

Hönle Group Quarterly Statement
October 2023 to June 2024

Change in financial performance in T€	4/2024– 6/2024	10/2023– 6/2024	4/2023– 6/2023	10/2022– 6/2023	+/- %
Revenue	23,947	72,056	26,220	79,740	-9.6
Gross profit	15,351	45,500	4,873	38,778	17.3
Operating profit/loss (EBIT)	-5	-118	-10,512	-6,827	98.3
Earnings before tax/EBT	-497	-1,531	-10,883	-7,834	80.5
Consolidated profit from continuing operations	-249	-946	-9,232	-6,875	86.2
Profit from discontinued operations	0	0	0	327	-100.0
Consolidated profit/loss	-249	-946	-9,232	-6,548	85.5
Earnings per share in €		-0.17		-1.09	84.7
Number of shares		6,062,930		6,062,930	0.0

Change in financial position in T€	30/6/2024	30/9/2023	+/- %
Non-current assets	107,399	108,718	-1.2
Current assets	61,502	67,438	-8.8
Equity	93,582	96,133	-2.7
Non-current liabilities	44,282	47,775	-7.3
Current liabilities	31,038	32,248	-3.8
Total assets	168,901	176,156	-4.1
Equity ratio (%)	55.4	54.6	1.5

Change in cash flows in T€	10/2023– 6/2024	10/2022– 6/2023	+/- %
Cash generated from operations	4,562	5,003	-8.8
Net cash from operating activities	2,648	966	174.1
Net cash from investing activities	-2,396	3,143	-176.2
Net cash from financing activities	-2,778	-4,107	32.4
Change in cash and cash equivalents	-2,622	-181	<-100

Number of employees Average	10/2023– 6/2024	10/2022– 6/2023	+/- %
Headcount	573	581	-1.4

Business Performance

The Hönle Group's business trend has been impacted by a weak environment among many machinery and equipment manufacturers. Customer demand for printing applications saw an especially notable decline prior to the drupa, a major industry trade fair. By contrast, demand was stable or rising in all other business fields.

Revenue for the first nine months of financial year 2023/24 was down by 9.6% to T€ 72,056 (PY: T€ 79,740).

After a weak start to the new financial year, the operating loss (EBIT) improved from T€ 779 in the first quarter to T€ 118 for the first nine months. The operating loss for the first nine months of the previous year was T€ 6,827 and mainly reflected non-recurring effects from the discontinuation of our mobile air disinfection systems product line.

Performance by Segment

Adhesives segment

In the Adhesives segment, the Hönle Group generated revenue of T€ 21,416 in the period from October 2023 to June 2024, thus nearly reaching the figure of T€ 21,549 recorded for the prior-year period. Additional employees were hired in both development and application technologies in light of projected growth in the area of adhesives applications. The increase in personnel and the decline in revenue contributed to operating profit for the Adhesives segment dropping to T€ 1,182, down from T€ 1,547 in the prior-year period.

Because organic photovoltaics (OPV) requires large quantities of industrial adhesives, Hönle has developed a special type of adhesive for this area of application. After having successfully completed materials testing, the Group has already received the first notable orders and generated initial revenues. In other key markets for industrial adhesives, such as electronic packaging, the revenue trend remained stable.

Equipment & Systems segment

The Equipment & Systems segment was markedly impacted by investor restraint in the machinery and equipment manufacturing sector. The effect was especially notable in the printing industry, the Group's biggest sales market. However, sales were up in the area of crash test lighting systems for the automotive industry.

Hönle generated total revenues of T€ 37,768 in the Equipment & Systems segment during the first nine months of financial year 2023/24. Revenue for the prior-year period was T€ 44,586. The operating loss for the segment dropped from T€ 9,984 in the prior year to T€ 2,282. It should be noted that the prior-year figure includes non-recurring expenses of € 11.9 million, which mainly resulted from discontinuing our mobile air disinfection systems product line.

Glass & Lamps segment

The business trend in the Glass & Lamps segment was also impacted by investor restraint, albeit to a lesser extent. With respect to disinfection systems – the segment's main application area – revenues from ballast water treatment declined slightly, while gains were made in the area of process water disinfection. All in all, revenue declined from T€ 13,606 in the prior year to T€ 12,872. Operating profit came to T€ 982. The decrease from the prior-year figure of T€ 1,610 was due to lower sales volumes and a slight change in the product mix.

Segments in T€	10/2023– 6/2024	10/2022– 6/2023	+/- %
Revenue – Adhesives	21,416	21,549	-0.6
Revenue – Equipment & Systems	37,768	44,586	-15.3
Revenue – Glass & Lamps	12,872	13,606	-5.4
Operating profit/loss (EBIT) – Adhesives	1,182	1,547	-23.6
Operating profit/loss (EBIT) – Equipment & Systems	-2,282	-9,984	-77.1
Operating profit/loss (EBIT) – Glass & Lamps	982	1,610	-39.0

Financial performance

Hönle Group revenue fell by 9.6% year-on-year to T€ 72,056 in the nine months from October 2023 to June 2024.

Non-recurring effects had a significant impact on the cost of materials in the prior year: the Group's inventories of mobile air disinfection equipment and components had been written off in full in the third quarter of the previous year, once the coronavirus pandemic had subsided. The resulting increase in the cost of materials led to a cost of materials ratio of 53.5%. The ratio normalised (39.0%) during the current financial year. Gross profit amounted to T€ 45,500 (PY: T€ 38,778).

The personnel expenses ratio rose to 41.4% (PY: 36.7%) as a result of lower revenues. The ratio of other operating expenses to sales was 15.9% in the current financial year (PY: 14.2%). The operating loss (EBIT) for the nine-month period amounted to T€ 118 (PY: operating loss of T€ 6,875) and earnings before taxes (EBT) came to T€ -1,531 (PY: T€ -7,834). Consolidated loss for the year was T€ 946 after taxes (PY: consolidated loss of T€ 6,548), which corresponds to earnings per share of €-0.17 (PY: €-1.09).

Change in financial performance in T€	4/2024– 6/2024	10/2023– 6/2024	4/2023– 6/2023	10/2022– 6/2023	+/- %
Revenue	23,947	72,056	26,220	79,740	-9.6
Gross profit	15,351	45,500	4,873	38,778	17.3
Operating profit/loss (EBIT)	-5	-118	-10,512	-6,827	98.3
Earnings before tax/EBT	-497	-1,531	-10,883	-7,834	80.5
Consolidated profit from continuing operations	-249	-946	-9,232	-6,875	86.2
Profit from discontinued operations	0	0	0	327	-100.0
Consolidated profit/loss	-249	-946	-9,232	-6,548	85.5
Earnings per share in €		-0.17		-1.09	84.7
Number of shares		6,062,930		6,062,930	0.0

Cash flows

In the first nine months of the 2023/24 financial year, the Höhle Group generated operating cash flows of T€ 4,562 (PY: T€ 5,003). After adjusting for interest and taxes on income, net cash from operating activities (continuing and discontinued operations) recorded an encouraging increase to T€ 2,648 (PY: T€ 966).

Net cash from investing activities amounted to T€ -2,396. This figure was impacted by payments for the acquisition of items of property, plant and equipment and (equity) investments as well as prior-year cash inflows from the disposal of the Group's Raesch Quartz Germany GmbH business unit, which had led to a positive net figure for cash flows from investing activities of T€ 3,143 in the prior-year period.

Net cash from financing activities came to T€ -2,778 (PY: T€ -4,107) and was predominantly attributable to repayments of bank liabilities and utilisation of credit lines.

All in all, cash and cash equivalents declined by T€ -2,622 in the first nine months of the current financial year (PY: T€ -181).

Change in cash flows in T€	10/2023– 6/2024	10/2022– 6/2023	+/- %
Cash generated from operations	4,562	5,003	-8.8
Net cash from operating activities	2,648	966	174.1
Net cash from investing activities	-2,396	3,143	-176.2
Net cash from financing activities	-2,778	-4,107	32.4
Change in cash and cash equivalents	-2,622	-181	<-100

Financial position

On the assets side of the balance sheet, property, plant and equipment decreased by T€ 1,460 to T€ 73,667 as at 30 June 2024 as a result of depreciation/impairment in particular. The Hönle Group has taken out interest rate swaps to hedge against the risk of rising interest rates. Interest rate changes caused declines in other non-current assets on the assets side of balance sheet as well as in retained earnings on the equity and liabilities side. Inventories were largely unchanged at T€ 34,983 as at 30 June 2024.

The Hönle Group remains solidly funded thanks to its financing structure and its equity-to-assets ratio of 55.4%.

Non-current loans decreased by T€ 3,053 to T€ 38,730 in the first nine months. Current loans, including drawdowns of current account lines, amounted to T€ 13,953 as of 30 June 2024 (PY: T€ 12,416). Other current liabilities declined by T€ 1,208 to T€ 5,488 due to the utilisation of provisions for personnel and other liabilities.

Change in financial position

in T€	30/6/2024	30/9/2023	+/- %
Non-current assets	107,399	108,718	-1.2
Current assets	61,502	67,438	-8.8
Equity	93,582	96,133	-2.7
Non-current liabilities	44,282	47,775	-7.3
Current liabilities	31,038	32,248	-3.8
Total assets	168,901	176,156	-4.1
Equity ratio (%)	55.4	54.6	1.5

Outlook

Adhesives segment

Hönle offers a wide range of adhesives for the electronics packaging sector and continuously expands on the range of products offered. We also expect strong growth in this market segment in the future, driven by growing data volumes, artificial intelligence, increasingly high-performance electronics products with new features and autonomous vehicles, to name just a few factors. Electronic packaging usually requires customised adhesives, making this an ideal business line for the Hönle Group as an adhesives specialist.

Medical technology adhesives are another growth area, with one important field of application being adhesives used to bond needles to syringes. This is an area in which the Hönle Group has proven expertise in the adhesive systems required for this purpose.

From a regional perspective, the Group will continue to focus on developing the U.S. market – especially the market for customised industrial adhesives – as well as the East Asian markets for electronic packaging applications. Hönle has hired additional personnel in both of these markets.

Hönle offers customers high-performance solutions with its range of UV curing adhesives and the associated UV curing devices. The Management Board plans to bring this solution expertise to the fast-growing markets for electronic packaging and medical technology and therefore expects profits in the Adhesives segment to increase disproportionately in the coming years.

Equipment & Systems segment

The customer restraint seen in the reporting period, particularly in the printing industry, was due not least to the drupa trade fair held at the end of May/beginning of June 2024. Usually, the drupa trade fair is followed by declining investment backlogs as business normalises.

The Hönle Group plans to expand its Lifecycle Solutions business, particularly the Equipment & Systems segment. This will enable the Group to offer value-added services during the entire product lifecycle, which spans many years. Customers will be offered comprehensive services spanning the full product lifecycle, including technical hotline support, on-site servicing and the sale of spare parts, service parts and retrofit parts. This will enable Hönle to increase its share of recurring sales in the capital equipment business.

To improve the Group's competitive standing, targeted product development is being implemented. The development process centres on the customer with the aim of providing user-friendly systems. Profitability improvements are also expected from restructuring the product range and from leveraging savings potential on the procurement side. Project management is being expanded with the goal of strategically targeting the application fields of the future, which include technical films and coatings used for floor surfaces and in automotive engineering in addition to digital and offset printing.

Glass & Lamps segment

The Hönle Group is expanding its range of products in the area of disinfection services. For example, flash lamps are offered in addition to low- and medium-pressure lamps, allowing customers to choose from a range of disinfection levels. We also provide disinfection certificates. Hönle thus pursues a holistic approach that includes customer consulting, supplying disinfection systems, microbiological analysis to check results and technical documentation of the disinfection process.

Environmentally friendly and efficient disinfection using ultraviolet radiation is being applied more and more frequently to treat surfaces, air and water. In the area of water disinfection, the Hönle Group supplies leading manufacturers of water treatment systems with lamps, sensors and electrical components. The food, pharmaceutical and electromobility sectors represent additional growth markets for the Glass & Lamps segment. Product management is also being expanded in this segment to enable the Group to target new, potentially strong fields of application.

On the whole, the Management Board expects both revenue and earnings to increase in the Glass & Lamps segment over the next few years.

Overall assessment of the future development of the business

As already communicated, the Management Board continues to anticipate revenue of approximately € 100 million for the Hönle Group in financial year 2023/24. The Management Board also expects to generate a positive operating profit (EBIT) in financial year 2023/24.

Consolidated Income Statement

in T€	4/2024– 6/2024	10/2023– 6/2024	4/2023– 6/2023	10/2022– 6/2023
Revenue	23,947	72,056	26,220	79,740
Change in inventories of finished goods and work in progress	-59	227	492	1,168
Other work performed by the entity and capitalised	17	31	43	53
Other operating income	502	1,402	-27	1,112
Cost of purchased materials and services	-9,056	-28,215	-21,855	-43,295
Personnel expenses	-9,993	-29,959	-10,305	-29,674
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-1,001	-3,020	-1,060	-3,225
Amortisation of rights of use (IFRS 16)	-379	-1,121	-397	-1,208
Other operating expenses	-4,040	-11,492	-3,627	-11,461
Impairment pursuant to IFRS 9	58	-26	4	-36
Operating profit/loss (EBIT)	-5	-118	-10,512	-6,827
Profit/loss from investments accounted for using the equity method	1	58	0	66
Finance income	9	19	2	81
Finance costs	-502	-1,491	-373	-1,153
Financial result	-492	-1,413	-371	-1,006
Earnings before taxes and non-controlling interests/ EBT from continuing operations	-497	-1,531	-10,883	-7,834
Income taxes	248	585	1,651	958
Profit for the year from continuing operations	-249	-946	-9,232	-6,875
Profit/loss from discontinued operations after taxes	0	0	0	327
Consolidated profit or loss	-249	-946	-9,232	-6,548
Share of profit attributable to non-controlling interests				
	16	48	-9	77
Share of profit attributable to equity holders of Dr. Höhle AG	-265	-994	-9,223	-6,625
Earnings per share (basic) from continuing operations in €		-0.17		-1.13
Earnings per share (basic) from discontinued operations in €				
		0.00		0.05
Earnings per share (diluted) from continuing operations in €		-0.17		-1.13
Earnings per share (diluted) from discontinued operations in €				
		0.00		0.05
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

in T€	30/6/2024	30/9/2023
ASSETS		
NON-CURRENT ASSETS		
Goodwill	18,400	18,400
Intangible assets	1,325	1,304
Property, plant and equipment	73,667	75,127
Investment property	985	1,015
Investments accounted for using the equity method	441	381
Financial assets	237	26
Other non-current assets	5,663	7,307
Deferred tax assets	6,680	5,159
Total non-current assets	107,399	108,718
CURRENT ASSETS		
Inventories	34,983	35,046
Trade receivables	14,045	15,618
Receivables from other long-term investees and investors	247	108
Finance lease receivables	38	57
Other current assets	2,045	1,871
Current tax assets	3,448	3,910
Cash and cash equivalents	6,695	9,317
Assets held for sale	0	1,510
Total current assets	61,502	67,438
TOTAL ASSETS	168,901	176,156
EQUITY AND LIABILITIES		
EQUITY		
Subscribed Capital	6,063	6,063
Treasury shares	-8	-8
Capital reserves	41,979	41,979
Retained earnings	45,473	47,787
Equity attributable to equity holders of Dr. Höhle AG	93,506	95,820
Non-controlling interests	75	313
Total equity	93,582	96,133
NON-CURRENT LIABILITIES		
Non-current loans (less current portion)	38,730	41,783
Non-current finance lease liabilities	1,277	1,274
Other non-current liabilities	250	269
Pension provisions	3,044	3,212
Accrued public investment grants	61	63
Deferred income tax liabilities	921	1,175
Total non-current liabilities	44,282	47,775
CURRENT LIABILITIES		
Trade payables	6,274	7,558
Liabilities to other long-term investees and investors	0	4
Contract liabilities	2,614	1,711
Current finance lease liabilities	1,307	1,333
Current liabilities to banks and current portion of non-current loans	13,953	12,416
Other current liabilities	5,488	6,696
Other provisions	338	382
Income tax liabilities	1,064	1,361
Liabilities associated with assets held for sale	0	778
Total current liabilities	31,038	32,248
TOTAL EQUITY AND LIABILITIES	168,901	176,156

Consolidated Statement of Cash Flows

in T€	10/2023– 6/2024	10/2022– 6/2023
Cash flows from operating activities		
Profit for the year before non-controlling interests and taxes	-1,531	-7,504
Adjustments for:		
Depreciation and amortisation of intangible assets, property, plant and equipment and investment property	4,141	4,633
Gains/losses from the disposal of intangible assets, property, plant and equipment and investment property	-11	0
Finance income	-77	-147
Finance costs	1,491	1,153
Other non-cash expenses and income	120	8,783
Operating profit before changes to net current assets	4,133	6,918
Increase/decrease in provisions	-305	-287
Increase/decrease in trade receivables	1,561	2,023
Increase/decrease in receivables from other long-term investees and investors	-137	30
Increase/decrease in other assets	307	442
Increase/decrease in reinsurance	-36	-102
Increase/decrease in inventories	-15	-1,027
Increase/decrease in trade payables	-1,241	-961
Increase/decrease in liabilities to other long-term investees and investors	0	-1
Increase/decrease in contract liabilities	903	-717
Increase/decrease in other current liabilities	-608	-1,313
Cash generated from operations	4,562	5,003
Interest paid	-1,375	-1,002
Income taxes paid	-539	-3,035
Net cash from operating activities	2,648	966
Cash flows from investing activities		
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	0	13
Payments made for the acquisition of property, plant and equipment and intangible assets	-1,576	-2,149
Increase/decrease in financial assets	-211	0
Payments received for non-current receivables	2	534
Payments made for non-current receivables	0	-313
Interest received	12	81
Payments made for acquisitions of businesses	-788	0
Payments received from sale of companies included in the consolidated financial statements and other business units	165	4,977
Net cash from investing activities	-2,396	3,143
Cash flows from financing activities		
Payments received for loans and liabilities to banks	1,707	650
Payments made for loans and liabilities to banks	-3,241	-3,324
Payments made for the repayment portion of lease liabilities	-1,121	-1,310
Dividends paid	-123	-123
Net cash from financing activities	-2,778	-4,107
Net foreign exchange difference	-95	-183
Net change in cash and cash equivalents	-2,622	-181
Cash and cash equivalents at the beginning of the reporting period	9,317	7,131
Cash and cash equivalents at the end of the reporting period	6,695	6,950

Financial calendar for Dr. Hönle AG

7 August 2024

Quarterly Statement for Q3 2023/2024

25 September 2024

Berenberg & Goldman Sachs German Corporate Conference, Munich

13–14 November 2024

MKK Münchner Kapitalmarkt Konferenz (GBC), Munich

25-27 November 2024

Deutsches Eigenkapitalforum (Deutsche Börse), Frankfurt

6 December 2024

Preliminary figures for financial year 2023/24

Disclaimer

For reasons of better readability, the masculine form is generally used when referring to persons. The masculine form refers to all genders equally (male, female, non-binary). It is used solely for reasons of expediency and does not imply any judgment.

The interim consolidated financial statements have not been audited.

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 of the last annual 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.



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