



hönle group

Half-Year Report 2019/2020

The Hönle Group – at a Glance

Hönle Group in T€	01/10/2019 – 31/03/2020	01/10/2018 – 31/03/2019	+/- %
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Earnings development

Revenue	50,853	55,990	-9.2
Gross profit	34,031	39,732	-14.4
Operating result/EBIT	5,786	10,187	-43.2
Earnings before tax/EBT	5,678	10,073	-43.6
Consolidated profit/loss	4,393	7,151	-38.6

The Share

Earnings per share in €	0.81	1.30	-37.7
Number of shares	5,512,930	5,512,930	0.0

Cash flow

Operating cash flow ¹⁾	4,909	10,289	-52.3
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Employees

Average number of staff	595	637	-6.6
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	31/03/2020	30/09/2019	+/- %
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Development of Assets

Non-current assets	91,260	71,877	27.0
Current assets	76,010	71,320	6.6
Equity	94,763	90,122	5.2
Non-current liabilities	49,078	30,395	61.5
Current liabilities	24,380	23,630	3.2
Total assets	168,220	144,147	16.7
Equity ratio as a percentage (%)	56.3	62.5	-9.9

1) Cash generated from operations

Group Management Report

for the period from 1 October 2019 to 31 March 2020

Overview

Market Development

The global economy came under severe pressure at the beginning of 2020 as a result of the COVID-19 pandemic, and the measures taken to contain it. At the beginning of the pandemic, production in China collapsed. The increasing global spread of the virus then impacted negatively on production and demand in other countries. The negative effects were felt particularly early in Asia and Europe. Instead of a gradual revival of the global economy, economic experts now expect a decline in global production by the end of the first quarter

Course of Business

The Hönle Group's sales revenues in the first six months of the financial year 2019/2020 came to T€ 50,853 which translates into a 9,2 % decline in comparison with the previous year's values. The operating result dropped 43.2 % to T€ 5,786. The decline in earnings was due, in particular, to lower sales volumes generated in the Glass & Lamps and Adhesives segments.

Adhesives Segment

Revenues earned in the Adhesives segment dropped by 10.5 % to T€ 14,886 in the first months of the current financial year. As in the previous year, a lower order volume with a major customer from the field of sensor technology was responsible for the decline in sales revenue in the financial year. However, the revenue earned with new customers primarily in the field of consumer electronics compensated for at

least some of these negative effects. The customer base was significantly expanded, today also including all major smartphone manufacturers.

Within the scope of the planned revenue growth, manpower in the field of sales and development was increased.

The segment's operating result dropped from T€ 5,476 to T€ 3,893.

Equipment & Systems Segment

Sales revenues in the Equipment & Systems segment declined from T€ 28,382 to T€ 26,764. While sales earned with drying systems for the printing industry were at about the previous year's level, those generated with adhesives drying and sun simulation systems decreased. At T€ 2,555, the segment's operating result was also down from the comparable prior year's figure of T€ 3.222.

Glass & Lamps Segment

In the first six months of the year sales revenues in the Glass & Lamps segment dropped from T€ 10,969 in the previous year to T€ 9,202 in the current financial year. The operating result fell from T€ 1,489 to T€ -661 in the same period. The decline in sales and earnings is primarily due to the business development at Raesch Quarz (Germany) GmbH where the weakening semi-conductor- and glass fibre markets led to a temporary decline in sales. In the wake of the COVID-19 pandemic, demand especially from

the Asian economic region came to a temporary standstill.

The production site of Aladin GmbH was relocated from Rott am Inn to Ilmenau. From January 2020 onwards, medium pressure lamps are being developed and manufactured at the business premises of UV-Technik Speziallampen GmbH on the basis of customer-specific requirements. As part of the relocation process, a new operating facility was constructed which not only accommodates the Aladin production sites but also provides for additional production capacities to enable the growth planned in the field of ballast water disinfection. The relocation of the production plants led to a temporary impairment of production activities at Aladin GmbH, and temporarily impacted on the company's sales and earnings development in the first half of the year.

Sales by Region

The decline in sales revenue is due, in particular, to the developments in the Asian economic region where sales dropped from T€ 17,474 in the previous year to T€ 12,864 in the current financial year, due in particular to the COVID-19 pandemic and the decline in sales associated with a sensor application.

In the other regions, sales declined significantly less or even increased: Sales revenues earned in Europe outside Germany fell by T€ 916 to T€ 12,682, in North America by T€ 750 to T€ 3,688 and in the rest of the world by T€ 520 to T€ 1,564. However, business activity in Germany was gratifying with a year-on-year increase in sales revenue by T€ 1,659 to T€ 20,054.

Results of Operations

At T€ 50,853, the Hönle Group's sales revenues were down 9.2 % from the comparable prior year-period.

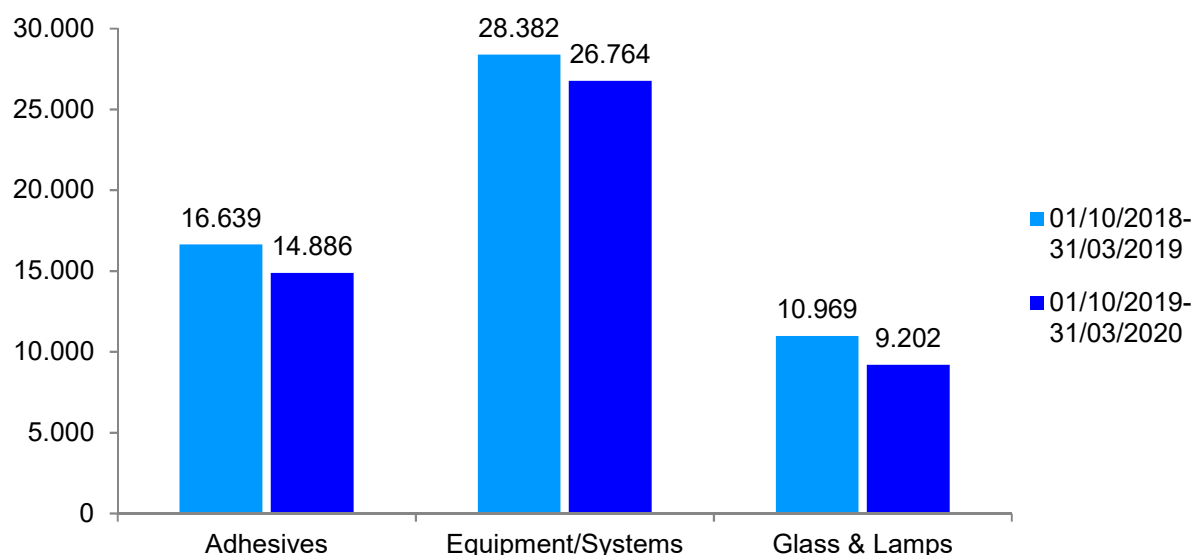
The cost of materials ratio rose from 33.0 % to 35.6 % due to a change in the product mix. The personnel expense ratio increased from 31.9 % to 34.6 % due to the decline in sales, and the ratio of other operating expenses dropped from 16.3 % to 13.5 %, largely as a result of lower sales commission payments in comparison with the previous year in the context of a large-scale order in the Equipment and Systems segment.

The operating result (EBIT) contracted from T€ 10,187 to T€ 5,786, translating into an EBIT margin of 11.2 % (PY: 17.6 %). Earnings before taxes (EBT) shrank from T€ 10,073 to T€ 5,678. After income taxes, the consolidated profit amounted to T€ 4,393 versus T€ 7,151 in the previous year. This compares to earnings per share of € 0.81 (PY: € 1.30). Consequently, net profit on sales dropped from 12.8 % to 8.6 %.

Earnings development

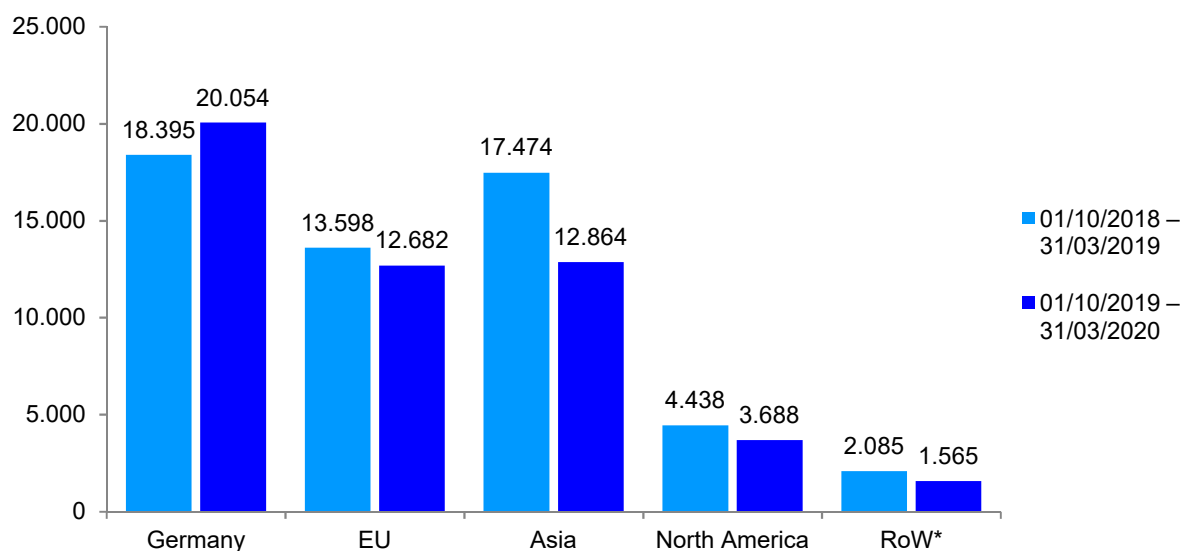
in T€	01/10/19 – 31/03/20	01/10/18 – 31/03/19	+/- %
Revenue	50,853	55,990	-9.2
Gross profit	34,031	39,732	-14.4
Operating result/EBIT	5,786	10,187	-43.2
Earnings before tax/EBT	5,678	10,073	-43.6
Consolidated profit/loss	4,393	7,151	-38.6
Earnings per share in €	0.81	1.30	-37.7

Sales by Segment in T€ (adjusted)



Sales are adjusted for an order covering the amount of T€ 1,054 (PY: T€ 3,390) from the Equipment and Systems segment. The order was processed via one of our subsidiaries which is allocated to the Adhesives segment.

Sales by Region in T€



* Rest of World

Financial Position

The cash flow from operating activities amounted to T€ 4,909 (PY: T€ 10,289) in the current half-year period.

At T€ 15,648, capital expenditure rose clearly in comparison with the previous year's value of T€ 3,896. It includes, in particular, investments in construction projects at Dr. Hönle AG, Panacol-Elosol GmbH and UV-Technik Speziallampen GmbH.

The cash flow from financing activities in the amount of T€ 16,219 (PY: T€ 650) largely results from bank loans taken out in connection with new construction projects.

In all, cash and cash equivalents increased in the first six months of the current financial year by T€ 2,643 (PY: T€ 3,226).

Due to the postponement of the annual general meeting, the dividend payment is not included in liquid assets as of the first half-year 2019/2020.

Liquidity Development

in T€	01/10/19 – 31/03/20	01/10/18 – 31/03/19	+/- %
Cash generated from operations	4,909	10,289	-52.3
Cash flow from investing activities	-15,648	-3,896	-301.6
Cash flow from financing activities	16,219	650	2,395.2
Change in cash and cash equivalents	2,643	3,226	-18.1

Net Assets

Non-current assets rose from T€ 71,877 to T€ 91,260 in the first half of the year, primarily due to an increase in property, plant and equipment. To a large extent, this increase is associated with the Hönle Group's construction projects and the first-time application of IFRS 16 according to which leased assets are to be recognized in the statement of financial position.

Hönle Group's current assets climbed from T€ 71,320 to T€ 76,010, largely due to the rise in liquid assets and tax refund claims.

With an equity ratio of 56.3 % and liquid assets in the amount of T€ 17,220, the Hönle Group's

financing is on solid ground. The construction activities, which are aimed at an extension of business activities, contributed to a large extent to a T€ 14,344 increase in long-term loans to T€ 31,314. Non-current liabilities from finance leasing grew from T€ 144 to T€ 2,263 as a consequence of the first-time application of IFRS 16. In all, non-current liabilities rose from T€ 30,395 to T€ 49,078. Due to the IFRS 16 application, the current liabilities from finance leasing also increased from T€ 65 to T€ 2,691. Overall, the current liabilities totalled T€ 24,380 (PY: T€ 23,630).

Development of Assets

in T€	31/03/2020	30/09/2019	+/- %
Non-current assets	91,260	71,877	27.0
Current assets	76,010	71,320	6.6
Equity	94,763	90,122	5.2
Non-current liabilities	49,078	30,395	61.5
Current liabilities	24,380	23,630	3.2
Total assets	168,220	144,147	16.7

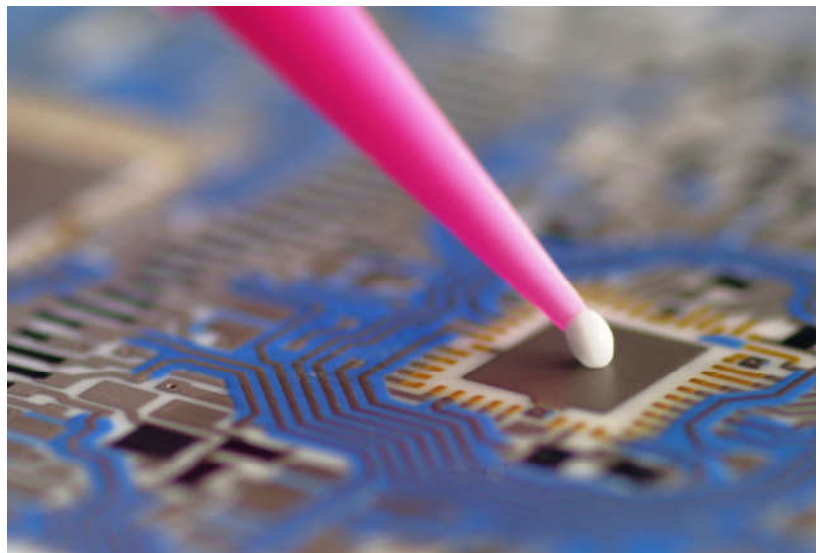
Research and Development

The Hönle Group companies developed new high-performance products and adapted existing products to meet customer-specific requirements. The Hönle Group had an average of 86 employees, three less than in the previous year, who worked in the research and development departments. The Hönle Group's research and development expenses rose from T€ 3,057 in the previous year to T€ 3,121 in the reporting year.

Panacol-Elosol GmbH developed, among other things, an adhesive with advanced heat-conducting properties for heat sensitive components. The adhesive is characterized by excellent metal bonding and ensures electrical insulation. Elecolit 6607 is an adhesive, based on epoxy resin. Due to its flow properties, it can be processed by means of dispenser, screen printing or spatula. As it already cures at low temperatures, even heat-sensitive components can be joined together. After drying, the light grey adhesive conducts heat excellently. Due to its properties, Elecolit 6607 can be used, for example, for bonding metal components and cooling elements on electrical circuit boards

At the Aquatech exhibition in Amsterdam, UV-Technik Speziallampen GmbH presented pioneering UV components for purposes of sustainable environmental protection. The company supplies specialists all over the world whose systems are successfully used for the processing of

drinking water, ballast water or water in swimming pools. At Aquatech, the UV specialist presented, in addition to established products, a great variety of new developments. The focus of attention was on UVC-LEDs and power supplies in addition to innovative smart touch panel control systems. Smart touch panel solutions with individual software combine all UV components into one unit. System parameters and status reports are clearly displayed and the operating status is permanently recorded. The controller reacts to changes in the surrounding environment such as changes in water transmission or loss of UV power, and regulates the UV system perfectly.



Dr. Hönle AG has launched the bluepoint LED eco in the market. The use of new LED heads ensures quick, safe and complete adhesive curing. Equipped with standard lenses, the device achieves more than twice the intensity compared to the predecessor model. The high-intensity spotlight is used in the curing of adhesives and casting compounds such as in the production of sensors and camera systems or the manufacture of displays.

Personnel

In the first six months of the current financial year, the Höhle Group employed an average staff of 595, which is 6.6 % less than in the prior-year period. While new sales and research staff was recruited with a view to realising the growth

planned in the Adhesives segment, the total number of staff decreased overall. 69 employees or 11.6 % of the total workforce worked part-time. In the first half of the current financial year, the employees were engaged in the following functional areas:

Functional Areas

Reporting date	31/03/20	31/03/19	+/- %
Sales & Marketing	93	88	5.7
Research & Development	85	90	-5.6
Production, Service	276	306	-9.8
Logistics	69	83	-16.9
Administration	71	69	2.9
Total	594	636	-6.6

Functional Areas

Average for the period	01/10/19 – 31/03/20	01/10/18 – 31/03/19	+/- %
Sales & Marketing	92	88	4.6
Research & Development	86	89	-3.4
Production, Service	277	307	-9.8
Logistics	70	84	-16.7
Administration	70	69	1.5
Total	595	637	-6.6

Personnel Expenses

in T€	01/10/19 – 31/03/20	01/10/18 – 31/03/19	+/- %
Wages and salaries	14,678	15,199	-3.4
Social security and pension costs	3,269	3,289	-0.6
Total	17,947	18,488	-2.9

At T€ 17,947 personnel expenses in the first six months of the current financial year were 2.9 % below the previous year's value.

Höhle invests in occupational training with a view to covering the future demand for qualified personnel: The Höhle Group offers apprenticeships in the areas of economics, technology, chemicals, and logistics. As of 31 March 2020, 28 young people received occupational training at the Höhle Group (PY: 32).

Outlook

Overall market

The coronavirus triggered a global recession. The COVID-19 pandemic leads to an at least temporary slump in economic activity. The effects of social distancing, travel restrictions, quarantine measures and supply chain delays restrict social and economic life to such an extent that a global recession follows. Both the extent and duration of the recession are difficult to assess at present, since this depends mainly on when the spread of the virus can be contained. The longer the shutdown of affected economies, the greater the resulting economic damage. Central banks and governments have responded to the threat of an economic downturn with comprehensive liquidity assistance and far-reaching interest rate and fiscal policy support measures. However, since COVID-19 is a medical problem, any government support measures will take initial effects only in part. Once the pandemic is contained, a gradual return to normality will be possible.

Hönle Group

Dr. Hönle AG withdrew its outlook for the 2019/2020 financial year on 27 April 2020. The effects of the COVID-19 pandemic on Hönle's business development cannot be reliably assessed at this time. The lockdowns in many countries and the impairment of production processes lead to a significant deterioration of the overall economic outlook. Consequently, the continuing COVID-19 pandemic will probably also impact on the sales and earnings development of Hönle Group in the current financial year.

Adhesives Segment

A lower order volume with a major customer concerning an application in the field of sensor technology will result in a sales decline in the Adhesives segment. However, the revenues generated with new customers in the field of consumer electronics, in particular, will compensate for some of the negative effects.

Within the scope of the revenue growth planned, additional manpower was recruited in the area of sales and development for industrial adhesives. Management expects strong business development in the Adhesives segment over the medium and long term as a consequence of the extension of business relationships and a large number of ongoing projects.

Equipment & Systems Segment

The Hönle Group further extended its business relationships with existing customers from the printing industry and also increased its range of print-related products in order to open sales potential outside of the field of UV drying.

Hönle also supplemented its product spectrum in the field of surface disinfection by introducing new technologies.

With respect to the COVID-19 pandemic, Hönle expanded its product range of powerful UVC air- and surface disinfection systems.

The COVID-19 pandemic is expected to lead to a further postponement of projects and orders. As a consequence, Hönle has initiated or already implemented several cost saving measures.

Overall it is expected that sales and earnings in the Equipment & Systems segment in 2019/2020 will be below the values of the previous year.

Glass & Lamps Segment

The Glass & Lamps segment saw the relocation of the Aladin GmbH site to the premises of UV-Technik Speziallampen GmbH. The newly created lamp development and production centre located in Ilmenau bundles competences and enables more efficient work flows. Furthermore, production capacities were significantly increased in order to realise the growth planned for ballast water disinfection. The rise in sales in this field will contribute positively to the business development at UV-Technik Speziallampen GmbH.

A slight recovery of the quartz glass market is expected for the second half of the year 2020. Improved purchasing conditions will probably lead to a perceptible reduction in the cost of materials. The planned extension of sales capacities in connection with high-quality quartz glass products for the semiconductor-, glass fibre- and lamp industry will contribute over the medium to long term to the success of Raesch Quarz (Germany) after the end of the pandemic phase.

Overall Assessment of Future Business development

The effects of the COVID-19 pandemic make it impossible to predict the Hönle Group's further business development with a sufficient degree of reliability. The restrictions resulting from the pandemic led to a significant deterioration of the overall economic outlook and will probably also impact on the Hönle Group's sales and earnings development in the current financial year.

Despite the current crisis, the Hönle Group is expanding its activities, and supplements the Life Science product spectrum by new technologies. The chemical-free disinfection of surfaces, air and water opens up substantial growth perspectives for Hönle. In addition, the Hönle Group also plans to further extend its market position via acquisitions over the medium- to long-term.

Consolidated Income Statement

for the period from 01 October 2019 to 31 March 2020 (IFRS)

in T€

	01/01/2020 – 31/03/2020	01/10/2019 – 31/03/2020	01/01/2019 – 31/03/2019	01/10/2018 – 31/03/2019
Revenue	25,354	50,853	25,740	55,990
Changes in finished goods and work in progress inventories	-78	1,048	906	1,837
Other work performed by entity and capitalised		5	37	56
Other operating income	427	593	594	941
Cost of purchased materials and services	9,193	18,467	9,205	19,092
Personnel expenses	9,144	17,947	9,144	18,488
Depreciation and amortisation expense	855	1,671	838	1,650
Amortisation of rights of use IFRS 16	775	1,553		
Other operating expenses	3,523	6,998	4,464	9,415
Impairment in accordance with IFRS 9	109	76	-7	-7
Operating result/EBIT	2,106	5,786	3,632	10,187
Profit/loss from investment accounted for using the equity method	17	17	-3	-2
Financial income	4	9	3	8
Financial expenses	70	135	62	119
Financial result	-49	-109	-62	-114
Earnings before tax and non-controlling interests/EBT	2,057	5,678	3,570	10,073
Income taxes	272	1,285	1,076	2,922
Consolidated profit or loss	1,785	4,393	2,495	7,151
Share in earnings attributable to non-controlling interests	-25	-46	-26	-29
Share of earnings attributable to Dr. Hönle AG shareholders	1,810	4,439	2,521	7,180
Earnings per share (basic) in €		0.81		1.30
Earnings per share (diluted) in €		0.81		1.30
Average shares outstanding (basic) 5,511,854)		5,511,854		5,511,854
Average shares outstanding (diluted)		5,511,854		5,511,854

Consolidated Statement of Comprehensive Income

for the period from 01 October 2019 to 31 March 2020 (IFRS)

in T€

	01/10/2019 – 31/03/2020	01/10/2018 – 31/03/2019
Consolidated profit or loss	4,393	7,151
Other comprehensive income for the period:		
Items that may subsequently be reclassified to profit or loss		
- Difference from currency translation	-32	118
- Reserve for hedging transactions	377	-2,782
- Income tax effects	-97	730
Items that will not be reclassified to profit or loss		
- Change in actuarial gains/losses from pensions	0	-70
- Deferred taxes from changes in actuarial gains/losses from pensions	0	18
Total other comprehensive income	248	-1,986
Total comprehensive income	4,641	5,165
thereof:		
- Comprehensive income attributable to non-controlling interests	-46	-29
- Comprehensive income attributable to Dr. Hönle AG shareholders	4,687	5,194

Consolidated Statement of Financial Position

as of 31 March 2020 (IFRS)

A S S E T S	31.03.2020	30.09.2019
NON-CURRENT ASSETS	in T€	in T€
Goodwill	18,849	18,849
Intangible assets	2,232	2,355
Property, plant and equipment	60,731	42,241
Investment property	1,151	1,171
Investment accounted for using the equity method	272	52
Financial assets	26	27
Other non-current assets	1,747	1,495
Deferred income tax assets	6,253	5,687
Total non-current assets	91,260	71,877
CURRENT ASSETS		
Inventories	35,988	35,895
Trade accounts receivables	16,188	16,980
Receivables from companies in which an equity investment is held	136	150
Other current assets	5,024	2,841
Current tax assets	1,455	877
Cash and cash equivalents	17,220	14,577
Total current assets	76,010	71,320
Non-current assets held for sale	950	950
TOTAL ASSETS	168,220	144,147
EQUITY AND LIABILITIES		
EQUITY		
Subscribed capital	5,513	5,513
Own shares	-8	-8
Capital reserves	16,596	16,596
Retained earnings	72,562	67,875
Equity attributable to Dr. Höhle AG shareholders	94,663	89,976
Non-controlling interests	99	146
Total equity	94,763	90,122
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	31,314	14,344
Non-current portions of finance lease obligations	2,263	144
Other non-current liabilities	5,738	6,085
Pension provisions	8,401	8,264
Accrued public investment grants	233	266
Deferred tax liabilities	1,130	1,292
Total non-current liabilities	49,078	30,395
CURRENT LIABILITIES		
Trade accounts payable	4,986	7,866
Liabilities to affiliated companies	2	0
Liabilities to companies in which an equity investment is held	40	3
Prepayments received	747	1,410
Current portion of finance lease obligations	2,691	65
Current liabilities to banks and current portion of non-current loans	2,465	1,672
Other current liabilities	6,475	5,671
Other provisions	530	502
Income tax liabilities	6,444	6,441
Total current liabilities	24,380	23,630
TOTAL EQUITY AND LIABILITIES	168,220	144,147

Consolidated Statement of Changes in Equity

for the period from 01 October 2019 to 31 March 2020 (IFRS)

in T€	R e v e n u e r e s e r v e s								E q u i t y		
	subscribed capital	own shares	capital reserve	legal and other revenue reserve	reserve for measurement IFRS 9	reserve for hedging transactions	reserve for act.. gains and losses	reserve for currency-differences	Dr. Hönle AG equity attributable to shareholders	non-control. interests	Total
As at 01/10/2018 (adjusted IFRS 9)	5,513	-8	16,596	65,305	335	-117	-2,024	1,822	87,087	164	87,250
Cons. profit/loss for the year				7,180					7,180	-29	7,151
Other comprehensive income						-2,052	-52	118	-1,986		-1,986
Total comprehensive income				7,180		-2,052	-52	118	5,194	-29	5,165
Change due to the acquisition of non-controlling interests				23					23	-83	-60
Equity contributions by minority shareholders										147	147
Dividend distribution				-4,409					-4,409		-4,409
As at 31/03/2019	5,513	-8	16,596	68,099	335	-2,169	-2,076	1,940	88,230	198	88,428
As at 01/10/2019	5,513	-8	16,596	73,395	341	-4,276	-3,630	2,044	89,976	146	90,122
Cons.profit/loss for the year				4,439					4,439	-46	4,393
Other comprehensive income						280		-32	248		248
Total comprehensive income				4,439		280		-32	4,687	-46	4,641
As at 31/03/2020	5,513	-8	16,596	77,834	341	-3,997	-3,630	2,012	94,661	100	94,761

Statement of Consolidated Cash Flows

for the period from 01 October 2019 to 31 March 2020 (IFRS)

in T€	01/10/2019 – 31/03/2020	01/10/2018 – 31/03/2019
Cash flows from operating activities		
Consolidated profit before non-controlling interests and taxes	5,678	10,073
Adjustments for:		
Amort./depr. of intangible assets, property plant and equipment and investment property	3,224	1,650
Gains/losses from disposal of intangible assets, property, plant and equipment and investment property	6	23
Financial income	-26	-6
Financial expenses	135	119
Other non-cash expenses/income	461	-318
Operating result before changes to net current assets	9,478	11,541
Increase/decrease in provisions	153	536
Increase/decrease in trade accounts receivable	732	5,241
Increase/decrease in receivables from companies in which an equity investment is held	14	7
Increase/decrease in other assets	-2,158	-2,339
Change in reinsurance	-60	-81
Increase/decrease in inventories	-580	-3,194
Increase/decrease in trade accounts payable	-2,819	-807
Increase/decrease in liabilities to companies in which an equity investment is held	37	0
Increase/decrease in advance payments received	-663	191
Increase/decrease in other liabilities	800	-835
Increase/decrease accrued public investment grants	-25	30
Cash generated from operations	4,909	10,289
Interest paid	-128	-65
Income tax paid	-2,694	-3,836
Cash flows from operating activities	2,087	6,389
Cash flows from investing activities		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	4	13
Payments for the acquisition of investments accounted for using the equity method	-200	0
Payments for the purchase of property, plant and equipment and intangible assets	-15,270	-3,941
Changes in financial assets	2	-1
Payments received from non-current receivables	8	24
Payments for non-current receivables	-200	0
Interest received	9	8
Cash flows from investing activities	-15,648	-3,896
Cash flows from financing activities		
Payments received from loans and liabilities to banks	18,599	5,745
Payments for loans and liabilities to banks	-1,239	-773
Payments for redemption portion of leasing liabilities	-1,186	0
Payments received from liabilities to shareholders	45	0
Payments for the purchase of non-controlling interests	0	-60
Equity contributions by non-controlling shareholders	0	147
Dividends paid	0	-4,409
Cash flows from financing activities	16,219	650
Exchange rate differences	-18	44
Exchange rate-based changes in cash and cash equivalents	3	40
Net increase/decrease in cash and cash equivalents	2,643	3,226
Cash and cash equivalents at the beginning of the reporting period	14,577	12,037
Cash and cash equivalents at the end of the reporting period	17,220	15,263

Explanatory Notes

to the Half-Year Report 2019/2020

Hönle prepares the consolidated financial statements in accordance with the International Accounting Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the pertaining interpretations as to be applied in the European Union. Hönle prepares and publishes the interim consolidated financial statements in euros.

The present interim consolidated financial statements were prepared in accordance with IAS 34 "Interim financial reporting". They should be read in context with the consolidated financial statements published by the Company for the financial year 2018/2019.

The consolidated statement of financial position as of 31 March 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the statement of consolidated cash flows for the periods ending on 31 March 2020 and 2019 as well as the notes to the consolidated financial statements are unaudited and were not subjected to a critical review.

With the exception of the remarks listed below, the material recognition, measurement and consolidation methods applied have remained unchanged compared with those for the financial year 2018/2019.

IFRS 16 – Leases

At the beginning of 2019/2020 financial year, Dr. Hönle AG applied the standard, IFRS 16, for the first time. When applying the new standard IFRS 16 for the first time, there is an option for full retrospective application and modified retrospective application. The Hönle Group opted for the modified retrospective application. Consequently, the comparative figures for the 2018/2019 financial year are not adjusted in the year of initial application, i.e. 2019/2020.

Within the framework of IFRS 16 implementation, assets for the rights of use of lease assets in the amount of T€ 5,964 and lease liabilities of T€ 5,964 were reported as at 1 October 2019. With respect to new leases recognised after 1 October, 2019, rights of use and lease liabilities are recognized at the time of provision. Rights of use are stated in the statement of financial position under the position Property, plant and equipment. The lease liabilities are reported separately under current or non-current financial liabilities in the statement of financial position.

Lease payments for current leases with a maximum term of 12 months and for low value lease assets continue to be reported as an expense in accordance with the option.

Acquisitions

Dr. Hönle AG acquired 24.24 % of the shares and voting rights in STERIXENE SAS, Les Angles, France in December 2019. From 1 January 2020, STERIXENE SAS is accounted for as an associated company using the equity method pursuant to IAS 28. The object of the company is the development and manufacture of chemical-free disinfection equipment (using pulsed xenon light).

Events after the Balance Sheet Date

The German subsidiary, Aladin GmbH, Gräfelting, was merged with the German subsidiary, UV-Technik Speziallampen GmbH, Ilmenau. The merger took place with retroactive effect as of 1 October 2019.

The Group figures to be segmented are allocated to the individual segments as follows:

Financial year 2019/2020 in T€	Adhesives	Equipment/ Systems	Glass/ Lamps	Total	Elimina- tions	Consoli- dated
Revenue						
External customers	14,886	26,764	9,202	50,853	0	50,853
Sales with other business units	237	1,504	714	2,455	-2,455	0
Total sales	15,123	28,268	9,916	53,308	-2,455	50,853
RESULT						
Segment result (operating result)	3,893	2,555	-661	5,786	0	5,786
Financial income	10	179	19	208	-199	9
Financial expenses	23	97	222	342	-207	135
Investment accounted for using the equity method				17		17
Write-downs of securities				-8	8	0
Result before taxes and non-controlling interests						5,678
Income taxes	1,148	907	60	2,116	0	2,116
Deferred taxes	-65	-309	-290	-665	-166	-831
Result before non-controlling interests						4,393
OTHER INFORMATION						
Segment assets	64,216	95,608	41,676	201,500	-43,031	158,469
Non-allocated assets						
Investments accounted for using the equity method				272		272
Financial assets				26		26
Non-current receivables				1,747		1,747
Tax refund claims				1,455		1,455
Deferred tax assets				6,253		6,253
Consolidated assets						168,220
Segment debt	11,580	47,505	34,173	93,258	-60,950	32,308
Deferred tax liabilities				1,130		1,130
Liabilities from income taxes				6,444		6,444
Non-current loans				33,576		33,576
Consolidated liabilities (current and non-current)	5,753	11,587	3,787	21,127		21,127
Segment writedowns	539	1,762	923	3,224		3,224
Non-cash expenses of the segment	7	132	-5	135		135

Financial Year 2018/2019 in T€	Adhesives	Equipment/ Systems	Glass/ Lamps	Total	Elimini- nations	Consoli- dated
Revenue						
External customers	20,029	24,992	10,969	55,990	0	55,990
Sales with other business units	120	3,188	1,199	4,507	-4,507	0
Total sales	20,149	28,180	12,168	60,497	-4,507	55,990
RESULT						
Segment result (operating result)	5,476	3,222	1,489	10,187	0	10,187
Financial income	7	151	22	180	-172	8
Financial expenses	11	95	196	302	-184	118
Investment accounted for using the equity method				-2		-2
Write-downs of securities				-12	12	0
Result before taxes and non-controlling interests						10,073
Income taxes	1,702	876	283	2,861	0	2,861
Deferred taxes	-85	-68	99	-53	114	61
Result before non-controlling interests						7,151
OTHER INFORMATION						
Segment assets	48,132	85,441	37,036	170,609	-44,327	126,282
Non-allocated assets						
Investments accounted for using the equity method				30		30
Financial assets				27		27
Non-current receivables				1,326		1,326
Tax refund claims				827		827
Deferred tax assets				3,981		3,981
Consolidated assets						132,473
Segment debt	10,876	46,448	31,262	88,586	-62,409	26,177
Deferred tax liabilities				1,441		1,441
Liabilities from income taxes				6,407		6,407
Non-current loans				10,021		10,021
Consolidated liabilities (current and non-current)						44,046
Capital expenditure	718	963	2,181	3,862		3,862
Segment writedowns	329	546	775	1,650		1,650
Non-cash expenses of the segment	12	163	10	185		185

Segment assets are defined as the sum total of intangible assets, property, plant and equipment, inventories, current receivables and cash and cash equivalents. Segment debt includes non-current and current obligations. Non-cash segment expenses relate to changes in pension provisions and other provisions. Transfer prices relating to intercompany services and supplies including the pertaining calculation basis are based on the same terms and conditions as those applied for third parties. In this respect no changes have been recorded in comparison with previous years.

Responsibility Statement

We affirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with generally accepted accounting principles and that the group management report provides a suitable understanding of the course of business, including the business results and the Group's position, and suitably presents the opportunities and risks of future development.

Gräfelfing, 15 May 2020

Dr. Hönle AG
The Management Board

Note

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 differences.

Financial Calendar

15 May 2020

Present Half-Year Report 2019/2020

26 May 2020

Shareholder Meeting 2020

7 August 2020

3rd Quarterly Statement 2019/2020

8 – 9 December 2020

Munich Capital Markets Conference



hönlegroup

Dr. Hönle AG
UV Technology
Lochhamer Schlag 1
D-82166 Gräfelfing, Munich
Phone +49 89 85608-0

Investor Relations
Peter Weinert
Phone +49 89 85608-173
E-Mail ir@hoenle.de