

hönle group

Annual Report 2022/2023



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Cover photo: New dual-curing adhesive for the electronics industry: To ensure curing in shadow zones, adhesives are provided with two curing mechanisms. In the first stage, curing is realised by ultraviolet radiation. This is followed by moisture crosslinking in the shade area.

Business Segments

A d h e s i v e s



Consumer Electronics

The requirements in the electronics sector are increasing, with ever higher demands being placed on the quality and performance of computers, mobile phones and laptops. At the same time, devices and components are becoming smaller and lighter. This requires innovative adhesives that can keep up with the rapid pace of development and replace solder joints, shield components or protect them with coatings.



Automotive

Today, adhesives are used more and more frequently to replace welding, riveting or screwing work. In addition, the number of adhesive applications in automotive electronics is constantly increasing: sensors, driver assistance systems and displays must be bonded, coated or laminated. Especially in the field of e-mobility, the bonding of battery packs opens up entirely new forms of application.



Optics and Opto-Electronics

Special adhesives are used for the manufacture of opto-electronic products such as optically transparent and non-yellowing adhesives used for the bonding of lens systems. In this case, Panacol products are filled with special nanoparticles which provide the advantage of not impairing the optical properties while at the same time improving enormously the mechanical properties of the adhesive.



Medical Technology

Special regulations apply to medical devices. Among other things, the products must be biocompatible, have high adhesive strength and also withstand various sterilisation methods. With solvent-free adhesives, medical products such as syringes, dialysis filters, blood bags or tube connections can be manufactured in a reliable process in short cycle times.



Equipment for the printing and coating industry

About two thirds of print products worldwide are produced using offset processes. Hönle supplies UV drying systems for this market as well as for the digital inkjet printing segment. UV technology ensures outstanding print quality with a clearly better environmental and energy balance compared to conventional drying processes. Moreover, Hönle offers innovative UV dryers for coating two- and three-dimensional objects.



Disinfection

UVC technology offers the possibility of disinfecting surfaces reliably and in an environmentally friendly way. In the food industry, for example, yoghurt pots are disinfected with UV lamps before they are filled. As a result, the food has a much longer shelf life.

Also room air can be disinfected reliably and quietly with UV technology.



Curing of adhesives

UV-reactive adhesives dry quickly and reliably. They are therefore indispensable in many manufacturing processes. With the Panacol high-tech adhesives and casting compounds, the Hönle Group has become a unique systems supplier for bonding technology worldwide. The product range includes innovative LED curing units and high-performance UV lamps.



Solar simulation and lighting technology

Artificial sunlight makes products age in fast motion under laboratory conditions. In addition to the automotive industry, the main area of application is the semiconductor industry, which thoroughly tests the photovoltaic modules using our lamps.

In the area of lighting technology, lighting systems are used, for example, for crash tests, for trade fair events or research.



Medium-pressure lamps

UV medium-pressure lamps are used, for example, for drying inks, paints and coatings. UV inks and paints are generally more scratch-resistant, more glossy and more durable than conventional coatings. The high quality of the UV-cured surface is a major reason for the ever-increasing use of UV technology.



Special lamps for life science

UV discharge lamps are used for the environmentally and cost-effective disinfection of water, air and surfaces. Water disinfection is used for drinking water, for wastewater treatment and the disinfection of ballast water in the shipping industry.

The product range also includes energy-saving air and surface disinfection systems for the food industry.



Custom lamps

Hönle develops and produces ultraviolet and infrared emitters according to customer requirements. In this way, the optimal radiation source for individual requirements can be created. In laboratory technology, for example, where UV lamps are used, among other things, for TOC reduction, vitamin D synthesis or emission measurements, the UV components form the heart of the complex systems.



Quartz Glass Tubes

Quartz glass tubes are used as lamp bodies in the production of discharging lamps. The special properties of quartz glass enable the production of high-quality UV and infrared lamps.

Quartz glass is also an indispensable component in water treatment in the form of sheathing and immersion tubes.

Hönle Group at a glance

1976

Prof. Dr. Karl Hönle founds the company

20+

Production and sales locations worldwide

594

Employees

106 Mio. €

Revenue

7 Mio. €

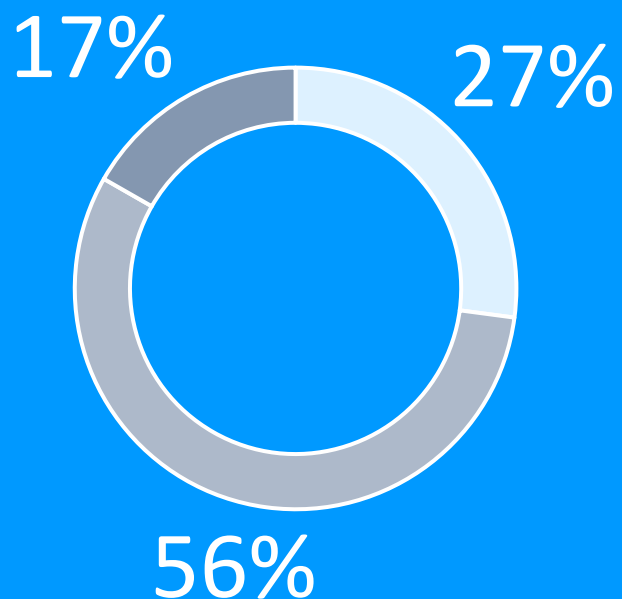
Adjusted operating profit

108 Mio. €

Market capitalisation at the stock exchange¹

Revenue by segment

- adhesives
- equipment & systems
- glass & lamps



1) As of: End of the financial year on 30 September 2023

High-tech adhesives for opto electronics

Panacol develops special adhesives for the production of refractive lenses and diffractive optical elements (DOEs). These adhesives are suitable for micro- and nano-imprint lithography, wafer level optics and optical wafer bonding.



Business Development

HÖNLE GROUP in T€	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	+/- %
Income Statement											
Revenue	82.090	92.173	93.415	101.926	126.492	107.747	93.876	115.170	116.342	106.342	-8,4
EBITDA	12.034	16.162	15.109	18.144	33.837	20.318	14.707	13.853	12.026	325	-97,3
Operating Result/EBIT	9.483	13.524	12.400	15.207	30.687	17.003	8.099	349	5.837	-9.418	< -100
EBIT-margin as a %	11,3	14,6	13,0	14,8	23,9	15,5	8,7	0,3	4,9	-9,0	< -100
EBT	8.967	14.023	12.050	14.877	30.397	16.872	7.846	-608	4.422	-10.981	< -100
Consolidated profit for the year	6.495	10.320	8.290	10.414	21.726	12.396	5.605	-4.860	-13.198	-10.928	17,2
Cash flow											
Operating cash flow ¹⁾	9.201	12.863	13.126	12.146	27.877	23.062	16.608	6.142	-485	7.389	> 100
Statement of Financial Position²⁾											
Non-current assets	42.013	41.524	44.404	46.305	54.275	71.877	107.226	120.350	114.810	108.718	-5,3
Current assets	43.582	49.112	49.871	56.002	71.248	71.320	88.020	81.605	80.652	67.438	-16,4
Equity	49.718	57.514	61.669	69.778	87.250	90.122	116.685	111.122	107.239	96.133	-10,4
Non-current liabilities	16.676	15.084	15.130	13.152	12.925	30.394	58.442	64.131	37.202	47.775	28,4
Current liabilities	19.201	18.414	17.475	19.377	25.351	23.630	21.070	27.652	51.021	32.248	-36,8
Total assets	85.595	91.012	94.275	102.306	125.523	144.147	196.196	202.905	195.462	176.156	-9,9
Equity ratio as a %	58,1	63,2	65,4	68,2	69,5	62,5	59,5	54,8	54,9	54,6	-0,5
Employees											
at the end of the financial year	506	545	542	581	646	590	582	667	648	594	-8,3
Share											
Earnings per share in €	1,13	1,84	1,50	1,89	3,94	2,26	1,02	-0,80	-2,20	-1,82	17,3
Dividend in €	0,50	0,55	0,55	0,60	0,80	0,80	0,50	0,20	0,00	0,00	0,0
Number of shares in T	5.512,9	5.512,9	5.512,9	5.512,9	5.512,9	5.512,9	6.062,9	6.062,9	6.062,9	6.062,9	0,0

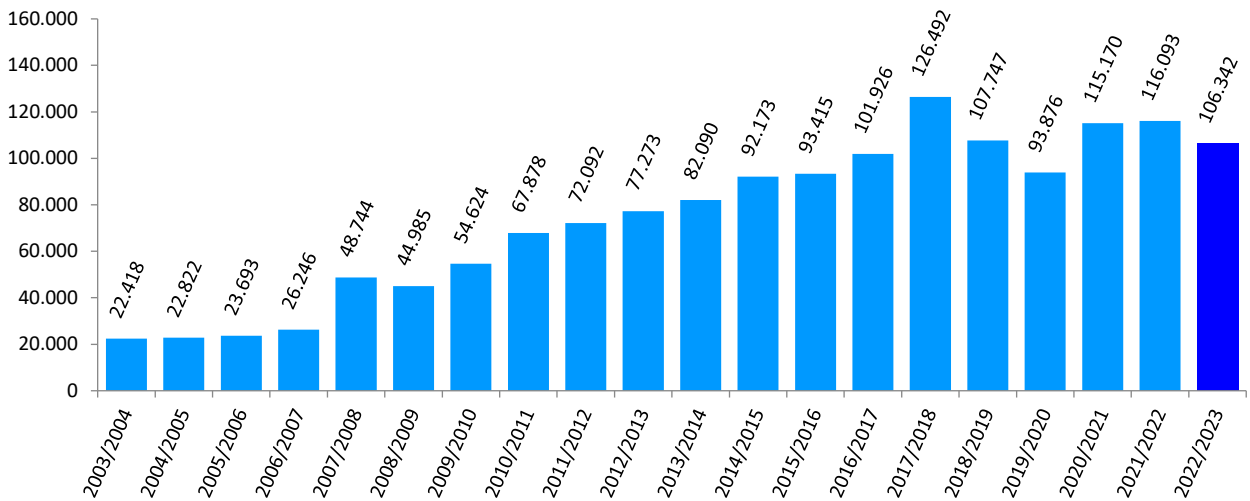
DR. HÖNLE AG (acc. HGB) in T€

Income Statement											
Revenue	29.579	34.358	36.405	39.855	46.038	38.627	35.609	39.553	49.335	51.291	4,0
Operating result/EBIT	3.833	3.747	2.709	2.892	3.550	-225	-2.699	-12.907	-22.929	-8.748	-61,8
Net income for the year	5.191	11.300	6.737	4.476	4.333	2.141	615	-18.161	-21.364	-6.930	67,6
Earnings per share in €	0,94	2,05	1,22	0,81	0,79	0,39	0,11	-3,00	-3,52	-0,84	76,1

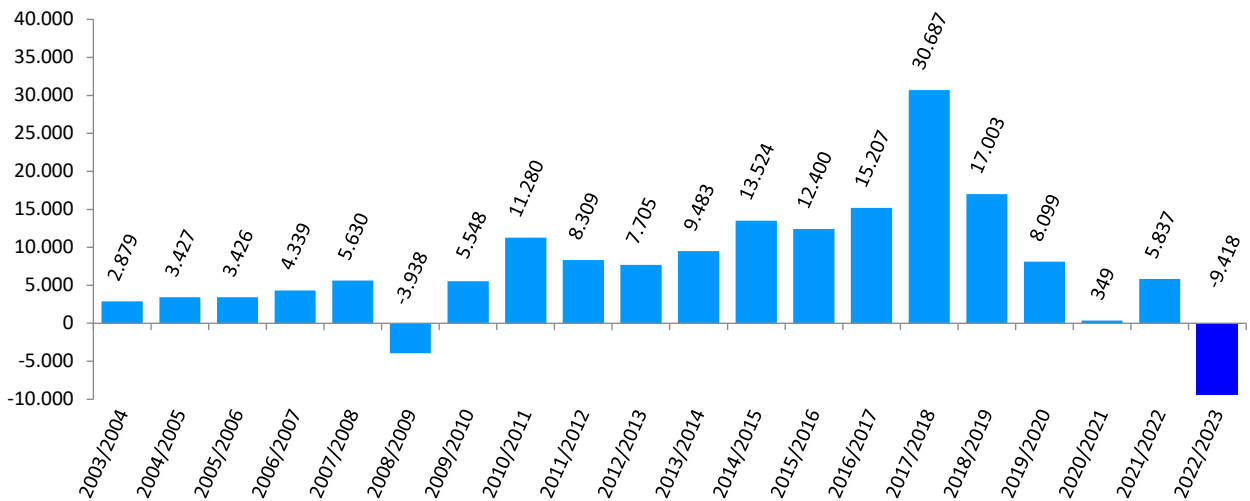
1) cash generated from operations

2) as at the end of the respective financial year

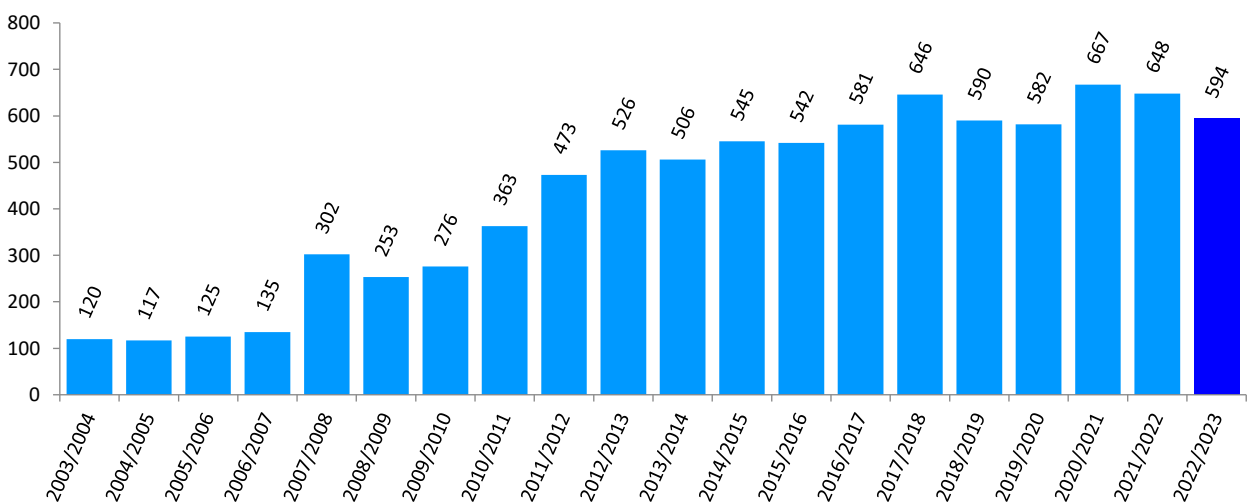
Revenue in T€



Operating profit in T€



Employees





Dr. Franz Richter
Management Board of Dr. Hönle AG

*Dear shareholders,
Dear business friends,*

On 22 March 2023, the Annual General Meeting elected me to the Supervisory Board of Dr. Höhle AG. Just a few weeks later, on 1 May 2023, I took over as Chairman of the Management Board of Dr. Höhle AG on an interim basis. The transfer from the Supervisory Board to the Management Board is limited to a maximum term of 12 months. My task is to pave the way for achieving strong business performance over the long term and a return to high earnings power at the Höhle Group. My first few months therefore involved initial stocktaking and an analysis of business activities in the individual segments. I would now like to explain how the past financial year played out, and then proceed to show you what we have planned going forward. With all the changes, we felt it was important to keep the capital market informed, which is why we have significantly intensified our dialogue with investors via various channels.

Investor caution amid economic challenges also impacted the Höhle Group's business performance. Whereas the COVID-19 pandemic had led to a boom in mobile air disinfection equipment in the previous year, the end of the pandemic contributed to a decline in sales in the reporting year. In all, sales revenues declined by more than 8% over the prior-year period to €106 million in financial year 2022/2023. Sales revenues for the Adhesives segment were slightly higher in the financial year than in the previous year thanks to our sales companies in France and the United States. Sales revenues from UV curing systems used for industrial adhesives registered encouraging growth in the period under review. These systems are used, for example, in automated production processes involving medical technology, such as for gluing needles to syringes.

The operating result was affected by several one-off factors totalling €16.5 million in the reporting year. After the end of the COVID-19 pandemic, we had to discontinue our mobile air disinfection equipment product line due to a lack of prospects for success. Consequently, impairment losses had to be recognised on finished goods and components, resulting in a change in inventories of €3.8 million and an increase of €7.2 million in the cost of materials. We also recognised impairment losses of €3.8 million on goodwill and intangible assets. One-off expenses from restructuring came to €0.9 million and severance payments totalled €0.8 million. All in all, the operating result (EBIT) came to -€9.4 million.

When looking at earnings from a purely operational perspective, the adjusted operating result amounted to €7.1 million.

What are our objectives for the new financial year?

As mentioned at the outset, we aim to position Hönle for strong, long-term business growth and will be restructuring our business units to this end. Whereas our business segments have thus far been divided into product groups, in future we will create business units that focus on the customer. Our business activities will then be divided into three units: curing, disinfection and adhesive systems. The first report based on the new business units is expected to be published on 31 March 2024.

We will also expand product management in the new business units to enable us to identify interesting lines of business at an early stage and to capture and implement customer needs as effectively as possible. Another focus is on expanding information sharing at management and expert level and leveraging synergies between the Hönle Group's individual business units.

We also plan to place greater emphasis on the topics of sustainability and compliance. Moreover, we will substantially reduce the 17 deviations from the German Corporate Governance Code that have been identified thus far and gradually expand our ESG activities.

At the operational level, we expect to generate sales of between €105 million and €115 million and an operating result of between €6 million and €9 million in financial year 2023/2024. All of the Hönle Group's business segments are expected to generate a positive operating result and positive operating cash flows on balance.

As you can see, we have set ourselves some ambitious goals. We would be pleased to have you accompany us on this journey and would like to thank you for the trust you have placed in us. We would also like to extend our heartfelt thanks to our almost 600 employees for their dedication and commitment during the past financial year.

As you have probably already heard, Dr. Markus Arendt will be newly added to the Management Board of Dr. Hönle AG. He will take over my function on the Management Board in May of this year, upon which I will return to the Supervisory Board of Dr. Hönle AG.

Gilching, January 2024

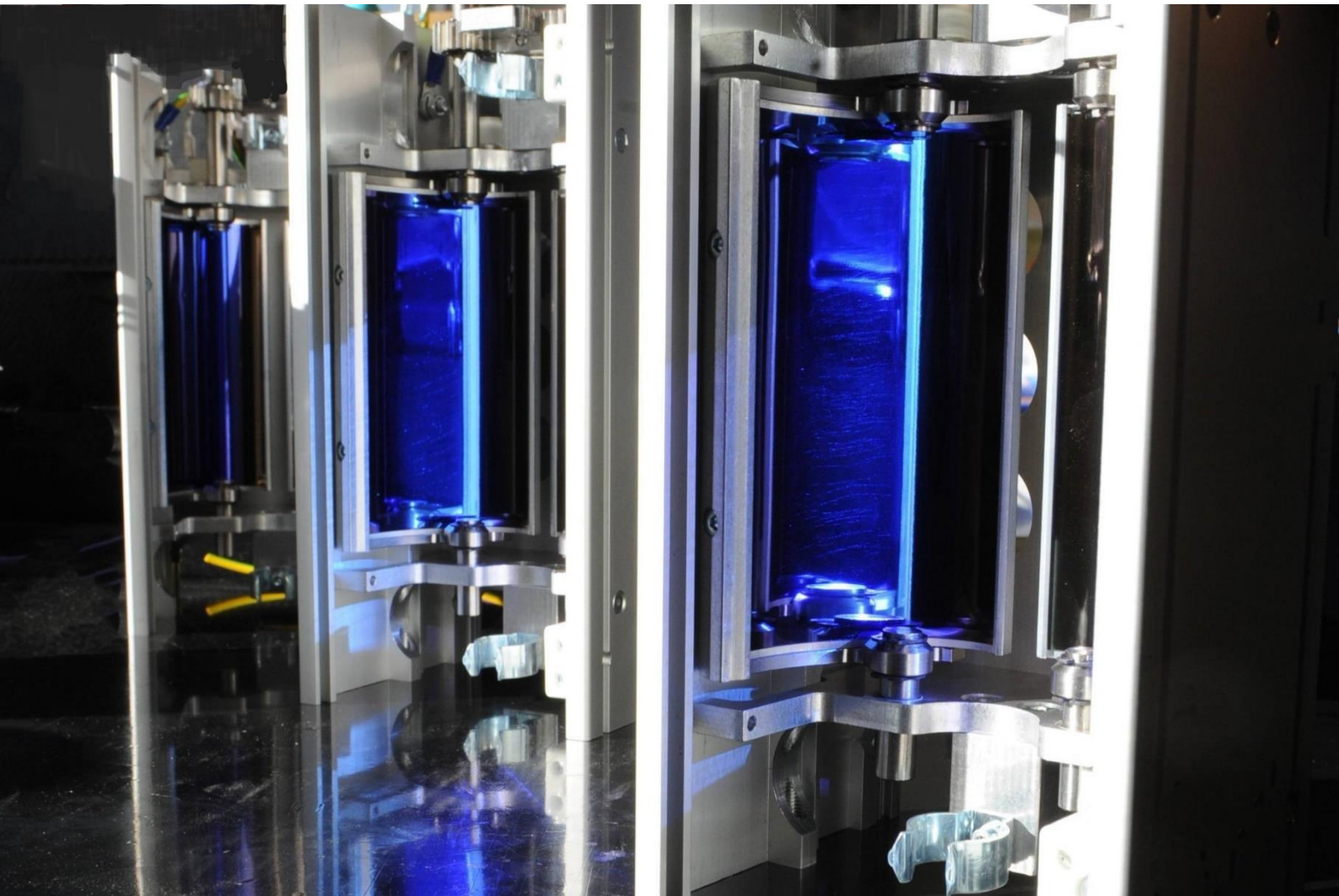


Dr. Franz Richter

Management Board

UV lamps for printing applications

Direct Digital Printing, or digi print for short, is a printing process in which the printed image is transferred directly into a printing machine without the use of a static printing plate. For this process, Hönle offers UV dryers and UV LED dryers that enable printing images at high speed and with high brilliance.



Report of the Supervisory Board



Niklas Friedrichsen
Chairman of the Supervisory Board

Dear Shareholders,

We have set the course for the Höhle Group's realignment. The Supervisory Board seconded Dr. Richter to Dr. Höhle AG's Management Board on 1 May 2023. The former Management Board has left the Company. The secondment will end after 12 months at the latest. A successor has already been found in Dr. Arendt who will be responsible for managing the Company's affairs starting from 1 May 2024 at the latest.

The Management Board's strategy is aimed at achieving strong business performance over the long term and a return to high earnings power at the Höhle Group. To this end, product management is set up or further strengthened with a view to strategically opening up future-focused fields of application.

In detail, the following structural changes were made: The Company's founder and Chairman of the Supervisory Board, Prof. Höhle, resigned from his office and stepped down from the Supervisory Board on 23 March 2023. On the same day, Dr. Richter was elected to the Supervisory Board as a member by the Annual General Meeting and also became the Supervisory Board's Chairman. On 1 May 2023, the Supervisory Board seconded Dr. Richter as Chairman to the Management Board for a maximum tenure of 12 months. The former Chairman of the Management Board, Mr. Haimerl, resigned from his position and left the Company. Mr. Friedrichsen has been appointed as Chairman of the Supervisory Board for the duration of Dr. Richter's secondment to the Management Board. The contract concluded with the member of the Management Board Mr. Pumpe expired as at 31 December 2023 and was not extended. Mr. Pumpe was in charge of Technology.

Below I will give you an overview of the activities of the Supervisory Board during the 2022/2023 financial year.

Intensive exchange of information with the Management Board

We duly performed the duties incumbent on us according to the law and the Articles of Association, continuously monitored the work of the Management Board, advised it on the management and strategic further development of the Company and discussed significant business transactions with it. The cooperation between the Management Board and the Supervisory Board took place in a sometimes critical but always objective atmosphere on the basis of mutual trust. The Supervisory Board was involved in all essential decisions, providing guidance and direction. This mainly concerned the Company's strategic orientation and substantial changes in the management and supervisory bodies.

In preparation for the meetings, the Management Board provided the Supervisory Board with up-to-date and detailed reports on the course of business. In addition, we were also promptly provided with ad-hoc information about any unusual events, either verbally or in writing.

The Supervisory Board held 11 meetings and one informal consultation in the reporting year. On the basis of detailed reports from the Management Board, we held in-depth discussions on the business development, including that of individual subsidiaries, as well as on the net assets and financial position, corporate planning and risk management. To the extent required by law, the Company's Articles of Association and the rules of procedure, we approved the Management Board's motions after extensive discussion. Thus, we were always informed about the correctness and regularity of the Management Board's work.

Focus of the consultations

The first meeting of the Supervisory Board in financial year 2022/2023 was already held on 10 October 2022. The appointment of a new Supervisory Board Chairman was on the agenda.

At the next meeting, which was held on 17 October 2022, we discussed the future structure of the remuneration system for Management Board members. The Management Board informed us about the impact of the high energy prices on Raesch Quarz (Germany) GmbH's business performance and subsequently explained the planned marketing measures in the air disinfection business.

At the meeting held on 28 October 2022, the Management Board elaborated on planning scenarios with respect to Raesch Quarz (Germany) GmbH's business performance based on various sales and energy price developments.

On 28 November 2022, the Management Board presented the Höhle Group's preliminary figures as at 30 September and 31 October and explained the impact that the closure of Raesch Quarz (Germany) GmbH had on the balance sheet. The Management Board also explained the effects of the marketing measures on sales development in the air disinfection business and discussed the progress of the annual audit of the financial statements by the auditors. Subsequently, the Management Board presented the planning for the new financial year.

The subject of the Supervisory Board meeting on 23 January 2023 was the discussion and adoption of the audited annual financial statements of Dr. Höhle AG and the discussion and approval of the audited consolidated financial statements as at 30 September 2022. This meeting was also attended by the auditors of Dr. Höhle AG. The Management Board reported on the profitability of the Company, its subsidiaries and associated companies, and, in this context, also referred to the profitability of equity capital pursuant to Section 90 (1) No. 2 AktG (German Stock Corporation Act). Following an in-depth discussion of the annual financial statements with the auditor and the Management Board, the Supervisory Board approved the financial statements. We also specified the agenda for the Annual General Meeting and the resolution proposals within the scope of this meeting. As recommended by the Audit Committee, we decided to propose the auditing firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, with registered head office in Munich, as new annual auditor for financial year 2022/2023 to the Annual General Meeting. We then discussed in detail and approved the declaration of compliance with the German Corporate Governance Code (GCGC) pursuant to Section 161 AktG. Lastly, the Management Board reported on the current business situation.

In the informal consultation held on 27 February 2023, the Management Board provided us with an overview on the current business situation of Dr. Höhle AG and its subsidiaries and associated companies along with an outlook on the financial year.

We unanimously elected Dr. Richter as new Supervisory Board Chairman on 23 March 2023.

At the Supervisory Board meeting held on 25 April 2023, we decided to terminate the employment contract with Mr. Haimerl as at 30 April 2023. Dr. Richter was seconded to the Management Board as its Chairman with effect from 1 May 2023, with his tenure lasting until no later than 30 April 2024. We also adopted the following resolutions: Niklas Friedrichsen was elected as Supervisory Board Chairman for the duration of Dr. Franz Richter's tenure as Management Board Chairman. He will resign from his office as Chairman of the Audit Committee for the duration of his term of office as Supervisory Board Chairman and step down from the Audit Committee. Günther Henrich will assume the office of Chairman of the Audit Committee for the duration of Dr. Franz Richter's term of office as Management Board Chairman of Dr. Höhle AG. Dr. Bernhard Gimple will assume the office of Deputy Chairman of the Audit Committee for the duration of Dr. Franz Richter's term of office as Management Board Chairman of Dr. Höhle AG.

On 16 May 2023, the Management Board Chairman reported on his first impressions since taking office on 1 May 2023. He also reported on the further actions he plans to take. We then discussed the management's future structure.

On 1 June 2023, we discussed the revenue and earnings planning of the main companies of the Höhle Group for the 2022/2023 financial year. In addition, the intrinsic value of the stocks for the mobile air disinfection systems was a central topic of the Supervisory Board meeting.

In the Supervisory Board meeting held on 23 June 2023, the Management Board reported on the business performance in the individual business segments as well as on one-off factors. The decision on a possible construction project has been postponed by 12 months and will be made depending on the future development of business.

On 2 August 2023 the Supervisory Board met for the last time in the reporting year. The topic discussed at that meeting was the current business performance. In addition to the income statement, the Management Board also addressed the balance sheet figures and cash flows. Other areas of discussion included Environmental, Social, Governance (ESG), capital market communication and the current status of the search for suitable candidates for the position of Management Board Chairman.

The members of the Supervisory Board take part in any training and further education measures required to carry out their duties on their own initiative. If required, the Company also offers internal informational events or informational events organised by external service providers. New Supervisory Board members receive adequate support from the Company when they take office.

Individualised presentation of meeting attendance

The German Corporate Governance Code recommends that the number of Supervisory Board meetings and committee meetings attended by each member be disclosed. Dr. Hönle AG has an Audit Committee that was convened once in the reporting year. All Supervisory Board members, i.e. Prof. Dr. Imke Libon, Niklas Friedrichsen, Dr. Bernhard Gimple, Günther Henrich, Prof. Dr. Karl Hönle, and Dr. Franz Richter, attended all meetings in full during their tenure. The meeting of the Audit Committee was also attended by all committee members.

Corporate Governance

The German Corporate Governance Code Commission (*Regierungskommission Deutscher Corporate Governance Kodex*) published the Code on responsible governance in the current version on 28 April 2022. The Supervisory Board coordinated the implementation of the Code's recommendations and suggestions with the Management Board and issued a joint declaration pursuant to Section 161 AktG. The declaration was included in the annual report and made permanently accessible to the shareholders by publication on the Internet. The Management Board of Dr. Hönle AG consisted of two members in the financial year under review. The Supervisory Board of Dr. Hönle AG included five members. Dr. Richter was seconded to the Management Board on 1 May 2023 until no later than 30 April 2024. During the time of his secondment, he will temporarily step down from the Supervisory Board.

Separate financial statements and consolidated financial statements

The Annual General Meeting held on 23 March 2023 elected Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich, as the auditor for the 2022/2023 financial year. Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft had audited the separate financial statements and the consolidated financial statements of Dr. Hönle AG as well as the Group management report, which is combined with the Dr. Hönle AG management report for the financial year from 1 October 2022 to 30 September 2023. Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft issued an unqualified audit opinion in each case.

The audit report for financial year 2022/2023 was discussed in detail at the Audit Committee meeting held on 26 January 2024. The auditor reported on the main findings from the audit of the annual financial statements, the consolidated financial statements and the combined management report/Group management report of Dr. Hönle AG and provided supplementary information on the previous financial year, dealing in particular with the net assets, financial position and results of operation of the stock corporation and the Group.

As recommended by the Audit Committee the Supervisory Board approved the result of the annual audit. The Supervisory Board also examined the annual financial statements, the consolidated financial statements and the combined Group management report. There were no objections and the Supervisory Board approved the financial statements. The annual financial statements were thus adopted.

In the name of the Supervisory Board I wish to thank the members of the Management Board and all employees of the Hönle Group companies for their dedicated commitment and constructive collaboration in the past financial year.

Gilching, January 2024

On behalf of the Supervisory Board



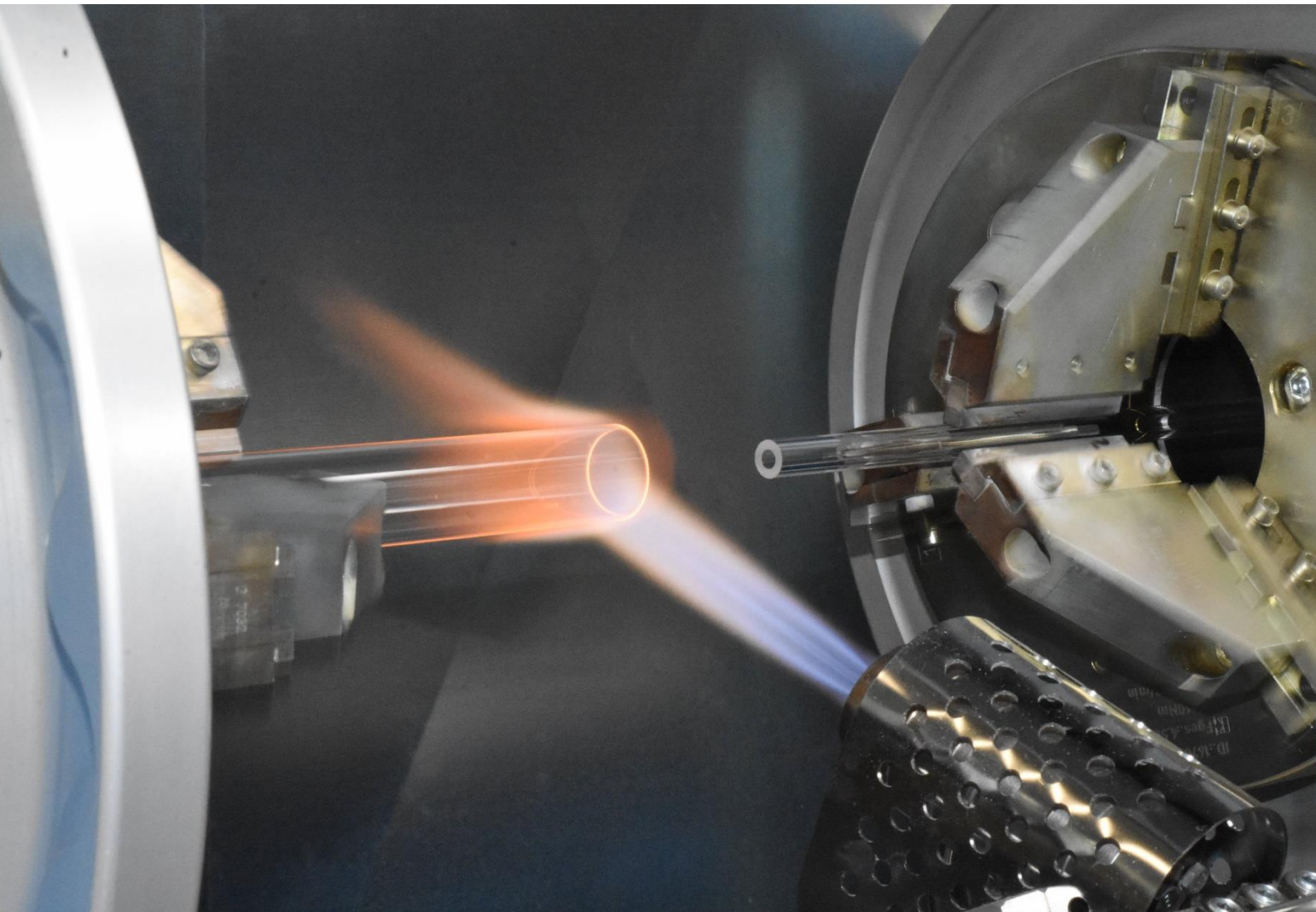
Niklas Friedrichsen
Chairman of the Supervisory Board

Made in Thuringia

Individual solutions for our customers – sustainable and of high quality.

Qualified employees adapt the UV lamps to the needs of the customer, regardless of whether they are surface lamps, contour lamps, linear lamps or spherical lamps. We also focus on the highest level of purity and precision in the production of our quartz glass components.

In addition to particularly durable UV lamps, this also results in high-quality submersible and immersion tube systems for the environmentally friendly treatment of water.



Combined Management Report/ Group Management Report of Dr. Höhle Aktiengesellschaft

for the 2022/2023 financial year

Business Operations and General Conditions

The Group's Business Purpose and Structure

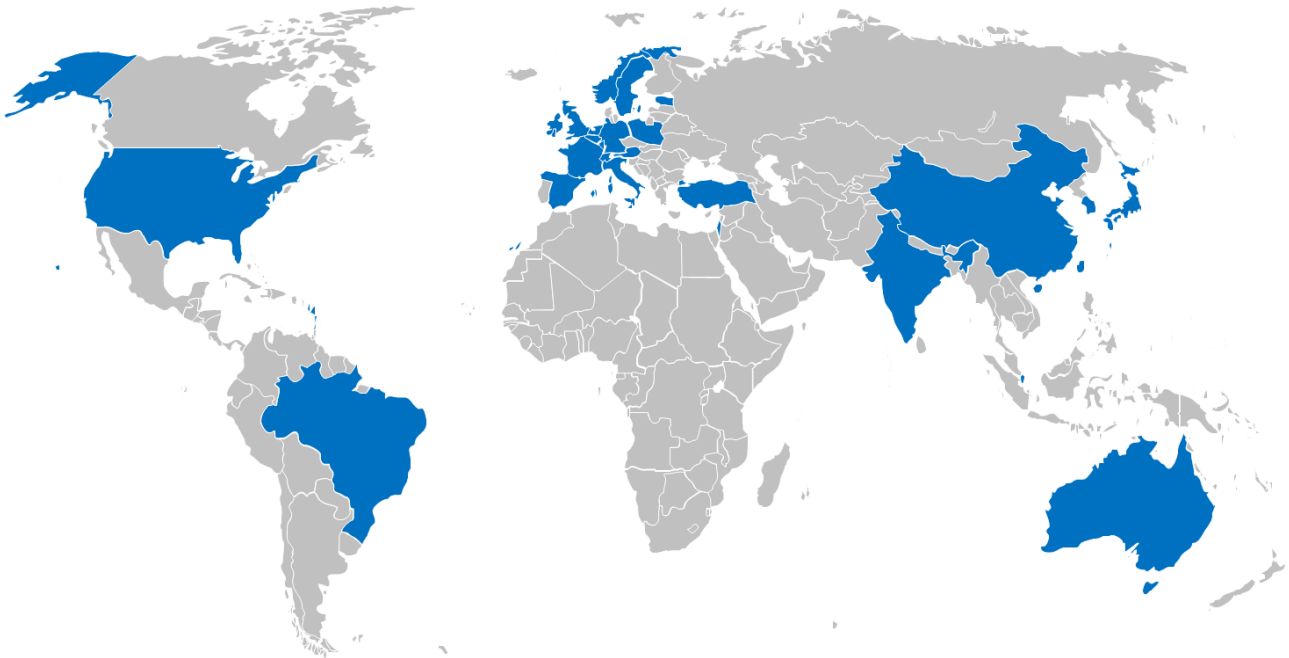
Dr. Höhle AG is a listed technology company with head offices in Gilching. The Höhle Group is organised into the following three business segments: „Adhesives“, „Equipment & Systems“ and „Glass & Lamps“. The Adhesives segment includes industrial adhesives designed for a broad spectrum of applications for the electronics, medical technology, optics and automotive sectors, among others. Equipment and systems are used in the drying of inks and coatings, in adhesives and plastics curing, for the disinfection of water, surfaces and air and for solar simulation. The Glass & Lamps segment comprises quartz glass products for the semiconductor, fibre optics and lamp industries. The lamps are used in disinfection processes and in the drying of coatings and adhesives. Dr. Höhle AG held direct or indirect participating interests in the following companies as at 30.09.2023:

Name (in alphabetical order)	Corporate seat
Adhesives Segment	
Agita Holding AG	Regensdorf/Zurich, Switzerland
Eleco Panacol - EFD, SAS	Gennevilliers/Paris, France
Hoenle UV Technology (Shanghai) Trading Ltd.	Shanghai, China
Metamorphic Materials Inc. ^{1, 3}	Winsted/Connecticut, USA
Panacol AG	Regensdorf/Zurich, Switzerland
PANACOL-ELOSOL GmbH	Steinbach/Taunus, Germany
Panacol-USA, Inc.	Torrington/Connecticut, USA
Panacol-Korea Co., Ltd.	Suwon-si, South Korea
Equipment & Systems Segment	
Eltosch Grafex America Inc.	Batavia/Chicago, USA
GEPA Coating Solutions GmbH	Frickingen, Germany
Höhle Electronics GmbH	Dornbirn, Austria
Honle US Real Estate LLC	Torrington/Connecticut, USA
Honle UV France S.à.r.l.	Lyon, France
PrintConcept UV-Systeme GmbH	Kohlberg, Germany
SOLITEC GmbH ²	Gilching, Germany
STERIXENE SAS ^{1, 3}	Les Angels, France
STERILSYSTEMS GmbH	Mauterndorf, Austria
Technigraf GmbH	Grävenwiesbach-Hundstadt, Germany
TECINVENT GmbH ^{1, 3}	Schömburg, Germany
UMEX GmbH	Kirchheim b. Arnstadt, Germany
Glass & Lamps Segment	
Raesch Quarz (Malta) Ltd.	Mosta, Malta
uv-technik international Ltd.	Luton, Great Britain
uv-technik Speziallampen GmbH	Ilmenau, Germany

1) minority shareholding; 2) not consolidated; 3) at equity

Worldwide Locations

Hönle is an internationally operating corporate group with more than 20 subsidiaries. Outside Germany, Hönle has its own sites in those countries that are of key importance to the operating business. In addition, the corporate group has an international network of sales and service partners. Hönle has its own production sites in Germany, Malta, Austria and the USA.



Non-Financial Statement (unaudited)

With respect to the non-financial statement pursuant to the provisions of Section 289b HGB in conjunction with Section 315b HGB, reference is made to the separate non-financial Group report published on Dr. Hönle AG's website under <https://www.hoenle.de/unternehmen/corporate-governance>.

Management System

The goal of entrepreneurial activity is to achieve sustained growth in corporate value. With this objective in mind, in addition to its responsibility vis à vis investors, the Hönle Group also strives to fulfil its responsibility vis à vis the environment, its employees, customers, suppliers, and other business partners. Hönle aims at stabilising and expanding its market position in its core business segments and, in so doing, focuses on customer-specific systems solutions in particular. Hönle sees itself as a partner to its customers.

On the procurement side, Hönle has long-standing business relationships with most suppliers. These business partners are predominantly small and medium-sized companies with a regional focus. Hönle mainly purchases mechanical, electrical and electronic components. Chemical raw materials and technical gases are mainly sourced from major corporations, although some are also produced in-house. Supplier evaluations are carried out regularly to ensure a high level of quality.

The Group's internal management system essentially consists of regular Management Board meetings, a monthly analysis of business development, strategic corporate planning, quality and environmental management, the planning of investments, liquidity, personnel and acquisitions as well as risks and opportunity management. The Management Board reports to and deliberates with the Supervisory Board at regular intervals and on an ad hoc basis as required.

The operational objective of Hönle's management is to increase the Company's revenues, earnings and cash flows on a sustained basis, taking ecological and social aspects into account. Important financial indicators in this context include operating margins, in particular the EBIT margin. For this reason, Hönle continually monitors the development of

revenues and expense ratios and compares these with internal planning. Great emphasis is also placed on increasing the Hönle Group's operational cash flow.

The present management report provides more detailed information on individual control parameters, in particular in the following report sections: Course of Business, Results of Operations, Financial Position and Outlook. It also discusses the measures for the planned development of these indicators. The non-financial statement deals with social and economic concerns. The major financial performance indicators (KPIs) for the past financial year and their changes versus the previous year are presented below:

KPIs in T€	2022/2023	2021/2022	+/- %
Revenue	106,342	116,093	-8.4
EBIT	-9,418	5,837	-261,4
Further performance indicators			
EBIT margin as a %	-9.0	4.9	-283.7
Consolidated profit for the year	-10,928	-13,198	-17.2
Operating cash flow	7,389	485	1,623.5

Annual General Meeting

The Annual General Meeting of Dr. Hönle AG was held on 23 March 2023 as a virtual general meeting without the physical presence of shareholders. More than 220 shareholders exercised their voting rights, representing 45% of Dr. Hönle AG's nominal capital and voting rights. All proposed resolutions were adopted with the required majority, including the election of Dr. Franz Richter as a member of the Supervisory Board. Dr. Franz Richter became the Supervisory Board's Chairman after Prof. Dr. Karl Hönle resigned from his position effective as of the end of the Annual General Meeting. The Company was authorised to acquire treasury shares of up to 10% of the Company's nominal capital on or before 22 March 2025. The authorisation to be able to conduct Annual General Meetings virtually provided they take place by 31 March 2025 was also granted with the requisite majority. Subsequently, the remuneration report was approved and it was resolved that Supervisory Board members may participate in Annual General Meetings by means of video and audio transmission in certain cases.

Economic Report

Market Development

The global economy started the year 2023 in a rather weakened state. The Russia-Ukraine war in combination with a mix of high inflation and sharply rising interest rates led to a significant deterioration in the general economic conditions. Economic sentiment in Germany clouded over significantly and the Ifo Business Climate Index remained at a low level in 2023. Ifo expectations, which are important for stimulating the willingness of German companies to invest, were even more pessimistic. The current weakness in industry steered the German economy into difficult waters. The labour market in the USA, on the other hand, remained robust; there were also signs of easing from the real estate market and the banking sector. In China, the real estate crisis put the brakes on a stronger recovery in growth after the COVID-19 restrictions came to an end. Global industrial output remained stagnant despite the economic opening in China. Although inflationary pressure continues to ease, it remains at a high level. After 3.5% in 2022, the International Monetary Fund (IMF) expects global economic growth to slow to 3.0% overall in 2023. After 1.8% growth in 2022, the IMF expects Germany's gross domestic product to fall by 0.5% in 2023, resulting in a recession.

Course of Business

The reluctance of many companies to invest also had an impact on the Hönlle Group's business performance. In addition, the end of the pandemic led to a significant decline in sales in the air disinfection segment. In all, sales revenues in financial year 2022/2023 came to T€ 106,342, which is down 8.4 % on the previous year's figure.

The adjusted operating result (adjusted EBIT) amounts to € 7.1 million. In the previous year, the Company generated an adjusted EBIT of € 8.9 million, or € 12.2 million from continued operations (i.e. adjusted for one-off factors from the sale of Raesch Quarz (Germany) GmbH).

Earnings were affected by several one-off factors in the reporting year which were combined € 16.5 million. Following the change in the Chairman of the Management Board, the Management Board of Dr. Hönlle AG intensively analysed all segments and business areas of the Hönlle Group. As a result, it decided, among other things, to discontinue the product line of mobile SteriWhite-Air air disinfection systems due to a lack of prospects for success given that the COVID-19 pandemic had subsided. As a result, the remaining inventory of finished goods in the year under review was now fully devalued in the amount of T€ 3,836 (previous year: T€ 6,357) following a partial write-down in the previous year, which is reflected in the item of the change in inventories (reclassified accordingly in the previous year). In this context, the cost of materials includes further write-downs of components from this product line in the amount of T€ 7,216 (previous year: T€ 0). In addition, goodwill and intangible assets were impaired in the amount of € 3.8 million. In addition, severance payments to a former member of the Board of Management in the amount of € 0.8 million and one-off expenses from restructuring of € 0.9 million were incurred in the year under review.

Taking into account negative one-off factors, the operating result for financial year 2022/2023 was € -9.4 million. The previous year's operating result came to € -10.1 million, or € 5.8 million from continued operations.

The Hönlle Group's realignment

Dr. Franz Richter assumed the office of interim Management Board Chairman at Dr. Hönlle AG on 1 May 2023. The Management Board's strategy is now aimed at achieving strong business performance over the long term and a return to high earnings power at the Hönlle Group. The last few months have therefore been characterised by stocktaking and analysis of business activities in the individual segments. As part of strategic corporate management, strategy meetings were held in all of the Group's key business units. On the basis of a new Group structure, business activities will in future be more strongly focussed on a growth strategy and the development of future-oriented fields of application and markets. Active product management is being set up to this end. Another focus is on the utilisation of synergies between the individual segments and business areas of the Hönlle Group. The aim is to generate new sales potential and simultaneously utilise cost advantages through restructuring and the development of synergies.

Adhesives Segment

At T€ 28,829, sales revenues generated in the Adhesives segment in financial year 2022/2023 were slightly above the previous year's figure of T€ 28,282. While sales at the German company were below the previous year's level, both the French and US sales companies were able to increase sales in their respective markets.

The segment's operating results contracted from T€ 3,860 in the previous year to T€ 3,087 in the current financial year. The main reason for the lower result for the period was higher personnel expenses in connection with the increase in headcount. As part of the planned sales growth, the number of employees in the areas of development and sales was further increased. A changed product mix and exchange rate differences also reduced the operating result. Investments in operating and office equipment were at a low level in the year under review.

Equipment & Systems Segment

The Equipment & Systems segment was marked by a decline in sales of air disinfection systems due to the subsiding of the COVID-19 pandemic. Segment sales fell from T€ 67,495 in the previous year to T€ 59,712 in the reporting year. Adjusted for the mobile air disinfection systems business line, segment sales were almost unchanged from the previous year's level. Sales generated with UV systems used for the drying of industrial adhesives improved in the period under review. The systems are used, inter alia, in automated production processes in medical technology, such as the gluing of needles in syringes.

The segment operating result amounted to T€ -14,567 with negative one-off effects totalling € 16.5 million.

The segment's operating result adjusted for one-off factors came to T€ 1,962 in financial year 2022/2023 (PY: T€ -1,770).

Investments in the Equipment & Systems segment were at a higher level compared with the previous year and mainly concerned operating and office equipment.

Glass & Lamps Segment

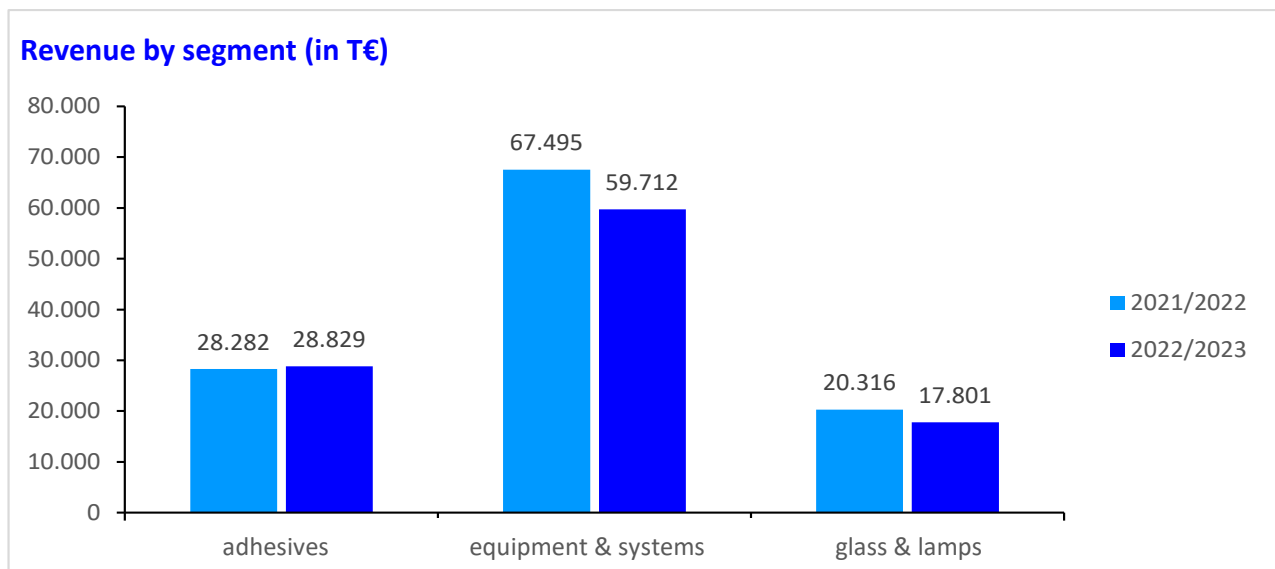
Sales in the Glass & Lamps segment amounted to T€ 17,801 and were thus down on the previous year's value of T€ 20,316. As in the Equipment & Systems segment, the end of the COVID-19 pandemic was also felt in the Glass & Lamps segment. Revenues earned with UV lamps in the air disinfection business dropped significantly. At uv-technik Speziallampen GmbH, in particular, sales revenues were below those generated in the previous year.

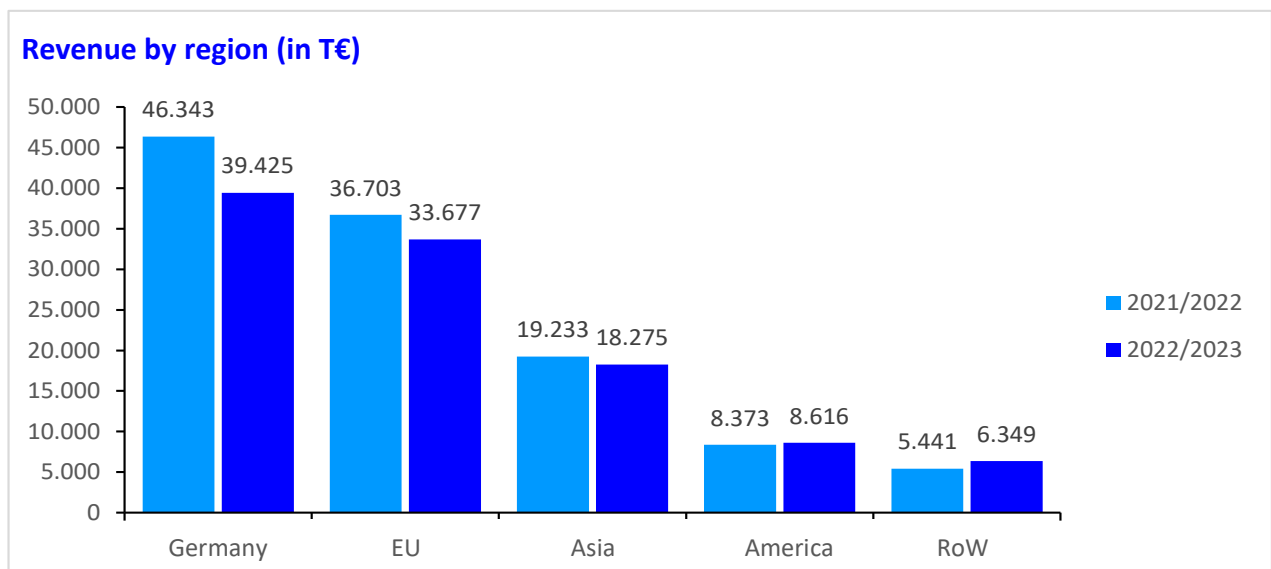
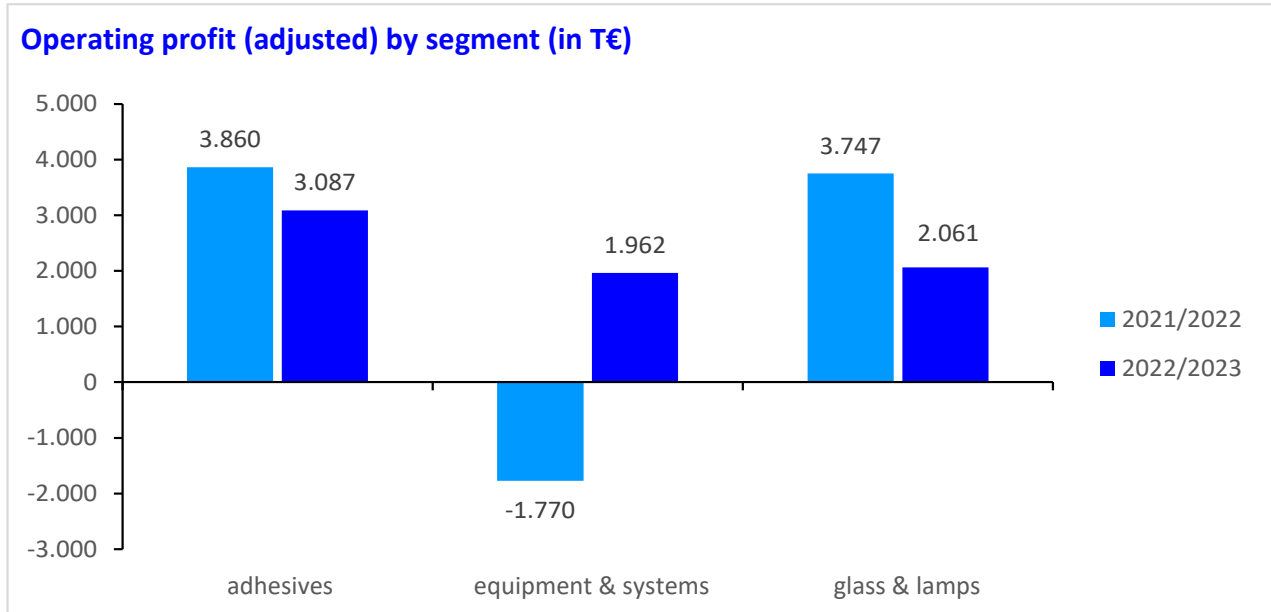
The operating result achieved by the Glass & Lamps segment stood at T€ 2,061 in the current financial year. In the previous year, the operating result was T€ 3,747 and the operating result from continuing and discontinued operations, which included the business activities of Raesch Quarz (Germany), was T€ -12,213. This underlines the correctness of the decision to sell this company.

Investments in operating and office equipment were at a low level in the year under review.

Business Development by Region

The reluctance of many companies to invest, together with a significant drop in demand in the area of air disinfection following the end of the pandemic, led to a reduction in sales in Germany by 14.9 % to T€ 39,425 and in other European countries by 8.2 % to T€ 33,677. In Asia, sales were 5.0 % below the previous year's figures and came to T€ 18,275. Sales revenues achieved in North America increased by 2.9 % to T€ 8,616 and sales revenues generated in the rest of the world advanced by 16.7 % to T€ 6,349. The rise in sales revenues achieved in the rest of the world is primarily due to the positive business development in Switzerland.





The Hönlle Group's Results of Operations

The Hönlle Group's sales revenues came to T€ 106,342, which is below the previous year's figure of T€ 116,093. The decline is mainly due to lower sales of air disinfection systems as a result of the easing of the COVID-19 pandemic as well as a general reluctance of many companies to invest. Both in the previous year and in the reporting year, this product line included special one-off factors from the impairment losses recognised on appliances (within the change in inventories) and components (within the cost of materials). Together with product mix effects, the cost of materials ratio therefore rose from 46.4% in the previous year to 48.9% in the reporting year. Gross profit inclusive other operating income dropped by T€ 10,367 to T€ 56,670.

Personnel expenses were also affected by one-off factors and include expenses in the amount of T€ 771 (PY: T€ 1,400) attributable to the retirement of a Management Board member. Overall, personnel expenses in the Hönlle Group declined slightly from T€ 39,706 in the previous year to T€ 39,542 in the reporting year, which, however, corresponds to a personnel expense ratio of 33.6% in the previous year and 37.9% in the year under review in conjunction with the decline in sales revenues. Other operating expenses rose from T€ 15,209 to T€ 16,730 in the current financial year.

Marketing expenses in connection with the marketing of the SteriWhite Air product line (T€ 622), increased travel expenses due to fewer restrictions following the COVID-19 pandemic and one-off expenses from the realignment of the US business caused other operating expenses to rise to a higher level in the financial year.

The operating result (EBIT) amounted to T€ -9,418 (PY: T€ 5,837) in the reporting year. Earnings before taxes (EBT) came to T€ -10,981 (PY: T€ 4,422). After income taxes, consolidated profit/loss for the year stood at T€ -10,928 (PY: - T€ 13,198), which corresponds to earnings per share of € -1.82 (PY: € -2.20).

With regard to the previous year's figures, it should be noted that individual items were adjusted for the effects of Raesch Quarz (Germany) GmbH and summarised in the item "Profit/loss from discontinued operations after taxes" in the amount of T€ -16,033.

The Hönle Group's Earnings Development

in T€	2022/2023	2021/2022	+/- %
Revenue	106,342	116,093	-8.4
Gross profit	56,670	67,037	-15.5
Operating result (EBIT)	-9,418	5,837	-261.4
EBIT margin as a %	-9.0	4.9	-283.7
Earnings before tax (EBT)	-10,981	4,422	-348.3
Consolidated profit for the year	-10,928	-13,198	-17.2
Earnings per share in €	-1.82	-2.20	-17.3

The Hönle Group's Financial Position

In financial year 2022/2023, the Hönle Group generated cash flow from operations in the amount of T€ 7,353 (PY: - T€ 20). While the increase in the inventory of mobile air disinfection devices led to cash outflows of T€ 11,568 in the previous year, cash outflows fell significantly to T€ 1,807 in the year under review. This had a positive effect on cash flow generated from operations. After payment of interest and income taxes, the cash flow from operating activities came to T€ 3,143 (PY: T€ -7,406).

Cash flow from investing activities reflects proceeds from the sale of the Raesch Quarz Germany GmbH business unit (T€ 4,977) and payments made for the acquisition of property, plant and equipment (T€ -2,934). As a result, the cash flow from investing activities attributable to continued and discontinued operations was positive overall at T€ 2,651 (PY: T€ -1,694).

Cash flow from financing activities came to T€ -3,417 (PY: T€ 3,731) and was largely due to the repayment of liabilities to banks as well as the payment of leasing liabilities.

In all, liquid assets increased by T€ 2,186 (PY: T€ -4,942) in the reporting year.

Liquidity Development

in T€	2022/2023	2021/2022	+/- %
Cash generated from operations	7,389	-485	1,623.5
Cash flow from operating activities	3,143	-7,406	142.4
Cash flow from investing activities	2,651	-1,694	256.5
Cash flow from financing activities	-3,417	3,731	-191.6
Change in cash and cash equivalents	2,186	-4,942	144.2

The Hönle Group's Net Assets

The impairment of goodwill in the Equipment & Systems segment in the amount of T€ 2,584 led to a decrease in goodwill from T€ 21,119 to T€ 18,400 in financial year 2022/2023. Raesch Quarz (Germany) GmbH was sold as of 1 December 2022. On the assets side of the statement of financial position, property, plant and equipment contracted by T€ 4,440 to T€ 75,127. The devaluation of inventories of air disinfection equipment and components for this equipment contributed significantly to the decrease in inventories of T€ 11,324 to T€ 35,046.

Cash and cash equivalent stood at T€ 9,317 as at 30 September 2023 (PY: T€ 7,131). The entire assets of Technigraf GmbH and UMEX GmbH were reclassified to assets held for sale (T€ 1,510) due to the disposal plans.

On the liabilities side of the balance sheet, current bank liabilities are again recognised as non-current bank liabilities, as the corresponding credit terms were complied with. In the previous year, € 13.5 million in bank loans were classified as current. Overall, non-current liabilities to banks (T€ 41,783) and current liabilities to banks (T€ 12,416) fell by T€ 2.036 in the reporting year. Retained earnings contracted by T€ 11,061 to T€ 47,787.

With an equity ratio of 54.6% and sufficient cash and cash equivalents and credit facilities, the Hönle Group's financing continues to be on solid ground. Total assets decreased from T€ 195,462 as at 30 September 2022 to T€ 176,156 as at 30 September 2023.

Statement of Financial Position

in T€	30.09.2023	30.09.2022	+/- %
Non-current assets	108,718	114,810	-5.3
Current assets	67,438	80,652	-16.4
Equity	96,133	107,239	-10.4
Non-current liabilities	47,775	37,202	28.4
Current liabilities	32,248	51,021	-36.8
Balance sheet total	176,156	195,462	-9.9

Details on Dr. Hönle AG (HGB Annual Financial Statements)

The annual financial statements of Dr. Hönle AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The management report of Dr. Hönle AG and the Group management report are combined in accordance with the provisions of Section 298 (2) HGB in conjunction with Section 315 (5) HGB.

Dr. Hönle AG is a listed technology company with head offices in Gilching. Hönle develops, produces and sells UV- and infrared equipment and systems used in the drying of inks and coatings, the curing of adhesives and plastics and the disinfection of air and surfaces. The product range also comprises sunlight simulation and lighting systems for industrial applications.

The sales activities are carried out by Dr. Hönle AG's own staff, subsidiaries and independent partner companies. In its capacity as parent company, Dr. Hönle AG provides services to subsidiaries in the areas of development, production, IT and administration. The average number of staff was 235 (PY: 208).

In the management report regarding the 2021/2022 financial year, the Management Board reported that it expects revenues for Dr. Hönle AG in the 2022/2023 financial year to be roughly on a par with the previous year (€ 49.3 million) and an operating profit of around € 2.0 million. In fact, revenues in the 2022/2023 financial year amounted to T€ 51,291 thousand due to the merger with ELTOSCH GRAFIX GmbH. However, as a result of several one-off effects, operating profit fell to T€ -8,748, which is why the year under review was not satisfactory. However, the Management Board is satisfied with the company's overall situation, primarily due to the expected positive business development and the expected sustained improvement in free cash flow.

Eltosch Grafix GmbH was merged with Dr. Hönle AG as at 1 October 2022. In the 2021/2022 financial year, the company and its 30 employees generated sales of T€ 18,589 and an operating result of T€ 1,527.

Dr. Hönle AG's sales revenues, which increased by 4.0% to T€ 51,291 in financial year 2022/2023 were characterised by several effects. Sales in the air disinfection business line fell sharply after the end of the COVID-19 pandemic and came to an almost complete standstill. In contrast, positive business development was realised with drying equipment for adhesives. The systems are largely used in the electronics industry and in medical technology. In the course of the merger of ELTOSCH GRAFIX GmbH, which primarily sells drying systems for printing machines, sales increased at ELTOSCH GRAFIX GmbH in the 2022/2023 financial year.

The increase in inventories of T€ 1,319 contributed to a rise in aggregate operating performance in the reporting year. Other operating income primarily includes gains from the merger in the amount of T€ 5,224.

The merger of Eltosch Grafix GmbH with Dr. Hönle AG contributed significantly to an improvement in the cost of materials ratio. The ratio decreased from 59.7% in the previous year to 49.8% in the reporting year. Dr. Hönle AG's personnel expenses rose by T€ 2,197 to T€ 18,145 as consequence of the merger. Personnel expenses also comprise severance payments to former Management Board members in the amount of T€ 828 (PY: T€ 1,300). The personnel expense ratio in financial year 2022/2023 stood at 34.5% (PY: 27.7%). Adjusted for the merger effect, other operating expenses remained at the previous year's level at T€ 9,692.

In financial year 2022/2023 Dr. Höhle AG recognised impairment losses in the amount of T€ 13,809 (PY: T€ 29,207). The impairment losses mainly concerned mobile air disinfection systems as this product line will be discontinued after the end of the COVID-19 pandemic. This translated into an operating result of T€ -8,748 (PY: T€ -22,929). Dr. Höhle AG posted a financial result of T€ -29 (PY: T€ -388). After taxes, the net loss for the year amounted to T€ -6,930 (PY: T€ -21,364).

Due to the sale of the subsidiary Raesch Quarz (Germany) GmbH in the financial year and the elimination of the carrying amount from the investment in ELTOSCH GRAFIX GmbH in the course of the merger, financial assets fell from T€ 37,546 as at 30 September 2022 to T€ 28,052 as at 30 September 2023. The write-down in the air disinfection segment was the main reason for the decrease in inventories from T€ 31,199 to T€ 21,718. Cash and cash equivalents had increased to T€ 1,032 by the end of the financial year (PY: T€ 230). The increase in deferred taxes is mainly due to the negative annual result and the deferred taxes formed on loss carry forwards.

Dr. Höhle AG's equity capital dropped to T€ 28,800 due to the accumulated net loss (PY: T€ 35,730). Liabilities to banks decreased by T€ 738 to T€ 38,039. Liabilities to affiliated companies dropped from T€ 35,053 in the previous year to T€ 32,278 in the reporting year.

The average number of employees in the R&D department rose from 29 to 36 following the merger with ELTOSCH GRAFIX GmbH. Consequently, 15.3% of the workforce was employed in the Development department. The expenses for Dr. Höhle AG's R&D activities rose from T€ 2,429 in the previous year to T€ 4,089 in the year under review.

The IMF is forecasting global economic growth of 3.0% for 2024, which is low by historical comparison. The restrictive monetary policy of the central banks with high interest rates is weighing on the economy. The return to lower energy prices and the reduction in supply bottlenecks are having a positive effect.

The Management Board assumes that investor reluctance will not resume easing until later in the course of the year. With respect to Dr. Höhle AG, the Management Board expects sales revenues of between € 52 million to € 57 and an operating result ranging from € 1.0 million to € 1.5 million for the financial year 2023/2024.

Condensed Income Statement of Dr. Höhle AG (HGB annual financial statements)

in T€	2022/2023	2021/2022	+/- %
Revenue	51,291	49,335	4.0
Change in inventory	1,319	8,142	-83.8
Other operating income	6,431	7,264	-11.5
Cost of materials	26,195	34,289	-23.6
Gross profit	32,899	30,827	6.7
Personnel expenses	18,145	15,948	13.8
Amortisation/depreciation	13,809	29,207	-52.7
Other operating expenses	9,692	8,601	12.7
Operating result/EBIT	-8,748	-22,929	-61.8
Financial result	-29	-388	-92.6
Taxes	1,847	1,953	-5.4
Net loss for the year	-6,930	-21,364	-67.6
Earnings per share in €	-1.14	-3.52	67.6

Condensed Statement of Financial Position of Dr. Höhle AG (HGB annual financial statements)

in T€	30.09.2023	30.09.2022	+/- %
Intangible assets	327	347	-5.6
Property, plant and equipment	40,596	40,652	-0.1
Financial assets	28,052	37,546	-25.3
Non-current assets	68,975	78,544	-12.2
Inventories	21,718	31,199	-30.4
Receivables and other assets	13,936	10,831	28.7
Cash on hand, bank balances	1,032	230	347.8
Current assets	36,686	42,261	-13.2
Prepaid expenses	345	317	8.9
Deferred tax assets	6,468	4,073	58.8
Issued capital	6,062	6,062	0.0
Capital reserves	44,410	44,410	0.0
Retained earnings	2,573	2,573	0.0
Unappropriated retained earnings	-24,245	-17,315	40.0
Equity	28,800	35,730	-19.4
Provisions	9,072	10,173	-10.8
Liabilities to banks	38,039	38,777	-1.9
Prepayments received on account of orders	841	1,754	-52.1
Trade accounts payable	2,681	2,970	-9.7
Liabilities to affiliated companies	32,278	35,053	-7.9
Liabilities to companies in which an equity investment is held	0	1	-100.0
Other liabilities incl. deferred income	762	736	3.5
Liabilities incl. deferred income	74,602	79,292	-5.9
Balance sheet total	112,474	125,195	-10.2

Overall Statement on the Höhle Group's Economic Situation

Geopolitical strains in combination with a mix of high inflation and rising interest rates have led to a deterioration in the general economic conditions. The global economy has weakened and sentiment in the German economy has clouded over.

In the management report on financial year 2021/2022, the Management Board wrote that it expected sales of the Höhle Group in the 2022/2023 financial year to be slightly below sales for the 2021/2022 financial year and that it expected the operating result to be significantly higher than the adjusted operating result of € 8.9 million for the 2021/2022 financial year. In fact, sales fell by 8.4 % to T€ 106,342, in particular due to the slump in sales in the air disinfection segment as well as customers' reluctance to invest. In addition, the Höhle Group achieved an adjusted operating result of € 7.1 million in financial year 2022/2023. Moreover, several one-off factors led to an operating result (EBIT) of € -9.6 million. The negative one-off factors are mainly attributable to impairment losses recognised on inventories in the air disinfection segment, goodwill impairment losses and a severance payment made to a former Management Board member. Even though the bottlenecks on the procurement markets lessened over the course of the financial year, they still contributed to a higher cost of materials in the reporting year.

The 1 December 2022 sale of Raesch Quarz (Germany) GmbH, which is an energy-intensive company with its quartz glass smelter, will make the Höhle Group significantly less dependent on fluctuating electricity and gas prices in the future.

The Höhle Group is solidly financed on the basis of cash and cash equivalents of 9.3 Mio. € and additionally existing unused lines of credit. New business premises were constructed for Dr. Höhle AG, PANACOL-ELOSOL GmbH and uv-technik Speziallampen GmbH in the years from 2018 to 2022. Total capital expenditure for this came to about € 60 million. The investments were largely financed by long-term real estate loans with an average interest rate of 2.2% and an average term until the end of 2037. The variable-interest loans are hedged against interest rate fluctuations by appropriate interest rate swaps. Liabilities to banks amounted to € 54.2 million at the end of the reporting year

The prerequisites for significantly expanding the Höhle Group's sales and earnings level in the existing segments are also good in the coming years.

The one-off factors described above took their toll on the Höhle Group's operating result in financial year 2022/2023, meaning that the reporting year did not develop satisfactorily overall. The Management Board is nevertheless satisfied with the Group's position, mainly due to the growth prospects described in the outlook and the expected sustainable improvement in profitability and free cash flow.

Research & Development

The Höhle Group's research-and development expenses in the reporting year amounted to T€ 7,539 after T€ 7.157 in the preceding year. The average number of staff employed in the R&D Departments decreased from 97 to 91 (excluding Raesch Quarz (Germany) GmbH). In all, 15.6% (PY: 14.8%) of Höhle's employees were engaged in research and development activities in the financial year under review. A selection of R&D activities in the past financial year is presented below:

Adhesives Segment

PANACOL-ELOSOL GmbH has been a member of the ACOP (Aachen Center for Optics Production) since the financial year under review. The ACOP is an initiative of the Fraunhofer Institute for Production Technology (IPT) that aims to promote collaboration between researchers and industry in the optical sector. Panacol can help in developing sustainable solutions thanks to its expertise in the industrial adhesives segment. The possible solutions encompass conceptual design, mould construction, metrology and all development steps from the creation of initial prototypes to series production and the pertaining documentation requirements. Particularly in the area of free-form optics with liquid polymers, Panacol sees interesting fields of applications. increasingly smaller designs and more precise signal pickup contribute to increased performance potential. Together with the other ACOP members, Panacol is planning to submit proposals in the coming years to establish new polymer optics in the market that are suitable for mass production.

Equipment & Systems Segment

In the Equipment & Systems segment, Dr. Höhle AG presented a broad range of ultraviolet drying systems for inks, coatings, adhesives and silicones at the European Coatings Show 2023. The UV specialist also offers conveyors for laboratory applications and UV measurement devices to ensure consistent conditions. The conveyor system can be equipped with various technologies. Depending on the respective application, UV units with discharge lamps, UV-LEDs or infrared systems can be integrated into the conveyor systems. The jetCURE high-performance dryer was also showcased. The high performance of the UV dryer enables effective and safe drying of the processed surface even at high production speeds.

Glass & Lamps Segment

Research projects for photocatalytic processes commenced in the Glass & Lamps segment. Chemical reactions are triggered by light or ultraviolet radiation in the context of photocatalysis. The emission range of the lamps can be modified by a targeted change in the doping of lamps, for example by adding metals. The spectral adjustment triggers a photocatalysis process as an exergonic reaction. Photocatalytic processes offer a broad spectrum of applications that range from the treatment of water, air and surfaces through to pharmaceutical purposes.

Selection of Memberships

The ongoing exchange of experiences with customers and interested parties is crucial to the success of the Höhle Group. Furthermore, Höhle is working with universities and research institutions in the development of new processes and products. In addition, the Höhle Group is member of several professional associations and organisations to represent its interests (excerpt in alphabetical order).



ACOP – Aachen Center for Optics Production



DECHEMA Gesellschaft für Chemische Technik und Biotechnologie e.V.



DFTA Flexodruck Fachverband e.V.



DVS Deutscher Verband für Schweißen und verwandte Verfahren e.V.



FOGRA Forschungsgesellschaft Druck e.V.



Hong Kong Printers Association



Industrieverband Klebstoffe e.V.



POLYGRAPH Leipzig e.V., Sächsisches Institut für die Druckindustrie



VCI Verband der Chemischen Industrie e.V.

Environmental Aspects

Environmental Policy

In order to protect the environment and to comply with its social and legal obligations and to actively shape a sustainable future, Dr. Höhle AG has defined the following guiding principles:

- The creation of awareness for the protection of the environment and the careful use of resources are integrated into our processes in order for them to fully, and not only selectively, make their impact felt along our value chain and in our daily work.
- In our product development activities, we give preference to reusable materials for our equipment and systems. In doing so, we aim for the environmentally friendly disposal and disassembly of our products, as well as reuse through recycling, after a long service life.
- We prefer to reduce environmental impacts from the outset and to avoid the generation of waste wherever possible rather than having to dispose of it afterwards. To accomplish this, we work closely with our partners, which include customers, suppliers, logistics operations and waste disposal companies.
- Just as technological change is advancing, our Company is also constantly undergoing change. This is why we are in a constant process of further enhancing our processes and procedures. Our employees are essential for the further development and enhancement of our methods for active environmental protection. We maintain an open employee suggestion scheme, giving our employees the opportunity to get involved and actively

shape our approach to environmental protection. Every employee is asked to point out errors and risks to environmental protection and opportunities for conserving resources.

- The protection and well-being of our employees is essential for us and is taken into account in the design of the workplace environment, among other things. We train our workforce to avoid or reduce accidents and to act appropriately in emergency situations.

Protection of Resources

The increase in the world's population and rising prosperity are contributing to a growing demand for resources. It is therefore a central task for companies and consumers to use resources and treat nature carefully and responsibly. With the introduction of an environmental management system, Hönle is strengthening its efforts to achieve effective and sustainable environmental protection. Dr. Hönle AG has had an environmental management system that is certified in accordance with ISO 14001 since 2018.

With the installation of a photovoltaic system at the Malta site, Raesch is making a contribution to environmental protection. The plant has an output of 197 kWp and generates electricity from sunlight, which can be used by the site itself or fed into the public power grid. Greenhouse gas emissions and other air pollutants are significantly reduced compared to electricity generation from fossil fuels. With this system, Hönle reduces greenhouse gas emissions by 228 tonnes per year¹.

The new Hönle Group corporate headquarters were set up at the site in Gilching near Munich. The real estate complex consists of a logistics building and an office and production building. The properties were occupied in 2020 and 2021, respectively. Attention was paid to a sustainable building design for the new construction. The new head office is heated using district heating and cooled using groundwater. A special ventilation concept is used for air-conditioning at the production area. A photovoltaic system came on stream on the roof of the logistics building in 2022. The system has an output of 200 kWp and will make it possible to save 150 tonnes¹ of greenhouse gases every year in the future.

¹) Source: own calculations, BaFa info sheet CO₂-Faktoren, www.demeteoblue.com

Technology and Products

UV technology is a core competency of the Hönle Group. Hönle UV drying systems are used in a wide variety of printing and coating applications. Compared to conventional thermal drying processes, UV processes are usually characterised by significantly better environmental compatibility. The use of modern UV drying systems is recommended due to the systems' superior energy performance when compared to conventional infrared and hot air drying systems. In addition, the high quality and scratch resistance of end products help to reduce the repair work necessary due to mechanical stress and strain.

Moreover, the use of UV technology enables a significant reduction in the amount of hazardous solvents. The German Solvent Ordinance (BImSchV) limits the emission of volatile organic compounds (VOC). The use of UV inks and paints is one way to comply with the requirements of this directive. The process aimed at a further reduction of emissions as promulgated in the VOC and the National Emission Ceilings Directive, for example, is continuing at cross-national level. For this reason, there will also be promising opportunities for the further spread of UV technology in the printing, painting and coating sectors in the future.

In addition to UV discharge lamps, Hönle's offering includes a constantly growing range of UV LED systems. By using LED technology, the already favourable energy performance of UV technology can be improved even further. In comparison with conventional discharge lamps, electricity consumption is reduced with LED systems and the lamps' lifespan is significantly increased at the same time. With their compact dimensions and flexible layout, LED systems are ideally adaptable to any application. For these reasons, the Hönle Group invests in production facilities as well as in development and production staff for innovative UV LED systems.

Another business segment of the Hönle Group comprises the disinfection of drinking water and wastewater as well as the treatment of ballast water on ships. The ultraviolet rays ensure very high germ elimination rates. The use of chemicals can be minimised or even completely avoided. Micro-organisms, for example, are killed off at drainage systems of sewage treatment plants without using chemicals and without any harm to the environment. Waters are protected by using UV technology and their self-cleaning properties are preserved or restored.

The international Ballast Water Management Convention came into force in 2017. It aims to stop the world-wide migration of alien species through the intake and discharge of ballast water in the shipping sector. In addition to the Ballast Water Management Convention, further guidelines have been adopted in the meantime which set out the testing

and certification of ballast water treatment systems. The Marine Environment Protection Committee (MEPC) of the International Maritime Organization (IMO) has adopted transitional rules for the coming into force of the Ballast Water Management Convention. The transitional rules specify that by 8 September 2024, all ships and vessels concerned must be equipped with ballast water treatment systems that demonstrably meet the quality standard defined in the Convention. uv-technik Speziallampen GmbH offers suitable UV systems for water disinfection on ships and vessels. The UV systems provide an environmentally friendly alternative for the chemical treatment of ballast water.

Around the globe, UV disinfection has also been successfully employed for decades in surface disinfection, in the food industry for instance. UV disinfection offers numerous advantages over chemical disinfection methods. There is no need for transporting or storing, nor, above all, for disposing of chemicals. No harmful disinfection by-products have to be dealt with, and essential features, such as taste, odour and colour of the foodstuffs, are not impaired.

The product range also comprises energy-saving air disinfection equipment for the food industry. Viruses and other pathogens in the air can be inactivated simply, safely and effectively using UVC radiation. Disinfecting with UV light is a unique environmentally friendly process as no chemicals are used and the energy required for the equipment's operation is low compared with traditional filter systems.

The Hönle Group also contributes to environmental protection in the segment of industrial adhesives. In addition to common adhesives, the product range also includes UV and light curing adhesives that enable a drying process without the emission of solvents. The adhesives react to radiation, the molecules interconnect and cure in seconds - and no solvents are used, thus proving the environmental compatibility of UV and light curing adhesives.

Statement on Corporate Governance

The statement on corporate governance to be submitted pursuant to Section 289f and Section 315d HGB is included in the Corporate Governance Report. It is also available on the Internet at <https://www.hoenle.com/company/corporate-governance>.

Disclosures Required by Takeover Law and Explanatory Report of the Management Board

Disclosures pursuant to Sections 289a and 315a HGB

No. 1: The nominal capital of Dr. Hönle AG amounts to € 6,062,930, split up into 6,062,930 no-par bearer shares. Each share carries one voting right; there are no shares carrying special rights. Further details on the nominal capital are provided in the notes to the financial statements in the Equity section.

No. 3: Pursuant to Section 33 (1) WpHG, shareholders must report significant participating interests in listed companies. Mr. Kai Möhrle informed Dr. Hönle AG that the share of voting rights of Zweiunddreißigste PMB Management GmbH in Dr. Hönle AG exceeded the 20% threshold on 5 June 2023 and amounted to 20.06% (1,216,300 voting rights) on that date. Of this share of voting rights, 20.06% (1,216,300 voting rights) were attributable to him pursuant to Section 34 WpHG.

No. 6: The Supervisory Board appoints the Dr. Hönle AG Management Board for a maximum term of office of five years. Each amendment to the Company's Articles of Association requires a resolution by the Annual General Meeting.

No. 7: The Management Board and the Supervisory Board shall continue to be able to use authorised capital, in particular for corporate acquisitions, equity holdings in companies and other economic assets, and for strengthening the Company's equity base. For this reason, the Annual General Meeting held on 23 March 2021 authorised the Management Board, with the approval of the Supervisory Board, to increase the nominal capital through the single or repeated issuance of new, no-par bearer shares by up to € 600,000 on or before 22 March 2026. Moreover, the Annual General Meeting held on 23 March 2023 authorised the Company to purchase treasury shares amounting to up to 10% of the share capital of € 6,062,930.00. In this regard, reference is also made to the disclosures on treasury shares in the Equity section of the notes to the consolidated financial statements.

No. 8: In the event of a change of ownership at Dr. Höhle AG, Management Board members Norbert Haimerl and Heiko Runge had the right to give notice to terminate and resign from office.

No. 9: In the event of a change of ownership at Dr. Höhle AG, Management Board members Norbert Haimerl and Heiko Runge were entitled to receive a severance payment.

Further details in respect of Section 315a Nos. 8 and 9 HGB are provided in the remuneration report.

Employees

As at 30 September 2023, the number of staff employed by the Höhle Group was 594 (PY: 648). Of these, 51 employees worked part-time, which corresponds to a ratio of 8.6% of the total workforce.

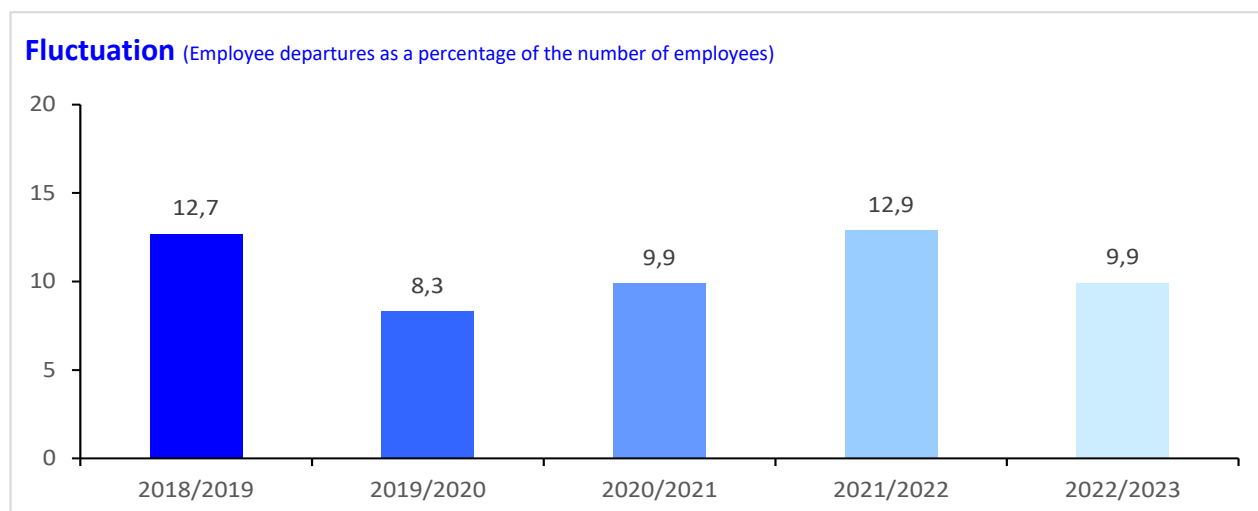
At T€ 39,542, personnel expenses were roughly on par with the previous year's level of T€ 39,706. The decrease in Management Board remuneration and the increase in wages and salaries almost cancelled each other out.

Personnel Development

With a view to ensuring a high qualification level, Höhle regularly invests in qualification and training measures for the Company's employees. In this context, the Company uses the services of both internal experts from the respective departments as well as external service providers. In financial year 2022/2023, expenses for staff training and qualification amounted to T€ 658 (PY: T€ 654).

Höhle invests in vocational training with a view to covering the future demand for qualified personnel: 27 young people were undergoing occupational training in the Group as at 30 September 2023 (PY: 26). Höhle Group trains electricians, IT specialists, warehouse logistics specialists, industrial clerks, industrial mechanics, process mechanics and others.

The new Management Board attaches great importance to employee satisfaction and motivation. The fluctuation rate decreased from 12.9% in the previous year to 9.9% in the reporting year. Ever since the Höhle Group has been under new management, i.e. since 1 May 2023, the fluctuation rate has fallen even more significantly to 7.8%, which is well below the historical average for the last ten years (12.3%).



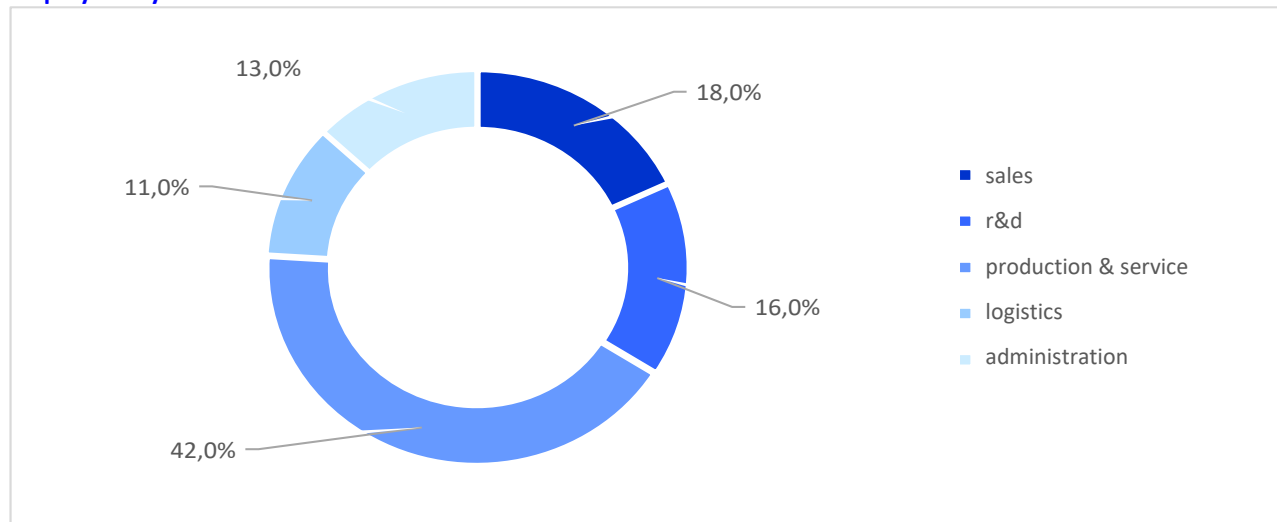
Employees by Segment

	30.09.2023	30.09.2022	+/- %
Adhesives	148	139	6.5
Equipment & Systems	301	298	1.0
Glass & Lamps	145	211	-31.3
	594	648	-8.3

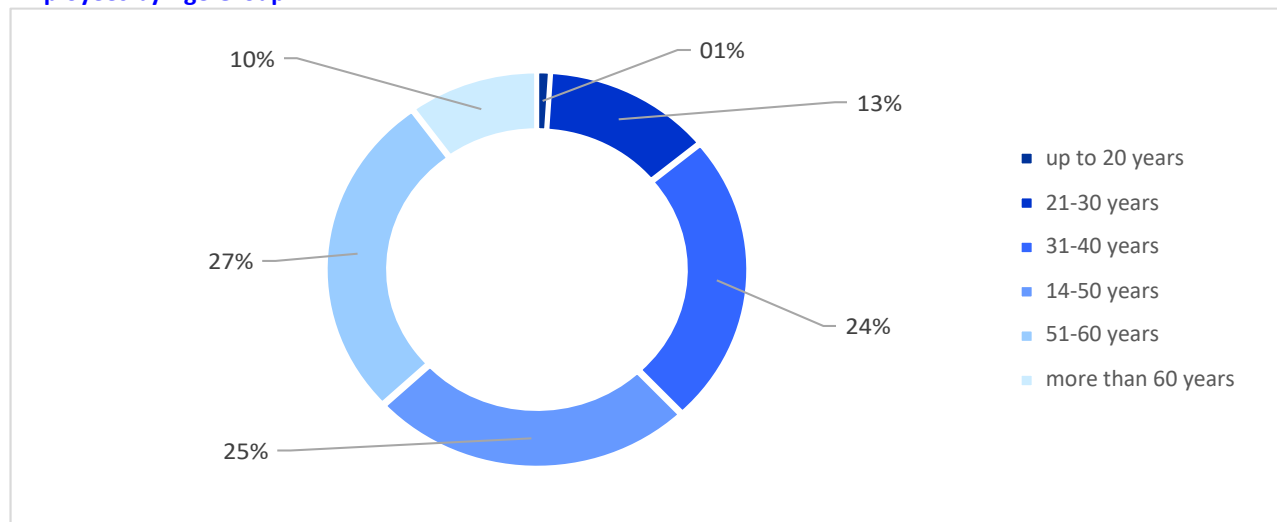
Personnel Expense

in T€	2022/2023	2021/2022	+/- %
Wages and salaries	32,804	32,567	0.7
Social security and pension costs	6,738	7,139	-5.6
	39,542	39,706	-0.4

Employees by Functional Area



Employees by Age Group



Opportunity and Risk Report for the Dr. Höhle AG and the Höhle Group

Risk Management Objective

As a leading technology company, the Höhle Group is exposed to numerous regulatory, technological and market-related changes. Recognising and exploiting the opportunities resulting from these changes is essential for Höhle's entrepreneurial success. Dr. Höhle AG's risk policy is aligned to the entrepreneurial objectives of sustained growth and constant improvement in the Company's results in order to contribute to an increase in corporate value. Entrepreneurial opportunities are usually accompanied by risks, which need to be identified and evaluated as early as possible. The introduction of suitable measures is intended to limit any possible negative effects and thus to prevent any threat to the Company's continued existence as a going concern.

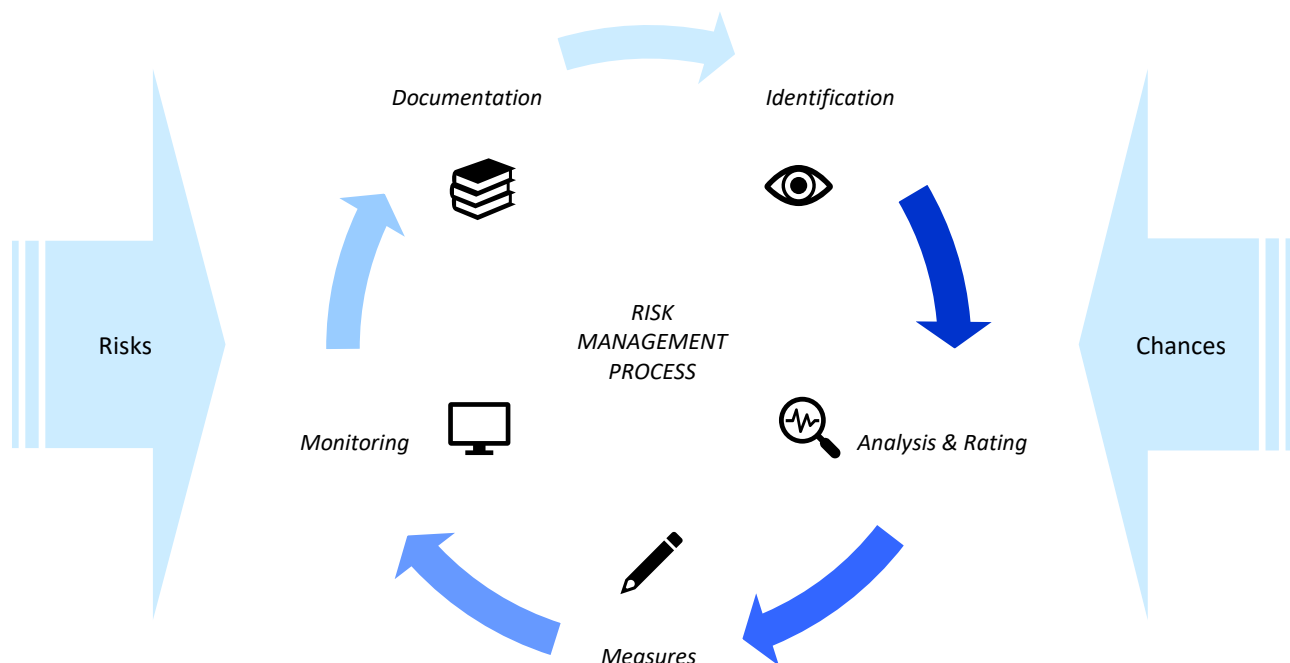
Risk Management Structure

For purposes of risk monitoring, Dr. Höhle AG has implemented a formalised risk management system. Its principles, which are documented in a risk manual, define the procedures for dealing with risks. By weighing not only the potential amount of any loss and the probability of a loss occurring but also the opportunities arising from the risk in question for the Company, it is determined whether the respective risk should be avoided, reduced, transferred or accepted.

In the past financial year, risk reports were sent to the risk manager as required (risk identification). All risks were evaluated within the scope of a predefined scale for the evaluation of potential losses and the probability of occurrence (risk evaluation).

Measures were defined and initiated as required (risk management). In addition, risk discussions were held with the responsible risk managers at three-month intervals, the risk situation was analysed and measures were monitored (monitoring).

The Dr. Höhle AG Management Board is informed of the Group's current risk situation at regular intervals and is promptly notified as soon as defined risk thresholds of specific risks are reached. All responsibilities, principles and procedural approaches are documented in a risk management manual and all risk reports are recorded on standardised forms (risk documentation).



Standardised risk assessment matrix

Probability of occurrence	Very low	Low	Medium	High	Very high
—	0% - 10%	11% - 20%	21% - 30%	31% - 50%	51% - 100%
Impact amount in T€					
Acceptable ≤ 100					
Low ≤ 250					
Moderate ≤ 500					
Material ≤ 1,000					
Critical < 1,000					

Risk-Bearing Capacity

Dr. Höhle AG's risk management system includes a concept for verifying risk-bearing capacity. Within the scope of this concept, the aggregated risks are compared with the risk cover potential. Sufficient cash and cash equivalents are available to cover the existing risks.

Specific Risks and Opportunities

Risks that could have a medium or high adverse impact on the Höhle Group's net assets, financial position or results of operations are described below. The sequence of the risks presented within the following categories reflects the current assessment of the relative risk level in descending order, thus providing an indication of the significance of these risks for the Höhle Group as far as this is possible in each individual case. Additional risks that are unknown at present or risks that are currently classified as insignificant may also impact adversely on business activities. Unless otherwise specified, the following risks concern all segments. From the current perspective, the Höhle Group is exposed to the following internal and external opportunities and risks:

Market and General Conditions

High inflation and sharply rising interest rates have led to a deterioration in general economic conditions. The faltering expansion of the global economy, geopolitical risks and a restrictive monetary policy are creating continuing headwinds. Inflation is harder to bring down than initially hoped and global financial conditions coupled with rising interest rates could lead to debt problems in emerging markets and developing countries. Recently, economic momentum in China has been below expectations. However, the emerging markets and developing countries in Asia continue to be the growth engine of the global economy.

An economic downturn would probably have a negative impact on the Höhle Group's financial position and results of operations. On the other hand, if the economy should prove to be more robust than initially expected, this would have a positive impact on the Höhle Group's earnings development.

It can be assumed that supply bottlenecks will continue to lessen and the resulting pressure on margins will ease. The market risks arising from changing energy and commodity prices are also expected to decrease in the 2023/2024 financial year. Rising energy prices hampered Raesch Quarz (Germany) GmbH's earnings situation in the previous year considerably. The sale of that energy intense company as at 1 December 2022 has made the Höhle Group much less dependent on fluctuating electricity and gas prices.

Risks may arise from changing international regulations and laws in Germany and the EU in particular, such as those relating to the use of raw materials or ingredients. The setting up of trade barriers and increasing geopolitical strains might also play a negative role. Trade conflicts between the US, China and the EU could lead to rising customs duties and increasing prices for purchased goods and might also impact adversely on global growth dynamics.

At the same time, opportunities arise from changes in general economic conditions – for example, as a result of the conclusion of international trade agreements or due to the Ballast Water Convention, which will apply to all ships concerned as from 8 September 2024 onwards and which is expected to impact positively on demand for Höhle Group products and thus on Höhle's economic development.

Operational Development

The loss of key customers could lead to a decline in revenues. Höhle addresses this risk through intensive monitoring of its key customers and reviewing those key customers' financial performance. Key account satisfaction is constantly monitored. Expanding the customer base to economically decoupled target industries will also improve the risk structure.

Successful cooperation with key customers provides a sound basis for the further expansion of business activities and continuing growth with strong partners. Close cooperation with strategic partners is an important basis for the Höhle Group's growth strategy.

As a result of the introduction of new products and technologies, the Company's existing products might no longer be marketable. The Höhle Group's success thus depends on the ability to promptly recognise market developments and to continuously develop and offer new products.

At the same time, technological changes also offer an opportunity to open up new sales markets with innovative products. In order to identify and exploit market opportunities at an early stage, product management in the business segments will be further expanded. In addition, the Group structure will be more closely aligned with fields of application and thus competencies will be better bundled.

Just like other companies, the Höhle Group is exposed to IT-related risks. IT systems provide the basis for almost all operational procedures and processes. Structures were established with a view to protecting the business processes from IT risks. These structures are intended to prevent possible damage/losses and ensure high process security. The redundant design of IT systems is of crucial importance in this context. The operational solutions concerning access control, extensive protection systems, backup systems and failure management ensure a high level of availability of the IT infrastructure. Regular analyses and checks of the IT systems, staff trainings and consistent security management ensure an appropriate level of security.

The use of digitalization potential is of great importance in order to be able to survive in a market environment characterized by high customer expectations in the future. The targeted use of IT systems, for example in customer contact or merchandise management, offers opportunities in the realization of sales increases, cost savings and efficiency gains.

It cannot be ruled out that in individual cases customers may meet their future payment obligations too late or not at all. An economic downturn or the loss of key customers could cause the liquidity situation of important business partners to deteriorate and thus lead to an increased risk of default. However, Höhle Group customers have thus far demonstrated good payment behaviour. Höhle adapts the payment conditions to customers' credit standing as required.

Höhle competes for specialists and executive staff. The market for skilled workers and engineers is particularly subject to intense competition. The availability of the required personnel is crucial for achieving the planned sales and earnings targets.

The attractiveness of an employer plays a crucial role in applicants' decision-making processes. Höhle thus places great emphasis on a good working environment, targeted training and qualification measures and offers promising career prospects. The targeted promotion of employees and the achievement of a high level of motivation offer opportunities for future successful business development. The Company also cooperates closely with selected technical universities and offers opportunities for pursuing bachelor's and master's theses as well as internships. Höhle also counteracts the lack of skilled professionals by offering internal vocational training. The range of vocational training in the industrial area was significantly expanded in recent years.

The loss of key corporate personnel on whose know-how the Company's success depends constitutes a further at least partial risk. In order to counteract this risk, Höhle aims to retain its staff in the Company over the long term and has implemented comprehensive measures to this end. Furthermore, corresponding substitution arrangements are in place in the sensitive areas, in particular in order to minimise the impact of an unexpected loss of employees.

Financial Risks

Acquisitions are a major component in the strategic further development of Höhle's corporate structure. The acquisition of companies involves both opportunities and risks. Acquisitions offer the possibility of opening up new business segments and markets and of making a sustained contribution to the Höhle Group's positive business development. Sales and earnings may develop significantly better than planned.

Impairment risks arise when the acquired company cannot be integrated within the planned time schedule or does not develop as expected. The probability of unfavourable business development increases in times of difficult or uncertain general macroeconomic conditions. It cannot be ruled out that, in the course of a worse-than-expected deterioration in the business development of Hönle Group companies, impairment losses may have to be recognized for goodwill (consolidated financial statements) or other assets or equity investments (annual financial statements), or that impairment losses already taken into account could increase.

Liquidity bottlenecks as a result of a poor business performance cannot be ruled out completely. In addition, there are liquidity risks arising from non-compliance with contractual terms in loan agreements (covenants). The liquidity supply of Dr. Hönle AG and its subsidiaries is based on long-term financial and liquidity planning. The Management Board is informed at regular intervals about the current liquidity situation. With cash and cash equivalents of currently 9.3 Mio. € and additional unused credit facilities, the Hönle Group is solidly financed. Moreover, a cash pooling arrangement optimises the liquidity supply of the individual companies of the Hönle Group and minimises the respective liquidity risks.

On the other hand, debt financing offers growth opportunities. The sale of the capital-intensive Raesch Quarz (Germany) GmbH as at 1 December 2022 additionally contributed to an improvement in the Hönle Group's liquidity situation.

Financial risks include risks associated with financial losses due to fluctuating economic data such as data pertaining to exchange and interest rates. Such risks may impact negatively on the Company's net assets, financial position or results of operations. It is to be assumed that rising euro exchange rates could adversely impact on Hönle's export business. However, since sales are for the most part invoiced in euros, Hönle does not engage in currency hedging transactions. Hönle addresses exchange rate fluctuations which affect regional price structures through continuous market monitoring and through product or price adjustments, as required. A weaker euro entails the risk of higher costs of materials. On the other hand, a falling euro exchange rate offers the Hönle Group an opportunity for competitive advantages outside the euro zone with positive effects on the earnings situation. Savings in the cost of materials will result from a rising euro exchange rate.

Changing interest rates involve financing risks. The previous historically low interest rates have been rising significantly again since 2022, which is also being done to counteract the high inflation rate. In order to finance commercial real estate and corporate shares, the Hönle Group has, among other things, taken out loans with variable interest rates. Derivative financial instruments in the form of interest rate swaps were used in this context for hedging against interest risks. Overall, the interest rate risk is of minor relevance for the Hönle Group at present. Nevertheless, the higher interest rates generally tend to make favourable financing more difficult.

Opportunities arise from falling interest rates. They facilitate the financing of company acquisitions or commercial real estate.

Material risks for the Hönle Group	Probability of occurrence	Impact	Trend
Market and General Conditions			
General economic conditions	medium	critical	→
Availability of materials	medium	critical	↘
Energy and commodity prices	medium	critical	↘
Regulation	low	critical	→
Operational Development			
Dependence on key customers	medium	critical	→
Technology	medium	critical	→
IT systems	low	critical	→
Payment behaviour	very low	critical	→
Staff availability	medium	material	↘
Finance			
Goodwill	medium	critical	↘
Liquidity	medium	critical	→
Financial market	medium	material	→

Adequacy and effectiveness of the internal control and risk management system (unaudited)

The scope and design of the internal control system (ICS) and the risk management system (RMS) are at the discretion and responsibility of the Executive Board. The internal control system comprises the principles, procedures and measures to ensure compliance with the relevant legal requirements. For this reason, Dr. Höhle AG also has a Compliance Management System (CMS) that is geared to the company's risk situation.

Dr. Höhle AG's risk management system incorporates strategic corporate planning, internal reporting and the internal control system. Strategic corporate planning is aimed at identifying and utilising future opportunities while assessing the associated risks that may arise. Internal reporting serves as an information system that provides information about current developments and existing risks. The internal control system is continuously used to identify risks, to initiate the corresponding measures and to monitor their implementation and effectiveness. Reporting to the Management Board takes place regularly and promptly. The reporting includes relevant financial indicators and comprises a detailed comparison of actual figures with budgeted figures.

In addition, risks are monitored in regular meetings of all departments of Dr. Höhle AG as part of risk management and measures to be taken are discussed. Here, too, a prompt report is made to the Executive Board.

In order to properly implement its internal risk management guidelines, Höhle also uses a specially designed manual. The contents of the manual include rules of conduct for identifying, analysing, assessing, treating, monitoring and documenting risks.

The major preconditions for an adequate internal control systems include an adequate merchandise information system, in-depth staff training, the allocation of responsibilities, functional segregation and controlled access at IT system level.

In order to exclude as far as possible any threat to data security, Höhle aims to constantly review and further enhance preventive measures in the area of IT. In so doing, regular system updates and potential system enhancements are just as important to us as the observance of internal security guidelines by our employees. Protection against unauthorised access, misuse and destruction is ensured, among other things, by the use of multi-layer firewall systems and virus protection programmes, through access controls at operating system and application level as well as by performing multiple data backups. Employees receive regular training in IT security/cybersecurity.

The IT system structure contributes to prompt and adequate recording of all relevant information and ensures the greatest possible security throughout the group.

Dr. Höhle AG conducts an internal audit of the internal control and risk management system once a year and also reviews the adequacy and effectiveness of these systems. Dr. Höhle AG's internal control system and risk management system are adequate and effective.

Internal Control and Risk Management System with regard to the Accounting Process

Disclosures pursuant to Section 289 (4) and 315 (4) HGB

One of the main objectives of the ICS is to ensure that the (consolidated) financial statements comply with the law. The ICS contains the principles, procedures and measures to ensure the regularity of financial reporting. It is designed in a way that the annual financial statements are prepared in accordance with the relevant provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional provisions of commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB).

The risk management system and the internal control system are concerned, among other things, with monitoring the accounting processes. In addition to identifying and assessing the risks which could hinder the preparation of financial statements in compliance with the rules, it is mandatory to take appropriate measures to avert such risks.

The preparation of Dr. Höhle AG's financial statements incorporates the internal control system and the risk management system. Internal reporting serves as an information system that provides information about current developments and existing risks. The internal control system is continuously used to identify risks, to initiate the corresponding measures and to monitor their implementation and effectiveness. This also encompasses Dr. Höhle AG's accounting process. Controlling is responsible for analysing the accounting process. Accounting-related reporting to the Management Board takes place regularly and promptly. The reporting includes relevant financial indicators and comprises a detailed comparison of actual figures with budgeted figures.

The major preconditions for proper accounting include an adequate merchandise information system, in-depth staff training, the allocation of responsibilities, functional segregation with respect to the accounting system, and controlled access at IT system level. Dr. Höhle AG implemented an ERP (Enterprise Resource Planning) and accounting system that enables appropriate accounting. In addition, the Höhle Group has established a uniform, Group-wide ERP system and implemented a certified consolidation program aimed at ensuring reliable and prompt financial accounting. Newly founded or acquired companies are usually integrated into the existing ERP system. In this context, Dr. Höhle AG also performs the accounting function centrally as a service provider for other Höhle Group companies. The accounting process is based on the principle of dual control. The information provided in the financial statements as well as financial statements preparation are subject to defined approval processes. The figures stated in the financial statements are analysed and any changes are reviewed in the context of financial statements preparation.

Risk Management with Regard to Financial Instruments

Disclosures pursuant to Sections 289 (2) No. 1 and 315 (2) No. 1 HGB

In its capacity as the controlling group company, Dr. Höhle AG monitors, coordinates and directs the financial activities of the Höhle Group. Ensuring that sufficient liquidity reserves are in place is top priority for Höhle in this context, and great emphasis is placed on achieving optimised profitability while minimising risks at the same time.

Liquidity Risk

Liquidity risk could be of relevance to the Höhle Group if current or future payment obligations cannot be met due to insufficient availability of cash/cash equivalents. Long-term financial planning, which extends over several years, and regular liquidity planning ensure the Company's solvency at all times. Since financial covenants have been agreed with financial institutions in some cases, liquidity risk could increase if the credit conditions are not met and the bank makes use of the option of calling in long-term debt in the short term. Regular monitoring of credit terms is intended to counteract this risk.

Default Risk

A potential financial risk in all business transactions is the risk of default from the failure of contracting parties to meet their payment obligations as scheduled. Höhle reviews its business partners' credit standing, paying special attention to major customers. The continuous monitoring of business transactions ensures a low risk of default. Achieving the plan targets of equity investments held by Höhle plays a major role in Dr. Höhle AG's existing risk exposure. This applies, in particular, to the carrying amounts of equity investments as well as to loans and receivables vis à vis equity holdings. If the equity investments fail to meet the planned targets or if necessary measures as a response to further developments cannot be taken in time, the recognised values must be reviewed to identify any write-down requirements.

Market Risk

Market risk entails financial losses arising from fluctuating market prices, e.g. with respect to raw materials, exchange rates, interest rates or securities. Commodity price risk, currency risk and interest rate risk are particularly relevant to the Höhle Group. Such risks may impact negatively on the Company's net assets, financial position or results of operations. Following a careful assessment based on a cost-benefit analysis, the Höhle Group largely decided not to implement special hedging measures against currency and commodity price risks.

Depending on the changing market situation, significant price fluctuations may affect purchase prices for required raw materials or for energy supply. From a current perspective, neither the existing nor the expected market risks represent a threat to the Hönle Group's continued existence as a going concern. The sale of energy-intensive Raesch Quarz (Germany) GmbH also makes the Hönle Group much more independent of fluctuating electricity and gas prices. On the other hand, favourable price developments concerning energy and raw materials could have a positive impact on the Hönle Group's net assets, financial position and results of operations.

Currency risk comprises risks arising from exchange rate fluctuations that may impact on the competitiveness of the Hönle Group's products and purchase prices. Since the Hönle Group settles most of its purchase and sales transactions in euros, the currency risks associated with the settlement of services and deliveries from suppliers or to customers are limited. Hönle reviews the use of hedging instruments in individual cases.

Interest rate risk arises from changes in interest rates. Derivative financial instruments in the form of interest rate swaps were used to hedge against interest risks. Due to the effectiveness of the hedging instruments, Dr. Hönle AG is not exposed to any earnings risk that must be recognised in the statement of financial position since any negative fair values of the financial instrument are matched by positive developments of the related hedged item. For further details, reference is made to the disclosures in the notes to the consolidated financial statements.

Overall Assessment of the Opportunity and Risk Situation

With high-performance products in various industries and fields of application, the Hönle Group is excellently positioned and has a solid financial footing.

Supply bottlenecks, which previously represented a significant risk for the Hönle Group, have declined. In addition, the sale of Raesch Quarz (Germany) GmbH on 1 December 2022 makes Hönle far less susceptible to price fluctuations in energy prices. Finally, the impairment losses recognised on inventories and goodwill in financial year 2022/2023 have also contributed to the overall decrease in risk for the Hönle Group.

On the other hand, economic opportunities arise for the Hönle Group from the opening up of new markets and fields of application. The establishment of active product management is intended to help bring competitive products to the market on the one hand and to strengthen customer loyalty, particularly with strategic partners, on the other.

Currently, no risks are discernible that could jeopardise the Company's continuation as a going concern now or in the future.

Forecast Report

Market Outlook

The global economy continues to experience a period of weakness. The International Monetary Fund is forecasting global economic growth of 3.0% for 2024, which is low by historical comparison. The economic picture remains gloomy. High inflation and the restrictive monetary policy of the central banks have led to a deterioration in the general economic conditions. Geopolitical crises are also clouding the outlook. Although the direct economic effects of the Middle East conflict should remain manageable for the West due to low trade volumes, the indirect effects of rising oil prices will play a significant role. The return to lower energy prices and the reduction in supply bottlenecks are having a positive effect.

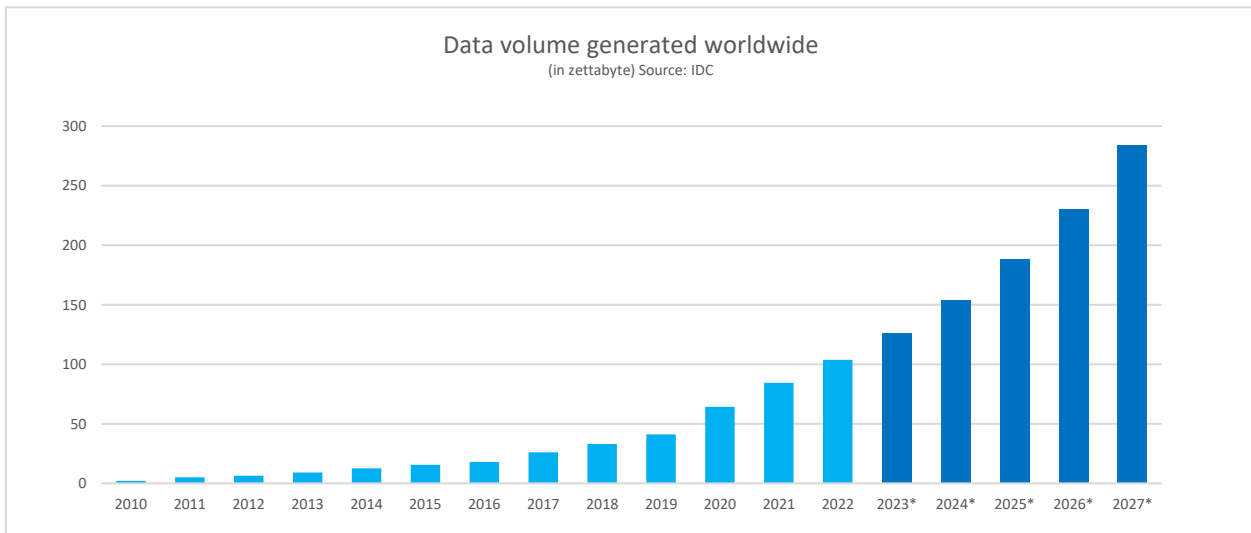
The International Monetary Fund expects a growth rate of just 0.9% for the German economy. In the USA, on the other hand, the economic data has been robust so far, meaning that the probability of a soft economic landing without a recession has recently increased. Growth impetus comes from the emerging markets and developing countries. Inflationary pressure continues to ease, with energy and food prices in particular falling year-on-year.

Outlook for the Höhle Group

The Höhle Group's business development depends to a large extent on the general economic conditions and the development of the global economy. The outlook is based on detailed planning for the individual companies in the three business segments.

Adhesives Segment

Höhle has a wide range of speciality adhesives for the electronic packaging sector. This market segment is expected to grow strongly in the future. The amount of data that will be generated and processed worldwide in the coming years will increase significantly. This usually leads to demand for customised adhesives, which is an ideal field of activity for the Höhle Group as an adhesives specialist. Areas of application for this include smartphones, wearables and data processing systems for autonomous driving.



Another growth area is medical technology adhesives where an important field of application is the bonding of needles in syringes, an application in which the Höhle Group has proven expertise in the adhesive systems required for this purpose.

From a regional perspective, the focus will be on further developing the US market. There is great demand for customised industrial adhesives in North America, where Höhle has so far been underrepresented. Höhle plans to further develop this sales market through intensive cooperation with key account customers.

The Management Board assumes that sales of adhesives and adhesive systems, i.e. UV-reactive adhesives and the associated UV curing equipment, will rise sharply in the coming years. An exceptionally strong increase in earnings is expected as a result of sales growth.

Equipment & Systems Segment

ELTOSCH GRAFIX GmbH was merged with Dr. Höhle AG at the beginning of the reporting year. The merger had several effects: The consolidation of the two companies forms the basis for a high-performance service and sales network. The streamlining of the Group structure is also driven forward.

Furthermore, product management is expanded with a view to strategically opening up future-focused fields of application. Active product management is being established for UV drying systems in all application areas relevant to Höhle. In addition to printing machines, these include technical films, coated components in automotive engineering and floor coatings.

Targeted new product developments are carried out to strengthen competitiveness. The customer is at the centre of the development work for user-friendly systems. This forms the basis for increasing the sales volume in the coming years. Profitability is to be improved by restructuring the product range and realising potential savings on the procurement side.

Glass & Lamps Segment

The sale of the energy and capital-intensive subsidiary Raesch Quarz (Germany) GmbH in the reporting year will result in less dependence on fluctuating energy prices in future. At the same time, lower cash outflows for investments are to be expected. Profitability has also improved as a result of the sale of the company. For the first time in several years, a positive segment operating result was generated.

Hönle is well positioned in the Glass & Lamps segment. The products are used to disinfect water using ultraviolet radiation. The environmentally friendly process is increasingly used in the treatment of ballast water, drinking water, process water and ultrapure water. In these fields of application, the Hönle Group supplies leading manufacturers of water treatment systems with lamps and components. Other growth markets are in the pharmaceutical and electromobility sectors. The selective expansion of product management enables the targeted development of new high-potential fields of application.

Overall, the Management Board expects sales and earnings in the Glass & Lamps segment to increase over the next few years.

Overall Assessment of Future Business Development

The new Management Board intensively analysed all segments and business areas of the Hönle Group. The second part of the financial year was thus characterised by stocktaking and the analysis of business activities. As part of strategic corporate management, strategy meetings were held in all of the Group's key business units. The Management Board's strategy is aimed at achieving strong business performance over the long term and a return to high earnings power at the Hönle Group. Product management is set up or further strengthened in the relevant business areas with a view to strategically opening up future-focused fields of application.

The planned reorganisation of the business units will be far more aligned to the customers' needs than the previous segmentation and forms the basis for increasing sales in the business units and improving the EBIT margins in these business units. Reporting on the basis of the new business units is expected to take place for the first time on 31 March 2024.

Another focus is on expanding the exchange of information at management and expert level and the utilisation of synergies between the individual business units of the Hönle Group.

In total, the Management Board expects the Hönle Group to generate sales of between € 105 million and € 115 million and an operating result of between € 6 million and € 9 million in financial year 2023/2024. All of the Hönle Group's business segments are expected to generate a positive operating result and, in total, a positive operating cash flow.

Gilching, 24 January 2024

Dr. Franz Richter
Management Board

Statement on Corporate Governance (unaudited)

pursuant to Section 289f HGB and Section 315d HGB

Declaration of Compliance with the German Corporate Governance Code (DCGK) pursuant to Section 161 AktG of 24 January 2024

The Management Board and Supervisory Board of a stock corporation listed in Germany are obliged under Section 161 (1) AktG to submit a declaration at least once a year about the extent to which the recommendations of the DCGK have been complied with in the past and how this is intended for the future. Dr. Hönle AG attaches great importance to the rules of proper corporate governance. The Management Board and the Supervisory Board of Dr. Hönle AG published the following Compliance Declaration on 24 January 2024.

The Management Board and Supervisory Board of Dr. Hönle AG declare pursuant to Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the Government Commission on the German Corporate Governance Code as amended on 28 April 2022, published by the Federal Ministry of Justice and Consumer Protection (BMJ) in the official section of the Federal Gazette, have been and are being complied with, with the following exceptions:

A.2 Governance tasks of the Management Board; taking diversity into account when making appointments to executive positions

The German Corporate Governance Code recommends that the Management Board consider diversity when making appointments to executive positions (Recommendation A.2, DCGK 2022). The Management Board considers the diversity of its executive staff, and in particular the proportion of women in executive positions, to be a key aspect of the Company's development and has been following the recommendation of the German Corporate Governance Code since January 2024. Previously, the Management Board had based its appointments to management positions solely on personal qualifications and individual skills.

A.4 Governance tasks of the Management Board; protected whistleblower system

The German Corporate Governance Code recommends that employees and third parties be given the opportunity to report, in a protected manner, suspected breaches of the law within the enterprise (Recommendation A.4, DCGK 2022). In October 2023, Dr. Hönle AG introduced a protected whistleblower system for employees and third parties.

B.1 Appointments to the Management Board; taking diversity into account

The German Corporate Governance Code recommends that the Supervisory Board take diversity into account when appointing Management Board members (Recommendation B.1, DCGK 2022). The Supervisory Board considers the diversity of executive staff to be a key aspect of the Company's development and has been following the recommendation of the German Corporate Governance Code since January 2024. Previously, the Supervisory Board had based its appointment of Management Board members solely on personal qualifications and individual skills.

B.4 Appointments to the Management Board; re-appointment prior to one year before the end of an appointment

The German Corporate Governance Code recommends that Management Board members only be re-appointed prior to one year before the end of an appointment period at the same time as termination of the current appointment if special circumstances apply (Recommendation B.4, DCGK 2022). The Supervisory Board has been following the recommendation of the German Corporate Governance Code since January 2024. Previously, the Supervisory Board had been observing the provisions of stock corporation law concerning the re-appointment of Management Board members.

B.5 Appointments to the Management Board; specification of an age limit for Management Board members

The German Corporate Governance Code recommends that an age limit be specified for members of the Management Board and be disclosed in the Corporate Governance Statement (Recommendation B.5, DCGK 2022). The Supervisory Board has been following the recommendation of the German Corporate Governance Code since January 2024. Previously, the Supervisory Board had focused on the personal qualifications and individual skills, but not on the age, of the Management Board members.

C.1 Composition of the Supervisory Board; determination of specific objectives

The German Corporate Governance Code recommends that the Supervisory Board determine specific objectives regarding its composition and prepare a profile of skills and expertise for the entire Board (Recommendation C.1, DCGK

2022). Dr. Hönle AG had previously been of the opinion that personal qualifications and individual skills, but not, for example, gender, age or the Company's ownership structure, were the deciding factors when making appointments to the Supervisory Board and viewed any such determination of specific objections as a restriction of the shareholders' right to elect the members of the Supervisory Board. For this reason, the Supervisory Board did not formulate any specific objectives and competence profiles within the meaning of the Code for its composition yet. The Supervisory Board has now abandoned this view and formulated concrete goals and a competence profile in accordance with the Code for its composition in January 2024.

C.2 Composition of the Supervisory Board; age limit to be specified for Supervisory Board members

The German Corporate Governance Code recommends that an age limit be specified for members of the Supervisory Board and be disclosed in the Corporate Governance Statement (Recommendation C.2, DCGK 2022). In January 2024, the Supervisory Board specified an age limit for Supervisory Board candidates. Previously, the Supervisory Board of Dr. Hönle AG had not specified any fixed age limits for its members.

C.10 Composition of the Supervisory Board; independence of the Supervisory Board

The Supervisory Board Chairman should be independent from the company and the Management Board (Recommendation C.10, DCGK 2022). Prof. Dr. Karl Hönle was Chairman of the Supervisory Board until 23 March 2023 and was not considered independent in accordance with the German Corporate Governance Code as he had been a member of the Supervisory Board for more than 12 years (C.7 (2), last indent, DCGK 2022).

The Supervisory Board of Dr. Hönle AG seconded Dr. Franz Richter, who was Chairman of the Supervisory Board of Dr. Hönle AG, to the Management Board on 1 May 2023. The secondment ends with the appointment of a new CEO, but in no case later than 30 April 2024. During his tenure on the Management Board, he will temporarily step down from the Supervisory Board and Mr. Niklas Friedrichsen will take over as Chairman of the Supervisory Board of Dr. Hönle AG. Mr. Friedrichsen is managing director of Peter Möhrle Group which indirectly via Zweiunddreißigste PMB Management GmbH, Hamburg, holds more than 10% of the shares and of the share capital of Dr. Hönle Aktiengesellschaft.

D.4 Supervisory Board procedures; Nomination Committee

The German Corporate Governance Code recommends that the Supervisory Board form a Nomination Committee that is exclusively composed of shareholder representatives (Recommendation D.4, DCGK 2022). Due to the current size and structure of the Supervisory Board, the Company's Supervisory Board does not consider it necessary to form a Nomination Committee for proposing suitable candidates. The entire Supervisory Board is responsible for deciding on the Supervisory Board's election proposals to the Annual General Meeting.

F.2 Transparency and external reporting; publication deadlines for financial information

The German Corporate Governance Code recommends that the consolidated financial statements and group management report be made publicly accessible within 90 days of the end of the financial year and that mandatory interim financial information be made publicly accessible within 45 days of the end of the reporting period (Recommendation F.2, DCGK 2022). As before, Dr. Hönle AG will continue to publish preliminary figures for the financial year within 90 days. However, the annual report is published within four months of the end of the reporting period in accordance with the rules of the Frankfurt Stock Exchange for Prime Standard stocks. Semi-annual reports and quarterly reports are published within two months of the end of the reporting period in accordance with the rules of the Frankfurt Stock Exchange. Reducing the time to publication would result in disproportionately high administrative costs. The publication deadlines will therefore remain unchanged until further notice.

G.6 Remuneration of the Management Board; proportion of long-term targets in relation to short-term targets in variable remuneration

The German Corporate Governance Code recommends that the share of variable remuneration achieved as a result of reaching long-term targets exceed the share from short-term targets (Recommendation G.6, DCGK 2022). The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management Board to the Annual General Meeting in March 2024 for approval, in which the variable remuneration resulting from the achievement of long-term targets exceeds the proportion of short-term targets. The Supervisory Board had previously been of the opinion that the Management Board should also ensure the sustainable development of the Company if the proportion of long-term variable remuneration does not exceed the proportion of short-term variable remuneration.

G.7 Remuneration of the Management Board; performance criteria for variable remuneration components

Referring to the forthcoming financial year, the German Corporate Governance Code recommends that the Supervisory Board establish the performance criteria for each Management Board member; besides operating targets, the

performance criteria should be geared mainly towards strategic goals (Recommendation G.7, GCGC 2022). The Supervisory Board should also determine the extent to which individual targets for each Management Board member – or targets for the entire Management Board as a whole – are decisive for the variable remuneration components. The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management Board to the Annual General Meeting in March 2024 for approval, in which the performance criteria for all variable remuneration components have been defined, based on both operational and strategic targets. In the event that further members are added to the Management Board, which currently consists of one member, the extent to which the individual targets for specific Management Board members or the targets for the entire Management Board as a whole are decisive should also be determined. The Supervisory Board had previously been of the opinion that operational objectives are in most cases also based on underlying strategic objectives. Moreover, a remuneration system based on the establishment of individual targets would be too complicated and could also offer too much room for interpretation.

G.10 Remuneration of the Management Board; variable remuneration based on company shares

Taking the respective tax burden into consideration, the German Corporate Governance Code recommends that the variable remuneration amounts of Management Board members be invested predominantly in company shares by the respective Management Board member, or be granted as share-based remuneration. Granted long-term variable remuneration components should be accessible to Management Board members only after a period of four years (Recommendation G.10, DCGK 2022). The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management Board to the Annual General Meeting in March 2024 for approval, in which the variable remuneration is granted predominantly share-based. The Supervisory Board had previously been of the opinion that the previous remuneration system without share-based components and multi-year vesting restrictions had proved its worth and should therefore not be changed.

G.11 Remuneration of the Management Board; extraordinary developments

The German Corporate Governance Code recommends that the Supervisory Board have the possibility to account for extraordinary developments to an appropriate extent (Recommendation G.11, DCGK 2022). It should be permitted to retain or reclaim variable remuneration if justified. The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management Board that complies with these recommendations of the German Corporate Governance Code to the Annual General Meeting for approval in March 2024. The Supervisory Board had previously been of the opinion that the statutory requirement to reduce remuneration in accordance with Section 87 (2) AktG was sufficient.

G.13 Remuneration of the Management Board; severance cap and offsetting against non-compete compensation payments

The German Corporate Governance Code recommends that any payments made to a Management Board member due to early termination of their Management Board activity should not exceed twice the annual remuneration (severance cap) and should not constitute remuneration for more than the remaining term of the employment contract. If post-contractual non-compete clauses apply, the severance payments should be taken into account in the calculation of any compensation payments (Recommendation G.13, DCGK 2022). The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management Board that complies with these recommendations of the German Corporate Governance Code to the Annual General Meeting for approval in March 2024. To date, the Supervisory Board has complied with the provisions agreed in the employment contract regarding remaining terms and non-compete compensation payments.

G.14 Remuneration of the Management Board; change of control

The German Governance Code recommends that change of control clauses that commit to benefits in the case of early termination of a Management Board member's contract due to a change of control should not be agreed upon (Recommendation G.14, GCGC 2022). In the event of a change of control, Mr. Haimerl had the right to terminate his Management Board service contract, resign from the Board and have his remuneration and fringe benefits paid until the end of his service contract. Since Mr. Haimerl left the Company on 1 May 2023, Dr. Hönle AG has complied with the recommendation of the German Corporate Governance Code.

G.16 Remuneration of the Management Board; Supervisory Board decision on offsetting remuneration from supervisory board memberships at non-group entities against the remuneration paid to Management Board members

The German Corporate Governance Code recommends that when members of the Management Board assume Supervisory Board memberships outside the Group, the Supervisory Board should decide whether and to what extent the remuneration from any such memberships should be taken into account in their remuneration (Recommendation G.16, DCGK 2022). The Supervisory Board of Dr. Hönle AG will submit a remuneration system for the Management

Board to the Annual General Meeting in March 2024 for approval, which will grant the Supervisory Board the right to decide on whether or not to take into account non-Group Supervisory Board memberships in Management Board remuneration. The Supervisory Board had previously been of the opinion that remuneration for non-Group Supervisory Board memberships should not be offset against Management Board remuneration and that Management Board members should be able to decide on their own responsibility whether they could hold seats on non-Group Supervisory Boards in view of the time required for their Management Board duties.

Presentation of the Remuneration Report on the previous Financial Year and Auditor's Assurance Report pursuant to Section 162 AktG, applicable Remuneration System pursuant to Section 87a (1) and (2) Sentence 1 AktG and previous Remuneration Resolution pursuant to Section 113 (3) AktG on the Company's Website

The remuneration system resolved by the Supervisory Board pursuant to Section 87a (1) and (2) Sentence 1 of the German Stock Corporation Act, which was approved by the Annual General Meeting on 23 March 2021, is available on the website of Dr. Hönle AG at <https://www.hoenle.de/unternehmen/corporate-governance>. The remuneration report pursuant to Section 289f HGB has been published at <https://www.hoenle.de/unternehmen/corporate-governance>.

Information on Corporate Governance Practices

In addition to the statutory regulations and the German Corporate Governance Code (DCGK), Dr. Hönle AG attaches great importance to acting responsibly in all areas of the Group. The Code of Conduct of Dr. Hönle AG has been published on the Internet under <https://www.hoenle.de/unternehmen/corporate-governance>. It contains the Company's mission statement and sets out rules of conduct. It identifies potential areas of risk and conflict, serves as an orientation aid for all employees of the Hönle Group and supports the implementation of regulatory requirements in daily activities.

Description of the Working Methods of the Management Board and the Supervisory Board and the Composition and Working Methods of their Committees

The Management Board and Supervisory Board of Dr. Hönle AG form the dual management and control structure as stated under the provisions of the German Stock Corporation Act. The Management Board and the Supervisory Board work closely together for the benefit of the Company.

Tasks and Working Methods of the Management Board

The Management Board of Dr. Hönle AG consisted of two persons at the end of the financial year and has consisted of one person since 1 October 2023. The Management Board is responsible for managing the Company in the Company's interests, developing the Company's strategic direction, coordinating it with the Supervisory Board and ensuring its implementation. The Management Board conducts the Company's business on its own responsibility in accordance with the law, the Company's Articles of Association and the rules of procedure of the Management Board, thereby taking into account the resolutions made at the Annual General Meeting. The allocation of responsibilities and cooperation within the Management Board are governed, among other things, by the Rules of Procedure for the Management Board. The Management Board represents the Company vis-a-vis third parties. The Company is managed by way of regular strategic discussions at Management Board level and with the divisional heads. The Management Board is informed monthly about the development of key parameters of Dr. Hönle AG and its subsidiaries. The Management Board takes suitable measures to identify any developments that could jeopardise the continued existence of the Company at an early stage. This system is continuously being enhanced and adapted to changing framework conditions. The risk report includes further information on risk management.

Tasks and Working Methods of the Supervisory Board

The Supervisory Board of Dr. Hönle AG appoints the Management Board members and monitors and advises the Management Board on the management of the business. It is involved in all decisions of fundamental importance at all times in a timely and appropriate manner. The Management Board informs the Supervisory Board regularly, promptly and comprehensively about the course of business, the results of operations and financial position, the employment situation and the Company's planning and projects. As preparation for the meetings, the Supervisory Board receives regular written reports from the Management Board. After careful examination and consultation, the Supervisory Board adopts resolutions, if necessary. Rules of procedure regulate the tasks of the Supervisory Board and the internal organisation of the Supervisory Board. The rules of procedure are publicly accessible on the Internet at <https://www.hoenle.com/company/corporate-governance> (Recommendation D.1, DCGK 2022). The Supervisory Board holds at least two meetings every six months. The meetings of the Supervisory Board are usually held in person. The meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board or, if he is prevented

from doing so, by his deputy. The resolutions of the Supervisory Board are passed in meetings chaired by the Chairman of the Supervisory Board. The Chairman of the Supervisory Board determines the type of vote. Resolutions may also be adopted in writing, by e-mail, by fax or by telephone provided no member of the Supervisory Board objects to such procedure immediately. Resolutions of the Supervisory Board are passed with a simple majority of the votes cast, unless otherwise stipulated by law or the Company's Articles of Association. Further details on the activities of the Supervisory Board are set out in the report of the Supervisory Board.

The German Corporate Governance Code recommends that the Supervisory Board, together with the Management Board, ensure that long-term succession planning is in place (Recommendation B.2, DCGK 2022). The Supervisory Board of Dr. Höhle AG is in constant communication with the Management Board as to whether the current composition of the Management Board corresponds to the Company's strategic objectives. Employees and managers of the Company receive individual training to prepare them for possible management positions. As a matter of principle, the Supervisory Board initially makes a concerted effort to recruit executive staff from within the Group for positions on the Management Board. If no suitable candidates are available from within the Group, the Supervisory Board uses recruitment agencies to identify and recruit suitable candidates for any Management Board positions that need to be filled.

The German Corporate Governance Code recommends that an age limit be specified for members of the Supervisory Board and be disclosed in the Corporate Governance Statement (Recommendation C.2, DCGK 2022). Previously, the Supervisory Board of Dr. Höhle AG had not specified any fixed age or length of appointment limits for its members as it considered such a specification to be an inappropriate restriction of shareholders' rights. In January 2024, the Supervisory Board set an age limit for members of the Supervisory Board in accordance with the recommendation of the German Corporate Governance Code. The limit is 75 years of age as at the end of the Annual General Meeting in March 2024.

In accordance with the German Corporate Governance Code, the Supervisory Board must be composed in such a way that its members have the required knowledge, skills and professional experience to duly perform their tasks. In January 2024, the Supervisory Board drew up a profile of skills and expertise and set targets for its composition. The entire Supervisory Board is expected to meet the following criteria:

- Sufficient number of Supervisory Board members with international activities or international experience
- Knowledge and experience in the areas of corporate management and control, legal/compliance, human resources, sustainability/ESG, financing, accounting, auditing, technology, digitalisation/IT
- Understanding of the Höhle Group's business activities, including the market environment, customer structure and strategic orientation, as well as a basic understanding of the technology used
- Avoidance of material conflicts of interest within the meaning of the German Corporate Governance Code (in accordance with recommendation E.1, DCGK 2022)
- Independence of the majority of the Supervisory Board members (in accordance with recommendation C.7, DCGK 2022).
- Focus on appropriate diversity of the Supervisory Board in its composition.

In the opinion of the Supervisory Boards its current composition, the Supervisory Board as a whole fulfils the defined objectives and fulfils the competency profile. The objectives of the Supervisory Board for its composition are taken into account in the election proposals to the Annual General Meeting while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board (Recommendation C.1, DCGK 2022).

The status of the fulfilment of the defined objectives and the implementation of the competence profile is disclosed below in the form of a qualification matrix.

Skills and Qualifications Matrix of the Supervisory Board

	Niklas Friedrichsen	Dr. Bernhard Gimple	Günther Henrich	Prof. Dr. Imke Libon	Dr. Franz Richter
Characteristics					
Position	Chairman	Member	Deputy Chairman	Member	Member
Member since	2022	2015	2015	2021	2023
Independent pursuant to DCGK	y	y	y	y	y
Diversity					
Year of birth	1966	1970	1947	1971	1955
Gender	m	m	m	f	m
Nationality	Germen	German	German	German	German
Education	Tax consultant Diplom-Kaufmann (Business Administration graduate)	Volljurist (fully qualified lawyer) Bankkaufmann (banker)	Wirtschaftsjurist (business lawyer)	Professor, Physicist	Dr. Ing. Physik (PhD in physics)
Occupation	Managing Director	Lawyer	Business consultant	Professor, Dean	Management Board (secondment)
Professional knowledge					
Corporate management and control	X		X		X
Internationality	X			X	X
Legal/compliance	X	X	X		
Human resources	X	X	X	X	X
Sustainability/ESG	X		X	X	X
Financial expert in terms of Section 100 (5) AktG: - Accounting - Auditing of financial statements	X X	X	X	X	X
Technology				X	X
Digitalisation/IT				X	X

The German Corporate Governance Code also recommends that information be provided on the number of independent shareholder representatives on the Supervisory Board and the names of these members, as deemed appropriate by the shareholder representatives (Recommendation C.1, DCGK 2022). In the opinion of the Supervisory Board, an appropriate number members are independent, if the majority of the members are independent. That is the case. Dr. Bernhard Gimple, Günther Henrich and Prof. Imke Libon have no personal or business relations with Dr. Hönle Aktiengesellschaft or its Group companies, the corporate bodies of Dr. Hönle Aktiengesellschaft or any shareholders with significant participating interests in Dr. Hönle Aktiengesellschaft that would have to be disclosed in accordance with the recommendations of the DCGK, nor are there any indications of a conflict of interest or a lack of independence within the meaning of the DCGK. They are thus considered independent in accordance with the requirements of the German Corporate Governance Code.

Prof. Dr. Karl Hönle was a member of the Supervisory Board since 21.09.1999 and therefore for more than 12 years and was thus not considered independent (Recommendation C.7 (2), last indent). He stepped down from the Supervisory Board on 23 March 2023.

The German Corporate Governance Code recommends that the term of Supervisory Board membership be disclosed (Recommendation C.3, DCGK 2022). Niklas Friedrichsen has been a member of the Supervisory Board since 26 April 2022, Dr. Bernhard Gimple since 20 March 2015, Günther Henrich since 20 March 2015 and Prof. Dr. Imke Libon since

20 May 2021. Dr. Franz Richter was elected to the Supervisory Board by the Annual General Meeting on 23 March 2023 and seconded to the Management Board on 1 May 2023 for a maximum term ending no later than 30 April 2024. Recommendation D.12 DCGK 2022 stipulates that the Supervisory Board assess, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfil their tasks. The Supervisory Board regularly evaluates the efficiency of its activities. This evaluation takes place every two years. The self-assessment is standardised and essentially comprises the areas of preparation, execution, duration, frequency and documentation of the meetings, as well as the content of the meetings and cooperation with the Management Board and auditors. The last self-assessment took place in financial year 2022/2023 and confirmed the efficiency of the Supervisory Board's activities.

Committees of the Supervisory Board

The Supervisory Board of Dr. Höhle AG has an Audit Committee that deals in particular with the audit of financial accounting, the monitoring of the accounting process, and the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements and compliance. Pursuant to recommendation D.2 DCGK 2022, the names of the respective committee members and the committee chairs should be provided. The names of the financial experts should be provided and details concerning their expertise in the areas of accounting and the auditing of financial statements should be included (Recommendation D.3, DCGK 2022). Mr. Niklas Friedrichsen resigned from the Audit Committee when he took over as Chairman of the Supervisory Board. It was chaired by Mr. Günther Henrich and the deputy chairman by Dr. Bernhard Gimpe. Prof. Libon is also a member of the Examination Board. As a tax consultant and given his university degree in business management and his experience as commercial manager, CFO and managing director at various companies in the mechanical engineering and service sectors, Mr. Niklas Friedrichsen distinguishes himself as an independent financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG) in view of his expertise in both accounting and the auditing of financial statements. As a long-standing managing director of BayBG Bayerische Beteiligungsgesellschaft GmbH and as a business lawyer, Mr. Günther Henrich qualifies as an independent financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG) in light of his special expertise in the auditing of financial statements. Dr. Bernhard Gimpe also qualifies as an independent financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG) with expertise in the field of accounting due to his many years of professional activity as a self-employed lawyer and his training as a banker. Prof. Dr. Libon is qualified for the Audit Committee due to her several years of experience in business consulting.

Target values for the percentage of Women on the Management Board, the Two Management levels below the Management Board and on the Supervisory Board

The Supervisory Board specifies target values for the percentage of women on the Management Board pursuant to Principle 9 DCGK 2022. On 30 June 2022, the Supervisory Board specified that the target value for the percentage of women on the Management Board of Dr. Höhle AG should be at least 0%, which was in line with the proportion of women at that time. Previously, the Supervisory Board had based its selection of Management Board members solely on the qualifications and individual skills of the candidates and not on gender aspects. The Supervisory Board considers the diversity of executive staff, and in particular the proportion of women in executive positions, to be a key aspect of the Company's development. In January 2024, the Supervisory Board set a target value for the proportion of women on the Management Board of at least 33% to be achieved by 30 September 2028 in the event that the Management Board is expanded to three members.

The Management Board stipulates target values for the proportion of women in the two management levels below the Management Board according to Principle 3 DCGK 2022. On 30 June 2022, the Management Board specified that the target value for the percentage of women in the two management levels below the Management Board should be at least 0%, which was in line with the proportion of women at that time. When making appointments to executive positions, the Management Board was guided by the candidates' personal qualifications and individual skills, but not by their gender. In January 2024, the Management Board set a target value for the proportion of women at the first management level below the Management Board of at least 30% and a target value for the proportion of women at the second management level below the Management Board of at least 10%, both to be achieved by 30 September 2028. At that time, the proportion of women at the first management level below the Management Board was 30% and the proportion of women at the second management level below the Management Board was 7%.

According to Principle 11 DCGK 2022, the composition of the Supervisory Board has to ensure that the legal gender quota is considered. A fixed gender quota of at least 30% women for supervisory boards is not required at Dr. Höhle AG as the Company is neither subject to the German Codetermination Act (MitbestG) nor was it established as a result of a cross-border merger. On 30 June 2022, the Supervisory Board of Dr. Höhle AG specified that the target value for the proportion of women on the Supervisory Board to be achieved by 30 June 2027 should be at least 20%, which was in line with the proportion of women on the Supervisory Board at that time.

Appointments to the Management Board; Specification of an Age Limit for Management Board Members

The German Corporate Governance Code recommends that an age limit be specified for members of the Management Board and be disclosed in the Corporate Governance Statement (Recommendation B.5, DCGK 2022). Previously, the Supervisory Board had based its appointments to the Management Board on the personal qualifications and individual skills of a Management Board member, but not on age, and therefore did not set an age limit. In January 2024, the Supervisory Board set an age limit for members of the Management Board in accordance with the recommendation of the German Corporate Governance Code. The limit is 65 years of age and begins at the end of Dr. Franz Richter's term on the Management Board but not later than 1 May 2024.

Description of the Diversity Concept or Comments on the Lack of a Diversity Concept

When electing members to the Management Board and the Supervisory Board and making appointments to executive positions, Dr. Hönle AG takes into account aspects such as educational and professional background, age, gender, and cultural heritage and strives for diversity in the composition of its Boards. The Company considers the diversity of executive staff, and in particular the proportion of women in executive positions, to be a key aspect of the Company's development. In January 2024, the Management Board and the Supervisory Board specified new target values for the percentage of women on the Management Board, at the two management levels below the Management Board and on the Supervisory Board. The diversity target is also taken into account when drawing up the profile of skills and expertise and in the composition of the Supervisory Board. The diversity concept for the Supervisory Board includes requirements relating to educational and professional background, age and gender. Previously, the Company did not have a diversity concept, nor had it defined a profile of skills and expertise for the Supervisory Board.

Governing Bodies of the Company

The Company's Governing Bodies are the Management Board, the Supervisory Board, and the Annual General Meeting. The respective competencies are governed by the German Stock Corporation Act (AktG), the Company's Articles of Association, and the Rules of Internal Procedure for the Management Board and Supervisory Board.

Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting and decide on fundamental issues that concern Dr. Hönle AG by exercising their voting rights. Each share of stock carries one voting right. All important documents that are required for decision-making are also made accessible to the shareholders on Dr. Hönle AG's website in good time before the Annual General Meeting. (<https://www.hoenle.de/de/investoren/hauptversammlung>)

The shareholders may have their voting rights exercised by a proxy of their choice or by a voting representative appointed by Dr. Hönle AG, who acts upon instruction of the shareholder. Following the Annual General Meeting, the attendance and voting results are published on the Company's website.

Management Board

Dr. Franz Richter

Dr. Ing. Physik /PhD in Physics (born in 1955)

Chairman of the Management Board; responsible for Finance, Human Resources, Sales and Marketing; since 1 October 2023 responsible for all business segments (since 1 May 2023)

Dr. Franz Richter is Chairman of the Board of Managing Directors of Meyer Burger Technology AG, Thun, Switzerland and Chairman of the Advisory Board of the Fraunhofer Institute for Reliability and Microintegration IZM (Fraunhofer IZM), Berlin. He has extensive experience in the area of developing technologies, including UV lithography, UV cleaning and silicone adhesives. Dr. Richter worked for many years at leading companies in the semiconductor and optoelectronics sectors, including Carl Zeiss AG and Süss Microtec SE. He was at Süss Microtec for 19 years, 11 of which he spent as CEO. He has held seats on various boards as well as honorary positions, including being a member of the Supervisory Board of Siltronic AG, Munich and a member of the Board of Directors of Comet Holding AG, Flamatt, Switzerland.

He was seconded to the Management Board of Dr. Hönle AG by the Supervisory Board in May 2023 and has been Chairman of the Management Board since then.

Norbert Haimerl

MBA (born in 1962)

Chairman of the Management Board; responsible for Finance, Human Resources, Sales and Marketing
(until 30 April 2023)

Norbert Haimerl completed his business management studies at the Regensburg University for Applied Science with a diploma in business management. [Dipl.-Betriebswirt (FH)]. He commenced his career in 1990 as assistant to the management of a medium-sized company. During the years from 1992 to 1996, he worked for a subsidiary of a German printing machine manufacturer as a management assistant. In 1996 he changed jobs to take up a position as commercial manager with Dr. Hönle AG.

He was appointed to the Management Board with effect from 1 January 2000 and has been appointed its Chairman with effect from 1 September 2022.

Rainer Pumpe

Graduate Engineer (born in 1966)

Management Board member, responsible for Technology and Production
(until 30 September 2023)

After completing his mechanical engineering studies at Ruhr University Bochum with a degree in engineering, Rainer Pumpe began his career in 1995 at Voith Paper GmbH in Krefeld, initially as a design/development engineer. After several positions at Voith Paper, he was appointed managing director of Voith Paper Finishing Inc. in Springfield, Oregon (USA) in 2004. In 2007 he then took over the management of Voith Paper Air Systems GmbH with responsibility for the Mönchengladbach, Bayreuth and Montreal (Canada) locations. In 2016, Mr. Pumpe became managing director of the medium-sized family company IDEAL - Werk C. + E. Jungeblodt GmbH + Co. KG in Lippstadt.

From 1 January 2021 till 30 September 2023 he has been on the Management Board of Dr. Hönle AG, Gilching, where he was responsible for the areas of Technology and Production.

Supervisory Board

Niklas Friedrichsen

Diplom-Kaufmann (Business Administration graduate), Tax Consultant

Supervisory Board; Chairman of the Supervisory Board since 1 May 2023

Mr. Niklas Friedrichsen has been managing the holding company of the Peter Möhrle family based in Hamburg as spokesman for the management board since 2018. After completing his business studies and his training as a tax consultant, he held finance and corporate development positions in various companies in the mechanical engineering and service sectors. He also looks back on many years of experience in the commercial management and further development of family offices with a comparable investment focus.

Mr. Niklas Friedrichsen is a member of the Advisory Board of Bike Holding GmbH, Aachen.

Prof. Dr. Karl Hönle

Physicist

Supervisory Board Chairman (until 23 March 2023)

Prof. Hönle is one of the founders of Dr. Hönle AG and was the first managing director of Dr. Hönle GbR (later GmbH). After the company was established, he accepted a professorship at the Munich University of Applied Sciences for technical optics and laser technology and was the representative for technology transfer and trade fair participation for the Bavarian universities of applied sciences. Prof. Hönle has been a professor emeritus since 2004 and has been an honorary senator at Munich University of Applied Sciences since 2021. He is also a member of the Senate of Economics in Europe.

He is a member of the standards committee for lighting technology at the German Institute for Standardization (DIN). Since the transformation of Dr. Hönle GmbH into a stock corporation in 1999, Prof. Hönle has been a member of the Supervisory Board and has been its Chairman since 2015. When Dr. Hönle AG separated from the medical technology business area, Prof. Hönle took over this business and has since then been Managing Director of Dr. Hönle Medizintechnik GmbH in Gilching.

Günther Henrich

Lawyer

Deputy Chairman of the Supervisory Board

Following his activities for the Bavarian Ministry of Economics and LfA Förderbank Bayern, Mr. Günther Henrich acted as managing director at BayBG Bayerische Beteiligungsgesellschaft mbH and its predecessor companies from 1987 through 2012. Mr Henrich has played a leading role in building up BayBG to become the present market leader for SME investment capital in Bavaria. As a result, Mr. Henrich has an extensive network in Bavarian industry. He was member of the Supervisory and Advisory Boards of numerous small- and medium-sized companies. In addition, Mr. Henrich headed an expert group and was member of the Board of Directors of the German Private Equity and Venture Capital Association [BVK Bundesverband deutscher Kapitalbeteiligungsgesellschaften].

Dr. Bernhard Gimple

Lawyer

Supervisory Board

Dr. Bernhard Gimple has been working as a lawyer in Munich since 2001. After completing his law studies and receiving his PhD from Ludwig-Maximilian-University in Munich, he initially worked for several large-scale supra-regional business law firms before founding the law firm, SOLEOS, together with another colleague in 2011. Since November 2005 the trained banker has also been acting as Pfandbrief trustee at Stadtparkasse Munich.

Prof. Dr. Imke Libon

Professor

Supervisory Board

Prof. Dr. Libon has been Professor of Physics and Didactics at Munich University of Applied Sciences since 2009 and Dean of the Faculty of Applied Sciences and Mechatronics at Munich University of Applied Sciences since 2019. After completing her physics studies at the Friedrich-Alexander University Erlangen-Nuremberg, the University of Cambridge, UK, the University of California, Berkeley, USA, and the Technical University of Munich, she did her doctorate in applied optoelectronics at the Ludwig Maximilian University of Munich. She then worked for six years as a strategic management consultant at Booz Allen Hamilton on interdisciplinary projects in several European countries before accepting an appointment as professor at the Munich University of Applied Sciences.

After moving to Munich University of Applied Sciences, she held various positions and honorary posts for several years in addition to her teaching activities and was Vice Dean of the faculty there from 2014 to 2019. Since 2019 she has also been Deputy Chairwoman of the Board of Directors of the Munich Student Union.

Statement of the Company's Management

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. 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.

Gilching, 24 January 2024

Dr. Hönle AG

Management Board

Independent Auditor's Report

To Dr. Hönle Aktiengesellschaft, Gilching

Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of **Dr. Hönle Aktiengesellschaft, Gilching**, and its subsidiaries (the Group) – which comprise the consolidated statement of financial position as at 30 September 2023, 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 financial year from 1 October 2022 to 30 September 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. We also audited the management report, which is combined with the Group management report (hereinafter referred to as combined management report) of Dr. Hönle Aktiengesellschaft, Gilching, for the financial year from 1 October 2022 to 30 September 2023. In accordance with German law, we have not audited the content of the Corporate Governance Statement pursuant to Sec. 289f and Sec. 315d HGB [“Handelsgesetzbuch”: German Commercial Code] and the separate Non-Financial Group Report pursuant to Sec. 289b HGB in conjunction with Sec. 315b HGB published on the internet site of the Company that are referred to in the section titled “Corporate Governance Statement (unaudited)” and the section on the “Business Operations and General Conditions - Non-Financial Statement (unaudited)” of the combined management report and the non-statutory disclosures recommended in item A.5 of the German Corporate Governance Code contained in the section of the combined management report titled “Opportunity and Risk Report for the Dr. Hönle AG and the Hönle Group - Adequacy and Effectiveness of the Internal Control and Risk Management System (unaudited)”.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of IFRSs, as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB [“Handelsgesetzbuch”: German Commercial Code] and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2023 and of its financial performance for the financial year from 1 October 2022 to 30 September 2023 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the components of the combined management report whose content we, as described above, have not audited.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) lit. (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We summarize what in our view is the key audit matter below:

Value of goodwill

Re value of goodwill

a) The risk for the financial reporting

Goodwill of EUR 18,400k (prior year: EUR 21,119k) is carried in the consolidated financial statements of Dr. Hönle Aktiengesellschaft, Gilching, under the line item "Goodwill". This corresponds to 10.5% of the Group's total assets. Goodwill is subject to an impairment test on the reporting date of each respective reporting year. The impairment tests revealed a need to record impairment losses of EUR 2,584k as the recoverable amounts of two of the cash-generating units were below their carrying amounts.

The annual impairment test of goodwill is based on the discounted cash flow method at the level of the smallest respective cash-generating unit. If the carrying amount of goodwill is above the recoverable amount of the respective cash-generating unit, an impairment loss must be recorded. For more information on the accounting policies for goodwill and impairment testing, reference is made to the disclosures made in subsection "2. Estimates and Assumptions" of the "General Information" section of the Notes to the Consolidated Financial Statements as well as subsection "5. Accounting and Valuation Methods" and subsection "20. Non-Current Assets".

The application of the discounted cash flow method to measure the value-in-use of a cash-generating unit is complex and depends – to a large degree – on discretionary judgments on the part of the legal representative in terms of the future cash flows from the anticipated development of business and earnings of the cash-generating unit over the planning horizon as well as the determination of the discount rate.

In this regard there is a risk for the consolidated financial reporting that a potential need to record an impairment loss is not identified or not fully quantified on the reporting date. In our professional judgment, this therefore constitutes a key audit matter.

b) Auditor's response and conclusions

In order to assess the appropriateness of the planning assumptions we obtained an understanding of the planning process and the associated controls in the course of interviews of the legal representative and the officers responsible for the planning. We compared the planning figures used in the impairment tests with the business planning compiled by the legal representative and approved by the Supervisory Board.

The reliability of the business planning was assessed using a retrospective analysis of the deviations between the budget figures underlying the valuation performed in previous years and the actual course of business in financial year 2022/23. Where any significant deviations were identified, we discussed these with the applicable employees in charge of the matters at Dr. Hönle Aktiengesellschaft, Gilching, in terms of the relevance of the deviations for the consolidated financial statements of the reporting year. In addition, the material planning assumptions presented by management were critically appraised and their plausibility checked against our expectations.

With assistance from our valuation specialists, we assessed the appropriateness of the methods and key parameters used by the Company in the calculation, which include the discount rate (weighted average cost of capital), the market risk premium, the applicable beta and the growth factor.

In order to ensure the clerical accuracy of the valuation method applied by the Company we verified the calculations by assessing selected elements on a risk-oriented basis.

In addition, we reviewed whether the carrying amounts of the respective cash-generating units have been properly determined on the basis of the assets and liabilities to be considered on the reporting date.

We verified the informative value of the sensitivity analyses performed by the Company for the cash-generating units, which examine a change in the discount rate and the cash flows, and assessed their clerical accuracy.

In our professional judgment, the calculation method applied by Dr. Hönle Aktiengesellschaft, Gilching, for its impairment testing is appropriate for determining a potential need to record an impairment loss. The valuation parameters and assumptions generally seem to be comprehensible and reasonable.

Other Information

The legal representative is responsible for the other information. The other information comprises

- the separate Non-Financial Report issued on the Company's website in accordance with Sec. 289b HGB in conjunction with Sec. 315b (3) HGB, referred to in the "Business Operations and General Conditions - Non-Financial Statement (unaudited)" section of the combined management report,
- the Corporate Governance Statement published on the website of the Company pursuant to Sec. 289f in conjunction with Sec. 315d HGB, referred to in the "Corporate Governance Statement (unaudited)" section of the combined management report,
- the unaudited content of the non-statutory disclosures recommended in item A.5 of the German Corporate Governance Code contained in the "Opportunity and Risk Report for the Dr. Hönle AG and the Hönle Group - Adequacy and Effectiveness of the Internal Control and Risk Management System (unaudited)" section of the combined management report,
- the statement of the legal representative pursuant to Sec. 297 (2) sentence 4 HGB on the consolidated financial statements and the statement pursuant to Sec. 315 (1) Sentence 5 HGB in conjunction with Sec. 289 (1) sentence 5 HGB on the combined management report,
- the report of the Supervisory Board,
- the remaining parts of the annual report, with the exception of the consolidated financial statements, the components of the combined management report whose content was audited and our associated independent auditor's report,

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representative and the Supervisory Board are responsible for the Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 AktG which is an element of the Corporate Governance Statement published on the Company's website. In all other respects, the legal representative is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and we therefore do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the elements of the combined management report whose content was audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the legal representative and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The legal representative is responsible for preparing consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition the legal representative is responsible for such internal control as he has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the legal representative is responsible for assessing the Group's ability to continue as a going concern. He also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, he is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the legal representative is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representative is responsible for such arrangements and measures (systems) as he has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report and the Group as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report of the Group.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations and the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report of the Company and the Group in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the legal representative and the reasonableness of estimates made by the legal representative and related disclosures.
- Conclude on the appropriateness of the legal representative's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representative in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representative as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, on the procedures taken to remedy the actions that could jeopardize our independence or the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Audit Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report contained in the attached file „drhoenleag-2023-09-30-de.zip“ (hereinafter also referred to as “ESEF documents”) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the combined management report for the financial year 1 October 2022 to 30 September 2023 contained in the “Report on the audit of the consolidated financial statements and of the combined management report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described in the “Auditor’s responsibilities for the assurance work on the ESEF documents” section.

Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibility of the legal representative and the Supervisory Board for the ESEF Documents

The legal representative of the Company is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) sentence 4 No. 1 HGB and for tagging the consolidated financial statements in accordance with Sec. 328 (1) sentence 4 No. 2 HGB.

In addition, the legal representative of the Company is responsible for such internal control as he has determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Art. 10 of the EU Audit Regulation

We were elected as the independent auditor by the shareholders' meeting on 23 March 2023. We were engaged by the Supervisory Board on 23 June 2023. We have been the independent auditor of the consolidated financial statements of Dr. Hönle Aktiengesellschaft, Gilching, since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format – including the versions to be published in the Company Register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Mr. Fuat Kalkan.

Munich, 25 January 2024

RSM Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Josef Eberl
Wirtschaftsprüfer
[German Public Auditor]

Fuat Kalkan
Wirtschaftsprüfer
[German Public Auditor]

Consolidated Income Statement

for the period from 01.10.2022 to 30.09.2023 according to IFRS of Dr. Höhle Aktiengesellschaft

in T€	Notes	01.10.2022- 30.09.2023	01.10.2021- 30.09.2022 ¹
Revenue	(6)	106,342	116,093
Changes in inventories of finished goods and work in progress		-1,932	1,746
Other work performed by entity and capitalised		53	376
Other operating income	(7)	3,323	3,645
Cost of purchased materials and services	(8)	-51,116	-54,823
Personnel expenses	(9)	-39,542	-39,706
Depreciation and amortisation of property, plant and equipment and intangible assets	(10)	-8,123	-4,554
Amortisation of rights of use IFRS 16	(43)	-1,620	-1,635
Other operating expenses	(11)	-16,730	-15,209
Impairment pursuant to IFRS 9		-73	-96
Operating result/EBIT		-9,418	5,837
Profit/loss from investments accounted for using the equity method	(12)	55	34
Financial income	(13)	198	71
Financial expenses	(14)	-1,816	-1,520
Financial result		-1,563	-1,415
Earnings before tax and non-controlling interests/EBT from continued operations		-10,981	4,422
Income taxes	(15)	-273	-1,587
Consolidated net income from continued operations		-11,254	2,835
Earnings from discontinued operations after taxes		326	-16,033
Consolidated profit		-10,928	-13,198
Share of earnings attributable to non-controlling interests	(16)	78	163
Share of earnings attributable to Dr. Höhle AG shareholders		-11,006	-13,361
Earnings per share (basic) from continued operations in €	(19)	-1.87	0.44
Earnings per share (basic) from discontinued operations in €	(19)	0.05	-2.64
Earnings per share (diluted) from continued operations in €	(19)	-1.87	0.44
Earnings per share (diluted) from discontinued operations in €	(19)	0.05	-2.64

1) The previous year's figures were adjusted accordingly due to the first-time recognition of discontinued operations in the reporting year. Furthermore, the write-downs on finished goods (SteriWhite) of T€ 6,357 recognized under cost of materials in the previous year were reclassified to the changes in inventories

Consolidated Statement of Comprehensive Income

for the period from 01.10.2022 to 30.09.2023 according to IFRS of Dr. Höhle Aktiengesellschaft

in T€	Notes	01.10.2022- 30.09.2023	01.10.2021- 30.09.2022
Consolidated profit		-10,928	-13,198
Other comprehensive income:			
Positions that may be subsequently reclassified to profit or loss			
Currency translation differences	(31)	-344	625
Other comprehensive income from hedge accounting	(47)	90	9,576
Income tax effects	(23)	-42	-2,711
Positions not reclassified to profit or loss			
Change in actuarial gains/losses from pensions	(35)	361	4,492
Deferred tax from change to actuarial gains/losses from pensions	(23)	-102	-1,244
Other change in valuation		-17	-
Total other comprehensive income		-54	10,739
Total comprehensive income		-10,982	-2,459
Thereof:			
Comprehensive income attributable to non-controlling interests		78	163
Comprehensive income of Dr. Höhle AG shareholders		-11,060	-2,622

Profit/loss from discontinued operations after taxes is allocable to the share in earnings attributable to Dr. Höhle AG's shareholders.

Consolidated Statement of Financial Position

as at 30.09.2023 according to IFRS of Dr. Höhle Aktiengesellschaft

in T€	Notes	30.09.2023	30.09.2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	(20)	18,400	21,119
Intangible assets	(20)	1,304	2,135
Property, plant and equipment	(20)	75,127	79,567
Investment property	(20)	1,015	1,054
Investments accounted for using the equity method	(22)	381	327
Financial assets	(20)	26	26
Other non-current assets	(21)	7,307	7,535
Deferred tax assets	(23)	5,159	3,048
Total non-current assets		108,718	114,810
CURRENT ASSETS			
Inventories	(24)	35,046	46,371
Trade accounts receivable	(25)	15,618	19,659
Receivables from companies in which an equity interest is held	(26)	108	132
Finance lease receivables		57	84
Other current assets	(27)	1,871	3,622
Tax refund claims	(28)	3,910	3,653
Cash and cash equivalents	(29)	9,317	7,131
Assets held for sale	(30)	1,510	-
Total current assets		67,438	80,652
TOTAL ASSETS		176,156	195,462

	in T€	Notes	30.09.2023	30.09.2022
EQUITY AND LIABILITIES				
EQUITY				
Subscribed capital		(31)	6,063	6,063
Treasury shares		(31)	-8	-8
Capital reserves		(31)	41,979	41,979
Retained earnings		(31)	47,787	58,848
Equity attributable to Dr. Höhle AG shareholders			95,820	106,881
Non-controlling interests		(31)	313	357
Total equity			96,133	107,239
NON-CURRENT LIABILITIES				
Non-current loans (les current portion)		(32)	41,783	29,852
Non-current finance lease liabilities		(33, 43)	1,274	1,808
Other non-current liabilities		(34)	269	415
Pension provisions		(35)	3,212	4,011
Accrued public investment grants		(36)	63	115
Deferred income tax liabilities		(23)	1,175	1,001
Total non-current liabilities			47,775	37,202
CURRENT LIABILITIES				
Trade accounts payable		(37)	7,558	10,295
Liabilities to companies in which an equity investment is held		(26)	4	1
Contract liabilities		(38)	1,711	2,628
Current liabilities from finance leasing		(33, 43)	1,333	1,399
Current liabilities to banks and current portion of non-current loans		(39)	12,416	26,383
Other current liabilities		(40)	6,696	8,121
Other provisions		(41)	382	708
Income tax liabilities		(42)	1,361	1,486
Liabilities associated with assets held for sale			788	-
Current liabilities, total			32,248	51,021
TOTAL EQUITY AND LIABILITIES			176,156	195,462

Consolidated Statement of Changes in Equity

for the period from 01.10.2022 to 30.09.2023 according to IFRS of Dr. Höhle Aktiengesellschaft

in T€	R e t a i n e d e a r n i n g s							E q u i t y			
	Subscribed capital	Treasury shares	Capital reserves	Legal and other reserves	Reserve from measures. acc. to IFRS 9	Reserve for hedging transactions	Reserve for actuarial gains/losses IAS 19	Reserve for currency differences	Equity attributable to Dr. Höhle AG shareholders	Non-controlling-interest	Total
As at 01.10.2021	6,063	-8	41,979	66,812	341	-3,386	-2,950	1,865	110,716	406	111,122
Consolidated net income for the year	-	-	-	-13,361	-	-	-	-	-13,361	163	-13,198
Other comprehensive income	-	-	-	-	-	6,865	3,249	625	10,739	-	10,739
Total comprehensive income	-	-	-	-13,361	-	6,865	3,249	625	-2,622	163	-2,459
Equity contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-212	-212
Dividend distribution	-	-	-	-1,212	-	-	-	-	-1,212	-	-1,212
As at 30.09.2022	6,063	-8	41,979	52,239	341	3,480	299	2,490	106,882	357	107,239
Consolidated net income for the year	-	-	-	-11.006	-	-	-	-	-11.006	78	-10.928
Other comprehensive income	-	-	-	-8	-9	48	259	-344	-54	-	-54
Total comprehensive income	-	-	-	-11.014	-9	48	259	-344	-11.060	78	-10.982
Equity contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-	-	-123	-123
Stand 30.09.2023	6.063	-8	41.979	41.225	332	3.527	559	2.145	95.820	313	96.133

Statement of Consolidated Cash Flows

for the period from 01.10.2022 to 30.09.2023 according to IFRS of Dr. Hönle Aktiengesellschaft

in T€	Notes (48)	01.10.2022- 30.09.2023	01.10.2021- 30.09.2022
Cash flow from operating activities			
Consolidated profit before non-controlling interests and taxes		-10,981	4,422
Adjustments for:			
Depreciation of intangible assets, property, plant and equipment and investment property	(10)	9,944	14,473
Gains/losses from the disposal of non-current assets and assets held for sale		-	1,865
Financial income	(13)	-253	-105
Financial expenses	(14)	1,816	1,528
Other non-cash expenses and income	(48)	10,252	11,345
Result from discontinued operations		326	-16,033
Operating result before changes to net current assets		11,105	13,765
Increase/decrease in provision	(41)	-804	-152
Increase/decrease in trade accounts receivable	(25)	740	-2,706
Increase/decrease in accounts receivable (associated comp.)	(26)	23	-32
Increase/decrease in other assets	(21,27)	-956	-438
Increase/decrease in reinsurance	(21)	-183	-217
Increase/decrease in inventories	(24)	-1,807	-11,568
Increase/decrease in trade accounts payable	(37)	67	1,270
Increase/decrease in accounts payable (associated comp.)	(26)	-1	24
Increase/decrease in contract liabilities	(38)	-917	-478
Increase/decrease in other liabilities	(40)	122	47
Cash generated from operations		7,389	-485
Interest paid	(14)	-1,454	-1,314
Income taxes paid	(15)	-2,792	-5,607
Cash flow from operating activities		3,143	-7,406
Cash flow from investing activities			
Payments received from the disposal of intangible assets, property, plant and equipment and investment property	(20)	13	2,838
Payments for the acquisition of property, plant and equipment and intangible assets	(20)	-2,934	-4,394
Payments received from non-current receivables	(21)	814	313
Payments for non-current receivables	(21)	-313	-500
Interest received	(14)	95	32
Payments received from the sale of discontinued operations		4,977	18
Cash flow from investing activities		2,651	-1,694
Cash flow from financing activities			
Payments received from loans and liabilities to banks	(32,39)	1,337	10,665
Payments for loans and liabilities to banks	(32,39)	-3,398	-3,862
Payments for the repayment portion of leasing liabilities	(33,43)	-1,233	-1,860
Dividends paid (including minority shareholders)	(31)	-123	-1,212
Cash flow from financing activities		-3,417	3,731
Currency differences		-71	247
Currency-related change in cash and cash equivalents		-120	180
Net change in cash and cash equivalents		2,186	-4,942
Cash and cash equivalents at the beginning of the reporting period	(29)	7,131	12,073
Cash and cash equivalents at the end of the reporting period	(29)	9,317	7,131

Notes to the IFRS Consolidated Financial Statements

for the Financial Year 2022/2023 of Dr. Hönle Aktiengesellschaft

GENERAL INFORMATION

1. Accounting Basis

Dr. Hönle AG is a listed corporation. It is registered in the Commercial Register of the Munich (Germany) local court under HRB No. 127507. The Company's head office is located at Nicolaus-Otto-Str. 2 in 82205 Gilching near Munich, Germany.

The Hönle Group is split into the following three business segments: Adhesives, Equipment & Systems and Glass & Lamps. The Adhesives segment includes industrial adhesives designed for a broad spectrum of applications such as electronics, medical technology, optics and glass processing. Equipment and systems are used for drying inks and coatings, for curing adhesives and plastics, for disinfecting surfaces and for solar simulation. The Glass & Lamps segment comprises quartz glass tubing and rods for the lamp, automotive, semiconductor and fibre cable industries as well as lamps for water disinfection and the drying of coatings and adhesives.

The present consolidated financial statements of Dr. Hönle AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the European Union and the supplementary applicable provisions stipulated in Section 315e (1) of the German Commercial Code (HGB).

The consolidated financial statements include the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the statement of consolidated cash flows and the notes to the financial statements (Notes). The consolidated financial statements are supplemented by the combined management report of Dr. Hönle AG and the group.

The financial year of Dr. Hönle AG and its included subsidiaries, with the exception of Hoenle UV Technology (Shanghai) Trading Ltd., China, and Panacol-Korea Co., Ltd., South Korea, corresponds to the period from 1 October to 30 September. The financial year of the above-mentioned subsidiaries corresponds to the calendar year. The two companies are included on the basis of interim financial statements.

The present consolidated financial statements were prepared in full compliance with relevant IFRS standards as approved by the EU, and therefore present a true and fair view of the Hönle Group's net assets, financial condition and results of operations and cash flows.

The consolidated financial statements are prepared in euro currency. Unless otherwise stated, the amounts quoted are shown as T€ (thousand euros). Due to rounding-off the totals, individual figures may not add up to the total stated. The consolidated financial statements are generally based on historical purchase and production costs, unless stated otherwise under section 5 (Accounting and Valuation Methods).

The consolidated financial statements are prepared on the basis of the going concern assumption. The Dr. Hönle AG Management Board prepared the consolidated financial statements on 24 January 2024.

2. Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions to be made that have impacted on the reported amounts and related disclosures. In preparing the consolidated financial statements, management exercises its discretionary powers to the best of its knowledge. However, actual results may deviate from these estimates and assumptions.

The major future-related assumptions as well as other key sources of estimation uncertainty as at the reporting date that involve a significant risk of causing major adjustments to be made to the carrying amounts of assets and liabilities within the next financial year are disclosed in the notes to the individual items. Estimates and assessments within the

Hönle Group relate, to a large extent, to assessing the value of goodwill, inventories (mainly SteriWhite), the valuation of pension provisions, and other provisions and the determination of deferred taxes.

3. Consolidation

Consolidated Group

The consolidated financial statements as at 30 September 2023 include the parent company, Dr. Hönle AG, and the following subsidiaries:

Name	Home state	Percentage of shares held Re- porting year	Percentage of shares held Prior year	Held via	
Direct participations:					
(1)	AGITA Holding AG, Regensdorf/Zurich	Switzerland	100.00%	100.00%	
(2)	Eltosch Grafix GmbH, Pinneberg	Germany	0.00%	100.00%	
(3)	Eltosch Grafix America Inc., Batavia/Chicago	USA	100.00%	100.00%	
(4)	GEPA Coating Solutions GmbH, Frickingen	Germany	51.00%	51.00%	
(5)	Hoenle UV Technology (Shanghai) Trading Ltd., Shanghai	China	100.00%	100.00%	
(6)	Honle UV France S.à.r.l., Lyon	France	100.00%	100.00%	
(7)	Honle US Real Estate LLC, Torrington	USA	100.00%	100.00%	
(8)	Hönle Electronics GmbH, Dornbirn	Austria	51.00%	51.00%	
(9)	PrintConcept UV-Systeme GmbH, Kohlberg	Germany	100.00%	100.00%	
(10)	Raesch Quarz (Germany) GmbH, Ilmenau	Germany	0.00%	100.00%	
(11)	Raesch Quarz (Malta) Ltd., Mosta	Malta	100.00%	100.00%	
(12)	STERILSYSTEMS GmbH, Mauterndorf	Austria	95.00%	95.00%	
(13)	Technigraf GmbH, Gräfenwiesbach-Hundstadt	Germany	55.00%	55.00%	
(14)	UMEX GmbH, Kirchheim b. Arnstadt	Germany	60.26%	60.26%	
(15)	uv-technik Speziallampen GmbH, Ilmenau	Germany	100.00%	100.00%	
Indirect participations:					
(16)	Eleco Panacol-EFD, SAS, Gennevilliers/Paris	France	99.96%	99.96%	(17)
(17)	Panacol AG, Regensdorf/Zurich	Switzerland	100.00%	100.00%	(1)
(18)	Panacol-Elosol GmbH, Steinbach/Frankfurt/M.	Germany	100.00%	100.00%	(17)
(19)	Panacol-Korea Co., Ltd, Suwon-si	South Korea	100.00%	100.00%	(18)
(20)	Panacol-USA Inc., Torrington	USA	71.36%	71.36%	(17)
(21)	uv-technik international ltd., Luton	Great Britain	100.00%	0.00%	(15)
Associated companies:					
(22)	Metamorphic Materials Inc., Winsted	USA	30.00%	30.00%	(17)
(23)	STERIXENE SAS, Les Angles	France	24.24%	24.24%	
(24)	TECINVENT GmbH, Schömberg	Germany	35.00%	35.00%	

The investment quotas for all direct and indirect participations (equity investments) also represent the proportion of voting rights.

The above-mentioned companies listed under direct and indirect participations are fully consolidated due to the possibility of exerting control through the majority of voting rights.

Control is achieved when the parent company

- can exercise control over the equity investments,
- is exposed to fluctuating returns from its equity investments and can exert an influence on the amount of returns due to its control over the equity investments.

Changes in the group's investment quotas in subsidiaries that do not lead to a loss of control over the subsidiary concerned are accounted for as equity capital transactions.

Associated companies ("associates") pursuant to IAS 28 are accounted for at equity unless the shares are classified as assets held for sale, in which case accounting is based on IFRS 5. An associate is a company over which the group can exert significant influence due to the group's involvement in the associate's financial and business policy without, however, exerting control over the associate. Significant influence is assumed when the parent company holds 20% or more but less than 50% of the voting rights (associated company). In accordance with the equity method, shares in associated companies are to be included in the consolidated statement of financial position at cost which are adjusted for changes in the group's share in profit or loss and in the other comprehensive income of the associated company after the acquisition date. Hönle's share in the profit/loss of an associated company is reported in the consolidated income statement. The share in changes in equity capital with neutral effects on profit or loss is reported directly in the consolidated equity capital.

Although Solitec Gesellschaft für technischen Produktvertrieb mbH (Solitec GmbH) with registered head office in Gilching, is a 100% participation (equity investment), it was not included in consolidation as the company is immaterial for providing a true and fair view of the group's net assets, financial position and results of operations. The business result of Solitec GmbH in financial year 2022/2023 amounts to T€ -1 (PY: T€ -1), the amount of equity as at 30 September 2023 stands at T€ 51 (PY: T€ 52).

The companies included in the consolidated group saw the following changes in comparison with the previous year:

In accordance with a purchase agreement dated 12 December 2022, the shares held by Dr. Hönle AG in Raesch Quarz (Germany) GmbH were sold with retroactive effect as at 1 December 2022. Accordingly, Raesch Quarz (Germany) GmbH was deconsolidated from the consolidated group. Taking into account the proceeds from the sale, the deconsolidation resulted in gains from discontinued operations after taxes of T€ 326.

In financial year 2022/2023, Eltosch Grafix GmbH was merged with Dr. Hönle AG as at 1 October 2022. The merger transaction is recognised outside profit or loss in Dr. Hönle AG's consolidated financial statements.

Consolidation Methods

Business combinations are accounted for using the acquisition method. The costs of an acquisition are measured at the fair value of the assets transferred and the liabilities transferred or entered into at the acquisition date. The identified assets acquired within the scope of a business combination as well as the liabilities transferred including contingent liabilities are initially measured at the respective fair values as of the acquisition date, irrespective of the scope of any non-controlling interests.

Asset-side differences between acquisition costs and the company's prorated revalued equity capital are reported as goodwill in the consolidated statement of financial position. Debit-side differences are released and included in the operating result following re-examination. Differences resulting from the acquisition of non-controlling interests are set off directly in equity capital.

Non-controlling interests are valued at the prorated fair value of the acquired assets and transferred debts. Following initial recognition, profits and losses are allocated without any limitations in accordance with the proportionate investment share, and this may result in a negative balance with respect to non-controlling interests.

Transactions with non-controlling interests, which do not lead to a loss of control, are reported as equity capital transactions with neutral effect on profit or loss.

All intra-group business transactions, balances, and intra-group results are fully eliminated within the scope of consolidation.

Currency Translation

The functional currency and the reporting currency of Dr. Höhle AG and most of its European subsidiaries is the Euro (€).

The functional currency for the independent subsidiaries in Switzerland, the United States, the UK and South Korea is the Swiss franc (CHF), the US dollar (USD), the pound sterling (GBP), and the South Korean won (KRW). The functional currency for the independent Chinese subsidiary is the Chinese renminbi (RMB). Assets and debts are translated at the rates applicable as of the balance sheet date while equity capital is translated at historical rates. The resulting currency translation differences were recorded in equity capital and in the consolidated statement of comprehensive income with neutral effect on profit/loss. The development of this item is presented in the consolidated statement of changes in equity. Consolidated income statement items are translated using the average rate for the financial year.

in €		Reporting date rate		Average rate	
		30.09.2023	30.09.2022	2022/2023	2021/2022
1 Swiss Franc	CHF	1.0238	1.0347	1.0214	0.9785
1 US Dollar	USD	0.9439	1.0259	0.9365	0.9243
1 Chinese Renminbi	RMB	0.1293	0.1442	0.1328	0.1410
1 British Pound	GBP	1.1683	1.1830	1.1486	1.1794
1 South Korean Won	KRW	0.0007	0.0007	0.0007	0.0007

In accordance with IAS 21, foreign currency receivables and liabilities are generally translated at the mean spot exchange rate on the date of initial accounting entry and at the end of the reporting period at the mean exchange rate as of the balance sheet date. The resulting translation differences are recognized in profit/loss as income/expenses from exchange rate differences. No hedging transactions were concluded to hedge against currency risks.

4. New Standards and Interpretations and Newly Issued Accounting Provisions

New Standards and Interpretations to be Applied in the Financial Year

In financial year 2022/2023 the following new or amended standards of the IASB (International Accounting Standards Board) or IFRIC (International Financial Reporting Interpretations Committee) were to be applied for the first time. The first-time application had no material impact on the consolidated financial statements of Dr. Höhle AG.

Amendments to IFRS 3 – Reference to the Conceptual Framework: The amendments serve to update a reference to the conceptual framework.

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use: Purpose of the amendments is to prohibit deducting from the costs of an item of property, plant and equipment revenues arising from the sale of goods produced while these are being brought to the location and into the condition necessary for them to be used in a manner intended by the company management.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract: These amendments are intended to include costs incurred when determining whether or not a contract has a detrimental effect.

Annual improvements to IFRSs (2018–2020 Cycle): As part of IASB's annual improvement process, amendments are made to individual IFRSs in order to eliminate inconsistencies with other standards or to clarify their content. Amendments concern

IFRS 1 (Subsidiary as a First-time Adopter),

IFRS 9 (Fees Included in the '10 Per Cent Test' for the Purpose of Derecognition),

IFRS 16 (Amendments to the Illustrative Example Accompanying IFRS 16: Lease Incentives),

IAS 41 (Taxation in Fair Value Measurements).

New Standards and Interpretations not yet Mandatory

Furthermore, the IASB and IFRIC issued the following standards, interpretations and amendments to existing standards as already adopted by the EU but not yet mandatory for Dr. Hönle AG in the financial year under review. As a general rule, Dr. Hönle AG does not apply new IFRS/IFRICs prior to the date of mandatory application (effective date). Possible effects on future consolidated financial statements are currently being reviewed.

Amendments to IFRS 17 - Insurance Contracts: The amendments address implementation requirements concerning insurance contracts.

Amendments to IAS 8 – Clarification of how entities should distinguish changes in accounting estimates from changes in accounting policies.

Amendments to IAS 1 – Guidance to help entities decide which accounting policies to disclose in their financial statements.

Amendments to IAS 12 – Guidance on how entities are to account for deferred taxes on certain transactions such as leases and decommissioning obligations

5. Accounting and Valuation Methods

The statement of financial position, the income statement and the statement of comprehensive income of companies included in the consolidated financial statements were prepared in a uniform manner using the parent company's accounting policies presented below.

Goodwill

Goodwill is not subject to scheduled amortisation but is reviewed with regard to impairment at least once a year. A review is also carried out in the case of triggering events that indicate a possible impairment in value. Goodwill is stated at acquisition costs net of accumulated amortisation from impairments.

The goodwill impairment test is carried out at the level of cash generating units (CGUs) which represent the lowest level at which the goodwill is monitored for purposes of internal corporate management.

For purposes of the impairment test, the goodwill acquired within the context of a business combination is allocated to the cash generating unit which is expected to profit from the synergies of the business combination. If the carrying amount of the entity to which the goodwill is allocated is higher than its recoverable amount, the goodwill allocated to the cash-generating unit is amortised accordingly due to impairment. Impairment losses in excess of goodwill are recognised under non-current and/or current assets. The achievable amount is the higher of the two amounts from fair value less sales costs and the usage value of the unit.

The usage value is determined using the discounted cash flow method. In the process, future expected cash flows from the most recent management planning are used as a basis with long-term growth rates and assumptions concerning the margin development, and discounted with the capital costs of the unit to be measured.

No reinstatements of the original values of amortised goodwill are recorded in future periods if the achievable amount exceeds the carrying amount of the cash generating unit or the group of cash generating units to which the goodwill is allocated.

For details on the assumptions used in impairment tests, please see paragraph 20.

Intangible Assets

Acquired intangible assets and internally developed intangible assets are capitalised at acquisition and manufacturing cost in accordance with IAS 38 and are amortised over their expected useful lives using the straight line method.

The following useful lives were applied:

Customer base and other rights	5 to 10 years
Software	1 to 15 years
Licenses	3 to 10 years
Copyrights, patents and other commercial property rights	7 to 10 years
Formulas, secret procedures, models, drafts and prototypes	10 to 15 years

Property, Plant and Equipment

Property, plant and equipment are measured at acquisition or manufacturing costs net of accumulated depreciation in accordance with IAS 16. Depreciable non-current assets are written down according to schedule using the straight line method of depreciation.

The scheduled depreciation of the group's melting furnaces of deconsolidated Raesch Quarz (Germany) GmbH disclosed in technical equipment and machines was split up into individual components (in particular furnace body and melting pots including pertaining sub-components). These were written down separately in accordance with IAS 16.43 et seq. due to their different useful lives. This approach leads to a more appropriate and more cause-based period recognition of the expense from the use of the asset and its components.

The following useful lives were applied:

Buildings	3 to 50 years
Technical equipment and machines	1 to 20 years
Operating and business equipment	1 to 39 years

The "Buildings" position also includes leasehold improvements. Scheduled depreciation of leasehold improvements is defined in accordance with the expected useful life.

Maintenance expenses are treated as expense for the period.

Leases

Rights of use are measured at acquisition costs and include the amount of initial measurement of the lease liability and direct costs. The lease liability is measured at the present value of the lease payments not yet made. The leases are generally concluded for fixed periods of one to four years. The leases for buildings may stipulate longer terms. The agreements may contain arrangements on tacit renewals or renewal and termination options.

In specifying the term of leases for buildings, management takes into account all facts and circumstances that provide an economic incentive to exercise renewal options or the non-exercising of termination options. Term changes resulting from exercising renewal / termination options are included in the lease term only if renewal or non-exercise of a termination option is reasonably certain to occur.

This assessment is reviewed when a significant event or change in circumstances occurs that may impact on the previous assessment, but only if this is within the control of the Hönle Group.

Rights of use are subsequently measured at amortised acquisition costs. The rights of use are amortised on a straight-line basis over the shorter of the useful life and the lease term. If the exercise of a call option is sufficiently certain from the Group's perspective, amortisation is recognized over the useful life of the underlying asset.

If the contracts include an extension or termination option, the lease liability is revalued and the right-of-use asset is adjusted in the event that a significant event occurs that is within the control of the Dr. Höhle Group and was estimated differently within the scope of initial measurement.

The lease liabilities are amortised using the effective interest method.

Application relief is made use of with respect to low-value leased assets and short-term leases.

Discontinued Operations

Discontinued operations are reported as soon as a component of an entity is discontinued or has already been disposed of and the component represents a separate major line of business or geographical business segment. Discontinued operations are disclosed separately from continued operations in the consolidated income statement. Previous years are adjusted on a comparable basis as if the business segment had been classified as such from the beginning of the comparison year. No changes were made in the statement of financial position. Disclosures in the notes to the consolidated financial statements concern continued operations and assets not held for sale and any related liabilities.

Investment Property

Property, which is not used for business purposes and exclusively serves to generate rental income and profit from value increases, is recognised at depreciated acquisition costs. The scheduled depreciation of this property runs for a period of 20 to 33 years.

Investments Accounted for Using the Equity Method

Associated companies are accounted for at equity and disclosed in the statement of financial position under "Investments accounted for using the equity method". A company on which the group exerts a significant influence without, however, being able to control the company alone or jointly, qualifies as an associated company. IAS 28.6 assumes that a participation of more than 20% of the voting rights indicates significant control.

Deferred Taxes

The liability method stipulated in IAS 12 is used to determine deferred taxes. In principle, this involves creating deferred tax assets and deferred tax liabilities for all temporary valuation differences between the values applied according to IFRS and the tax values of balance sheet items. Deferred tax assets were taken into account only where it is expected that taxable profits will be available in the future. Deductible temporary differences, unused tax losses as well as unused tax credit notes can be offset against these profits.

The tax rates used by the German companies differ due to differing trade tax factors at the individual locations.

Deferred taxes are measured using the tax rate expected for the period in which an asset is realised or an obligation is settled.

Inventories

In general, raw materials and supplies are stated at acquisition costs in accordance with IAS 2. Acquisition costs are determined using the weighted average cost method as well as the usage variance method (FIFO). Finished goods and work in progress are measured at manufacturing costs. The manufacturing costs contain, in addition to directly allocable costs, fixed and variable manufacturing and material overheads as well as the costs of value depletion of property, plant and equipment to the extent caused by manufacture. The manufacturing costs also include production-related administration costs and expenses incurred for voluntary social benefits.

Borrowing costs are charged to expenditure at the full amount since these costs cannot be directly allocated to qualified assets.

Slow-moving items are written down at the lower of acquisition or manufacturing costs and the net realisable value. The net realisable value represents the estimated sales proceeds that are achievable in the normal course of business, net of estimated manufacturing and selling costs.

Financial Assets

The categorisation of financial assets under IFRS 9 is based on the following three measurement categories:

- financial assets measured at amortised cost (AC)
- financial assets measured at fair value (FVthOCI) with neutral effect on profit or loss
- financial assets measured at fair value through profit or loss (FVthPL)

Financial assets are classified according to the underlying business model and the contractual cash flows of the financial assets. Essentially, the Dr. Hönle AG business model is to hold financial assets in order to recognise contractual cash flows.

Financial assets are measured at amortised cost (AC) if they comply with the "hold" business model and their contractual cash flows consist exclusively of interest and principal payments. Amortised cost is reduced by impairment losses. Interest income, exchange rate gains/losses and impairment losses are recognised in profit or loss. A gain or loss from derecognition is also recognised in the income statement.

With respect to equity instruments, IFRS 9 optionally permits measurement at fair value with neutral effect on profit or loss (FVthOCI). Dividends are recognised as income in profit or loss unless the dividend is clearly intended to cover part of the cost of the investment. Other net gains or losses are recognised in other comprehensive income and are never reclassified to profit or loss.

A debt instrument is designated as "FVthOCI measured" to the extent that both of the following conditions are met and the asset is not designated as FVthPL:

- It is held as part of a business model whose objective is both to hold financial assets to recognise the contractual cash flows and to sell financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments classified as FVthOCI are subsequently measured at fair value. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. On derecognition, the accumulated other comprehensive income is reclassified to profit or loss. The group currently has no such debt instruments.

Financial assets whose cash flows do not consist exclusively of interest and principal payments are measured at fair value through profit or loss (FVthPL). Net gains and losses in this category, including any interest or dividend income, are recognised in the income statement. Dr. Hönle AG does not currently have any financial assets measured at FVthPL. At present, derivatives are only reported within the scope of hedging relationships.

The impairment model under IFRS 9 takes into account expectations about the future and is based on expected credit losses. The model under IFRS 9 basically provides for three levels and is applicable to all financial assets (debt instruments) that are measured either at amortised cost or at fair value with neutral effect on income.

In the group, the following classes of financial instruments are generally subject to the impairment model under IFRS 9:

- Other non-current financial assets
- Trade accounts receivable
- Other current financial assets
- Liquid assets (cash and cash equivalents)

Level 1:

Includes financial assets at the time of acquisition and, thereafter, those financial assets without a significant increase in credit risk since acquisition. Impairment is measured based on the expected credit loss within the next twelve months.

Level 2:

Includes financial assets that have experienced an increase in credit risk but whose credit quality has not yet been impaired. Impairment is measured based on the expected credit loss over the entire remaining term. The group considers an increase in credit risk to be a deterioration in the credit rating of the counterparty.

Level 3:

Includes financial assets which show objective evidence of impairment or have a default status. The expected credit losses over the entire term of the financial asset and other qualitative information indicating significant financial difficulties of the debtor are recorded as impairment losses.

The Hönle Group makes use of the relief option under IFRS 9 for trade receivables with a financing component, contractual assets with a financing component and leasing receivables. Consequently, upon acquisition, these financial assets can be directly allocated to Level 2 rather than to Level 1, with the option of exclusively recording the expected credit loss over the entire term (lifetime expected credit loss).

Trade receivables and contract assets - each without a financing component - must be allocated to Level 2 of the valuation adjustment model when they are added, with the necessity of recording the lifetime expected credit loss.

A classification or reclassification to Level 3 takes place if there is objective evidence of impairment.

The group applies an impairment matrix to determine the need for value adjustments on trade receivables. Reference is made in this regard to the explanations under "Management of Financial Risks-Credit Risks" in section 47.

Within the scope of the application relief concerning trade accounts receivable, impairment is determined on the basis of default probabilities by customer group. In the process, past data is adjusted for future-oriented parameters. These parameters may include macroeconomic factors (e.g. growth in gross domestic product, unemployment rate) and forecasts of future economic conditions.

Derecognition

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) is derecognised when one of the following prerequisites is met:

- The contractual rights to the receipt of cash flows from a financial asset have expired.
- The group has transferred its contractual rights to receive cash flows from a financial asset to a third party or to assume a contractual obligation stipulating immediate payment of cash flow to a third party within the scope of an agreement (so-called pass-through agreement), and, in doing so, either (a) transferred substantially all the risks and awards of ownership of the financial asset or (b) neither transferred nor retained substantially all risks and awards of the ownership of the financial asset, but transferred control of the asset.

When the group transfers the contractual rights to cash flows from an asset or enters into a pass-through agreement, it measures whether and if so to what extent the risks and rewards remain with the group. If the group neither transfers nor retains substantially all risks and rewards of the financial asset, and if it does not transfer control over the asset, the group states the asset at the amount of the respective ongoing commitment. In this case, the group also recognises a pertaining liability. The transferred asset and the associated liability are measured in such a way that the rights and obligations retained by the group are accounted for.

When the continuing exposure formally provides a guarantee respecting the asset transferred, the scope of the continuing exposure corresponds to the lower of the original carrying amount of the asset and the maximum amount of the payment received that the group might have to repay.

Assets Held for Sale

Assets are classified as assets held for sale when the associated carrying amount is realised primarily through a sale transaction rather than through continued use. This condition is only considered to be met when the asset is immediately available for sale in its present condition and the sale is highly probable. The Management must have agreed to a sale of the respective asset and it must be assumed that the sale process will be completed within one year following the classification as asset held for sale. Assets that are classified as held for sale are measured at the lower of the assets' original carrying amount and the fair value, net of selling costs.

Liquid Assets (Cash and Cash Equivalents)

Cash on hand and bank balances are stated at nominal value. Credit balances denominated in foreign currencies are translated at the mean spot exchange rate applicable as of the balance sheet date.

Own Shares (Treasury Stock)

Acquired own shares (treasury stock) are deducted from equity capital as a special item at the amount of the acquisition costs pursuant to IAS 32.33. Transaction costs were incurred only to an insignificant extent.

Liabilities

Financial liabilities are either classified as financial liabilities that are measured at fair value through profit or loss, or as other liabilities measured at amortised acquisition costs. The group defines the classification of financial liabilities upon initial recognition.

The group's financial liabilities include trade accounts payable and other liabilities, overdraft facilities, loans, financial guarantees, and derivative financial instruments.

When recognised for the first time, all financial liabilities are measured at fair value. In the case of loans, directly allocable transaction costs are additionally included in the measurement.

Within the scope of **subsequent measurement**, with the exception of derivative financial instruments, the financial liabilities are stated at amortised acquisition cost in accordance with the effective interest rate method. Derivative financial instruments are reported at fair value.

Amortised acquisition costs of **current liabilities** generally correspond to the nominal amount or the repayment amount. **Non-current** liabilities are reported at the respective present value or, if interest-bearing, at the respective repayable amounts.

In accordance with IAS 32.23, purchase price liabilities from written put options on non-controlling interests are stated as a liability at the amount of the present value of the expected payment obligation. Since the options are based on execution prices that are influenced by the corporate development, a change in the cash flow that determines the value of the financial liability leads to a balance sheet adjustment which, in the opinion of the IASB, is to be reported in profit or loss.

Short-term liabilities denominated in foreign currencies are translated at reporting date rates in accordance with IAS 21.

Derecognition

A financial liability is derecognised if the obligation underlying the liability has been settled, annulled or has expired. If an existing financial liability is replaced with another financial liability of the same lender with substantially different contractual terms and conditions, or if the terms and conditions of an existing liability are subject to significant changes, the replacement or change is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is reported in profit/loss.

Derivative Financial Instruments and the Accounting Treatment of Hedging Relationships

Derecognition

In accordance with its risk management strategy, the group uses derivative financial instruments, such as interest rate swaps, to hedge against interest rate risks. These derivative financial instruments are stated at present value at the date of contract conclusion and are remeasured at fair value in subsequent periods. Derivative financial instruments are recognised as financial assets if their present values are positive and as financial liabilities if their present values are negative.

Gains and losses from changes in the fair value of derivatives are immediately reported in profit/loss, with the exception of the effective portion of a cash flow hedge which is stated as other comprehensive income in the statement of comprehensive income.

Hedging instruments are classified as follows for hedge accounting purposes:

- As a fair value hedge when the hedge relates to the risk of a change in the fair value of a recognised asset or a recognised liability or an unrecognised firm commitment,
- As a cash flow hedge if the hedge relates to the risk of cash flow fluctuations that can be allocated to the risk associated with a recognised asset, a recognised liability or the risk of a highly probable future transaction or the currency risk of an unrecognised firm commitment,
- As a hedge of a net investment in a foreign operation.

The Hönle Group exclusively uses hedging instruments to hedge cash flows. At the beginning of a hedge, both the hedging relationship as well as the group's risk management objectives and strategies with respect to the hedge are formally established and documented. The documentation contains the designation of the hedging instrument, the underlying transaction or the hedged transaction, the nature of the hedged risk, and a description of how the enterprise determines the effectiveness of changes in the fair value of the hedging instrument in compensating for the risk from changes in the cash flows of the hedged underlying transaction, which can be ascribed to the hedged risk. Such hedge relationships are deemed to be highly effective in compensating for risks arising from changes in cash flows. They are continuously evaluated to determine if they were actually highly effective during the entire reporting period for which the hedge relationship has been defined.

Hedging transactions that satisfy the strict criteria for hedge accounting are reported as follows:

Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the statement of comprehensive income and in the cash flow hedge reserve, while the ineffective portion is recognised immediately in profit/loss under "Other operating expenses". The Hönle Group uses interest rate swaps as a hedging instrument to hedge the interest rate risk of financial liabilities. For further explanations, please refer to paragraph 47.

The amounts recognised in other comprehensive income are transferred to the income statement in the period in which the hedged transaction impacts on profit or loss, e.g., when hedged financial income or expenses are recognised or when an expected sale is carried out. If a hedge results in the recognition of a non-financial asset or a non-financial liability, the amounts reported under Other comprehensive income become part of acquisition costs at the acquisition date of the non-financial asset or non-financial liability.

If an expected transaction or a firm commitment is no longer expected to materialise, the accumulated gains and losses previously recognised in equity are reclassified and reported in the income statement. If the hedging instrument expires or is sold, terminated, or exercised and the hedging instrument is not replaced or rolled over to another hedging instrument, or if the criteria for hedge accounting are no longer met, the accumulated gains and losses continue to be recognised under Other comprehensive income until the expected transaction or firm commitment impacts on profit or loss.

Classification as Current and Non-Current

Derivative financial instruments that are not designated as hedging instruments and are effective as such, are classified as current or non-current, or are split up into a current and a non-current portion on the basis of an assessment of the facts and circumstances (i.e. the underlying contractual cash flows).

If the group holds a derivative for a period of more than twelve months after the balance sheet date in its portfolio for hedging purposes (and does not state the derivative as a hedge relationship), the derivative is classified as non-current (or is divided into a current and a non-current portion) in accordance with the classification of the underlying item.

Derivative financial instruments that have been designated as hedging instruments and are effective as such are classified in accordance with the classification of the underlying hedged item.

The derivative financial instrument is only split into a current and a non-current portion if a reliable allocation can be made.

Provisions

Provisions for pensions are set up using the projected unit credit method pursuant to IAS 19 (Employee Benefits). Based on a prudent estimate of the relevant parameters, this method takes into account the pensions and vested pension benefits known as at the balance sheet date as well as expected future salary and pension increases. The calculation is carried out using actuarial reports on the basis of biometrical calculation assumptions.

Other provisions are reported in accordance with IAS 37 if a current legal or factual obligation exists as a result of a past event, if the outflow of resources with economic benefit concerning the settlement of this obligation is likely, and if the amount of the obligation can be assessed reliably. Other provisions take all recognisable risks into account. They are stated on the basis of their most probable amount.

Government Grants

Government grants pursuant to IAS 20 are recognised when there is reasonable assurance that the pertaining requirements are met and the grants will actually be received. Grants earmarked for the purchase or manufacture of non-current assets (asset value-based grants) are stated using the gross method ("deferred income") at the initial recognition and are released and recognised in the income statement on a scheduled basis over the assets' useful lives. In accordance with IAS 20.20, grants for expenses or losses already incurred or that serve as immediate financial support without pertaining expenses in the future are recognised as income in the period in which the corresponding claim arises.

Income Tax Liabilities

Liabilities from income taxes include obligations arising from current income taxes.

Borrowing Costs

Borrowing costs are recognized in profit or loss as incurred unless they relate to a qualifying asset as defined in IAS 23.

Measurement of Fair Value

The group measures certain financial instruments (e.g. derivatives) at fair value at each reporting date and/or discloses the fair value of financial instruments as part of its disclosure requirements. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. In measuring fair value, it is assumed that the transaction in which the asset is sold or the liability is transferred would take place either

- in the principal market for the asset or the liability, or
- in the most advantageous market for the asset or liability, if a principal market is not available.

The group must be able to access the principal market or the most advantageous market.

The fair value measurement of an asset or a liability is based on the criteria which market participants would use when determining the prices for an asset or a liability, assuming that market participants act in their economic best interest.

The fair value of a non-financial asset is measured based on the assumption that the market participant is capable of generating economic benefits through the highest and best use of the asset concerned or the sale of this asset to another market participant who would find the best and highest use of the asset.

The group uses measurement techniques which are appropriate under the circumstances and for which sufficient data for measuring the fair value is available. In doing so, both observable and non-observable input factors are applied. All assets and liabilities that are measured at fair value or are recognised at fair value in the financial statements, are classified on the basis of the fair value hierarchy described below, based on the input parameters of the lowest level which is of overall significance for fair value measurement:

Level 1:

quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2:

measurement methods where the input parameter of the lowest level, which, overall, is significant for measuring fair value, is observable, either directly or indirectly.

Level 3:

measurement methods where the input parameter of the lowest level, which, overall, is significant for measuring fair value, is not unobservable on the market.

With respect to assets and liabilities that are reported in the financial statements on a recurring basis, the group determines whether they were reclassified within the hierarchy levels by reviewing the classification (based on the lowest level input parameters which, overall, are of significance for fair value measurement) at the end of each reporting period.

The employees responsible for group accounting determine, together with the Management Board, the guidelines and procedures governing recurring and non-recurring fair value measurement.

In order to meet the information requirements respecting fair value, the group defined groups of assets and groups of liabilities on the basis of type, specific features and risks as well as the levels of the above-stated fair value hierarchy.

Revenue

Revenue from the sale of goods and provision of services is recognised when Hönle has satisfied the corresponding performance obligation by transferring the goods to the customer respectively the completion of the service. The goods shall be deemed to have been transferred at the time at which the customer obtains the right of disposal concerning the goods. The time at which the right of disposal is transferred depends on the individual contractual conditions (delivery and service terms and conditions). The amount of revenue to be recognised is determined on the basis of the consideration.

Discontinued Operations

On 2 November 2022, Dr. Hönle AG announced its decision to initiate restructuring measures at its subsidiary, Raesch Quarz (Germany) GmbH, Ilmenau, and, to this end, to close the company and sell all assets. On 12 December 2022, an agreement was reached in the short term on the sale of all shares in the company to a new owner. The sale took place with retroactive effect as at 1 December 2022. The effects of this transaction on the carrying amounts of financial assets and current assets had already been taken into account in the consolidated financial statements for the previous financial year. The purchase price was paid in full in the 2022/2023 financial year.

Information on Financial Service – Discontinued Raesch Operations

in T€	2022/2023	2021/2022
Sales	2,992	10,436
Expenses	-2,894	-26,404
profit/loss from operations, before tax	98	-15,968
profit from sale of discontinued operations	231	-
taxes	-2	-65
profit from discontinued operations	326	-16,033

The gains from discontinued operations for the 2022/2023 financial year in the amount of T€ 326 (PY: loss of T€ 16,033) is fully attributable to the shareholders of Dr. Hönle AG.

The sale of Raesch Quarz (Germany) GmbH was completed on 12 December 2022 with effect from 1 December 2022. The total purchase price amounted to T€ 5,000. The assets and liabilities were therefore derecognised from the consolidated statement of financial position as at 1 December 2022 (deconsolidation).

Details on the Sale of the Raesch Business

in T€	01/12/2022
payment received	5,000
Book value of net assets	-4,844
consolidation effects	75
profit on sale	231

The carrying amounts of the assets and liabilities at the time of the sale were as follows:

Assets and Liabilities Sold with respect to the Raesch Business

in T€	01/12/2022
NON-CURRENT ASSETS	
Intangible assets	6
Property, plant and equipment	2,558
Deferred tax assets	1
Total non-current assets	2,565
CURRENT ASSETS	
Inventories	1,515
Trade accounts receivable	2,914
Receivables from companies in which an equity interest is held	416
Other current assets	709
Cash and cash equivalents	28
Total current assets	5,582
TOTAL ASSETS	8,147
NON-CURRENT LIABILITIES	
Non-current finance lease liabilities	399
Deferred income tax liabilities	6
Total non-current liabilities	405
CURRENT LIABILITIES	
Trade accounts payable	2,397
Liabilities to companies in which an equity investment is held	36
Current liabilities from finance leasing	115
Other current liabilities	286
Other provisions	64
Current liabilities, total	2,898
TOTAL LIABILITIES	3,303
Net Assets	4,844

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement was prepared using the type of expenditure format.

6. Revenue

Sales revenues of T€ 106,342 (PY: T€ 116,093) include revenue from the sale of goods in the amount of T€ 103,118 (PY: T€ 112,787) and revenue from services in the amount of T€ 3,224 (PY: T€ 3,306).

The amount of T€ 30 (PY: T€ 15) concerns sales generated within the scope of deliveries to Dr. Hönle Medizintechnik GmbH at regular market conditions.

All sales revenues are recognised at a point in time and result from contracts concluded with customers.

For a further breakdown of revenue from contracts with customers, please refer to: Segment Reporting.

The following table provides information on receivables and contractual liabilities from contracts with customers. There are no contractual assets.

in T€	As at 30.09.2022	Change	As at 30.09.2023
Trade accounts receivable	19,659	-4,041	15,618
Contract liabilities	2,628	-917	1,711

The contractual liabilities relate to advance payments received from customers. The amount of T€ 2,628 reported under contractual liabilities at the beginning of the period was mainly recognised as revenue in the financial year. The expected term of contractual liabilities reported as of the balance sheet date is less than one year. No financing components, guarantees or reimbursement obligations were entered into in this context.

7. Other Operating Income

in T€	2022/2023	2021/2022
Income from assets held for sale	-	1,825
Income from exchange rate differences	458	486
Income from the release of provisions	1,069	503
Rental income	251	-
Off-period income	62	26
Other Income	1,481	806
	3,323	3,646

Other income mainly comprises costs passed on to companies that were consolidated in the previous year in the amount of T€ 341 (PY: T€ 0) and income from a supplier agreement in the amount of T€ 425 (PY: T€ 0).

8. Cost of Purchased Materials and Services

in T€	2022/2023	2021/2022
Cost of raw materials and supplies and of purchased merchandise	50,533	53,887
Cost of purchased services	583	936
	51,116	54,823

The decision in the reporting year to discontinue the SteriWhite Air product line of mobile air disinfection equipment once the COVID-19 pandemic had subsided due to a lack of prospects for success and sales led to the residual inventory of finished goods in the reporting year being written down in full to T€ 3,836 (PY: T€ 6,357) following a partial write-down in the previous year, which is recognised in the changes in inventories item (reclassified accordingly in the previous year). In this context, the cost of materials includes further write-downs of components from this product line in the amount of T€ 7,216 (PY: T€ 0).

9. Personnel Expense

in T€	2022/2023	2021/2022
Wages and salaries	32,804	32,567
Social security and pension costs	6,738	7,139
	39,542	39,706

10. Depreciation/Amortisation of Property, Plant and Equipment and of Intangible Assets

The structure of depreciation/ amortisation of property, plant and equipment and of intangible assets is presented in the Schedule of Non-Current Assets (paragraph 20).

The impairment tests carried out in financial year 2022/2023 led to a need for recording impairment losses of T€ 2,584 concerning goodwill and of T€ 521 with respect to internally generated intangible assets. Further details concerning impairment tests are provided in the comments on non-current assets (paragraph 20).

11. Other Operating Expenses

Other operating expenses are broken down as follows:

in T€	2022/2023	2021/2022
Shipment, goods delivery, packaging	3,140	3,370
Cost of office space	2,016	1,852
Advertising and representation	1,834	1,454
Consulting, bookkeeping, year-end closing costs	1,389	1,192
Insurance, membership fees and charges	937	972
Travel expenses	1,346	1,076
Expenses from exchange rate differences	609	384
Other off-period expenses	90	199
Other expenses	5,370	4,710
	16,730	15,209

Other expenses (T€ 5,370, PY: T€ 4,710) include the following significant items.

Expenses from operating leases not covered by IFRS 16 totalled T€ 194 (PY: T€ 162) in financial year 2022/2023. Of this amount, T€ 62 (PY: T€ 59) relate to vehicles and T€ 132 (PY: T€ 103) to machinery and operating and office equipment. In this context, other expenses also include current vehicle costs of T€ 758 (T€ 659).

Other expenses include cost incurred for personnel recruitment and personnel training in the amount of T€ 656 (PY: T€ 601), maintenance and repair costs of T€ 483 (PY: T€ 468) and postage and telephone costs of T€ 394 (PY: T€ 436). The item also includes expenses relating to equity holdings in the amount of T€ 11 (PY: T€ 13).

The remaining components of this item largely concern IT expenses in the amount of T€ 733 (PY: T€ 747), remuneration for members of the Supervisory Board in the amount of T€ 183 (PY: T€ 183) and license costs arising from the realignment of the US business in the amount of T€ 670 (PY: T€ 0).

Advertising and representation costs include T€ 622 in one-off marketing costs incurred in connection with the marketing of the SteriWhite product line, which was written down at the end of the year.

12. Income/Loss from Investments Accounted for using the Equity-Method

This item includes the prorated results concerning Metamorphic Materials Inc., Winsted, USA, in the amount of T€ 54 (PY: T€ 34) and STERIXENE SAS, Les Angles, France, in the amount of T€ 3 (PY: T€ 3) and TECINVENT GmbH, Schömberg, in the amount of T€ -2 (PY: T€ -4). For more information see paragraph 22 "Investments Accounted for using the At Equity Method".

13. Financial Income

in T€	2022/2023	2021/2022
Other interest and similar income	198	71
	198	71

Other interest and similar income includes interest income on loan receivables from Dr. Hönle Medizintechnik GmbH in the amount of T€ 14 (PY: T€ 23).

14. Financial Expenses

in T€	2022/2023	2021/2022
interest and similar expenses	1,772	1,479
interest expenses from the discounting of lease liabilities	44	41
	1,816	1,520

Interest and similar expenses include the amount of T€ 0 (PY: T€ 18) from the adjustment of liabilities concerning written put options to non-controlling shareholders.

15. Income Taxes

Current and deferred tax expenses and tax income are structured as follows:

in T€	2022/2023	2021/2022
Actual income tax expense and income	2,413	3,464
Deferred tax expense and income		
from a change in non-current assets	-183	-30
from a change in current assets	296	-15
from a change in provisions	121	-67
from a change in liabilities	-40	86
from a change in the capital increase	-191	-
from a change in losses carried forward	-1,111	2,206
from value adjustments on losses carried forward	-1,192	-3,849
from consolidation effects	225	-164
from currency differences	-24	30
from discontinued operations	-2	-65
from other valuation differences	-37	-7
Subtotal deferred tax	-2,140	-1,876
	273	1,587

The following overview reconciles the tax expense that would notionally result when applying the current German tax rate of 28.03% (PY: 27.73%) of the group parent (corporation tax, solidarity surcharge, trade tax), with the actual tax expense in the consolidated financial statements:

in T€	2022/2023	2021/2022
Earnings before tax (including discontinued operations)	-10,654	-11,546
Theoretical tax rate in %	28.03	27.73
Computed tax expense	-2,986	-3,202
Change in computed tax expense relative to the actual tax expense due to:		
Use of deferred taxes on loss carry forwards	1,860	2
Change in the value adjustment of deferred tax assets	17	93
Deviating tax base	755	4,971
Distribution-related tax refunds	-	-85
Off-period effects	747	245
Deviating local tax rates	-128	-380
Change in tax rates	10	7
Discontinued operations	-2	-65
Total tax expense – tax rate reconciliation statement	273	1,587
Effective group tax rate in %	-2.56	-13.75

The listing below reflects the tax rates applicable in the respective countries and used for the calculation of deferred taxes. When calculating deferred taxes, the following tax rates were applied at the Group companies:

- Germany: 28.03% to 30.53% (PY: 27.73% to 30.53%)
- France: 25.0% (PY: 26.50%)
- Switzerland: 1.1% to 1.2% (PY: 1.00%)
- USA: 26.93% to 28.50% (PY: 26.93% to 28.50%)
- China: 25.00% (PY: 25.00%)
- Malta: 15.00% (PY: 15.00%)
- South Korea: 9.00% (PY: 10.00%)
- Austria: 24.00% (PY: 25.00%)
- UK: 25.00% (PY: 19.00%)

The income tax effects of T€ -144 (PY: T€ -3,955) disclosed in the statement of comprehensive income include the amount of T€ -42 (PY: T€ -2,711) which is attributable to a change in the present value of hedging transactions, and the amount of T€ -102 (PY: T€ -1,244) which is attributable to the change in actuarial gains and losses from pension obligations.

16. Share in Earnings Attributable to Non-Controlling Interests

Non-controlling interests in the result for the financial year consist of the following:

in T€	2022/2023	2021/2022
Profit shares		
UMEX GmbH	17	25
Technigraf GmbH	-	34
Hönle Electronics GmbH	131	123
Loss shares		
GEPA Coating Solutions GmbH	-41	-19
Technigraf GmbH	-30	-
	78	163

17. Off-Period Expenses and Income

The item "Other operating income" includes off-period income in the amount of T€ 62 (PY: T€ 26) and T€ 1,069 (PY: T€ 503) from the reversal of provisions.

The line item "Other operating expenses" includes off-period expenses in the amount of T€ 90 (PY: T€ 199).

18. Research and Development Costs

Research costs are taken into account as expense as they accrue. Development costs are only capitalised when the Hönle Group meets the capitalisation requirements defined in IAS 38 "Intangible Assets". While the other development costs are aimed at further developing the Hönle Group's products and processes, it is almost impossible to assess the respective technical feasibility or useful lives. There are no reliable assessments respecting expenses for the further development of products and processes.

Expenses for research and development recorded as an expense during the reporting period amounted to T€ 7,539 (PY: T€ 7,154).

19. Earnings per Share

In accordance with IAS 33, earnings per share are determined by dividing the profit share attributable to Dr. Hönle AG shareholders by the weighted average number of shares in circulation during the period.

The weighted average portfolio of own shares (treasury stock) as at the balance sheet date (1,076 shares of stock), is not taken into account in the calculation of undiluted earnings per share and in the diluted earnings per share.

The weighted average portfolio of shares developed as follows in the year under review:

Weighted average of ordinary shares

As at 30.09.2022	6,061,854
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As at 30.09.2023	6,061,854
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	2022/2023	2021/2022
Profit share in T€ attributable to Dr. Hönle AG shareholders	-11,006	-13,361
Earnings from continued operations	-11,254	2,835
Weighted average of ordinary shares in circulation during the period (shares of stock) (undiluted)	6,061,854	6,061,854
Weighted average of ordinary shares in circulation during the period (shares of stock) (diluted)	6,061,854	6,061,854
Undiluted earnings per share in €	-1.82	-2.20
Diluted earnings per share in €	-1.82	-2.20
Undiluted earnings per share in € (from continued operations)	-1.87	0,44
Diluted earnings per share in € (from continued operations)	-1.87	0,44

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

20. Non-Current Assets

Non-current assets include the following balance sheet items in the statement of financial position:

- Goodwill
- Intangible assets
- Property, plant and equipment
- Investment property
- Investments accounted for using the equity method
- Financial assets

Goodwill

Goodwill values from business combinations are allocated to those cash-generating units that draw benefit from the combinations, irrespective of whether other assets or debts of the acquiring company have already been allocated to these units.

Each unit or group of units to which goodwill has been allocated (a) is to represent the lowest level within the group where the goodwill is monitored for internal management purposes, and (b) may not be larger than a business segment in terms of IFRS 8.

The Hönle Group accounted for goodwill in the amount of T€ 18,400 (PY: T€ 21,119). The values have been allocated to the following cash-generating units:

in T€	2022/2023	2021/2022
Dr. Hönle AG (incl. merged ELTOSCH GRAFIX GmbH)	5,774	5,850
ELTOSCH GRAFIX GmbH	-	2,495
PrintConcept GmbH	460	460
uv-technik Speziallampen GmbH	464	464
Raesch Quarz (Malta) Ltd.	6,290	6,290
STERILSYSTEMS GmbH	5,412	5,412
Technigraf GmbH	-	135
UMEX GmbH	-	14
	18,400	21,119

The above stated companies qualify as business segments in accordance with IFRS 8.5.

Hönle reviews the goodwill for impairment at least once a year. The recoverable amount for these cash-generating units is determined in order to perform an impairment test pursuant to IAS 36. The recoverable amount for cash-generating units was determined on the basis of the value in use, respectively the fair value less costs of sale in the case of pending sales.

The value in use is the present value of future cash flows that are expected from the continued use of the cash-generating units and the respective disposal at the end of their useful life. The usage value is determined using the discounted cash flow method on the basis of current corporate planning data in accordance with IAS 36. The planning horizon is five years. A weighted average capital cost rate (WACC) is used to discount the cash flows.

The cash flow projection is based on the profits/losses of the individual group companies which are determined within the scope of a detailed planning process using internal historical values and external economic data. Planning is based, in particular, on assumptions concerning the sales development, the sales prices and the purchase prices for materials and primary products. These assumptions are decidedly for the short-term planning horizon. The mid-term planning horizon is primarily modelled using extrapolations, whereupon the long-term area is provided with growth rate in perpetuity.

The assumptions take already initiated cost-reducing measures as well as replacement investments into account. An average annual sales increase of between 8.7% and 17.0% is assumed for the respective companies in the short-term respectively the mid-term planning period. In all, the average revenue growth rate achieved in the short-term respectively mid-term planning period of the companies concerned is 9.8%.

These growth rates are based in each case on detailed sales planning, which includes the development of sales with the individual existing customers and a sales forecast relating to new customers, generally on the basis of current sales projects. The forecast also takes into account estimates and information provided by customers, as well as information and assumptions on emerging trends in the relevant markets (product-specific and regional).

A significant share in the Höhle Group's goodwill is attributable to the cash-generating units Dr. Höhle AG, Raesch Quarz (Malta) Ltd. and to Sterilsystems GmbH. Due to the merger of Eltosch Grafix GmbH into Dr. Höhle AG in the 2022/2023 financial year, the goodwill of the two companies was combined in the financial year.

A rise in sales revenue of 7.4% in financial year 2023/2024 is predicted for Raesch Quarz (Malta) Ltd. One of the reasons for this is the Group-wide optimisation of marketing measures and the associated leverage of greater market potential. An average rise in sales revenue of 12.3% is expected by financial year 2027/2028.

A rise in sales revenue of 9.1% in financial year 2023/2024 is projected for Dr. Höhle AG. An average rise in sales revenue of 9.4% is expected by financial year 2027/2028. This is to be largely achieved by the Group-wide optimisation of marketing measures and the associated leverage of greater market potential.

A rise in sales revenue of 12.6% in financial year 2023/2024 is predicted for Sterilsystems GmbH. The sales increase is mainly based on the continued positive assumption of market growth in the surface and air disinfection business and the expansion of the Europe sales territory. An average sales increase of 17.0% is expected by financial year 2027/2028.

After the end of the five-year planning horizon, a sales growth rate of 1% p.a. is assumed for the following years.

On the basis of cash flow forecasts, the values in use of the cash-generating units were calculated using segment-specific cost of capital rates before income taxes for Dr. Höhle AG (14.96%), for PrintConcept GmbH (16.12%), for Sterilsystems GmbH (15.52%), for uv-technik Speziallampen GmbH (10.01%), and for Raesch Quarz (Malta) Ltd. (11.47%). In the previous year, discounting rates of between 11.10% and 17.55% were applied.

The impairment test carried out at Dr. Höhle AG indicated a need for recognising impairment losses of T€ 2,570 since the recoverable amount was below the carrying amount of the cash-generating unit. Taking into account the growth rates and capital cost rates used as part of the impairment test as of September 30, 2023, the recoverable amount of the cash-generating unit Dr. Höhle AG corresponds to the carrying amount after factoring in the impairment loss of T€ 2,570. If the growth rates used were reduced with respect to revenue or the cost of capital increased, the recoverable amount of the cash-generating unit would drop below the carrying amount.

Taking into account the growth rates and capital cost rates used as part of the impairment test as of September 30, 2023, the recoverable amount of the cash-generating unit Sterilsystems GmbH exceeds the carrying amount by T€ 744. If the growth rates used with respect to revenue were reduced by 0.78 percentage points or the cost of capital increased by 0.95 percentage points, the recoverable amount of the cash-generating unit would correspond to the carrying amount.

Taking into account the growth rates and capital cost rates used as part of the impairment test as of September 30, 2023, the recoverable amount of the cash-generating unit Raesch Quarz (Malta) Ltd. exceeds the carrying amount by T€ 1,257. If the growth rates used with respect to revenue were reduced by 1.07 percentage points or the cost of capital increased by 1.26 percentage points, the recoverable amount of the cash-generating unit would correspond to the carrying amount.

The calculation of values in use is based on assumptions that are subject to uncertainties. This relates, in particular, to sales expectations, the development of profit margins, the discount rates and the growth rate, which serves as the basis for extrapolating cash flow projections beyond the detailed planning period.

The discount rates represent current market assessments respecting the risks attributable to the cash-generating units. The determination of the discount rates is based on the weighted average cost of capital (WACC). The weighted average cost of capital accounts for both the equity capital and debt capital.

Equity capital costs are derived from the expected return on investments of typical market participants. Borrowing costs are based on the borrowing rate of typical market participants.

The segment-specific risk is taken into account by using individual beta factors. The beta factors are calculated annually on the basis of market data.

The estimation of growth rates is based on the expected general increase in prices.

Intangible Assets

Within the course of corporate acquisitions, brands, customer bases as well as production technologies were acquired and capitalised as intangible assets under non-current assets.

The position also includes purchased development services and subsequent acquisition costs concerning ERP software.

In the previous year, intangible assets included, in particular, internally created assets in the amount of T€ 517 concerning a development project for which the recoverability was no longer given in accordance to IAS 38 in financial year 2022/2023 and was therefore written off.

Intangible assets with limited useful lives are carried at cost and amortised on a straight-line basis over a period of 1 to 15 years depending on their estimated useful lives. Intangible assets with indefinite useful lives are tested for impairment at annual intervals.

The development of other intangible assets in financial years 2022/2023 and 2021/2022 is as follows:

in T€	Gross carry- ing amount 01.10.2022	Additions	Disposals	Reclassi- fications	Currency parities	Consoli- dated group	Gross carry- ing amount 30.09.2023	Accumulated amortisation/ depreciation and impairment	Net carrying amount 30.09.2023	Amortisation/ depreciation and impairment in financial year 2023
Brand names	58	-	-	-	-	-	58	-12	46	-4
Customer base and other rights	5,418	-	-	-	-	-	5,418	-4,956	462	-258
Software	3,256	121	-0	72	-1	-6	3,441	-3,345	96	-139
Patents, licenses and other industrial prop- erty rights	1,849	20	-	-	-	-	1,868	-1,405	463	-119
Procedures, models, designs and proto- types	1,556	-	-	-	-	-	1,556	-1,407	149	-571
Advance payments made on intangible as- sets	28	839	-8	-71	-	-	788	-700	88	-700
Intangible assets	12,164	980	-8	0	-1	-6	13,129	-11,825	1,304	-1,790

in T€	Gross carry- ing amount 01.10.2021	Additions	Disposals	Reclassi- fications	Currency parities	Consoli- dated group	Gross carry- ing amount 30.09.2022	Accumulated amortisation/ depreciation and impairment	Net carrying amount 30.09.2022	Amortisation/ depreciation and impairment in financial year 2022
Brand names	58	-	-	-	-	-	58	-8	50	-4
Customer base and other rights	5,418	-	-	-	-	-	5,418	-4,694	724	-372
Software	3,187	68	-1	-	2	-	3,256	-3,206	50	-198
Patents, licenses and other industrial prop- erty rights	1,949	-	-	-	-	-101	1,849	-1,286	562	-109
Procedures, models, designs and proto- types	1,555	1	-	-	-	-	1,556	-836	719	-53
Advance payments made on intangible as- sets	16	12	-	-	-	-	28	-	28	-
Intangible assets	12,183	81	-1	0	2	-101	12,164	-10,031	2,134	-736

Property, Plant and Equipment

Items of property, plant and equipment subject to wear and tear are stated at cost and subsequently measured using the acquisition cost model. They are depreciated according to schedule over the respective estimated useful life. With regard to the sale of the shares in Raesch Quarz (Germany) GmbH on December 1, 2022, impairment losses of T€ 7,154 were taken into account under non-current assets in the previous year.

Land and Buildings

This item discloses the group's own land and buildings. The following companies are concerned:

- Dr. Höhle AG
- uv-technik Speziallampen GmbH
- Raesch Quarz (Germany) GmbH - (deconsolidation in 2022/2023)
- Eleco Panacol – EFD, SAS
- Honle US Real Estate LLC
- PANACOL-ELOSOL GmbH
- UMEX GmbH – (reclassification to assets held for sale in 2022/2023)

Technical Equipment and Machinery

The assets disclosed under this position are depreciated over their useful lives of between 1 to 20 years applying the straight-line method.

Operating and Business Equipment

The assets disclosed under this position are depreciated over their useful lives of between 1 to 39 years applying the straight line method.

Rights of Use

The recognised leases mainly relate to leased buildings and leases of motor vehicles. Reference is made to paragraph 43: Leases

Property, plant and equipment developed as follows in financial years 2022/2023 and 2021/2022:

in T€	Gross carrying amount 01.10.2022	Additions	Disposals	Reclassifications	Currency parities	Consolidated group	Gross carrying amount 30.09.2023	Accumulated depreciation and amortization	Net carrying amount 30.09.2023	Depreciation and amortization in financial year 2023
Land and buildings	73,520	284	-303	31	-116	-194	73,223	-10,039	63,183	-1,957
Technical equipment and machinery	34,126	439	-97	590	-93	-1,560	33,404	-28,857	4,548	-59
Other equipment, operating and business equipment	15,665	844	-213	-	-41	-84	16,171	-11,508	4,663	-1,117
Lease rights of use IFRS 16	6,144	2,143	-1,576	-	-51	-505	6,155	-3,570	2,585	-590
Payments on account and assets under construction	469	393	-1	-621	-	-15	225	-78	148	28
Property, Plant and Equipment	129,923	4,103	-2,190	0	-301	-2,358	129,178	-54,051	75,127	-3,695

in T€	Gross carrying amount 01.10.2021	Additions	Disposals	Reclassifications	Currency parities	Consolidated group	Gross carrying amount 30.09.2022	Accumulated depreciation and amortization	Net carrying amount 30.09.2022	Depreciation and amortization in financial year 2022
Land and buildings	71,699	1,591	-	2	229	-	73,520	-8,082	65,438	-4,001
Technical equipment and machines	33,254	1,214	-710	197	181	-10	34,126	-28,797	5,329	-5,625
Other equipment, operating and business equipment	14,654	1,156	-202	6	53	-2	15,665	-10,392	5,273	-1,460
Lease rights of use IFRS 16	6,500	888	-1,305	-	60	-	6,144	-2,980	3,163	-522
Payments on account and assets under construction	337	336	-	-204	-	-	469	-106	363	-106
Property, Plant and Equipment	126,444	5,184	-2,217	0	524	-12	129,923	-50,358	79,566	-11,714

Investment property

In financial year 2022/2023, Dr. Höhle AG (prior to the merger with ELTOSCH GRAFIX GmbH) holds a commercial property in Unterlüß, Germany, which qualifies as investment property in terms of IAS 40 following discontinuation of production activities at this site and use of the property for rental purposes. The carrying amount of this property reported under non-current assets stands at T€ 1,015. The investment property generated income of T€ 213 in financial year 2022/2023. Significant expenses in the context of this income generation came to T€ 40.

The line item developed as follows:

in T€	Gross carrying amount 01.10.2022	Gross carrying amount 30.09.2023	Accumulated amortisation/ depreciation and impairments	Net carrying amount 30.09.2023	Amortisation/ depreciation and im- pairment in financial year 2023
Investment property	1,399	1,399	-384	1,015	-39

in T€	Gross carrying amount 01.10.2021	Gross carrying amount 30.09.2022	Accumulated amortisation/ depreciation and impairment	Net carrying amount 30.09.2022	Amortisation/ depreciation and im- pairment in financial year 2022
Investment property	1,399	1,399	-345	1,054	-39

The fair value in the amount of € 1.6 million is derived from an appraisal performed by a real estate expert.

Financial Assets

This line item includes shares in affiliated companies in the amount of T€ 26 (PY: T€ 26) which concern the 100% investment in Solitec GmbH. Solitec GmbH is not included in the consolidated group due to its minor importance for the group.

21. Other Non-Current Assets

in T€	30.09.2023	30.09.2022
Loans granted to related parties	-	504
Asset values conc. reinsurance	2,318	2,135
Derivatives amounting	4,949	4,859
Other	39	37
	7,307	7,535

With respect to loans extended to related parties, reference is made to paragraph 50.

22. Investments Accounted for Using the Equity Method

This line item includes the balance sheet values of the investments in Metamorphic Materials Inc., TECINVENT GmbH and STERIXENE SAS which were accounted for at equity. The carrying amount of the investments accounted for under the equity method came to T€ 381 (PY: T€ 327) as at 30 September 2023. The investments are considered to be immaterial, both individually and in total.

The total profits and losses of the individual equity investments are broken down as follows:

Metamorphic Materials Inc.	T€ 179	(PY: T€ 114)
STERIXENE SAS	T€ 12	(PY: T€ 14)
TECINVENT GmbH	T€ -19	(PY: T€ -10)

23. Deferred Tax Assets and Deferred Tax Liabilities

The tax deferrals recorded are to be allocated to the following balance sheet line items or tax issues, respectively:

in T€	Asset 30.09.2023	Liability 30.09.2023	Asset 30.09.2022	Liability 30.09.2022
Non-current assets	168	123	107	245
Current assets	93	131	263	17
Provisions	1,074	331	1,148	193
Liabilities	109	1,786	60	1,754
Tax losses carried forward	5,136	-	2,832	-
- <i>deferred taxes on losses</i>	5,136	-	4,025	-
- <i>value adjustments</i>	-	-	-1,192	-
consolidation effect	30	255	175	330
Netting of deferred tax assets/liabilities	-1,451	-1,451	-1,537	-1,537
	5,159	1,175	3,048	1,001

In accordance with IAS 12, deferred tax assets which are to be offset against unused tax losses carried forward are accounted for to the extent that future taxable income is likely to be available against which the unused tax losses can be offset.

The companies: Dr. Hönle AG, Panacol AG, Hoenle UV Technology Shanghai, Ltd., Panacol-USA, Inc., Panacol-Korea Co., Ltd., GEPA Coating Solutions GmbH and Hönle Electronics GmbH, report tax losses carried forward as at 30 September 2023

Value assessments are made on the basis of annual planning calculations from which predictions on the use of future tax losses can be derived. Only those losses are stated that are expected to be used within a period of five years.

Due to the sale of the shares in Raesch Quarz (Germany) GmbH, held by Dr. Hönle AG as at 30 September 2022, with economic effect as at 1 December 2022, the usability of deferred tax assets on losses carried forward already ceased to exist in the previous year's financial statements, which is why they were fully written down in the previous year given a lack of future usability.

24. Inventories

Inventories are structured as follows:

in T€	30.09.2023	30.09.2022
Raw materials and supplies incl. descriptive material (at acquisition costs)	22,456	30,150
Work in progress (at acquisition or manufacturing costs)	2,143	872
Finished goods and merchandise (at acquisition or manufacturing costs)	10,169	14,972
Prepayments made	279	376
	35,046	46,371

The carrying amount of inventories stated at net sales prices (fair value) amounts to T€ 1,471 (PY: T€ 6,774). In the 2022/2023 reporting period, inventories in the amount of T€ 44,212 (PY: T€ 43,882) and an impairment loss on inventories in the amount of T€ 7,767 (PY: T€ 6,886) were recognized under cost of materials. The decision in the reporting year to discontinue the SteriWhite Air product line of mobile air disinfection devices after the coronavirus pandemic had subsided due to a lack of success and sales prospects meant that remaining inventory of finished products in the reporting year was fully written down in the amount of T€ 3,836 (PY: T€ 6,357) following a partial write-down in the previous year, which is recognised in the changes in inventories (reclassified accordingly in the previous year). In this context, the cost of materials includes write-downs of components from this product line totalling T€ 7,216 (PY: T€ 0).

The only reservations of title to the assets reported under inventories are those customary in the context of sales contracts.

25. Trade Accounts Receivable

in T€	30.09.2023	30.09.2022
Total receivables	15,724	19,855
<i>less value adjustments</i>	-106	-196
	15,618	19,659

Trade accounts receivable as at 30 September 2023 were measured taking into account the expected-loss-impairment-model stipulated in IFRS 9. The value adjustments were determined based on past experience with actual payment defaults and were adjusted for prospective expectations (see paragraph 47 "Credit Risks").

The development of impairment on trade receivables is as follows:

in T€	2022/2023	2021/2022
As of 01.10.	196	108
Change in impairment on trade receivables	-90	88
As at 30.09.	106	196

The receivables presented do not include any delinquent receivables as at the reporting date and for which the group has not recognised any impairment losses.

The fair values of trade receivables correspond to the carrying amounts. The residual term of trade receivables is less than one year.

26. Receivables from and Liabilities to Companies in which an Equity Investment is Held

This line item mainly consists of receivables from Metamorphic Materials Inc. in the amount of T€ 0 (PY: T€ 20), from TECINVENT GmbH in the amount of T€ 58 (PY: T€ 62) and from STERIXENE SAS in the amount of T€ 50 (PY: T€ 50).

27. Other Current Assets

in T€	30.09.2023	30.09.2022
Prepaid expenses	607	579
Other current assets	1,265	3,043
	1,871	3,622
in T€	30.09.2023	30.09.2022
Receivables from related parties	468	266
Value added tax	379	1,474
Receivables from employees	88	78
Other	330	1,224
	1,265	3,043

The disclosed carrying amounts correspond to the fair values. The residual term is less than one year. With respect to receivables from related parties reference is made to paragraph 50.

In the previous year, the line item "Other" mainly included receivables from the energy cost containment programs in the amount T€ 646. The reported other assets are not subject to ownership restrictions or restraints on disposal.

28. Current Tax Assets

Current tax assets are structured as follows:

in T€	30.09.2023	30.09.2022
Dr. Hönle AG	843	1,233
PrintConcept GmbH	136	30
ELTOSCH GRAFIX GmbH	-	127
Eltosch Grafix America Inc.	93	35
STERILSYSTEMS GmbH	69	-
Technigraf GmbH	-	8
Panacol AG	22	21
PANACOL-ELOSOL GmbH	2,454	2,074
uv-technik Speziallampen GmbH	224	55
Hönle Electronics GmbH	3	-
Panacol-USA, Inc.	66	72
	3,910	3,653

29. Cash and Cash Equivalents

Cash and cash equivalents include cheques, cash in hand and bank credit balances. At the same time, the line item represents cash and cash equivalents relevant to the cash flow statement in terms of IAS 7. The reported cash and cash equivalents are not subject to disposal restrictions.

30. Non-Current Assets and Liabilities Held for Sale

As at 30 September 2023, the assets and liabilities of the companies UMEX GmbH and Technigraf GmbH are presented at fair value as assets held for sale and associated liabilities. The disclosure results from Dr. Hönle AG's decision to dispose of the two majority shareholdings due to the strategic and product-specific orientation. The disposals will be completed as part of the sale of shares to existing co-shareholders in the first half of financial year 23/24.

In this context, assets in the amount of T€ 1,510 and liabilities in the amount of T€ 788 were reclassified from the following areas:

T€ 574	Non-current assets
T€ 431	Inventories
T€ 504	Receivables and other assets
T€ 108	Pension provisions
T€ 680	Trade accounts payable and other liabilities

As a result, impairment losses of T€ 68 on the fair value were recognised in the current earnings/result.

31. Equity Capital

Equity Capital Management

In addition to an adequate return on the equity capital employed, the Hönle Group aims at maintaining the equity ratio and pertaining liquidity reserves at a continuously high level in order to ensure further growth and increase corporate value.

Equity capital decreased by T€ 11,106 to T€ 96,133 year-on-year. At 54.6% the equity ratio remained at the previous year's level (PY: 54.9%).

With respect to changes in equity capital in financial year 2022/2023 reference is made to the statement of changes in consolidated equity.

Some of the loan agreements of the Group companies include covenants concerning economic equity capital (bank definition) and net indebtedness (bank definition). The agreed gearing ratio was not complied with in the previous year with respect to a real estate loan of Panacol-Elosol GmbH. This was due to impairment losses and write-downs relating to the fair value of Raesch Quarz (Germany) GmbH and the write-downs concerning SteriWhite Air equipment. Due to the absence of a waiver agreement of the bank as at the previous year's balance sheet date, liabilities in the amount of € 13.5 million were classified as current in the consolidated statement of financial position as at 30 September 2022. As at January 17, 2023, the borrower received confirmation from the bank via an issued waiver agreement that the loan as a whole would not fall due for repayment in the short term despite the breach of the loan covenant.

In the 2022/2023 financial year, the agreed loan covenants with regard to the adjusted operating business were complied with, meaning that no reclassification was made or reversed. The banks took the one-off factors into account with mitigating effect when calculating net debt.

Subscribed Capital

The subscribed capital (nominal capital) amounts to € 6,062,930 (PY: € 6,062,930). Accordingly, one share of stock grants a notional share of € 1.00 in corporate capital. The no par shares of stock are made out to the bearer.

As at the respective balance sheet date, shares issued and in circulation were as follows:

Share of stock	30.09.2023	30.09.2022
Number of shares issued	6,062,930	6,062,930
less treasury shares	1,076	1,076
Shares in circulation	6,061,854	6,061,854

Own Shares (Treasury Stock)

The shareholders' meetings held in previous years authorised Dr. Hönle AG to acquire up to 10% of the respective nominal capital pursuant to Section 71 (1) No. 8 AktG [German Stock Corporation Act].

Effective 23 March 2023, the Annual General Meeting resolved to authorise the Dr. Höhle AG Management Board and Supervisory Board to acquire treasury stock up to a total of 10% of the nominal capital in the amount of € 6,062,930.00 up to 22 March 2025 pursuant to Section 71 (1) No. 8, AktG. The Company may not use the authorisation to trade in own shares (treasury stock). Dr. Höhle AG did not make use of the authorisation in financial year 2022/2023.

In previous years, the Company acquired shares or issued shares as follows, with a view to acquiring additional subsidiaries:

	As at 30.09.2022	Change	As at 30.09.2023
Number of treasury shares	1,076	-	1,076
Acquisition costs in T€	8	-	8
Average acquisition costs per share in €	7.77	-	7.77

In accordance with IAS 32, own shares are deducted from equity and disclosed as a separate item at acquisition costs of T€ 8. The average share price of all treasury stock held amounts to € 7.77. The stock exchange price amounted to € 17.75 as at the balance sheet.

Pursuant to Section 71b AktG, Dr. Höhle AG is not entitled to any rights arising from own shares; in particular, these shares do not carry an entitlement to dividends.

Capital Reserves

Capital reserves include mainly the premiums from the capital increase associated with the stock flotation in financial year 2000/2001 and the issue of new shares in financial year 2019/2020.

Nature and Purpose of Reserves

Legal and Other Reserves

The legal reserve was set up in accordance with Section 150 AktG. Unless distributed, the respective result for the year is transferred to retained earnings.

Reserve for Measurement in accordance with IFRS 9

Changes from the initial application of the impairment model in accordance with IFRS 9 are recognised in this reserve after taking deferred taxes into account. As at 30 September 2023, the reserve amounted to T€ 332 (PY: T€ 341) after deferred taxes.

Reserve for Hedging Transactions

This reserve includes changes in the fair value of effective hedging transactions after accounting for deferred taxes. As at 30. September 2023, the reserve amounted to T€ 3,527 (PY: T€ 3,480) after accounting for deferred taxes.

Reserve for Actuarial Gains and Losses in accordance with IAS 19

The reserve for actuarial gains and losses in accordance with IAS 19 contains the actuarial losses from the measurement of pension obligations recognised with neutral effect on profit or loss in accordance with IAS 19 after taking deferred taxes into account.

Reserve for Currency Differences

The reserve for currency differences is used to recognise currency differences arising from the translation of the financial statements of foreign subsidiaries.

Proposed Dividend

In view of the business development, the Dr. Höhle AG Management Board and Supervisory Board propose to the Annual General Meeting to be held in 2024 that no dividend be paid out for financial year 2022/2023, as was the case in the preceding year.

Authorised Capital

In accordance with a resolution passed by the Annual General Meeting on 23 March 2021, the Management Board was authorised until 22 March 2026 with the approval of the Supervisory Board, to increase the share capital by up to T€ 600 by issuing new, no-par-shares (ordinary shares) on one or more occasions.

Non-Controlling Interests

Non-controlling interests are considered individually and collectively to be immaterial.

32. Non-Current Loans (less Current Portion)

This line item includes the non-current portion of the following bank loans:

in T€	Loan amount	Effective interest rate in %	Term	Carrying amount 30.09.2023
Loan Dr. Hönle AG	1,300	0.80	31/12/2024	312
Loan Dr. Hönle AG	30,100	2.24	30/06/2038	25,370
Loan Dr. Hönle AG	300	1.45	30/06/2040	251
Loan Dr. Hönle AG	200	1.45	30/06/2040	168
Loan Dr. Hönle AG	1,050	2.08	30/06/2027	1,050
Loan Dr. Hönle AG	3,000	5.38	31/07/2026	3,000
Loan PANACOL-ELOSOL GmbH	15,000	2.17	29/10/2038	12,687
Loan uv-technik GmbH	4,200	2.14	30/09/2037	3,360

The non-current and current portions of the above-stated loans are as follows:

in T€	Current portion	Non-current portion	Payer interest swap	Collateral
Loan Dr. Hönle AG	260	52	no	none
Loan Dr. Hönle AG	1,720	23,650	yes	Land charge
Loan Dr. Hönle AG	15	236	no	Land charge
Loan Dr. Hönle AG	10	158	no	Land charge
Loan Dr. Hönle AG	328	722	no	none
Loan Dr. Hönle AG	1,000	2,000	no	none
Loan Panacol GmbH	841	11,845	yes	Land charge
Loan uv-technik GmbH	240	3,120	yes	Land charge

33. Non-Current and Current Lease Obligations

in T€	30.09.2023	30.09.2022
Current lease liabilities	1,333	1,399
Non-current lease liabilities	1,274	1,808
	2,607	3,207

With regard to the disclosures on leases as at 30 September 2023 , reference is made to paragraph 43.

34. Other Non-Current Liabilities

This line item mainly includes liabilities from put options in the amount of T€ 55 (PY: T€ 55) and security deposits of T€ 89 (PY: T€ 89).

35. Pension Provisions

Provisions for pension obligations are set up in connection with pension plans and pertaining old age-, invalidity- and surviving dependents commitments.

The pension provisions concerning defined benefit plans are determined in accordance with IAS 19 applying the projected unit credit method, i.e., future obligations are measured on the basis of prorated pension benefits accrued as at the balance sheet date. Trend assumptions concerning the relevant parameters, which impact on the amount of benefits, are accounted for. This relates, in particular, to fluctuation, future salary trends and the respective applicable interest rate.

The pension provisions mainly relate to pension commitments to employees of group companies in Germany and, to a smaller degree, employees of the French subsidiaries. In Germany, there are otherwise no laws or regulations stipulating a minimum required allocation of funds.

The pension obligations were structured as follows as at the balance sheet date:

in T€	30.09.2023	30.09.2022
Present value of pension obligation as at beginning of the year	8,711	13,099
Reclassification liabilities held for sale	-108	-
plus pension costs	155	514
plus interest costs	329	169
plus / net of actuarial gains / losses	-425	-4,465
plus / net of severance payments on pension rights	-	-482
net of pension payments	-214	-125
Value of pension obligation at year-end	8,448	8,711

Payments of T€ 214 (PY: T€ 125) are expected to be made in the 2023/2024 financial year with respect to the above pension obligations.

The Company assumes that the pension obligation in the amount of T€ 8,234 (PY: T€ 8,585) will be settled after more than twelve months. The average term of the pension obligations is 16.6 years (PY: 17.1 years).

Actuarial gains and losses arising in financial year 2022/2023 were transferred to or netted with equity with neutral effect on profit or loss, leading to the stated change in pension provisions with neutral effect on profit/loss.

The following actuarial assumptions were used to determine the carrying value of the pension obligation:

	30.09.2023	30.09.2022	30.09.2021
Discounting rate in %	4.06 - 4.10	3.70 - 3.75	1.30
Income from fund assets in %	1.30	1.30	1.30
Growth rate of pension payments in %	1.60 - 2.00	1.60 - 2.00	1.60 - 2.00
Heubeck Mortality Tables	2018_G	2018_G	2018_G

The pensions obligation recognised is covered in the amount of T€ 5,236 (PY: T€ 4,700) by plan assets largely in the form of life insurance policies that are administered independently by various providers.

Sensitivity analyses carried out within the scope of the actuarial expert opinions as at 30 September 2023 led to the following results concerning the pension obligations:

in T€		30.09.2023
Amount of the pension obligation following a change in parameters		
Discounting rate	+0,50%	7,817
Discounting rate	-0,50%	9,114
Amount of the pension obligation following a change in parameters		
Growth rate of pension payments	+0,25%	8,694
Growth rate of pension payments	-0,25%	8,173
Amount of the pension obligation following a change in parameters		
Life expectancy	+10,00%	8,547

The sensitivity analyses with regard to the essential parameter mentioned above were carried out using an actuarial procedure which extrapolates the impact of realistic changes of major assumptions at the end of the reporting period to the obligation arising from the defined benefit plan.

The development of the parameters presented above is closely monitored by the Company and appropriate adjustments are made to the existing reinsurance policies as required.

The plan assets developed as follows in the financial year 2022/2023:

in T€	30.09.2023	30.09.2022
Fair value of plan assets at the beginning of the year	4,700	4,497
Expected return on plan assets	170	43
Employer contributions paid	437	470
Benefits paid	-20	-337
plus/net of actuarial gains/losses	-51	28
Fair value of plan assets at the end of the year	5,236	4,700

The expected total return on plan assets is calculated based on the market prices prevailing at that time for the period during which the obligation is met. These market prices are reflected in the basic assumptions.

The expected development of plan assets for financial year 2023/2024 is as follows:

in T€	30.09.2024
Fair value of plan assets at the beginning of the year	5,236
Expected return on plan assets	211
Employer contributions paid	437
Fair value of plan assets at the end of the year	5,884

The income statement for the financial year includes the following expenses for pension obligations:

in T€	2022/2023	2021/2022
Current service costs	155	514
Interest costs	329	169
Return on plan assets	-170	-43
	314	640

The balance sheet item "Pension provisions" saw the following movements in the reporting year:

in T€	30.09.2023	30.09.2022
Balance sheet value of pension provision at the beginning of the year	4,011	8,603
Reclassification to liabilities held for sale	-107	-
plus pension cost	317	640
net of contributions paid	-437	-470
net of payments/pension benefits	-214	-125
plus payment from fund assets	-	337
less settlement of pension claims	-	-482
Changes with neutral effect on profit/loss	-358	-4,492
thereof from adjusted historical values	125	-62
thereof from biometric assumptions	1	-
thereof from financial assumptions	-484	-4,431
Balance sheet value of pension provision at the end of the year	3,212	4,011

With respect to pension obligations concerning current or former Management Board members and managing directors, reference is made to paragraph 51.

36. Accrued Public Investment Grants

in T€	2022/2023	2021/2022
As at		
01.10.2022	115	137
Applied for in the financial year	-	-
Recognised/released through profit/loss	52	22
As at		
30.09.2023	63	115

The public grants relate largely to the new construction of a production hall at uv-technik Speziallampen GmbH. It is expected that all conditions linked to these grants will be fulfilled. There are no significant uncertainties.

37. Trade Accounts Payable

Trade accounts payable are stated at settlement amounts. The carrying amount of trade accounts payable as at the balance sheet date is T€ 7,558 (PY: T€ 10,295). Given the short payment targets respecting these liabilities, the amount corresponds to the fair value of the liabilities.

38. Contract Liabilities

Prepayments received on account of orders that are recognised as contract liabilities relate to payments from customers for services not yet provided by the Company. The amounts are shown excluding VAT. Reference in this respect is made to the explanations under paragraph 6: "Revenue".

39. Current Liabilities to Banks and Current Portion of Non-Current Loans

The liabilities to banks are stated at the respective settlement amounts.

Current liabilities to banks amounted to T€ 12,416 (PY: T€ 26,383) at the end of the reporting period. With respect to the structure of the current portion of the loans included, reference is made to paragraph 32. In addition, this line item includes the short-term credit lines drawn down in the amount of T€ 8,001 (PY: T€ 7,315).

As at 30 September 2023, the overdraft facilities granted by banks totalled T€ 11,500 (PY: T€ 10,050) on which interest would have to be paid at market rates if utilised. Of the total, the amount of T€ 8,001 (PY: T€ 7,315) was drawn down.

40. Other Current Liabilities

in T€	30.09.2023	30.09.2022
Wage tax and VAT	838	825
Social security contributions	565	535
Profit sharing bonus and other bonuses	1,094	2,099
Christmas bonus	1,197	1,112
Holidays not taken	652	771
Flexi-time surpluses	455	415
Other personnel-related liabilities	818	1,009
Other	1,076	1,352
	6,696	8,121

Liabilities concerning profit sharing bonuses and other bonuses relate to variable remuneration components and profit-sharing bonuses vis à vis the management boards, managing directors and employees of individual companies included in the consolidated financial statements.

The liabilities for Christmas bonuses were set up to account for appropriate allocation of the Christmas allowance.

Liabilities for holidays not taken were determined on a pro rata temporis basis due to the deviating financial year.

The liabilities respecting flexi-time surpluses relate to employees' overtime account credits.

Liabilities for Supervisory Board compensation, included in the item "Other", amount to T€ 183 (PY: T€ 183).

41. Other Provisions

Other provisions developed as follows:

in T€	As at 01.10.2022	Utilisation	Release	Addition	Consoli- dation	As at 30.09.2023
Contractual obligations vis à vis third parties:						
Warranties and guaranties	497	-13	-26	-73	-13	371
Obligations from rental agree- ments	21	-	-2	-	-8	11
Other	190	-	-190	-	-	-
	708	-13	-218	-73	-22	382

Provisions for warranties and guaranties relate to warranties provided with or without a legal obligation to do so, and to the cost of reworking as a result of returned goods. The provision is usually calculated at 0.5% of risk-prone revenue. The percentage rate is derived from historical values.

The expected outflow of cash used for the above-mentioned provisions amounts to T€ 80 in the subsequent year (PY: T€ 100).

Other provisions developed as follows in the FY 2021/2022:

in T€	As at 01.10.2021	Utilisation	Release	Addition	Consoli- dation	As at 30.09.2022
Contractual obligations vis à vis third parties:						
Warranties and guaranties	436	-	-10	67	-	493
Obligations from rental agreements	37	-16	-	1	-	21
Other	190	-	-	-	-	190
	663	-16	-10	67	-	704

42. Income Tax Liabilities

Liabilities from income taxes were stated at the amount of the expected actual payment obligations resulting from income taxes for both the financial year and previous years.

43. Leases

Information on leases in which the group acts as lessee is presented below.

Rights of Use

Rights of use in connection with leased real estate, motor vehicles and IT equipment are presented as non-current assets within property, plant and equipment.

in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating- and business equipment	Total
As at 01.10.2022	2,077	940	146	3,163
Additions to rights of use	664	890	82	1,636
Amount of amortisation in the financial year	-947	-637	-59	-1,642
Disposals of rights of use	300	646	96	1,042
Disposals of amortisation	-300	-646	-96	-1,042
Currency differences	-37	-3	-	-40
Reclassification – Assets held for sale	-19	-5	-3	-27
Disposals of changes in the consolidated group	-463	-42	-	-505
As at 30.09.2023	1,275	1,144	166	2,585

in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating and business equipment	Total
As at 01.10.2021	2,949	1,039	55	4,042
Additions to rights of use	184	536	167	888
Amount of amortisation in the financial year	-1,094	-640	-75	-1,809
Disposals of rights of use	852	431	21	1,305
Disposals of amortisation	-852	-431	-21	-1,305
Currency differences	38	5	-	43
As at 30.09.2022	2,077	940	146	3,163

Amounts recognised in the income statement:

in T€	2022/2023	2021/2022
Amortisation of rights of use	1,645	1,821
Interest expenses for lease liabilities	44	46
Expenses for leases of an asset of low value (including short-term leases)	40	32

Amounts recognised in the cash flow statement:

in T€	2022/2023	2021/2022
Cash flow from operating activities	-39	-40
Cash flow from financing activities	-1,233	-1,860

Lease Liabilities

Lease liabilities in the amount of T€ 1,274 (PY: T€ 1,808) are included in the balance sheet item "Non-current lease liabilities" and in the amount of T€ 1,333 (PY: T€ 1,399) in the balance sheet item "Current lease liabilities". The maturities based on non-discounted cash flows are as follows:

2022/2023	Residual term	Residual term	Residual term	
in T€	up to 1 year	1 to 5 years	more than 5 years	Total amount
Lease liabilities based on non-discounted cash flow	1,366	1,293	0	2,659
2021/2022	Residual term	Residual term	Residual term	
in T€	up to 1 year	1 to 5 years	more than 5 years	Total amount
Lease liabilities based on non-discounted cash flow	1,430	1,707	126	3,262

OTHER DISCLOSURES

44. Contingent Liabilities

Beyond the existing obligations which are covered by provisions, there is currently no significant obligation that would depend on future uncontrollable events.

No guaranties have been issued to parties outside the group.

45. Contingent Receivables

No contingent receivables as defined under IAS 37 are reported.

46. Other Financial Obligations

The other financial obligations of the group are as follows:

in T€	due within 1 year	due in 1 to 5 years	due in more than 5 years	30.09.2023 Total obligation
Equipment lease agreements	58	3	-	61
Order commitments	5,125	-	-	5,125
	5,183	3	-	5,186

The other financial obligations from equipment leases relate to short-term leases and low-value leases for which no right-of-use asset or lease liability has been recognised.

in T€	due within 1 year	due in 1 to 5 years	due in more than 5 years	30.09.2022 Total obligation
Equipment lease agreements	77	6	-	83
Order commitments	7,446	-	-	7,446
	7,523	6	-	7,529

47. Management of Financial Risks

Principles of Risk Management

Within the scope of its operative activities, the Hönle Group is exposed to risks which are dealt with in the Risk Report section of the Management Report.

Dr. Hönle AG has introduced a formalised risk management system in order to monitor risks. The governing principles are documented in a manual. In measuring the probability of a loss event and the probability of a loss amount (and taking into account any potential opportunities for the group), a decision is made as to whether the pertaining risk is to be avoided, reduced, transferred or accepted. The risk situations are analysed and counter measures are defined and taken whenever necessary. The Dr. Hönle AG Management Board is informed at regular intervals about the group's current risk situation and is also informed immediately if new risks should occur.

Significant risks associated with financial assets and debts are allocated to liquidity, credit, and market risks.

Liquidity Risks

Basically, liquidity risks relate to the risk that the Hönle Group might not be in a position to meet its obligations in the context of financial liabilities.

One of the Hönle Group's management objectives is a sustained increase in the operative cash flow. In this context, the liquidity situation is permanently and intensively monitored. The Dr. Hönle AG Management Board is informed at weekly intervals about the group's liquidity situation. In particular, utilisation of the cash pooling account by Hönle Group subsidiaries is monitored. Moreover, all account balances of Hönle Group's bank accounts are reported in detail to the Management. The group monitors the risk associated with possible liquidity bottlenecks on an ongoing basis and assesses the liquidity development of all Hönle Group companies, based on the respective liquidity status in combination with the earnings forecast and intended financial and investing transactions.

According to our current planning, no liquidity bottlenecks are recognisable within the Hönle Group at present.

The following tables reflect the contractually agreed interest and principal payments concerning all liabilities:

Financial year 2022/2023

in T€	Residual term up to 1 year		Residual term 1 to 5 years		Residual term more than 5 years		Total amount	
	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment
Liabilities to bank	1,061	12,416	3,137	14,079	3,116	27,704	7,315	54,199
<i>thereof from loan commitments not yet called in</i>	-	-	-	-	-	-	-	-
Trade accounts payable	-	7,558	-	-	-	-	-	7,558
Leasing liabilities	33	1,333	19	1,274	-	-	52	2,607
Liabilities to companies in which an equity investment is held	-	-	-	-	-	-	-	-
Other financial liabilities	2	6,462	2	269	-	-	4	6,731
	1,097	27,768	3,158	15,622	3,116	27,704	7,371	71,094

The interest disclosures in the liquidity profile "Liabilities to banks" include payments resulting from interest rate swaps. Reference is also made to the explanations under "Interest rate risks".

Financial year 2021/2022

in T€	Residual term up to 1 year		Residual term 1 to 5 years		Residual term more than 5 years		Total amount	
	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment	Inter-est	Repay-ment
Liabilities to bank	3,137	26,383	2,323	8,533	2,654	21,969	8,114	56,884
<i>thereof from loan commitments not yet called in</i>	3	41	25	609	-	-	29	650
Trade accounts payable	-	10,295	-	-	-	-	-	10,295
Leasing liabilities	31	1,464	24	1,617	1	125	56	3,207
Liabilities to companies in which an equity investment is held	-	1	-	-	-	-	-	1
Other financial liabilities	3	8,695	4	393	-	-	7	9,088
	3,170	46,838	2,352	10,542	2,655	22,094	8,176	79,475

The interest disclosures in the liquidity profile "Liabilities to banks" include payments resulting from interest rate swaps. Reference is also made to the explanations under "Interest rate risks".

Credit Risks

The credit risk refers to the default risk concerning financial assets.

The Accounting and Sales/Marketing departments assess the customer receivables default risk at regular intervals. Outstanding receivables from customers are monitored, in particular, by analysing the age structure lists with respect to the maturity of outstanding receivables. Supplies to key account customers, in particular customers from abroad, are generally covered by letters of credit or other hedging instruments. It is assumed that the actual risk is covered by applying the impairment model for trade receivables in accordance with IFRS 9.

The Hönle Group Management is informed at monthly intervals about the age structure statistics of open receivables respecting all customers with special attention being paid to customer receivables involving amounts of more than T€ 10 where the maturity date is exceeded by more than 90 days.

The financial performance of specific customers or key account customers, respectively, is monitored permanently by external service providers or information that arises from the customers' payment pattern. In addition, market information is used in the assessment of customers' ability to comply with their payment obligations. The risk involved in large-scale contracts, in particular, is hedged on the basis of credit information and instalment plans. As a general rule, credit information is obtained with respect to new customers or in the event of a change in customers' payment pattern.

Risk concentrations may arise in the event that several business partners are engaged in similar activities in the same region or when, due to their economic features, their ability to meet their contractual obligations is impaired in the event of changes in the economic or political situation. In order to avoid disproportionately high risk concentrations, the Adhesives segment and the Glass & Lamps segment, in particular, are being expanded in addition to the Equipment & Systems segment. Identified default concentrations are continuously monitored and controlled. Selected hedging transactions are used within the group with a view to avoiding risks at the level of individual business relationships.

The carrying amounts of financial assets represent the maximum default risk in the event that the contracting parties do not meet their payment obligations.

The (net-) impairment losses on financial assets recognised in the income statement result from impairment losses on trade receivables.

The group's default risk is primarily due to trade receivables. A corresponding risk provision has been recognised for these financial assets. The group assesses the risk concentration with regard to trade receivables as low. This assessment is supported by the fact that the group's customers are divided into three different segments (Adhesives, Equipment and Systems, and Glass & Lamps). In addition, the customers operate on a worldwide scale and are active in various industries and largely independent markets, particularly in the Adhesives and Glass & Lamps segments.

The group uses a value adjustment matrix to measure the expected credit losses on trade and other receivables. Depending on the receivables' age structure, valuation allowances on receivables are applied uniformly throughout the group.

Based on default risk rating categories, the gross carrying amounts of trade receivables are as follows:

in T€	Carrying amounts in T€ 30.09.2023	Default rate in %	Impairment in T€ 30.09.2023
Overdue in days			
Current (not yet due)	11,620	0.04	5
1 to 90 days overdue	3,506	2.10	74
91 to 180 days overdue	201	7.56	15
more than 180 days overdue	88	13.07	12
	15,415		105
<hr/>			
	Carrying amounts in T€ 30.09.2022	Default rate in %	Impairment in T€ 30.09.2022
Overdue in days			
Current (not yet due)	14,224	0.04	6
1 to 90 days overdue	3,424	2.10	72
91 to 180 days overdue	40	7.56	3
more than 180 days overdue	418	13.07	55
	18,105		136

The calculated loss ratios are based on historical values adjusted for prospective expectations. Any internal indications or external indications (e.g. information on significant financial difficulties or insolvency of the contractual partner) identified within the group as of the balance sheet date are accounted for by setting up appropriate additional risk provisions.

With regard to other financial assets, experience has shown that no payment defaults are expected.

No impairment calculation is made for bank credit balances, as the group does not expect any impairment. The default risk concerning bank credit balances is eliminated through risk diversification (different banks) and selecting banks with strong credit ratings. The risk assessment has not changed since the date of acquisition. The risk at the time of acquisition was assessed as insignificant.

The Hönlle Group assumes recoverability of all trade accounts receivable that are not subject to impairment. The other assets do not include any overdue items.

Market Risks

The market risk is split up into currency and interest rate risks.

Currency Risks

The Hönle Group is exposed to currency risks in as much as some of its purchases are made in foreign currencies and are not sold in the respective foreign currencies to the same extent.

Risks resulting from fluctuations in foreign currency receivables, liabilities, and from pending contracts and accrued and deferred items are largely associated with foreign currency transactions denominated in US dollar, Chinese renminbi, Japanese yen and South Korean won.

As at the balance sheet date, no rate hedging transactions were reported with respect to these foreign currency exposures.

If, relative to the US dollar, the euro had been stronger by 10%, the consolidated result would have improved by T€ 105 (PY: deterioration of T€ 39) whereas a respective 10% weakening would have led to a deterioration in the consolidated result by T€ 128 (PY: improvement of T€ 48).

If the euro had been stronger by 10% relative to the Chinese renminbi, this would have led to an improvement in the consolidated result by T€ 78 (PY: T€ 65). A corresponding weakening of the euro in comparison with the Chinese renminbi would have led to a deterioration in the consolidated result by T€ 95 (PY: T€ 80).

If the euro had been stronger by 10% relative to the Japanese yen, the consolidated result would have deteriorated by T€ 17 (PY: T€ 95) whereas a weakening by 10% would have led to an improvement in the consolidated result by T€ 21 (PY: T€ 117).

If the euro had been stronger by 10% relative to the South Korean won, this would have led to an improvement in the consolidated result by T€ 31 (PY: T€ 26) whereas a 10% weakening would have led to a deterioration in the consolidated result by T€ 38 (PY: T€ 31).

Fluctuations in other currencies such as the Swiss franc or the British pound are of immaterial importance for the group's results of operations.

Interest Rate Risks

Interest rate risks are associated with variable interest-bearing financial instruments vis à vis banks.

In the 2022/2023 financial year and in prior years, derivative financial instruments were used to hedge against the interest rate risks to which the Hönle Group is exposed.

The group's strategy is aimed at ensuring that interest rate risks of variable-interest bank liabilities are hedged. Payer interest rate swaps are used as hedging instruments. The group applies a hedging ratio of 1:1.

The group determines the existence of an economic relationship between the hedging instrument and the hedged underlying transaction on the basis of reference interest rates, maturities, interest rate adjustment dates, maturities and nominal or notional amounts.

The group uses the critical term match method to assess whether the derivative designated in a hedging relationship is expected to be effective in offsetting changes in the cash flows of the hedged underlying transaction.

As at the balance sheet date, the amounts relating to items designated as hedged items are as follows:

in T€	Change in value for calculating the ineffectiveness of the hedging relationship 30.09.2023	Reserve for the hedging of cash flows 30.09.2023
Variable-interest loans	-90	-90

in T€	Change in value for calculating the ineffectiveness of the hedging relationship 30.09.2022	Reserve for the hedging of cash flows 30.09.2022
Variable-interest loans	-9,576	-9,576

The amounts relating to items designated as hedging instruments, and the hedge ineffectiveness are as follows:

in T€	Nominal amount 30.09.2023	Assets 30.09.2023	Balance sheet items in which the hedging instrument is included
Interest rate swaps with floor	41,417	4,949	Other non-current assets

in T€	Nominal amount 30.09.2022	Assets 30.09.2022	Balance sheet items in which the hedging instrument is included
Interest rate swaps with floor	44,218	4,859	Other non-current liabilities

in T€	2022/2023	2021/2022
Change in value for calculating the ineffectiveness of hedging relationships	-90	-9,576
Change in value of the hedging instrument recognised in other comprehensive income	-90	-9,576
Ineffectiveness recognised in profit/loss	-	-
Amount reclassified from the hedging reserve to profit or loss (Position: Interest and other expenses)	1	1

The interest rate swaps are treated as cash flow hedges. The interest rate swaps (variable to fixed) serve to hedge against rising interest rates on bank loans carrying variable interest rates. The fair value (= market value) corresponds to the value the respective company would receive or would have to pay at the dissolution of the transaction on the balance sheet date. The hedging instruments are stated in the balance sheet under the item "Other non-current liabilities".

The fair values are determined by discounting the future cash flows from variable payments on the basis of generally accepted financial models. Valuation is based on interbank rates.

Changes in the fair values of hedge-effective derivatives in the amount of T€ -90 (PY: T€ -9,576) were recognised directly in equity under the reserve for hedging transactions, taking deferred taxes of T€ 42 (PY: T€ 1,332) into account. Reconciliation of the reserve for hedging transactions is shown in the statement of changes in equity. Apart from the interest rate risk, there are no other risk categories.

All other loans are subject to fixed interest agreements. The loans are measured at amortised acquisition costs using the effective interest rate method. Consequently, a change in market interest rates does not impact on measurement. Current overdrafts and credit balances on current accounts bear variable interest rates. If an average 2% increase in the interest level respecting current account loans were to be assumed, the additional interest expense would amount to T€ 141 (PY: T€ 40), assuming that the average negative balance of the current accounts will correspond to the annual average of the financial year. According to current information, market price changes concerning these financial instruments would not have any further significant impact on the Hönle Group results.

Other Disclosures regarding Financial Assets and Debts

The following table provides an overview of the transition of financial assets and debts included in the balance sheet items pursuant to IFRS 9 categories as well as the impairment losses recognised in profit/loss in the respective financial year, the net profits/losses and the total interest expense and income.

in T€	Measure- ment category acc. to IFRS 9	Carrying amount acc. to IFRS 9 30.09.2023
Equity investments	FVthOCI	26
Other non-current assets	AC	39
Derivatives in connection with effective CF-hedge	CF-Hedge	4,949
Trade accounts receivable	AC	15,618
Other current assets	AC	1,658
Liquid assets	AC	9,317
		31,607
Liabilities to banks	AC	54,199
Trade accounts payable	AC	7,558
Other non-current financial liabilities	AC	269
Other current financial liabilities	AC	6,462
		68,488
thereof aggregated acc. to IFRS 9 measurement categories		
Amortised Cost (AC)		
Financial assets		26,633
Financial liabilities		68,488
Financial assets		
Fair Value through other Comprehensive Income (FVthOCI)		26
Further disclosures regarding financial assets and liabilities		
Amount of impairment losses on financial assets recognised in profit or loss		73
Change in derivatives in connection with effective CF-hedge recognised in other comprehensive income		-90
Total interest expenses (amortised cost)		-1,503
Total interest income (amortised cost)		61

in T€	Measure- ment category acc. to IFRS 9	Carrying amount acc. to IFRS 9 30.09.2022
Equity investments	FVthOCI	26
Other non-current assets	AC	541
Derivatives in connection with effective CF-hedge	CF-Hedge	4,859
Trade accounts receivable	AC	19,669
Other current assets	AC	2,354
Liquid assets	AC	7,131
		34,580
Liabilities to banks	AC	56,234
Trade accounts payable	AC	10,296
Other non-current financial liabilities (without lease liability)	AC	415
Other current financial liabilities (without lease liability)	AC	8,947
		75,892
thereof aggregated acc. to IFRS 9 measurement categories		
Amortised Cost (AC)		
Financial assets		29,695
Financial liabilities		75,892
Financial assets		
Fair Value through other Comprehensive Income (FVthOCI)		26
Further disclosures regarding financial assets and liabilities		
Amount of impairment losses on financial assets recognised in profit or loss		103
Net change in derivatives in connection with effective CF-hedge recognised in other comprehensive income		-9,576
Total interest expenses (amortised cost)		-1,359
Total interest income (amortised cost)		32

The carrying amounts of financial assets (trade accounts receivable, other current assets and cash and cash equivalents) correspond to market values.

Other non-current assets include fixed-interest bearing receivables. The market values are determined in consideration of interest rates, corresponding impairment in value, and individual criteria. The carrying amounts correspond to market values as at the 30 September 2023 balance sheet date.

The carrying amounts of financial liabilities (current financial liabilities and trade accounts payable) also correspond to market values. All line items are due within one year.

Non-current financial liabilities include fixed-interest bearing liabilities and liabilities with floating interest rates. The measurement of non-current financial liabilities at market values is based on the discounting of future cash flows over the contract term of the respective financial instruments, using the issuer's borrowing rate at the end of the reporting period. Management established that the carrying amounts of financial liabilities are almost equal to their fair values due to short terms to maturity or interest rates in line with market conditions.

Interest rate swaps (derivatives with effective hedge relationship) are regularly measured using a valuation method that is based on input parameters that are observable in the market. The measurement methods most frequently applied include option price and swap models using present value calculations. The models make reference to various parameters such as the credit standing of business partners, FOREX spot and forward exchange rates and yield curves. As at 30 September 2023, the derivative items are measured at market value (mark-to-market). Both the default risk of the group as well as the bank's default risk are classified as low.

The following table reflects the financial assets accounted for at fair values on the basis of hierarchy levels:

Category of assets		Prices quoted on active markets (Level 1)	Significant observable input parameter (Level 2)	Significant non-observable input parameter (Level 3)
in T€	Total			
As at 30.09.2023				
Interest rate swaps in connection with effective Cashflow hedge	4,949		4,949	

Category of assets		Prices quoted on active markets (Level 1)	Significant observable input parameter (Level 2)	Significant non-observable input parameter (Level 3)
in T€	Total			
As at 30.09.2022				
Interest rate swaps in connection with effective Cashflow hedge	4,859		4,859	

48. Statement of Consolidated Cash Flows

The cash flow statement indicates changes in the group's cash and cash equivalents and the respective changes resulting from an inflow and outflow of funds. In accordance with IAS 7 (Cash Flow Statements), cash flows are split into operating, investing, and financing activities. The cash and cash equivalents under review encompass the liquid assets disclosed in the statement of financial position.

Additions to/disposals of cash and cash equivalents are presented using the indirect determination method.

Cash from current activities amounts to T€ 7,389 (PY: T€ -485) resulting from the consolidated net loss/net profit for the year before non-controlling interests and taxes in the amount of T€ -10,981 (PY: T€ 4,422), earnings from discontinued operations after taxes in the amount of T€ 326 (PY: T€ -16,033) and from adjustments relating to non-cash effects and financial results in the amount of T€ 22,968 (PY: T€ 9,408) as well as changes in net working capital. Other non-cash expenses and income (T€ 10,252, PY: T€ 11,345) mainly include value adjustments to current assets (T€ 11,585, PY: T€ 11,894) and other income (T€ 1,139, PY: T€ 604).

Cash used for investing activities relates mainly to investments in property, plant and equipment and intangible assets in the amount of T€ 2,934 (PY: T€ 4,394). Also included are proceeds from the sale of consolidated companies (Raesch Quarz) in the amount of T€ 4,977.

The major outflows of cash used for financing activities comprise the repayment of liabilities to banks in the amount of T€ 3,398 (PY: T€ 3,862) in financial year 2022/2023 and the reported repayment portion of lease liabilities of T€ 1,233 (PY: T€ 1,860). The taking out of loans and the drawdown of current account facilities in the amount of T€ 1,337 (PY: T€ 10,665) represent the main cash flows from financing activities.

Cash flows from discontinued operations amounted to T€ 72 (PY: T€ -2,826) from operating activities, T€ -175 (PY: T€ -1,048) from investing activities and T€ -257 (PY: T€ 3,908) from financing activities up to the date of deconsolidation in the reporting year.

Reconciliation acc. to IAS 7

in T€	As at Stand 01.10.2022	Cash effec- tive change	Non-cash changes					As at Stand 30.09.2023
			Acquisi- tions	Cur- rency differ- ences	New con- tracts	Changes in market value	Other	
Non-current liabilities	29,852	-756	-	-	-	-	12,687	41,783
Current liabilities	26,383	-1,280	-	-	-	-	-12,687	12,416
Lease liabilities	3,207	-1,233	-532	-40	1,205	-	-	2,607
Liabilities from other fi- nancial transactions	113	-25	-	-9	-	-	-	79
	59,555	-3,294	-532	-49	1,205	-	-	56,885

The liabilities from other financing transactions are a component of the balance sheet items: "Other non-current liabilities" and "Other current liabilities".

In all, cash and cash equivalents increased from T€ 7,131 to T€ 9,317 in financial year 2022/2023.

49. Segment Reporting

Segment reporting was prepared in conformity with IFRS 8.

The Hönlle Group companies are combined into segments if they operate in similar markets, if they manufacture the same products and if their structures are similar.

At the Hönlle Group, the parent company's Management Board is responsible for the allocation of resources and assessment of the segments' earnings power. The relevant segments were identified using the management approach in accordance with the Management Board's management information system.

The following business segments have been defined:

- Adhesives
- Equipment & Systems
- Glass & Lamps

The Adhesives segment comprises the development, production and sale of adhesives while the Equipment & Systems segment encompasses the development, production and sale of equipment and systems.

The Glass & Lamps segment includes the development, production and sale of tubing and semi-finished goods made of quartz glass as well as the manufacture of UV medium-pressure and low-pressure lamps.

Other activities and other segments were not defined. Segmentation is based on the data provided by the accounting departments of the included legal entities.

The accounting principles governing segment reporting generally correspond to the accounting and valuation methods applied at the Hönle Group.

Financial year 2022/2023

in T€	Adhesives 2022/2023	Equipment & Systems 2022/2023	Glass & Lamps 2022/2023	Total 2022/2023	Elimination 2022/2023	Consolidated 2022/2023
Sales revenues						
External customers	28,829	59,712	17,801	106,342	-	106,342
Sales with other business units	425	2,465	2,543	5,433	-5,433	-
Total sales	29,254	62,177	20,343	111,775	-5,433	106,342
RESULT						
Segment result (operating result)	3,087	-14,567	2,061	-9,419	-	-9,419
Interest income	65	256	10	331	-132	198
Interest expenses	363	1,409	179	1,951	-135	1,816
Investments accounted for using the equity method	54	-2	3	55		55
Earnings before taxes and non-controlling interests	2,843	-15,720	1,895	-10,982		-10,982
Income taxes	821	996	597	2,413	-	2,413
Deferred taxes	-5	-2,154	-7	-2,167	27	-2,140
Earnings before non-con- trolling interests	2,028	-14,561	1,306	-11,228	-27	-11,255
OTHER INFORMATION						
Segment assets	69,782	92,725	20,924	183,430	-24,056	159,374
Non-allocated assets						
Investments accounted for using the equity-method				381		381
Financial assets				26		26
Non-current receivables				7,307		7,307
Current tax assets				3,910		3,910
Deferred tax assets				5,159		5,159
Consolidated assets						176,156
Segment liabilities	10,557	59,904	4,100	74,562	-40,130	34,431
Non-allocated liabilities						
Deferred tax liabilities				1,175		1,175
Current income tax liabili- ties				1,361		1,361
Non-current loans				43,057		43,057
Consolidated liabilities (current and non-current)						80,023
Investments	712	3,382	1,158	5,252	-175	5,077
Segment write-downs	1,455	7,567	921	9,944	-	9,944
Non-cash expenses of the segment	-	11,496	17	11,513	-	11,513

Financial year 2021/2022

in T€	Adhesives 2021/2022	Equipment & Systems 2021/2022	Glass & Lamps 2021/2022	Total 2021/2022	Elimination 2021/2022	Consolidated 2021/2022
Sales revenues						
External customers	28,282	67,495	20,316	116,093	-	116,093
Sales with other business units	424	2,965	2,706	6,095	-6,095	-
Total sales	28,706	70,460	23,022	122,188	-6,095	116,093
RESULT						
Segment result (operating result)	3,860	-1,770	3,747	5,837	-	5,837
Interest income	34	485	34	554	-483	71
Interest expenses	363	1,104	533	2,000	-481	1,520
Investments accounted for using the equity method				34		34
Earnings before taxes and non-controlling interests						4,422
Income taxes	1,241	1,248	974	3,464	-	3,464
Deferred taxes	-19	-1,835	142	-1,712	-164	-1,876
Earnings before non-controlling interests						2,835
OTHER INFORMATION						
Segment assets	71,208	140,625	28,870	240,703	-59,326	181,377
Non-allocated assets						
Investments accounted for using the equity-method				327		327
Financial assets				26		26
Non-current receivables				7,031		7,031
Current tax assets				3,653		3,653
Deferred tax assets				3,048		3,048
Consolidated assets						195,462
Segment liabilities	24,956	67,375	40,670	133,001	-78,925	54,077
Non-allocated liabilities						
Deferred tax liabilities				1,001		1,001
Current income tax liabilities				1,486		1,486
Non-current loans				31,659		31,659
Consolidated liabilities (current and non-current)						88,223
Investments	1,278	2,579	1,408	5,265	-	5,265
Segment write-downs	1,465	3,898	9,109	14,473	-	14,473
Non-cash expenses of the segment	13	387	-422	-22	-	-22

Geographical Information

Sales revenues generated with external customers are allocated on the basis of customer location.

The regional allocation of sales revenues is as follows:

in T€	2022/2023	2021/2022
Total revenue	106,342	116,093
Germany	39,425	46,342
RoW	66,919	78,210

In financial year 2022/2023, no individual country, with the exception of Germany, accounted for more than 10% of total sales (PY: China). In the current financial year, none of the individual customers account for more than 10.0% of total sales.

Non-current assets are allocated as follows:

in T€	30.09.2023	30.09.2022
Germany	73,614	85,640
Row	22,382	18,236

Segment assets are defined as the sum total of intangible assets, property, plant and equipment, inventories, short-term receivables, cash and cash equivalents and assets held for sale. Segment debt includes non-current and current obligations (including liabilities classified as held for sale). Non-cash segment expenses relate to changes in pension provisions, other provisions and impairment of current assets.

Intra-group deliveries and services are subject to the same terms and conditions as external third parties (arm's length basis) with regard to transfer prices and their basis of calculation. There has been no change in this respect compared with previous years.

50. Related Party Disclosures

Related parties within the meaning of IAS 24 are identified below.

In accordance with IAS 24, related parties are other persons or entities that can be influenced by the reporting entity or that can influence the reporting entity, such as

- the members of the Management Board or Supervisory Board of Dr. Hönle AG
- associated companies
- non-consolidated subsidiaries.

With respect to disclosures relating to the Board of Management and the Supervisory Board, reference is made to our comments in paragraph 51.

With respect to reportable business relationships, reference is made to our comments on individual balance sheet and income statement items. Costs are passed on mainly between Solitec GmbH and Dr. Hönle AG within the scope of advertising. The respective amounts were of minor significance for the results of operations, however. TECINVENT GmbH also provided companies included in the group with development services which were immaterial with respect to the results of operations.

Controlled Companies not Included in the Consolidated Financial Statements due to Insignificance

Solitec Gesellschaft für technischen Produktvertrieb mbH, Gilching.

Companies under Significant Influence of a Supervisory Board of the Group

Dr. Hönle Medizintechnik GmbH, Gilching.

The receivables from Dr. Hönle Medizintechnik GmbH, which is under the significant influence of a Supervisory Board member (until 23 March 2023), consist

of a loan in the amount of T€ 150 (PY: T€ 289), which runs over a period of 65 months until 31 December 2025, and bears annual interest at 3%. The loan qualifies as an annuity loan with monthly instalments of T€ 7.

In addition, there is a loan in the amount of T€ 308 (PY: T€ 324), which runs over a period of 50 months until 31 December 2025, and bears annual interest at 3.5%. The loan qualifies as an annuity loan with monthly instalments of T€ 9.

There are also receivables from interest on loans in the amount of T€ 11 attributable to the above-mentioned loans.

An unscheduled early repayment of T€ 400 was made as of 2 October 2023. The remaining receivable is reported as current in the consolidated financial statements, as an unscheduled full early repayment is expected within one year.

Relationships with Board Members

In the previous year, the receivable from the former Supervisory Board Chairman consisted of a loan in the amount of T€ 75, which, overall, runs for a period of 49 months until 30 September 2024, and bears annual interest at 1%. The loan qualifies as an annuity loan with monthly instalments of T€ 1 and a final instalment of T€ 30. This loan was fully repaid in financial year 2022/2023.

A short-term loan in the amount of T€ 200 was granted in the previous year. The loan ran until 31 March 2023 and bore annual interest at 3%. The loan was fully repaid in financial year 2022/2023.

51. Disclosures on Corporate Bodies

Management Board

- Dr. Franz Richter, Dr.-Ing. Physik/PhD in Physics – since 1 May 2023
Management Board member responsible for Sales and Marketing, the commercial functions, Investor Relations, Logistics, Quality Management, and Development
- Norbert Haimerl, Diplom-Betriebswirt (FH)/MBA – Chairman – until 30 April 2023
Management Board member responsible for Sales and Marketing, the commercial functions, Investor Relations, Logistics, Quality Management
- Rainer Pumpe, Diplom-Ingenieur/Graduate Engineer – until 30 September 2023
Management Board member in charge of Production

As of the date of preparation of these financial statements, the Company is represented by a Management Board member holding sole power of representation.

The Management Board member is authorised to represent the Company without restriction in legal transactions with himself as third party representative.

The total Management Board remuneration (excluding pension expense) in financial year 2022/2023 amounted to:

Dr. Franz Richter	T€ 156 (PY: T€ 0)
Norbert Haimerl	T€ 1,028 (PY: T€ 389)
Rainer Pumpe	T€ 261 (PY: T€ 335)

Total remuneration includes benefits due to termination of employment for Mr. Norbert Haimerl, who left the Management Board on 30 April 2023, in the amount of T€ 770.

The structure of the remuneration for Management Board members is aligned to sustained corporate development. The monetary remuneration includes fixed and variable components based on the Hönle Group's performance.

The criteria used in evaluating the suitability of remuneration are as follows: The tasks of the respective Management Board member, personal performance, the economic situation, earnings, future outlook of the Company, standard practice in the industry and the Company's general remuneration structure. The Supervisory Board regularly reviews the structure and amount of the remuneration for Management Board members.

Pension commitments were granted to former Management Board members (Mr. Runge and Mr. Haimerl) in some cases. Within the context of the conversion of pension commitments for Management Board members, annual pension components have been acquired starting from 1 January 2012. The amount of a pension component acquired in a given financial year is derived from the pension expenses that are converted into an annuity using age-dependent conversion factors. The pension expenses correspond to a fixed percentage rate of the annual fixed remuneration (excluding profit sharing bonus). The designated benefit types are: old age pension (from the age of 60), disability pension and survivors' pension (for widows, widowers, partners and orphans). The amount of the disability and old age pensions corresponds to the total of vested rights components and the pension components acquired up to the time when a pension becomes due. The widow's/widower's and partner's pension corresponds to 60% of the disability or old age pension entitlement at the time of death or which was paid out at the time of death. The orphan's pension amounts to 12% of the mentioned pension entitlement for half-orphans and 20% for orphans. Reinsurance contracts were concluded with a view to covering the pension commitments.

Remuneration not linked to performance

in T€	Salary		Other Remuneration		Total	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Norbert Haimerl	206	288	822	6	1,028	294
Rainer Pumpe	246	245	15	15	261	260
Dr. Franz Richter (from 01.05.2023)	156	-	-	-	156	-
Heiko Runge (until 15.05.2022)	-	177	-	1,310	-	1,487
	608	711	837	1,331	1,445	2,042

Performance-based remuneration

in T€	Profit sharing bonuses	
	2022/2023	2021/2022
Norbert Haimerl	-	95
Rainer Pumpe	-	75
Heiko Runge (until 15.05.2022)	-	-
	-	170

The performance-based remuneration recognised as a provision in the previous year was not paid out in the 2022/2023 financial year.

Pensions

in T€	Pension expenses pursuant to IAS 19	
	2022/2023	2021/2022
Norbert Haimerl	95	81
Rainer Pumpe	-	-
Heiko Runge	90	86
	185	167

Pensions

in T€	Present value of defined benefit obligations	
	2022/2023	2021/2022
Norbert Haimerl	2,369	2,198
Rainer Pumpe	-	-
Heiko Runge	2,199	2,320
	4,568	4,518

Benefits Paid in the Event of Termination of Management Board Activity

The Supervisory Board appoints the Dr. Hönle AG Management Board for a maximum term of five years.

An agreement governing a transitional allowance was concluded with the Management Board members Mr. Haimerl and Mr. Runge. In accordance with this agreement, Management Board members who resign from the Board after reaching the age of 50 and before reaching the age of 60, continue to receive payment of the fixed remuneration for 12 months as defined in their employment contracts. After the 12-month period, between 40% and up to a maximum of 50% of the fixed remuneration is paid until the pension commitment for Management Board members enters into effect. However, the agreement concerning the transitional allowance only enters into effect provided that the respective Management Board member has been a member of the Company's Management Board for at least ten years and if she/he is not personally responsible for the termination of employment. Other income is to be deducted from the transitional allowance and can reduce or completely offset the allowance. In addition, the Supervisory Board is authorised to reduce the transitional allowance if the Company's economic position deteriorates. In the event that benefits were received erroneously or if the Supervisory Board reduced the benefits subsequently, the benefits granted must be repaid to the Company.

Supervisory Board

Compensation of Supervisory Board Members

The compensation contains only fixed payments which are oriented towards the duties and responsibilities of the respective Supervisory Board member. No other compensation, for example from advisory or brokerage services, is granted.

Supervisory Board Compensation

in T€	2022/2023	2021/2022
Prof. Dr. Karl Hönle	30	60
Dr. Franz Richter	5	-
Günther Henrich	45	45
Dr. Bernhard Gimpe	30	30
Prof. Dr. Imke Libon	30	30
Niklas Friedrichsen	43	18
	183	183

Supervisory Board

- Prof. Dr. Karl Hönle, Dachau – Chairman – until 23 March 2023
Physicist, Professor of Technical Optics and Laser Technology and Honorary Senator at the Munich University for Applied Sciences (emeritus status), shareholder of Dr. Hönle Medizintechnik GmbH, Member of the Senate of the Economy
- Dr. Franz Richter, Eichenau – Chairman (23 March 2023 – 30 April 2023)
Dr.-Ing. Physik/PhD in Physics, Chairman of the Board of Managing Directors of Meyer Burger Technology AG, Chairman of the Advisory Board of the Fraunhofer Institute for Reliability and Microintegration IZM (Fraunhofer- IZM)
- Günther Henrich, Schäftlarn – Vice Chairman
Business lawyer, independent
- Dr. Bernhard Gimple, Munich
Lawyer, independent
- Prof. Dr. Imke Libon, Munich
Professor/Dean of the Department of Applied Natural Sciences and Mechatronics at the Munich University of Applied Sciences; Deputy Chairwoman of the Board of Directors of the Munich Student Union, an institution under public law
- Niklas Friedrichsen, Hamburg (Chairman since 1 May 2023)
Diplom-Kaufmann (Business Administration graduate), tax consultant, spokesman for the management of PMF Vermögensverwaltung GmbH & Co. KG

Total compensation for the Supervisory Board in financial year 2022/2023 came to T€ 183 (PY: T€ 183).

In financial year 2022/2023, Dr. Richter was seconded to the Management Board for a maximum tenure of one year with effect from 1 May 2023. He will take over the chairmanship of the Supervisory Board of Dr. Hönle AG from Mr. Niklas Friedrichsen again latest when the one-year tenure has reached its end.

More detailed information on the Management Board and Supervisory Board remuneration/compensation is included in the Remuneration Report, which is published separately.

52. Governance-Compliance Declaration pursuant to Section 161 AktG

In January 2023, the Management Board and the Supervisory Board of Dr. Hönle AG issued a Compliance Declaration as required under Section 161 AktG, and have provided shareholders with permanent access to it on the Company's Internet page under (www.hoenle.de).

53. Annual Auditor's Fees

The annual auditor, RSM Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (PY: SONNTAG GmbH Wirtschaftsprüfungsgesellschaft, Augsburg) charged the following fees for the services provided in financial year 2022/2023:

in T€	2022/2023	2021/2022
Financial statements audit (individual and consolidated)	240	200
Tax consulting services	-	36
Other attestation services	5	12
	245	248

Since the 2022/2023 financial year, independent companies have been engaged to separately provide tax consulting services and audit services. Consequently, RSM Ebner Stolz did not charge any tax consulting services in financial year 2022/2023.

54. Employees

The average number of staff in the group (excluding the Management Board), allocated according to functions, was as follows:

in T€	2022/2023	2021/2022
Sales & Marketing	105	103
Research, Development	91	97
Production, Service	247	307
Logistics	68	72
Administration	75	77
	586	656

55. Approval of the Consolidated Financial Statements pursuant to IAS 10.17

The present consolidated financial statements were released by the Management Board for review by the Supervisory Board on 17 January 2023.

56. Events after the Balance Sheet Date

Events after the balance sheet date that would impact significantly on the net assets, financial position and results of operations of Dr. Hönle AG have not occurred.

Gilching, 24 January 2024

Dr. Franz Richter
Management Board

Disclaimer

This annual report contains statements and information concerning Dr. Höhle AG and the Höhle Group which relate to future periods. These forward-looking statements represent estimates that were made on the basis of all information available at the time of preparation of the report. If the assumptions underlying the forecasts are not correct or risks - such as those mentioned in the risk report - occur, actual developments and results may differ from current expectations. The company assumes no obligation to update the statements contained in this management report outside the statutory publication requirements.

Furthermore the figures and percentages contained in this report may be subject to rounding differences.

Financial Calendar

30 January 2024

Present Annual Report 2022/2023

26 February 2024

I. Quarterly Statement 2023/2024

20 March 2024

Shareholders Meeting

8 May 2024

Half Year Report 2023/2024

7 August 2024

III. Quarterly Statement 2023/2024

Glossary

Aggregate Operating Performance

The aggregate operating performance represents the sum total of sales revenue, inventory changes and other work performed by entity and capitalised.

AktG

Aktiengesetz (German Stock Corporation Act)

Cost of Materials Ratio

The cost of materials ratio represents the ratio of cost of materials to aggregate operating performance.

EBIT

Earnings Before Interest and Taxes

EBIT Margin

The EBIT margin represents the relationship between profits before interest and taxes and aggregate operating performance.

EBT

Earnings Before Taxes

EnMS

The Energy Management System (EnMS) pursuant to DIN EN ISO 50001 ensures the continuous and systematic improvement of an entity's energy-related performance.

HGB

German Commercial Code

IASB

International Accounting Standards Board – an international independent panel of accounting experts that develops and revises the International Financial Reporting Standards (IFRS).

IFRS

International Financial Reporting Standards – international accounting guidelines issued by the International Accounting Standards Board (IASB).

NEC Directive

The NEC Directive defines national emission ceilings.

Material Expense Ratio

The cost of materials quota results from the ratio of the cost of materials to the total output.

Net Profit on Sales

The net profit on sales represents the ratio of consolidated earnings for the year to sales revenues.

Personnel Expense Ratio

The personnel expense ratio represents the ratio of personnel expense relative to aggregate operating performance.

Ratio of Other Operating Expenses

The ratio of other operating expenses represents the relationship between other operating expenses and aggregate operating performance.

VOC

Volatile Organic Compounds – organic chemicals that evaporate easily or, at low temperatures, act as reactive organic gases. German Emission Law (Bundes-Immissionsschutzverordnung) limits the emission of volatile organic compounds. The use of UV paints and lacquers provides for the possibility of complying with the regulations stipulated in the German Emission Law.

WpHG

German Securities Trading Act



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