Report 2020/2021

6 August 2021

Third Quarterly Statement
2020/2021

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. Höhle 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.

Safe and environmentally friendly air disinfection

Thanks to its elegant design and whisper-quiet operation, the SteriWhite Air 115 fits discreetly and yet effectively into any room. The highly efficient UVC air disinfection device enables the inactivation of the SARS-CoV-2 viruses by up to 99.99%¹. The device can be used in many areas: offices and meeting rooms, restaurants and hotels, medical practices and waiting areas, daycare centers, schools and educational institutions.

¹⁾ For SARS-CoV-2 viruses, an inactivation rate of up to 99.99% for Hönle UVC lamps on surfaces was demonstrated in an S3 laboratory at Goethe University Frankfurt.



Market Development

In 2020, the global economy experienced its worst recession in almost 100 years. However, thanks to extensive monetary and fiscal policy measures it was possible to prevent disastrous consequences of the corona crisis. The economic downturn also continued in the last quarter of the calendar year. The International Monetary Fund (IMF) assumes that the economy in Europe contracted by 6.8% compared with the prior-year quarter. While most countries continue to suffer from the effects of the corona pandemic, China's economy has revitalised significantly in the last quarter.

Course of Business

The Höhle Group has strengthened its position in the life science market and, to this end, developed high-performance systems for the disinfection of air, water and surfaces. Moreover, acquisitions were made in order to systematically extend the market access to promising lines of business. Since 1 October 2020 and thus from the new financial year onwards, four new companies have been part of the Höhle Group. The companies concerned are referred to in more detail in the "Business Development by Segments" section. In particular, as a consequence of these acquisitions, the Höhle Group's sales revenues increased by 4.6% to T€ 26,673 in the first quarter of financial year 2020/2021.

Dr. Höhle AG has launched extensive marketing activities aimed at increasing the revenues earned with its new air disinfection systems. The campaigns also include the placement of TV commercials. Other operating expenses rose in this context and this impacted on Höhle's earnings power in the first quarter of the current financial year. Furthermore, many of the Höhle Group's entities were affected by declining sales, in particular, due to the general economic downturn arising from the corona pandemic. The operating result (EBIT) dropped from T€ 3,681 in the previous year to T€ 2,119 in the reporting year.

Business Development by Segments

Sales generated in the Adhesives segment fell from T€ 7,707 to T€ 6,926 in the first quarter. Corona-related restrictions hampered sales activities, in some cases considerably. Above all, it was not possible to realise new customer acquisition to the full extent. Nevertheless, staffing levels were stepped up further in the development and sales units in line with the planned sales growth. The operating result was at T€ 1,684 was down 25.3% in the first quarter in comparison with the prior year's period.

Several corporate acquisitions in the Equipment & Systems segment initially consolidated as at 1 October 2020, succeeded in compensating the drop in sales that resulted from the economic situation. At T€ 14,265, sales revenues were above the previous year's level of T€ 13,676. With Sterilsystems GmbH, based in Austria, Höhle acquired a company specialising in UV-C air and surfaces disinfection in the food industry. UMEX GmbH is also new to the corporate group. The company offers a wide range of products in the field of water disinfection. With Technigraf GmbH, a specialist for conveyor belts with UV irradiation modules has joined the Höhle Group. The conveyor belt modules are used in production and serve as test equipment for laboratories. In addition, the company has a high vertical range of manufacture and is thus in a position to produce special systems for the Höhle Group³. Moreover, in the first quarter of the current financial year, the company succeeded for the first time in generating considerable sales in the air disinfection sector.

In comparison with the prior-year quarter which was still unaffected by the economic consequences of the corona pandemic, a reluctance to invest in particular in the printing industry, made itself felt in the current quarter in order intake as well as sales.

At T€ 386, the segment operating result was below the amount of T€ 1,681 achieved in the prior year's quarter. Apart from the decline in sales suffered by several segment companies due to the current economic situation, increased marketing expenses associated with the market launch of the SteriWhite Air air disinfection system impacted adversely on operating profit.

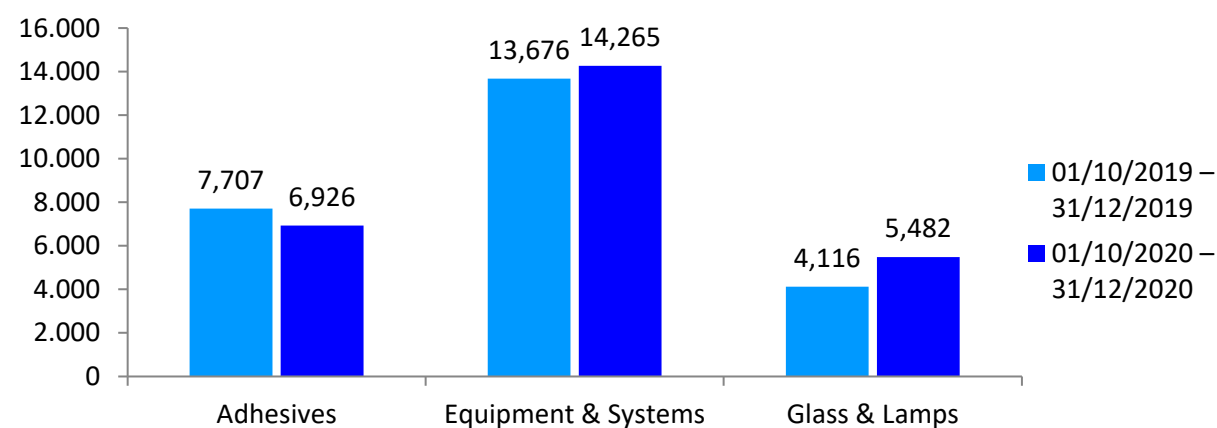
The Glass & Lamps segment saw a favourable development with an increase in sales from T€ 4,116 in the previous year to T€ 5,482 in the first quarter of the current financial year. uv-technik Speziallampen GmbH sold significantly more lamps in the field of air disinfection and water treatment than in the previous year and this resulted in a rise in both sales and earnings. Raesch Quarz (Germany) GmbH also managed to increase its sales revenues. In the semiconductor market, in particular, its sales were significantly higher than in the prior-year period.

The operating result of the segment grew from T€ -254 in the previous year to T€ 48 in the current financial year.

uv-technik meyer GmbH has been a member of the Höhle Group since the beginning of the new financial year. The company, which markets and sells medium pressure lamps, electronic power supply units and sensor technology, moved its registered head office to uv-technik Speziallampen GmbH and was merged with this company with effect from 1 October 2020³.

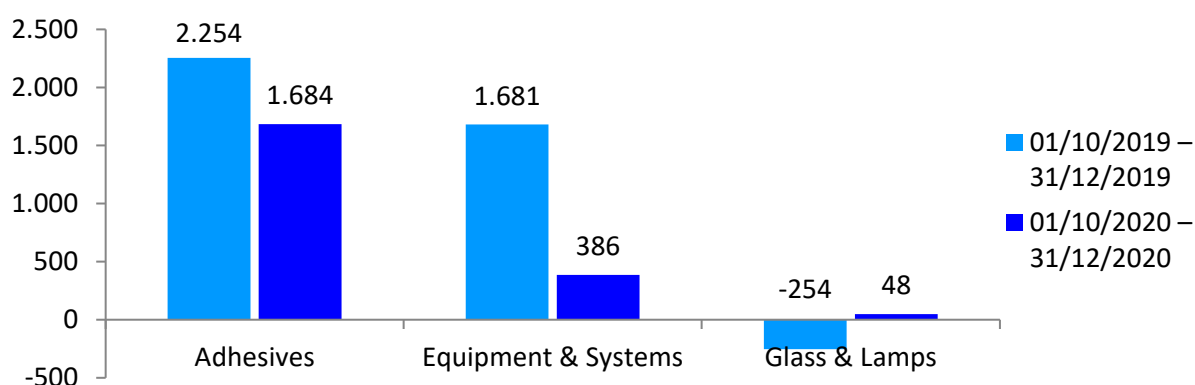
3) For further information regarding the acquisitions, we refer to the 2019/2020 annual report.

Sales by Segment in T€ (adjusted PY)



Adjusted sales in the Equipment & Systems and Adhesives segments

Operating Result (EBIT) by Segment in T€



Results of Operations

At T€ 26,673, the Hönle Group's revenue in the first quarter was 4.6% up on the comparable prior year period. Gross profit dropped by 1.3% to T€ 17,294 while the cost of materials ratio rose by 2.2 percentage points to 37.0% due to a changed product mix within the Hönle Group. In the course of the acquisition related group's staff expansion, personnel expenses increased by 4.2% to T€ 9,176 which translates into a personnel expense ratio of 34.3% (PY: 33.1%). The ratio of other operating expenses increased from 13.1% in the previous year to 14.8% in the current financial year.

The operating result (EBIT) dropped by 42.4% to T€ 2,119 which corresponds to an EBIT margin of 7.9% after 13.8% in the previous year. Earnings before taxes (EBT) came to T€ 1,973 after T€ 3,621 in the previous year. Consolidated profit after income taxes amounted to T€ 1,625, corresponding to a decline of 37.7%. Earnings per share fell from € 0.43⁴ to € 0.27. Net profit on sales stood at 6.1% (PY: 10.2%).

Earnings development

in T€	01/10/20 – 31/12/20	01/10/19 – 31/12/19	+/- %
Revenue	26,673	25,499	4.6
Gross profit	17,294	17,520	-1.3
Operating result (EBIT)	2,119	3,681	-42.4
Earnings before taxes (EBT)	1,973	3,621	-45.5
Consolidated profit	1,625	2,608	37.7
Earnings per share in €	0.27	0.43 ⁴	-37.2

4) adjusted figure of the previous year

Financial Position

The cash generated from operating activities in the period 1 October 2020 to 31 December 2020 amounted to T€ 2,194 (PY: T€ 3,108). At T€ 10,569, investments were above the previous year's level of T€ 7,571. They mainly contain payments for company acquisitions and investments in new company buildings.

The cash flow from financing activities of T€ 9,552 (PY: T€ 4,868) is mainly due to taking out bank loans to finance the construction projects.

Overall, the liquid funds decreased in the first three months of the current financial year by T€ 189 (PY: T€ 553).

Cash flow and liquidity development

in T€	01/10/20 – 31/12/20	01/10/19 – 31/12/19	+/- %
Cash flow from operations	2,194	3,108	-29.4
Cash flow from investing activities	10,569	-7,571	39.6
Cash flow from financing activities	9,552	4,868	96.2
Change in cash and cash equivalents	-189	-553	134.2

Net Assets

On the assets side of the statement of financial position, the initial consolidation of Sterilsystems GmbH, UMEX GmbH, Technigraf GmbH and uv-technik meyer GmbH (which was merged with uv-technik Speziallampen GmbH as at 1 October 2020) contributed significantly to an increase in non-current and current assets. Goodwill rose from T€ 5,892 to T€ 24,741, intangible assets grew by T€ 1,457 to T€ 3,634 and inventories also advanced by T€ 3,371 to T€ 38,617 as at 31 December 2020, mainly due to the new entities' consolidation.

Property, plant and equipment increased by T€ 4,050 to T€ 80,859 in the course of the Hönle Group's building projects.

The liabilities side of the statement of financial position was marked by a T€ 8,856 increase in non-current loans to T€ 46,450 primarily in connection with real estate financing. Other current liabilities, which include a purchase price liability for the acquisition of Sterilsystems GmbH, increased by T€ 2,231 to T€ 6,595.

With an equity ratio of 55.8% and cash and cash equivalents in the amount of T€ 33,986 the Hönle Group is solidly financed.

Statement of Financial Position

in T€	31/12/2020	30/09/2020	+/- %
Non-current assets	119,649	107,226	11.6
Current assets	91,193	88,020	3.6
Equity	118,262	116,685	1.4
Non-current liabilities	69,333	58,442	18.6
Current liabilities	24,197	21,069	14.8
Total assets	211,792	196,196	8.0

Outlook

Overall market

Following the severe Corona-related cuts in the last year, improvement is in sight in 2021. Risks are decreasing noticeably compared with 2020 since the first corona vaccines have been approved, Joe Biden, a predictable and reliable U.S. president, has moved into the White House and, in addition, a hard Brexit was avoided at the last second. Moreover, monetary policy is more expansive than ever before. The G10 central banks have expanded their securities purchases and many central banks in emerging markets have also resorted to unconventional measures of monetary policy. Consequently, the year 2021 will see a synchronized upswing in both the industrialized and emerging countries. The International Monetary Fund (IMF) expects the economy to grow by 5.5%.

Outlook for the Hönle Group

It is difficult to predict the Hönle Group's business development for the year 2020/2021 given the corona pandemic and its impact on individual segments. While, in financial year 2020/2021, the dampening effects of the corona crisis will continue to make themselves felt in individual segments such as the printing machine market, the Management Board expects very good business development with equipment and UV lamps used in air and surfaces disinfection. However, although the Management Board expects the positive effects to clearly outweigh the negative ones due to the demand for air disinfection systems, in particular, a reliable quantitative prognosis for the financial year 2020/2021 cannot be made at this time.

In accordance with the Management Board's expectations, sales revenues and operating profit will already be higher in the current half-year period compared to the same period of the previous year.

For the year as a whole, he expects a significant improve of sales and operating profit compared to the previous year.

Adhesives Segment

Given the corona pandemic, the Management Board expects stable business development over the short term in the Adhesives segment and a return to strong business development over the medium to long term. Current customer projects and an enlarged customer base will contribute to this positive course of business. All major smartphone manufacturers are now using Höhle Group adhesives. In order to realise the growth planned, both development and sales capacities in the Adhesives segment were increased. In addition, the office capacities were expanded. A new corporate building with 6000 m² of floor space was set up in Steinbach near Frankfurt and is currently being occupied. In addition, further expansion areas exist to ensure that future growth plans can be realised.

Equipment and Systems Segment

The Höhle Group has used the last few months to strengthen its position in the life science market. High-performance equipment for the disinfection of air, water and surfaces has been developed to this end. In addition, Höhle further expanded its market position via several acquisitions.

Both the Equipment & Systems segment as well as the Glass & Lamps segment will profit from the expected strong development of business in the field of air and surface disinfection. Höhle will expand its product range of high-performance air disinfection systems. In order to achieve a significant increase in sales in this area, marketing activities will be intensified to a considerable extent.

TV commercials, press conferences as well as print and online advertising in addition to Höhle's presence in social networks are aimed at informing the public about the Höhle Group's powerful air disinfection systems as a means to mitigate the risk of infection, in particular in the context of the corona pandemic. Following marketing activities in Germany, the European market and subsequently the US market are being developed.

Another application within the scope of life science relates to the food industry. Here, Höhle is continuously expanding its product range of environmentally friendly disinfection solutions. New technologies will complement the existing product range and provide for additional growth opportunities.

In the water disinfection segment, too, cooperation arrangements with strategic partners will provide the Höhle Group with significant growth potential in the coming years.

In line with the Management Board's expectations, the business field of UV-based disinfection will contribute significantly to the Höhle Group's sales revenues and earnings in the future.

Glass & Lamps Segment

In order to accommodate the growth planned in the area of ballast water disinfection, the production capacities at the newly founded lamp competence centre based in Ilmenau, Germany were significantly increased. Growing revenues earned with lamps and disinfection system components will play an important role for excellent business development at uv-technik Speziallampen GmbH.

Furthermore, the quartz glass market will also pick up as underlined by the favourable order intake in recent months. An increase in demand is expected from the semiconductor industry, in particular. The planned expansion of sales capacities in connection with high-quality quartz glass products is also expected to lead to growing sales at Raesch Quarz (Germany) GmbH. In addition, better purchasing conditions at Raesch Quarz (Germany) GmbH will contribute to the improvement in earnings.

Consolidated Income Statement

for the period from 1 October 2020 to 31 December 2020

	01/10/2020 – 31/12/2020 in T€	01/10/2019 – 31/12/2019 in T€
Revenue	26,673	25,499
Changes in inventories of finished goods and work in progress	87	1,126
Other work performed by entity and capitalised	21	5
Other operating income	412	166
Cost of purchased materials and services	9,900	9,274
Personnel expenses	9,176	8,803
Depreciation and amortisation of property, plant and equipment and intangible assets	1,101	815
Amortisation of rights of use IFRS 16	1,042	778
Other operating expenses	3,954	3,476
Impairment pursuant to IFRS 9	-98	-33
Operating result/EBIT	2,119	3,681
Financial income	6	6
Financial expenses	151	65
Financial result	-145	-60
Earnings before tax and non-controlling interest/EBT	1,973	3,621
Income taxes	348	1,013
Consolidated profit	1,625	2,608
Share of earnings attributable to non-controlling interests	-27	-21
Share of earnings attributable to Dr. Hönle AG shareholders	1,652	2,629
Earnings per share (basic) in €	0.27	0.43 ⁴
Earnings per share (diluted) in €	0.27	0.43 ⁴
Average number of shares in circulation (basic)	6,061,854	6,061,854 ⁴
Average number of shares in circulation (diluted)	6,061,854	6,061,854 ⁴

4) adjusted figures of the previous year

Consolidated Statement of Financial Position

as at 31 December 2020

A S S E T S	31/12/2020	30/09/2020
NON-CURRENT ASSETS	in T€	in T€
Goodwill	24,741	18,849
Intangible assets	3,634	2,175
Property, plant and equipment	80,859	76,812
Investment property	1,122	1,132
Investments accounted for using the equity method	264	263
Financial assets	26	26
Other non-current assets	2,108	2,103
Deferred tax assets	6,895	5,867
Total non-current assets	119,649	107,226
CURRENT ASSETS		
Inventories	38,617	35,246
Trade accounts receivables	13,797	14,253
Receivables from companies in which an equity investment is held	110	117
Finance lease receivables	139	0
Other current assets	3,348	3,040
Current tax assets	1,196	1,190
Cash and cash equivalents	33,986	34,175
Total current assets	91,193	88,020
Non-current assets held for sale	950	950
TOTAL ASSETS	211,792	196,196
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	6,063	6,063
Own shares	-8	-8
Capital reserves	41,979	41,979
Retained earnings	69,795	68,307
Equity attributable to Dr. Höhle AG shareholders	117,828	116,340
Non-controlling interests	434	345
Total equity	118,262	116,685
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	46,450	37,594
Non-current portion of finance lease obligations	2,386	2,015
Other non-current liabilities	9,695	9,392
Pension provisions	9,358	8,820
Accrued public investment grants	184	200
Deferred tax liabilities	1,260	421
Total non-current liabilities	69,333	58,442
CURRENT LIABILITIES		
Trade accounts payable	4,867	6,487
Liabilities to companies in which an equity investment is held	0	34
Contract liabilities	2,411	1,621
Current portion of finance lease obligations	2,737	3,216
Current liabilities to banks and current portion of non-current loans	5,402	3,474
Other current liabilities	6,595	4,363
Other provisions	673	637
Current tax liabilities	1,511	1,236
Current liabilities, total	24,197	21,069
TOTAL EQUITY AND LIABILITIES	211,792	196,196

Statement of Consolidated Cash Flows

for the period from 1 October 2020 to 31 December 2020

	01/10/2020- 31/12/2020 in T€	01/10/2019- 31/12/2019 in T€
Cash flow from operating activities		
Consolidated profit before non-controlling interests and taxes	1,973	3,621
Adjustments for:		
Amortisation/depreciation of intangible assets and property, plant and equipment	2,143	1,593
Gains/losses from disposal of intangible assets and property, plant and equipment	145	10
Financial income	-6	-6
Financial expenses	151	65
Other non-cash expenses/income	-158	236
Operating result before changes to net current assets	4,248	5,519
Increase/decrease in provisions	95	60
Increase/decrease in trade accounts receivable	1,932	1,751
Increase/decrease in receivables from companies in which an equity investment is held	7	8
Increase/decrease in other assets	-193	-2,193
Increase/decrease in reinsurance	-28	10
Increase/decrease in inventories	-1,340	-1,037
Increase/decrease in trade accounts payable	-2,459	-2,071
Increase/decrease in liabilities to companies in which an equity investment is held	-34	-3
Increase/decrease in contract liabilities	707	406
Increase/decrease in other current liabilities	-742	659
Cash generated from operations	2,194	3,108
Interest paid	-124	-62
Income taxes paid	-1,197	-842
Cash flow from operating activities	873	2,205
Cash flow from investing activities		
Payments received from the disposal of intangible assets and property, plant and equipment	135	0
Acquisition of companies minus net cash acquired	-6,222	0
Payments made for the acquisition of investments accounted for at equity	0	-200
Payments made for the acquisition of intangible assets and property, plant and equipment	-4,508	-7,384
Payments received from non-current receivables	23	8
Interest received	3	6
Cash flow from investing activities	-10,569	-7,571
Cash flow from financing activities		
Payments received from loans and liabilities to banks	9,806	6,094
Payments made for loans and liabilities to banks	578	-581
Payments made for the repayment portion of lease liabilities	-948	-645
Payments made for the acquisition of non-controlling interests	116	0
Cash flow from financing activities	9,552	4,868
Exchange rate differences	-17	-21
Exchange rate-related change in funds	-29	-35
Net increase/decrease in cash and cash equivalents	-189	-553
Cash and cash equivalents at the beginning of the reporting period	34,175	14,577
Cash and cash equivalents at the end of the reporting period	33,986	14,024