

Annual Report

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2024



CONTENTS

HERMLE	3
Indices	3
Company executive bodies	4
Company history	5
Highlights 2024	6
Introduction by the Management Board	8
REPORTS	10
Report of the supervisory board	12
Management report of the AG and consolidated report	16
Hermle share	34
From the company:	
Solutions for current industry trends	36
CONSOLIDATED FINANCIAL STATEMENTS	40
Consolidated balance sheet	42
Group income statement	44
- Income statement	44
- Statement of comprehensive income	45
Group cash flow statement	46
Group equity statement	48
Notes to the consolidated financial statements	50
- Development of the consolidated fixed assets 2024	50
- Development of the consolidated fixed assets 2023	52
- Consolidated segment reporting	54
Assurance of the legal representatives	85
Declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)	86
FURTHER INFORMATION	88
by Maschinenfabrik Berthold Hermle AG	
Balance sheet	90
Development of assets	92
Income statement	94
Proposal on the appropriation of profits	95
Hermle Worldwide	97

INDICES

HERMLE GROUP

€m	2020	2021	2022	2023	2024	Change 2024/2023
Turnover	296.9	376.0	474.1	532.3	487.9	-8.3%
- Domestic	112.2	139.2	171.5	203.3	179.4	-11.7%
- International	184.7	236.8	302.6	329.0	308.5	-6.2%
Orders received	242.5	439.1	534.1	494.8	456.2	-7.8%
Order backlog	44.8	107.9	168.0	130.5	98.7	-24.4%
Investments	21.6	8.6	10.4	33.2	51.3	54.5%
- Property, plant and equipment ¹	21.6	7.6	10.4	33.2	51.3	54.5%
- Financial assets	–	1.0	–	–	–	–
Depreciation	10.4	11.3	11.2	11.6	14.5	25.0%
- Property, plant and equipment ¹	10.4	11.3	11.2	11.6	14.5	25.0%
- Financial assets	–	–	–	–	–	–
Operating result	54.2	74.6	99.6	115.8	85.3	-26.3%
Net income	40.1	54.9	71.8	87.6	65.9	-24.8%
Cash flow	50.5	66.3	87.8	99.1	80.7	-18.6%
Balance sheet total	347.0	415.0	467.8	506.4	484.6	-4.3%
Equity	274.4	305.2	334.8	366.9	358.9	-2.2%
Employees (reporting date 31 December)	1304	1320	1383	1511	1603	6.1%

¹ Property, plant and equipment and intangible assets

For ease of reading, the terms used in this annual report, such as employee and worker, should be broadly representative and inclusive for all persons.

This annual report is published in the original German version and in an English translation. In case of deviations between this English translation and the original German version of this annual report, the original German version takes precedence.

COMPANY EXECUTIVE BODIES

SUPERVISORY BOARD

Dietmar Hermle

Chair,
Entrepreneur

Lothar Hermle

Deputy Chair,
Entrepreneur

Dr. Sonja Zobl-Leibinger

Deputy Chair,
Lawyer

Prof. Dr. Wolfgang Kuhn

Entrepreneur

Gerd Grewin*

Industrial Foreman, Control Technician,
Chair of the Works Council

Andreas Borho*

Industrial Business Management Assistant

MANAGEMENT BOARD

Günther Beck

Areas of responsibility:
Finances Information technology

Franz-Xaver Bernhard

Areas of responsibility:
Research & development Sales

Benedikt Hermle

Areas of responsibility:
Materials management . Production . Service .
Human resources

*Elected employee representatives

Additional Management Board and Supervisory Board positions
are stated in the Appendix on page 84.

COMPANY HISTORY

- 1938 Founding of Berthold HERMLE, a bolt and machine screw manufacturer, in the southwestern German town of Gosheim.
Production of turned parts begins.
- 1953 Conversion to Maschinenfabrik Berthold HERMLE KG.
- 1956 Centrifuge production begins.
- 1957 Milling machine production begins.
- 1972 Presentation of first HERMLE universal milling machine.
- 1975 Production of numerically-controlled milling machines.
- 1978 Start of production of CNC controlled milling machines.
- 1984 Conversion to Maschinenfabrik Berthold HERMLE GmbH & Co.
- 1990 Conversion to Maschinenfabrik Berthold HERMLE AG, company is publicly traded on the stock exchange.
Company opens new sales and administration building in Gosheim.
- 1992 Start of comprehensive restructuring of the HERMLE Group in Germany and abroad.
- 1995 Optimisation of the company as part of the 2000 Concept.
- 1997 HERMLE Vertriebs GmbH commences operations.
- 1998 Founding of HLS HERMLE Systemtechnik GmbH as a joint venture for customer-specific automation of HERMLE machines.
- 1999 HERMLE (Schweiz) AG is founded in Switzerland as a sales and service hub.
Opening of the new Technology and Training Centre in the Kassel-Lohfelden business park.
- 2000 Our technology and training centre opened at the company headquarters in Gosheim.
- 2001 US branch becomes independent entity as HERMLE Machine Co. LLC.
Founding of HERMLE Nederland B.V.
- 2003 Service and sales centre commissioned in North America.
- 2004 Opening of the customer service centre at the location in Gosheim.
Opening of the sales branches and representative offices in China, Austria and the Czech Republic.
- 2005 Founding of the export business HERMLE WWE AG in Switzerland and a Russian subsidiary.
- 2006 Founding of HERMLE Italia S.R.L.
- 2009 During the financial crisis, the concept of the breathing company proves itself once again: Despite the drop in demand, HERMLE manages to make a profit and avoid job losses.
Founding of a branch in Denmark as well as a representative office in Bulgaria.
- 2011 HERMLE opens a branch in Poland.
A new warehouse and logistics centre commences operations at the company headquarters in Gosheim.
- 2014 At its Gosheim location, the company moves into a state-of-the-art production facility for the assembly of large machines and automated plant and opens a new restaurant for customers and visitors.
- 2016 Second production facility is established in Zimmern ob Rottweil.
- 2017 Expansion of machining operations at the location in Gosheim.
- 2018 Acquisition of all shares in the former joint venture HLS, which specialises in automation.
- 2019 Founding of a subsidiary in Mexico.
- 2020 HERMLE manages to overcome the economic slump caused by the COVID-19 pandemic and keep its workforce intact.
Founding of HERMLE South East Asia (Thailand).
Opening of an ultra-modern sheet metal production facility at the location in Zimmern ob Rottweil.
As a full-range supplier, HERMLE now supplies automation solutions for the entire spectrum of machines.
- 2022 HERMLE establishes a subsidiary in China.
- 2023 Founding of a French subsidiary as well as HERMLE South East Europe (Romania)
for developing the markets in Eastern Europe.
Opening of a new service branch in Arizona (USA).

HIGHLIGHTS 2024

JANUARY



Opening of the new spindle production facility – Spindle assembly and repair services move to the refurbished premises of the former sheet metal production facility in Gosheim at the beginning of 2024.

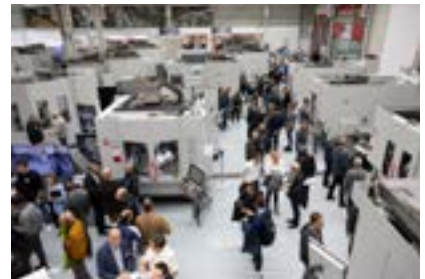
Continuous climate control, effective room cleanliness measures and state-of-the-art test benches ensure enhanced product quality. Temperature control also benefits workers in this area, supported by comprehensive noise reduction measures and an ergonomic workplace design. HERMLE also optimises processes in this strategically important area through a well-planned room layout and the direct placement of spindle repair facility adjacent to the assembly area.

APRIL

Expansion of spindle expertise – HERMLE acquires Gebr. Grieswald GmbH & Co. KG in Burladingen through an asset deal, thus further strengthening its core expertise in spindle technology. The roughly 20 employees of the former supplier are also taken on. Grieswald specialises in high-precision ground parts that HERMLE requires for spindle assembly. Over the following months, the plant is increasingly restructured to meet HERMLE's requirements and increase the proportion of in-house spindle parts.



Open House: Presentation of the first GEN2 models – HERMLE welcomes more than 2,500 visitors from around 1,100 companies and over 30 countries to the 2024 Open House event. Trade visitors show particular interest in the first GEN2 machine models. While the basic design and mechanics of these GEN2 machining centres remain unchanged, their electrical architecture and interfaces have been completely redesigned to meet the latest technological standards. As a result, they are fully geared towards future-proofing, ease of service and flexibility.



25 years of HERMLE Schweiz – In 2024, HERMLE (Schweiz) AG, founded in 1999, reflects on 25 years of success. The subsidiary's positive development is driven by its strong presence in numerous high-tech sectors, including medical technology, in Switzerland. Based in the canton of Schaffhausen, 25 employees now serve customers throughout Switzerland and Liechtenstein. Their main focus is on sales, service and application engineering.



MAY



State-of-the-art training in Gosheim – The HERMLE training workshop and the assembly learning location (LOMO) move to cutting-edge facilities at the company headquarters in Gosheim. Apprentices can learn a future-oriented trade in a productive and pleasant atmosphere spread across 800 square metres of the former sheet metal production facility. The close spatial proximity between the training workshop and the assembly learning location promotes intensive exchange, while providing specific learning and working environments for both areas. The digital training management offering is also available on site. This ensures a balanced learning environment, where practical skills are combined with state-of-the-art technologies.

JULY

Construction of the new application centre – Preparations for the next construction phase at the company headquarters begin with the demolition and removal of old building sections: HERMLE is building a new application centre in Gosheim to ensure sufficient space for showcasing large machining centres and automation solutions. A canteen serving the over 1,000 employees at the location will be integrated into the new facility. Foundation work is set to commence at the beginning of 2025, and the building shell is due to be completed by the end of the year.



AUGUST

Larger location in Zimmern ob Rottweil opens – Following completion of the additional production facility in Zimmern ob Rottweil, the automation assembly team is set to move into the new workshops. Further storage and logistics space as well as the second module of a photovoltaic system are put into operation. HERMLE can generate enough CO₂-neutral electricity to meet the power requirements for the buildings' air conditioning applications on days with sufficient sunlight. The next step is the installation of a new large machining centre for machining operations.



SEPTEMBER

HERMLE at AMB and IMTS – HERMLE will be exhibiting at the two most prominent mechanical engineering trade shows of the year, AMB in Stuttgart and IMTS in Chicago, with large stands and an extensive product range.



Alongside other GEN2 models and compatible automation components, the emphasis will be on integrating an extensive range of technologies into the machining process. At AMB, HERMLE will utilise a C 42 U MT GEN2 machining centre to demonstrate the combination of 13 manufacturing technologies in just one component, thus exemplifying the great versatility of HERMLE products.



INTRODUCTION BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FRIENDS OF THE COMPANY,

HERMLE, like many other companies, faced numerous challenges in 2024. The turbulent times we are currently going through have had an inevitable impact on us, too. The great uncertainty about future global political developments, geopolitical instability and trade disputes is weighing down the global economy. Exporting nations such as Germany and economic sectors like machine tool manufacturing are at the brunt of this. Additionally, our industry in Germany is facing structural shifts within the automotive sector, along with higher regulatory burdens and bureaucratic red tape.

Against this backdrop, HERMLE performed relatively well in 2024: As expected, turnover and earnings dropped significantly across the Group compared to the historically high rate of the previous year – turnover was down 8.3% to €m 487.9 and the operating result fell by 26.3% to €m 85.3. With an equity ratio of 74.1% and liquid funds totalling €m 107.4, HERMLE remains very solid. As such, we can propose to our shareholders that they continue to receive an ordinary, albeit reduced, dividend of € 11.05 per preference share for the past business year.

At the same time, we are currently strengthening our financial position amid an unusually volatile and unpredictable economic climate. This enables us to prepare for the future in a stable way regardless of the economic situation. Regardless of the current challenges facing the industry, the high demand is set to continue in the medium term for high-performance machine tools and automated systems. To ensure we are prepared for this, we embarked upon an extensive investment programme back in 2022 to secure our future. In 2024, the ongoing measures remained in place as planned, and our capacities at various locations were modernised and expanded:

At the company headquarters in Gosheim, we have put a state-of-the-art spindle assembly facility into operation and started preparations for the construction of a new application centre to provide us with sufficient space to showcase our large machining centres and automation solutions. Construction of a new staff canteen is also planned at the location.

At the production facilities built in 2023 in Zimmern ob Rottweil, our second location in the region, the assembly of automation components has begun, and work has started on expanding capacities for machining large parts. The second module of the installed photovoltaic system was also put into operation, enabling us to generate enough CO₂-neutral electricity to meet the power requirements for the buildings' air conditioning applications on days with sufficient sunlight.

Other main focuses of investment included the acquisition of Gebr. Grieswald GmbH & Co. KG – a specialist in high-precision ground parts that HERMLE requires for spindle assembly. Along with its assets, we also took on the roughly 20 employees at Grieswald and restructured the plant, which is located around 40 km from Gosheim, to meet our operational needs. This move has helped to strengthen our strategically important spindle sector.

Our strong capital base not only allows us to invest in the future, it also gives us the flexibility and independence we need for operational aspects of the business. This is a key advantage in the current year, as the current situation is likely to get worse. Major risks to the global economy, particularly the unpredictable political and economic developments in the USA and related tariff disputes, are adding more uncertainty to the situation. In any case, we expect turnover and earnings to be down again in 2025, although currently we cannot predict to which extent.

While there is very little we can do to change this environment, we can adapt, anticipate trends and maintain maximum flexibility to respond swiftly to any new developments. HERMLE is also well equipped for this.

Our concept of the breathing company forms the foundation of our exceptional ability to adapt to shifts in demand. It features a comprehensive flexible working hours system that enables us to respond swiftly and appropriately should the need arise. And this is something we are currently doing, particularly in the indirect areas. In production areas, we introduced slow-down days in the fourth quarter of 2024 in line with current legal regulations and applied short-time work measures in specific departments. Short-time work was extended to most production areas throughout the first quarter of 2025.

Our ability to respond to technological trends early on also has a positive impact. For instance, in the field of automation, which we have been steadily integrating into our product portfolio for more than 25 years. Very successfully, I might add: Today, a large percentage of the machines we sell are equipped with automation components. In 2024, these products helped to stabilise our turnover, not least because they are associated with a higher service volume.

Our ability to adapt is also being tested at present by rapid technological advances in the electronics sector and structural shifts driven by the mobility and energy transition, for example. We are responding to these challenges by converting our machines to the next generation, GEN2. Our GEN2 machining centres are characterised by their new electrical design and state-of-the-art interfaces. This makes them future proof, service friendly, open and flexible. The initial GEN2 models were unveiled in April 2024, and new variants are set for release at the 2025 Open House event. The first next-generation products are also available for our automation components. For example, the RS 2 GEN2 robot system, which will also be on show at the 2025 Open House event.

Further information on GEN2 is available on our website and in the voluntary section of this annual report. That is also where we report on the HERMLE technology component that was made in a single clamping setup using 13 different manufacturing processes. It highlights the versatility of our machining centres and their broad applicability across diverse industries.

Combined with our expanding international presence, this level of versatility provides us with a high degree of flexibility. It strengthens our resilience to economic fluctuations in specific regions or industries, while enabling us to seize global opportunities in future technologies. Despite current regional shifts and structural changes, machine tools will remain essential as the foundation for implementing and manufacturing countless technological innovations. We see potential all around the world. For instance, through the planned development of competitive industries in Europe, such as in the digital sector or the aerospace industry, the expansion of the defence industry, e-mobility or the chip industry. Outside Europe, opportunities exist in multiple areas, such as the planned re-industrialisation of the USA or in India, where capacities are being expanded in a wide range of sectors – from metalworking to the automotive industry and mechanical engineering to renewable energy generation.

HERMLE sees opportunities for growth in all of these countries and sectors. We want to make the most of this situation together with our a team of highly skilled and dedicated professionals, who we would like to thank for their unswerving commitment and amazing performance. Together, we are solidifying our technological leadership in 5-axis machining and further expanding our position in the global market as a full-range supplier of complete automation solutions from under one roof.

Yours faithfully,



Günther Beck
Management Board

Franz-Xaver Bernhard
Management Board

Benedikt Hermle
Management Board



REPORTS



HERMLE C 42 U dynamic in 5-axis version |
Machining of a structural part for the aerospace industry.

REPORT OF THE SUPERVISORY BOARD

LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

Maschinenfabrik Berthold HERMLE AG fared well during the past business year despite a challenging economic climate. As expected, the weak economic conditions, especially in Germany and Europe, and growing investment hesitation throughout the industry resulted in a marked drop in turnover and earnings. That said, incoming orders did not fall as sharply as the industry average. This proves that the strategy of our Management Board to focus on automation, complete machining and internationalisation is actually paying off. The Supervisory Board would like to thank the Management Board and all the employees for their outstanding commitment and excellent performance.

COOPERATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

In the 2024 business year, the Supervisory Board diligently and conscientiously fulfilled all its responsibilities in accordance with legal requirements and the Articles of Association. We provided the Management Board with advice and support in managing the business and closely monitored its activities. Cooperation between the Management Board and the Supervisory Board always fostered an open, trusting and constructive environment. The Management Board provided us with comprehensive and frequent written and verbal updates on all critical company matters. The Management Board was also in regular contact with the Chair of the Supervisory Board, discussing current key issues in particular. We were therefore always aware of the ongoing situation within the company, including the risk and financial aspects, business performance, corporate planning, such as financial, investment and personnel planning, as well as the strategy and business policy. The Supervisory Board was actively involved in all key decisions from an early stage and engaged in thorough discussions with the Management Board. We thoroughly reviewed and discussed transactions requiring approval before they were approved.

SUPERVISORY BOARD MEETINGS AND COMMITTEES

All issues of significance to the company were discussed in detail during Supervisory Board meetings. As in the previous year, five scheduled meetings were held in 2024; on 20 March, 26 April, 3 July (two meetings) and 4 December. All the meetings were face to face and the Supervisory Board members were always in full attendance and therefore quorate. The Management Board also attended all the face-to-face meetings in full and was thus able to answer questions and provide explanations.

As in previous years, the Supervisory Board formed a general committee. It came together once on 4 December 2024 to prepare the long-term succession plan for the Management Board. An Audit Committee was also formed in accordance with the legal requirements. In accordance with Section 107 (4) in conjunction with Section 100 (5) of the German Stock Corporation Act (AktG), at least one member of the Audit Committee must have expertise in the field of auditing (Dietmar Hermle) and at least one further member must have expertise in the field of accounting (Dr Wolfgang Kuhn). The Audit Committee met twice in 2024 and primarily dealt with matters relevant to the audit of the annual financial statement. On 20 March, it resolved to recommend to the full Supervisory Board the appointment of RSM Ebner Stolz GmbH & Co. KG as the auditor of the individual and consolidated financial statements for the 2024 business year and as the auditor of the Sustainability Report and declared that this recommendation was made free of undue influence by third parties. At the meeting on 26 April 2024, the Audit Committee reviewed the auditors' report on the audit of the 2023 annual financial statements, consolidated financial statements and summary management report. After thorough examination, the Audit Committee decided to recommend that the Supervisory Board approve these financial statements.

THE MAIN SUPERVISORY BOARD ISSUES IN 2024

During all Supervisory Board meetings in 2024, the Supervisory Board focused on market trends, the development of the new machine and service business, as well as financial performance and personnel matters. We also remained regularly updated on the progress of planning and construction activities related to the expansion of our locations. In Zimmern ob Rottweil, new assembly and storage capacities were put into operation in the year under review and work commenced on the installation of a new large machining centre. Preparations were also made for the construction of a new application centre and a staff canteen at the company headquarters in Gosheim. Other recurring topics at the meetings included the efforts to liquidate the Russian subsidiaries, which ceased operating at the start of the Ukraine war, as well as key social and environmental concerns.

The agenda of the Supervisory Board meeting held on 20 March 2024 also included a presentation of the preliminary figures from the 2023 annual financial statements of the Group and the AG, as well as the proposal on the appropriation of profits. The recommendation of the Management Board to pay out a dividend of € 15.00 per ordinary share and € 15.05 per preference share for 2023 and to allocate €m 40 to revenue reserves was discussed in detail and approved unanimously. The Supervisory Board was also provided with information on the takeover of Gebr. Grieswald GmbH & Co. KG on 1 April 2024, which further strengthens HERMLE's core expertise in spindle technology. The Management Board also presented the current development projects at HERMLE AG, the HERMLE subsidiary HLS, which specialises in automation solutions, and HMG, which is responsible for the company's own additive manufacturing process. In addition, the Supervisory Board discussed the agenda for the 2024 shareholders' meeting, approved the Corporate Governance Statement, in accordance with Sections 289f and 315d, reviewed drafts of the remuneration and sustainability reports and resolved to increase both the fixed remuneration of the Management Board and the remuneration of the Supervisory Board. Finally, we approved participation of HERMLE AG in the Heuberg Business Association's initiative to establish "Heuberg Energie GmbH".

The main focus of the meeting on 26 April 2024 was the annual financial statements of Maschinenfabrik Berthold HERMLE AG and the Group. The auditing company RSM Ebner Stolz GmbH & Co. KG reported comprehensively on the financial statements and was available for further questions. Ebner Stolz also informed us about the latest status of the new sustainability reporting regulations. Following thorough examination of the annual financial statement documents, the Supervisory Board adopted the annual financial statements of HERMLE AG and approved the consolidated financial statements and the summary management report. Another focus of the meeting was the preparations for the 2024 shareholders' meeting, whose agenda was finalised. To this end, the Supervisory Board approved the dividend proposal and the Supervisory Board report for the 2023 business year and, in line with the recommendation of the Audit Committee, resolved to propose RSM Ebner Stolz GmbH & Co. KG to the shareholders' meeting as the auditor for the annual financial statements of the AG and the Group and for sustainability reporting in 2024. The Management Board also informed us about the design of the 2023 Annual Report, the inclusion of climate risks in the risk reporting practices, the new code of conduct for external business partners and HERMLE employees and the search for suitable rental properties as storage space during the reconstruction phase in Gosheim. Furthermore, we passed a supplementary resolution regarding the adjustment of Management Board remuneration and approved our schedule for 2025.

On 3 July 2024, the Supervisory Board held one meeting before and one meeting after the shareholders' meeting. During the first meeting, we discussed the organisation of the upcoming event and received a brief report from the Management Board on current market trends and year-to-date sales performance. Following the shareholders' meeting, we conducted an in-depth review of development of the Gosheim location and the planned new application centre. We were informed about commencement of the necessary demolition work and gave our basic approval to rent interim storage space for the duration of the construction phase. Another topic of discussion was the expansion of the compliance management system at HERMLE, which was prompted by the ever increasing regulatory demands in Germany and Europe.

The Management Board explained the basic structure of the new compliance management system (CMS) and presented the corresponding CMS manual.

During the Supervisory Board meeting on 4 December 2024, we focused intensively on the budget for the 2025 business year, which is subject to high risks amidst ongoing economic and geopolitical uncertainties. The Management Board outlined the forecasts for the 2025 business year, including the new machine sales planning and the budgets for both the individual company and the Group. Further, the Management Board also reported on planned investments and possible factors influencing the development of earnings and provided us with a sensitivity analysis. We discussed the forecasts and the current challenges facing the industry in detail, before approving the budget and the planned investments. The Management Board also reported on the precautionary application for short-time work measures in some areas and the current regulations governing short-time work. The Supervisory Board also approved the presidential committee's proposals for a long-term succession plan for the Management Board. We resolved to grant Kai Bacher, who is to become the Management Board member responsible for Sales, R&D, Product Management and Foreign Trade & Customs as at 1 January 2026, general power of attorney for the Sales division starting 1 January 2025. Kai Bacher joined HERMLE in 2003 and has been working closely with Franz-Xaver Bernhard, who he will succeed, for several years. Franz-Xaver Bernhard has been a member of the Management Board since 2001 and is stepping down due to age reasons when his current contract expires on 31 December 2025. Proactive succession planning guarantees a smooth transition and continuity within the Management Board. The Supervisory Board was also provided with information on current product extensions and new developments. Finally, we passed the necessary resolutions on the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) and on the quota of women, both of which remain unchanged, and decided that the 2025 shareholders' meeting will once again be held as a face-to-face event.

AUDIT OF THE ANNUAL FINANCIAL STATEMENT 2024

On 3 July 2024, the shareholders' meeting elected RSM Ebner Stolz GmbH & Co. KG as the auditor for the 2024 business year. The auditors assured that in the year under review they did not render any significant services to Maschinenfabrik Berthold HERMLE AG going beyond this assignment and that no circumstances applied that could jeopardise their impartiality or give rise to doubts about their impartiality. The annual financial statements of Maschinenfabrik Berthold HERMLE AG, the consolidated financial statements and the summary management report of the AG and the Group for 2024 were audited by Ebner Stolz and issued an unqualified opinion. The auditors assured that the financial statements give a fair and appropriate presentation of the net assets, financial position and results of operations and that the management report accurately presents the opportunities and risks of future development of HERMLE AG and the Group. The annual financial statements of the individual company were prepared in accordance with the provisions of the German Commercial Code (HGB); while the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and in compliance with the commercial requirements pursuant to Section 315e (1) of the German Commercial Code (HGB).

The Management Board provided the Supervisory Board with the financial statement documents and the audit reports in good time. We scrutinised the documents and discussed them in detail during the balance sheet meeting on 29 April 2025. The auditors also attended this meeting. They presented the key findings, main focal points and critical issues identified during their audit, and were available to address any questions. The Supervisory Board agreed with the auditor's findings and did not raise any objections. We approved the annual financial statements and the management report. The annual financial statements of Maschinenfabrik Berthold HERMLE AG are thus adopted. The Management Board and Supervisory Board will propose to the shareholders' meeting a dividend payment of € 0.80 per ordinary share and € 0.85 per preference share, along with a bonus of € 10.20 for the 2024 business year.

The auditor also examined the remuneration report pursuant to Section 162 of the German Stock Corporation Act (AktG) and raised no objections. We also examined this report, formed an opinion on its correctness and expediency and approved it. Furthermore, the Supervisory Board also reviewed the mandatory non-financial statement pursuant to Section 289b and 315b of the German Commercial Code (HGB) and confirmed that they comply with the legal requirements. An audit of this declaration by the auditor was not required, as the relevant statutory provisions have been postponed.

Given the volatile geopolitical and economic environment, the current business year is expected to pose even greater challenges for HERMLE than the already demanding previous year. A further decline in turnover and earnings is expected in 2025. However, HERMLE's very strong financial situation and its high level of flexibility thanks to the concept of the breathing company allow it to manage extended periods of weak demand relatively well. At the same time, the company is able to carry out planned future projects at its production facilities regardless of changes in the economic environment. As such, our company is well prepared to benefit from future upturns in the economic cycle. The Supervisory Board wishes the Management Board and the entire HERMLE team every success in overcoming the challenges ahead.

Gosheim, April 2025

A handwritten signature in dark ink, appearing to read 'D. Hermle', is positioned above the printed name and title.

Dietmar Hermle
Chair of the Supervisory Board

MANAGEMENT REPORT OF THE AG AND CONSOLIDATED REPORT

This report is a summary management report covering Maschinenfabrik Berthold HERMLE AG and the Group. It is in line with the requirements of the German Accounting Standard (DRS) 20. The 2024 consolidated financial statements were, as in the previous year, prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the European Union. The annual financial statements of the individual company Maschinenfabrik Berthold HERMLE AG were prepared in accordance with the accounting principles of the German Commercial Code (HGB). Details that refer to the individual company are denoted with the addition "HERMLE AG" or "individual company". The separate mandatory non-financial statement pursuant to Sections 289b and 315b of the German Commercial Code (HGB) can be viewed on the HERMLE website at www.hermle.de (under: Company & Career / Investor Relations / Sustainability Report). It contains all key information on our sustainability activities as well as the legally required disclosures in accordance with the EU Taxonomy Regulation¹. There are no disclosure requirements in accordance with Sections 289a and 315a of the German Commercial Code (HGB), as only the preference shares of Maschinenfabrik Berthold HERMLE AG's share capital, which is divided into 4 million ordinary shares and 1 million non-voting preference shares, are traded on the stock exchange.

GROUP FUNDAMENTALS

BUSINESS MODEL AND SALES MARKETS

Maschinenfabrik Berthold HERMLE AG is one of the world's leading manufacturers of high-quality milling machines and machining centres and offers its customers complete automation solutions from under one roof. Our 5-axis machining centres and high quality standards set benchmarks in the industry. HERMLE's customers include domestic and international companies in various high-tech sectors. They encompass mechanical and plant engineering with applications for packing technology, mining or the special vehicles segment, the aerospace industry, medical technology, the electronics and chip industry, the optical industry, energy technology, toolmaking and mould construction as well as the automotive industry, including their subcontractors. Our customer base is being continuously broadened so that the importance of individual sales sectors, such as the automotive industry, is gradually decreasing. Moreover, we increasingly distribute our products worldwide and develop growth markets in a targeted manner in order to improve our international position. Germany is still the key market.

Our product range has a modular structure that is being permanently enhanced in accordance with the requirements of the various market segments. The basis is formed by two machine series:

High-quality entry-level machines of the Performance Line and extremely dynamic, precise and powerful machining centres of the High Performance Line. They are complemented by a growing number of automation and digital components. We utilise these modules to increasingly develop bespoke solutions for flexible automation and digitally networked production systems for our customers. To this end, our machining centres are enhanced with a range of functional modules as required, from tool handling and digital components to robot systems. Standardised interfaces are increasingly being used to integrate additional external functionalities into production facilities. In addition, we offer services for additive manufacturing.

ORGANISATIONAL STRUCTURE

The HERMLE Group consists of the parent company Maschinenfabrik Berthold HERMLE AG and several domestic and international subsidiaries. HERMLE AG assumes most of the development and production activities, central services and logistics services, as well as commercial, IT and administrative functions of the Group. Other domestic companies include the subsidiaries HPV HERMLE Vertriebs GmbH (HPV), HLS HERMLE Systemtechnik GmbH (HLS), which specialises in customised automation solutions, and the development company HERMLE Maschinenbau GmbH (HMG), which focuses on additive manufacturing. The

¹ This sentence is an unverified statement.

companies which have their headquarters in Germany make up the domestic company segment.

The foreign sales segment comprises our companies and operating facilities outside Germany. They are essentially responsible for sales and service activities in various regions. Independent HERMLE subsidiaries are located in China, France, Italy, Mexico, the Netherlands, Romania, Switzerland, Thailand and the USA. In addition, there are HERMLE operating facilities in Denmark, Austria, Poland and the Czech Republic as well as representative offices in other sales regions, for example in Bulgaria, which organisationally belong to HERMLE AG.

STRATEGY AND CORPORATE MANAGEMENT

The strategy of Maschinenfabrik Berthold HERMLE AG is geared towards profitable organic growth. We aim to produce premium grade tool machines and top-class automation solutions in Germany relying on a strong equity base and a highly motivated and competent team of employees working for the company on a long-term basis, offer excellent service worldwide and in the process generate adequate income. With our high-precision, powerful machining centres, automation components and digital modules, which are continuously being further developed, we have become an established partner for integrated automation solutions. We want to continue to consolidate this position. Moreover, we are striving for a broad industry-related positioning and intend to further advance the internationalisation of our activities as well as the digitalisation of our product range and all corporate processes. In the year under review, we were able to successfully implement our strategy.

We also continued our work on a systematic sustainability strategy in 2024. A key focus is on enhancing the energy efficiency of our production solutions, as the majority of emissions generated throughout the life cycle are linked to the operational phase of the machining centres. In 2024, we made significant progress with the market launch of our GEN2 machines and automation components, which provide our customers with substantial efficiency benefits and considerable energy-saving potential.

This topic of sustainability has always been a high priority at HERMLE. For example, we are committed to conserving resources in our operations, sourcing raw materials from local suppliers, keeping routes short and providing attractive and secure jobs for our employees. In recent years, stricter statutory regulations have significantly raised the standards for sustainable corporate governance. To meet these requirements and further reduce CO₂ emissions, for example, we are taking a pragmatic approach by maximising savings potential in material and energy consumption, as well as transportation, wherever feasible. Another crucial

aspect is the contribution that our machines and systems can make to driving sustainable innovation for our customers, as they are essential in many industries for initiating technological advancements. As a precautionary measure, we actively monitor the risks associated with increasing sustainability requirements, which are currently minimal for HERMLE overall.

The HERMLE Group is controlled centrally by HERMLE AG. We primarily use incoming orders, turnover and earnings before interest and taxes (EBIT), which correspond to the operating result, as a key indicator for this. The Management Board of HERMLE AG, which consists of three members, is responsible for managing the company.

CORPORATE GOVERNANCE STATEMENT

The working methods adopted by the Management Board and the Supervisory Board as well as relevant details of corporate governance practices are set out in the Corporate Governance Statement pursuant to Sections 289f and 315d HGB, which is permanently available on our website www.hermle.de (under: Company & Career / Investor Relations / Mandatory publications / Corporate Governance Statement). It also includes the legally required disclosures of female-to-male employee ratios pursuant to Sections 76 and 111 of the German Stock Corporation Act (AktG).

Remuneration of the Management Board is presented in detail in the Remuneration Report which is available on our website at www.hermle.de (menu item: Company & Career / Investor Relations / Mandatory Publications / Remuneration System/ Remuneration Report).

BUSINESS REPORT

FRAMEWORK CONDITIONS: GLOBAL ECONOMY GREW BY 3.2% IN 2024

Based on preliminary figures from the International Monetary Fund (IMF), the global economy grew by 3.2% in 2024 (previous year: 3.3%), falling short of the 3.7% average recorded over the past two decades. According to a report by the German Council of Economic Experts, the moderate expansion of the global economy in the period under review was primarily supported by the services sector, although industrial production also increased. Conversely, trade restrictions and geopolitical risks along transport routes impaired the global movement of goods.

According to the IMF, the economy in the industrialised nations grew by 1.7% in 2024, as in the previous year, while developing

and emerging countries recorded an overall increase of 4.2% (previous year: 4.4%). That said, there were major differences between the major economies: The gross domestic product (GDP) in the USA rose by 2.8% buoyed by strong consumer spending (previous year: 2.9%). In China, where consumer confidence remained subdued and the real estate sector showed only tentative signs of stabilisation, gross domestic product increased by 4.8% (previous year: 5.2%) thanks to a high level of exports. The economy in India grew by 6.5% (previous year: 8.2%) and in the ASEAN states by 4.5% (previous year: 4.0%). In contrast, economic performance in the eurozone increased by just 0.8% (previous year: 0.4%), with the recession in Germany countered, for example, by notably stronger growth in France and Spain.

According to preliminary calculations by the Federal Statistical Office (Destatis), German GDP contracted by 0.2% last year (previous year: 0.3%). Declines were recorded in the construction industry, in particular, but also in the manufacturing sector. The German Council of Economic Experts believes the economy is being held back by both cyclical and structural problems: Firstly, significant uncertainty regarding overall economic and political developments negatively affected both private consumption and investment within the industry. Secondly, higher production costs relative to other countries and sluggish productivity growth reduced competitiveness, an effect felt most noticeably by Germany's export-driven economy.

INDUSTRY SITUATION: SUBDUED MECHANICAL ENGINEERING SECTOR

Against the backdrop of ongoing geopolitical tensions and uncertainties, the demand for investment goods declined globally in 2024 according to the German Mechanical Engineering Industry Association (VDMA). In addition, the mechanical engineering sector was particularly affected by far-reaching structural changes and overcapacity in some customer sectors. According to estimates by economists of the German Mechanical Engineering Industry Association (VDMA), global machinery sales fell by 2% last year on a price-adjusted basis. While growth was visible in both China and India, machine sales in the USA and Europe were down, in some cases significantly.

According to the German Mechanical Engineering Industry Association (VDMA), the weak global economic situation led to a 7.5% real-term decline in production by German machinery and plant manufacturers in 2024 compared to the previous year. Their incoming orders fell short of the 2023 level by 8% on a price-adjusted basis. New orders decreased in Germany in particular: The decline even reached double figures, at 13%. At just -5%, there was also very little impetus from overseas.

According to estimates by the German Mechanical Engineering Industry Association (VDW), the international machine tool industry also recorded losses in 2024. Global machine tool production is estimated to have fallen by 3.8%, with the most significant reductions in America and Europe, while output in Asia remained only slightly below the previous year's level. Among the three leading manufacturing nations, China achieved a notable increase in production, while the number of machines manufactured in Japan and Germany declined significantly compared to the previous year.

According to estimates by Oxford Economics, VDW's forecasting partner, 2024 saw a 4% fall in the production of machine tools in Germany. According to VDW figures, turnover in the German machine tool industry fell by 7% in 2024, while incoming orders declined 19% overall, with new orders from Germany down 9% and orders from abroad down 24%. Major uncertainties in the macroeconomic environment, combined with rising cost pressures, growing regulatory requirements and increasing bureaucratic red tape, likely had a substantial dampening effect on the industry's willingness to invest.

Structural shifts in the automotive industry had a noticeable impact on key customer sectors for machine tool manufacturers, leading to reduced demand not only from vehicle producers but also from suppliers like tool and mould makers. However, it should also be noted that this was partially offset by increasing demand from growth sectors such as telecommunications, the electronics industry and artificial intelligence.

From a technological perspective, complete machining of a component and thus the integration of various technologies in one production system is playing an increasingly important role. Furthermore, Industry 4.0, which encompasses the automation and digitalisation of manufacturing processes, continues to play a pivotal role within the sector. Alongside the push for greater efficiency, a major driving force is the acute shortage of skilled labour in Germany and other industrialised countries. This has prompted companies to invest more heavily in automation, thereby speeding up the shift towards autonomous production. In addition to the increasing degree of automation, simple and convenient operation of the production systems is also becoming more and more important.

AN OVERVIEW OF HERMLE'S BUSINESS PERFORMANCE

As anticipated, weak industry-wide development in 2024 had a negative impact on the business performance of Maschinenfabrik Berthold HERMLE AG and the Group. In the first half of the year, we continued to benefit from the strong order backlog carried over from 2023 and a less-than-expected drop in demand, while the subdued economic climate in the machine tool industry became increasingly visible in the second half of 2024. Overall, incoming orders of the HERMLE Group decreased by 7.8% to €m 456.2 during the past business year. As such, the demand for HERMLE production solutions outperformed the industry average, something that we attribute to our strong position in automation and complete machining, our excellent service quality and the increasing internationalisation of our business activities. Our strategy has once again paid off.

HERMLE Group sales decreased by 8.3% to €m 487.9 in 2024. The decline in Germany was, however, significantly higher than overseas. In fact, the non-European markets had a particularly stabilising effect, while Europe, especially Germany, was largely influenced by weak economic performance and the structural crisis within the automotive industry. The gradual depletion of the order backlog ultimately led to reduced utilisation of our capacities over the year. As forecast, earnings before interest and taxes (EBIT) dropped 26.3% to €m 85.3, which was a significantly higher rate than turnover. Lower capacity utilisation in particular had a dampening effect on earnings, as did rising personnel costs driven by an expanding workforce, wage increases and a persistently high sickness absence rate. Increased competitive pressure also meant that we were unable to fully pass on higher purchase prices to our customers.

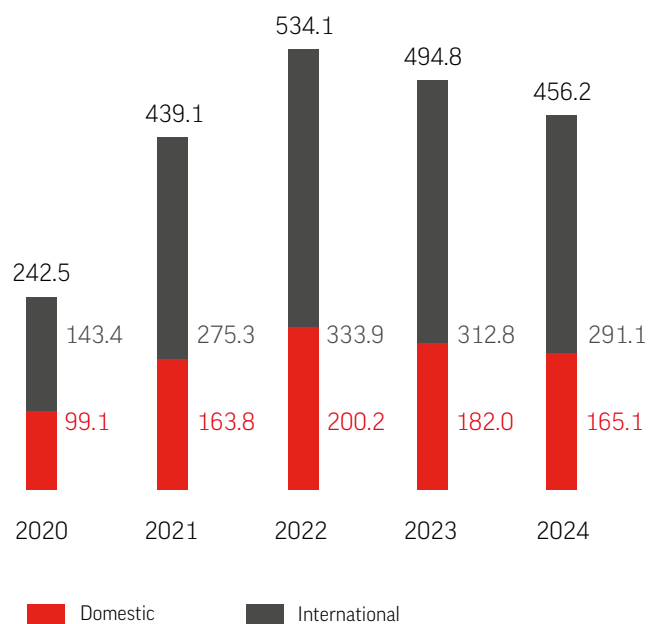
Overall, Maschinenfabrik Berthold HERMLE AG and the Group developed in line with expectations in 2024. We were able to consolidate our market position as technology leader in 5-axis machining centres and expand in the field of automation and complete solutions.

HERMLE INCOMING ORDERS DECREASE BY 8% TO €M 456

New orders amounting to €m 456.2 were received across the HERMLE Group in 2024, 7.8% less than in the previous year. Thanks to strong demand for automated complete solutions, development in the first half of the year was relatively resilient to the economic weakness of the industry. In the second half of the year, however, the industry's reluctance to invest also had a considerable impact on HERMLE. For the year as a whole, incoming

orders in Germany fell by around 9.3% to €m 165.1. Totalling €m 291.1, 6.9% fewer new orders were also received from customers overseas. The order backlog fell from €m 130.5 to €m 98.7 compared to the same reporting date.

Orders received by the HERMLE Group in €m

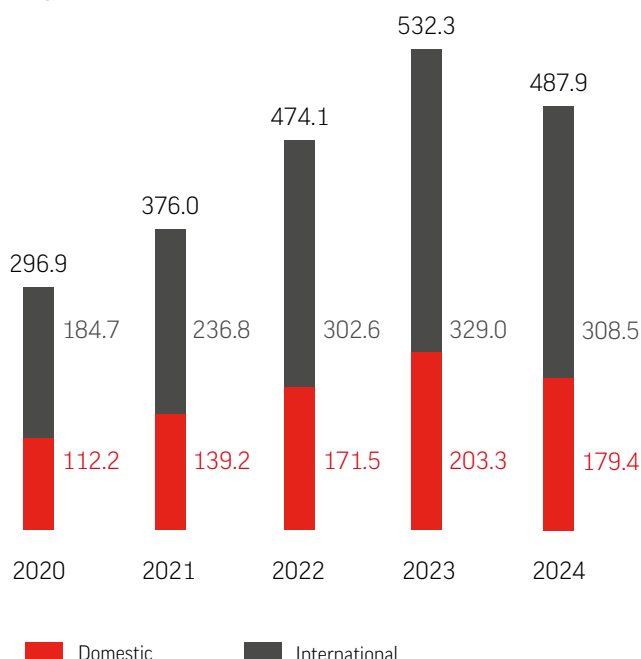


At the individual company HERMLE AG, incoming orders fell by 8.0% to €m 413.5 during the period under review (previous year: €m 449.4). Domestic sales accounted for €m 166.5 (previous year: €m 183.0) and international sales for €m 247.0 (previous year: €m 266.4). The order backlog of HERMLE AG totalled €m 93.5 on 31 December 2024 compared to €m 118.6 on the same date in the previous year.

GROUP TURNOVER DECREASES BY 8% TO €M 488.0

Due to the cyclical slow-down in demand over the year, the HERMLE Group turnover fell by 8.3% to €m 487.9 during the period under review. While business in new machines declined as expected, service revenues, which increased due to the growing number of installed automation solutions at customer sites, had a stabilising effect. Domestically, the business volume decreased by 11.8% to €m 179.4. Thanks to our increased internationalisation activities, non-domestic turnover only fell by 6.2% to €m 308.5. Consequently, the export ratio improved from 61.8% to 63.2%.

HERMLE Group turnover in €m



In 2024, the individual company HERMLE AG generated turnover of €m 438.6 compared to €m 485.4 in the previous year, which represents a fall of 9.6%. €m 180.8 thereof were generated by domestic sales (previous year: €m 204.2) and €m 257.8 by foreign sales (previous year: €m 281.2). The export ratio increased from 57.9% to 58.8%.

SEGMENT DEVELOPMENT

Turnover in the domestic company segment of the HERMLE Group decreased by 13.1% to €m 262.1 in 2024. While HERMLE AG and the sales company HPV recorded declines, the business volume of the automation specialist HLS grew significantly in the period under review. HMG, which is responsible for development and the range of services in the area of additive manufacturing and contributes to HERMLE AG's turnover, was able to slightly increase its business volume.

Turnover in the foreign sales segment decreased by just 2.0% to €m 225.8. This shows that our intensified overseas activities are paying off. Significant growth was achieved at the new subsidiary in France, but the companies in China, Mexico and the USA were also able to boost their business volume. The Swiss-based export business HERMLE WWE achieved business growth, especially in India and the Balkan states. Turnover at our subsidiaries in the Netherlands and Italy was down somewhat on the previous year's very good level. The business performance of HERMLE AG's other foreign subsidiaries, branches and representative offices ranged from stable to slightly declining. Generally speaking, HERMLE's

non-European subsidiaries were less affected by the economic downturn than the companies based in Germany and Europe.

OPERATING RESULT OF €M 85 COMPARED TO €M 116 IN THE PREVIOUS YEAR

As anticipated, the HERMLE Group's results in 2024 were significantly impacted by the drop in turnover and the resulting decline in capacity utilisation. Total operating performance decreased by 7.6% to €m 493.5. The lower business volume was partly balanced by an inventory increase of €m 3.9 (previous year: €m 1.0), which was driven by the deferral of certain machine deliveries to the following year and a modest rise in current inventories related to the ongoing transition to GEN2. The company-produced assets rose from €m 0.7 to €m 1.7. As in previous years, they mainly concerned self-produced machines and testing equipment for production and quality assurance.

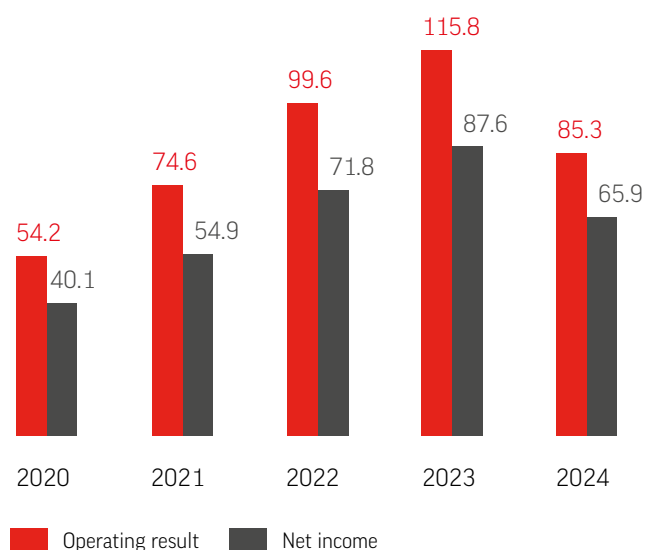
The cost of materials developed almost in line with total output and accounted for 41.1% (previous year: 40.7%) of it. The further rise in certain purchase prices, especially for supplier parts, which we were unable to fully pass on to our customers due to heightened competition, was largely offset by positive effects from the growing share of our international business.

Personnel costs, which rose significantly from 26.8% to 30.4% of total operating performance, were primarily driven by an expanding workforce, wage increases and a persistently high sickness absence rate. Moreover, higher costs were incurred due to an increasing amount of red tape imposed by new legal regulations, thus leading to an increase in unproductive overtime.

Depreciation in the HERMLE Group rose to €m 14.5 (previous year: €m 11.6). This was mainly due to the expansion of the location in Zimmern ob Rottweil in recent years. The net balance of other operating expenses and income was €m -40.9 (previous year: €m -46.0). Reduced warranty expenses and income from the reversal of related provisions, along with income from asset sales, were offset by higher expenditures for trade fairs, travel and maintenance, primarily due to relocation and demolition activities at the location in Gosheim.

In the past business year, the operating result (earnings before interest and taxes (EBIT)) of the HERMLE Group was €m 85.3 after the all-time high of €m 115.8 in the previous year. €m 75.6 thereof (previous year: €m 102.5) was attributable to the domestic companies segment, and €m 10.2 (previous year: €m 13.7) was generated by the foreign sales segment. Thanks to an improved financial result, rising from €m 2.5 to €m 3.7 in 2024 due to higher average market interest rates compared to 2023, the HERMLE Group achieved an EBIT of €m 89.0 in

HERMLE Group operating result and net income in €m



2024 (previous year: €m 118.4). This resulted in a reduced but still very solid gross margin on turnover of 18.2% (previous year: 22.2%). The consolidated after-tax net income amounted to €m 65.9 compared to €m 87.6 in the previous year. This results in a distribution of € 13.17 per ordinary share (previous year: € 17.50) and € 13.22 per preference share (previous year: € 17.55).

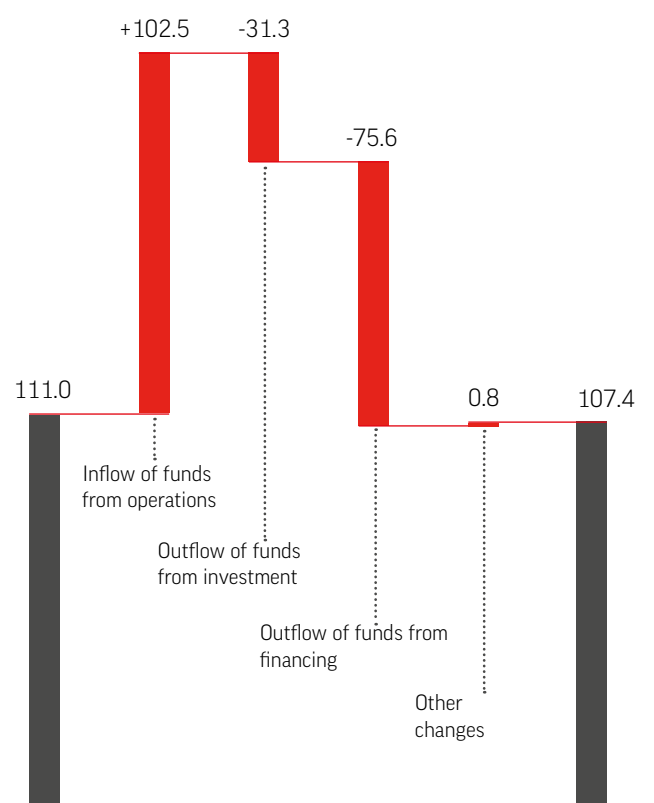
The operating result of the individual company HERMLE AG according to HGB regulations was €m 73.5 in the year under review (previous year: €m 100.6). The net income included €m 10.3 in dividends from subsidiaries (previous year: €m 8.3) and dropped from €m 82.9 to €m 66.1.

FINANCIAL MANAGEMENT AND FINANCIAL POSITION: CASH FLOW AT €M 81

The approach of HERMLE AG and the Group is grounded in conservative financial management. The objective is to finance both the operational aspects of the business and investments primarily through internally generated cash flows and to secure liquidity. This enables us to respond to changes in the market quickly, flexibly and relatively independently of third-party interests and the unsettled capital markets. Our liquid funds are invested exclusively in low-risk and predominantly short-term investments to ensure that we can access them quickly in the event of an economic downturn. We use financing options such as leasing only in a few exceptional cases where this seems advisable.

In 2024, the HERMLE Group's cash flow before changes in working capital fell by 18.6% to €m 80.7 on the basis of the lower result. At the same time, funds tied up in working capital decreased significantly, mainly due to the business-related reduction in inventories and trade accounts receivables. Overall, the inflow of funds from operations amounted to €m 102.5 compared to €m 92.1 in the previous year.

HERMLE Group liquidity development 2024 in €m



Financial funds
as at 01.01.2024

Values rounded

Financial funds
as at 31.12.2024

The cash flow for investments amounted to €m -31.3 (previous year: €m -39.1). The cash outflow for investments in property, plant and equipment and intangible assets increased to €m 50.8 (previous year: €m 32.2) due to the extensive development measures at the locations. This was offset in particular by cash inflow totalling €m 18.0 (previous year: cash outflow of €m 8.0) from the purchase and sale of outside marketable securities in connection with maturing time deposits and their reinvestment.

The outflow of funds in finance operations totalled €m 75.6 (previous year: €m 55.5). The year-on-year increase resulted from the significantly higher dividend payout to shareholders. For the 2024 business year, the Management Board recommends that the Supervisory Board proposes a decreased distribution of € 10.00 per ordinary share and € 10.05 per preference share. In addition to the unchanged base dividend of € 0.80 per ordinary share and € 0.85 per preference share, this corresponds to a bonus of € 9.20 for each share (previous year: € 14.20).

On balance, the outflow of funds in the HERMLE Group totalled €m 3.7 during the past business year. As a result, liquidity decreased from €m 111.0 on 1 January 2024 to €m 107.4 on 31 December 2024. This continues to ensure a strong financial position for the planned investments and helps to cushion the anticipated further downturn in the industry.

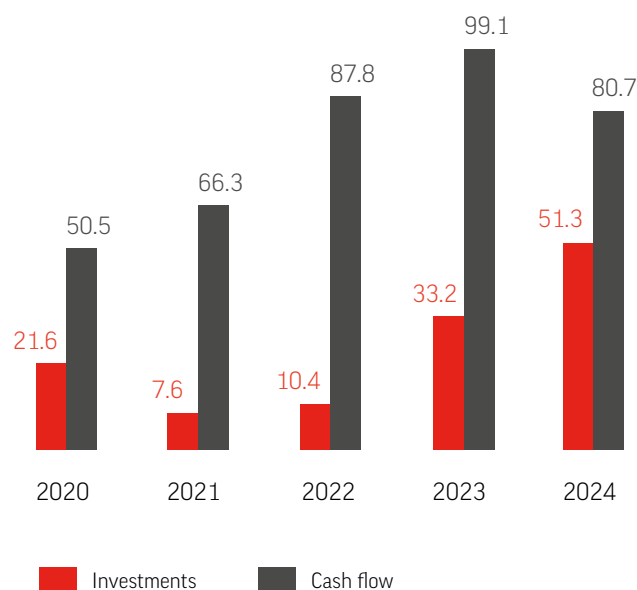
In 2024, the liquid assets of the individual company fell from €m 110.7 to €m 79.7, compared to the same reporting date.

HERMLE INVESTS IN FUTURE PROJECTS

Our strong financial position enables us to carry on with the future projects initiated in 2024, despite the current difficult economic situation. As part of a multi-year investment programme to expand the locations, substantial investments were made, primarily in new buildings and production facilities for large components, along with expanded assembly and storage areas, at the location in Zimmern ob Rottweil. Additional priorities included quality assurance, test benches, the new spindle assembly and repair services, demolition work for the planned application centre at the location in Gosheim as well as acquisition of the former supplier Gebr. Grieswald GmbH & Co. KG as part of an asset deal. Added to this are ongoing investments in cyber security. Overall, investments in property, plant and equipment and in intangible assets across the Group in 2024 totalled €m 51.3 (previous year: €m 33.2).

At the individual company HERMLE AG, investments in property, plant and equipment and in intangible assets increased from €m 28.0 to €m 46.8. They also related primarily to the expansion and modernisation of the locations in Gosheim and Zimmern ob Rottweil as well as to the acquisition of the assets of Gebr. Grieswald GmbH & Co. KG.

HERMLE Group cash flow and investments* in €m



*Investments in property, plant and equipment and intangible assets

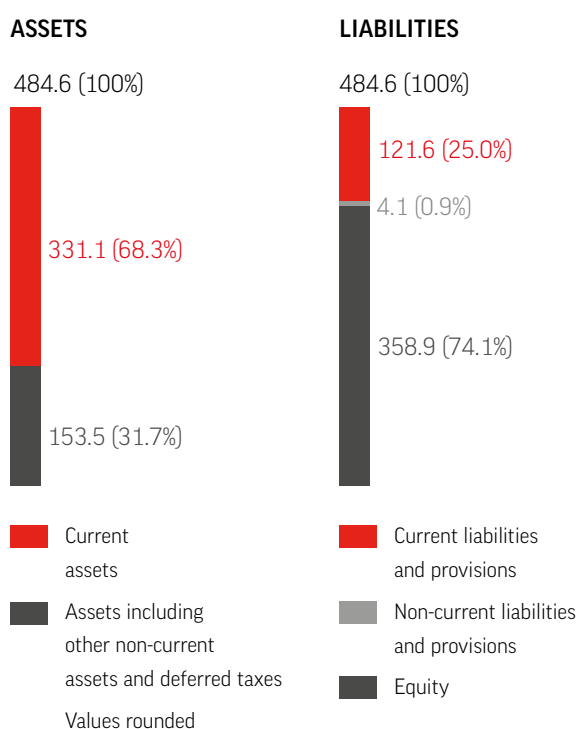
NET ASSETS

The HERMLE consolidated balance sheet decreased by 4.3% to €m 484.6 as at 31 December 2024 compared to the same date in the previous year. The main reason for this was the lower business volume, which led to a 14.4% decline in current assets to €m 331.1 on the assets side of the balance sheet. Inventories fell from €m 120.8 to €m 107.9, and trade accounts receivables dropped from €m 93.2 to €m 64.6. Moreover, the liquid funds decreased from €m 111.0 to €m 107.4. Securities and other assets, which exclusively include time deposits with maturities of between three months and one year, fell from €m 49.0 to €m 34.0. In contrast, other current receivables increased from €m 12.8 to €m 17.2 due to outstanding tax refunds.

As a result of our extensive expansion and modernisation measures at the locations in Gosheim and Zimmern ob Rottweil and the acquisition of Gebr. Grieswald GmbH & Co. KG, non-current assets increased by 28.5% to €m 153.5. This increase affected almost all property, plant and equipment items, which rose by a total of 36.1% to €m 139.8: Land, leasehold rights and buildings increased from €m 52.9 to €m 81.7, technical plants and machinery from €m 13.8 to €m 19.1 and other plants, fixtures and fittings from €m 16.0 to €m 22.0. Only the advances paid and assets in construction decreased from €m 20.0 to €m 16.9. Intangible assets only changed insignificantly from €m 9.0 to €m 8.7, while financial assets fell from €m 3.0 to almost zero as a result of changed maturities for fixed-term deposit investments and repayments on maturity.

The most important item on the liabilities side of the balance sheet at the end of 2024 continued to be equity, which decreased by 2.2% to €m 358.9 compared to the same date in the previous year due to payment of the previous year's dividend after the 2024 shareholders' meeting. As the balance sheet total also declined, the equity ratio rose to 74.1% (previous year: 72.5%). Non-current liabilities amounted to €m 4.1, nearly unchanged from the previous year's level (previous year: €m 4.2), and thus remain of minor significance.

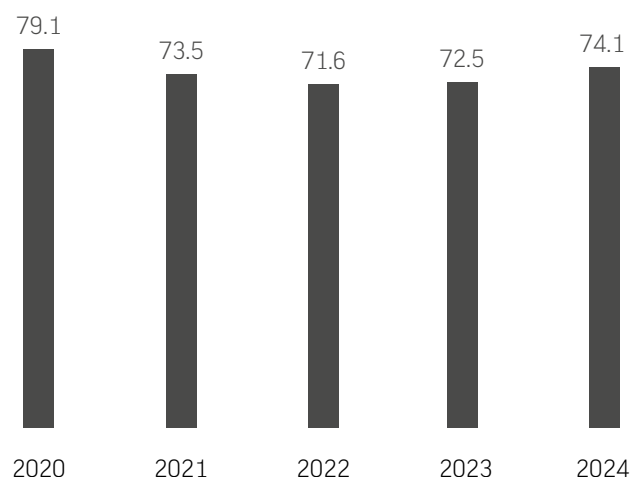
Balance sheet structure of the HERMLE Group (31.12.2024) in €m



The drop in sales also had an impact on the current liabilities, which fell by 10.1% to €m 121.6. The trade accounts payable increased from €m 8.8 to €m 14.3 due to outstanding final settlements for the building in Zimmern ob Rottweil. Advance payments on orders received decreased significantly. As a result, other current liabilities decreased from €m 56.8 to €m 55.4, despite a significant increase in tax liabilities within this total due to upcoming payments to the tax authorities. Conversely, the tax provisions decreased from €m 13.3 to €m 1.0. The other current provisions totalled €m 50.9 and were slightly below the previous year's level of €m 56.4. For business-related reasons, they included fewer provisions for warranty obligations and outstanding services.

In the individual company HERMLE AG, the balance sheet total decreased by 4.4% to €m 387.5 in 2024 compared to the same reporting date (31 December). Equity fell by 3.0% to €m 291.9, resulting in an equity ratio of 75.4% (previous year: 74.2%).

HERMLE Group equity ratio in %



OVERALL ASSESSMENT OF THE ECONOMIC SITUATION AND COMPARISON WITH THE FORECAST

The business performance at HERMLE developed in line with expectations in 2024. The decline in incoming orders and turnover was not as high as announced, as demand was better than expected, particularly in the first half of the year. We attribute this primarily to our strong market position in automation and complete machining solutions, along with the continued expansion of our international activities. For the year as a whole, incoming orders in the Group fell by 7.8% to €m 456.2. At the start of 2024, we predicted a drop in incoming orders of at least 10%, with a potential decline of up to 25% in the worst-case scenario.

In 2024, turnover decreased by 8.3% to €m 487.9 for the Group as a whole and by 9.6% to €m 438.6 for the individual company. At the start of the year, we expected that, even in the best-case scenario, neither the Group nor the AG would likely match the strong performance of the previous year, with a potential decline of up to 20% in an unfavourable scenario. In the period under review, the operating result fell by 26.3% to €m 85.3 for the Group and by 26.9% to €m 73.5 for the AG, which was largely in line with the original forecast.

Despite the lower result, the financial and assets position of the HERMLE Group remained very strong: The operating cashflow in 2024 was €m 80.7 (previous year: €m 99.1). As at the reporting date, we reported liquid funds of €m 107.4 (previous year: €m 111.0) and an improved equity ratio of 74.1% (previous year: 72.5%).

Overall, the Management Board of Maschinenfabrik Berthold HERMLE AG views the company's business performance and economic situation in 2024 as still satisfactory, particularly in light of the significant challenges currently impacting the industry. However, given the marked decline in demand during the second half of the year and the likely continued strain from the economic environment, a further downturn is expected in 2025.

OTHER PERFORMANCE FEATURES

R&D: MARKET LAUNCH OF GENERATION 2

Our intensive research and development (R&D) activities continued at an intense pace in 2024. They are a key success factor for HERMLE, designed to provide added value for our customers and help further strengthen our market position. The main focus is on technological advancements in our machine series as well as on enhancing the breadth and depth of our automation and complete machining expertise.

In the past business year, the focus was firmly on the Generation 2 (GEN2) project, which aims to take our machining centres to the next technological level. The entire electrical architecture is being completely redesigned and all the interfaces updated to ensure compatibility with the latest technological standards. The basic elements of the machines will, however, remain unchanged. The goal is to keep our product range extremely service friendly, future proof, open and flexible in view of the rapid technological advances in the electronics sector. Another key factor is the greater energy efficiency of GEN2 machines, which enables our customers to be both more economical and more sustainable. The changeover will occur gradually and take roughly two years to complete.

The first Generation 2 machines were unveiled in April 2024, along with various new automation components, such as the ZM 30 additional magazine. Further GEN2 machine models and automation components are set to follow at the HERMLE Open House in May 2025; for example the RS 2 GEN2 robot system, which sets new standards in terms of flexibility and storage capacity.

Another focus of our development in the period under review was our spindle portfolio, which was expanded to include a 20,000 rpm spindle. This variant, which was specially developed for universal applications, is now available for almost all series.

In the field of MPA technology (metal powder application process), our additive manufacturing process that is offered to customers as a service, the focus is on controlling the temperature of components using cooling channels and a combination of various metals. In 2024, we were able to implement further innovative solutions for customers in high-tech sectors, such as the telecommunications and aerospace industries.

NEW PRODUCTION AREAS UP AND RUNNING IN ZIMMERN OB ROTTWEIL AND GOSHEIM

In 2024, we were able to move into various new production areas at the locations in Zimmern ob Rottweil and Gosheim. After completing the interior work in 2024 of the new buildings in Zimmern ob Rottweil, which were constructed in 2023, an additional production facility for automation components and extra storage space were added there. It was thus also possible to relocate external storage areas back to the company's own premises. As part of the construction work, a new energy centre was also built, which now centrally and efficiently supplies heating and cooling energy to these buildings. A photovoltaic system, whose second module became operational in 2024, is also integrated. The development of additional production facilities for large components in Zimmern ob Rottweil was also advanced: Installation of the new large machining centre, which began in the middle of the year, should be completed in the coming months.

In 2024, spindle assembly and repair services commenced at the refurbished premises of the former sheet metal production facility at the company headquarters in Gosheim. Additionally, we began preparations for a new application centre and staff canteen. This involved demolishing older buildings by the end of the year and making the necessary logistical changes. Steps were also taken to rent interim-storage space close to the location.

In the period under review, we also further strengthened our core expertise in spindle assembly through the acquisition of Gebr. Grieswald GmbH & Co. KG in Burladingen. This former supplier, who was acquired as part of an asset deal effective from 1 April 2024, is a specialist for the high-precision ground parts required for our strategically important spindle assembly. Along with its buildings, machines and fittings, we also took on the roughly 20 employees of Gebr. Grieswald GmbH & Co. KG. The location in Burladingen, which is located close to our company headquarters,

was restructured over the year to meet our operational needs and increases the proportion of in-house spindle parts.

PROCUREMENT: FURTHER INCREASE IN PRICES FOR SUPPLIER PARTS

Despite our high level of in-house production, purchased materials and components play a key role at HERMLE. The cost of our materials accounts for more than 40% of the Group turnover. To ensure a reliable supply of all critical parts, we maintain long-term and trusting relationships with our suppliers. In the period under review, contracts were also selectively concluded with new alternative suppliers. Whenever possible, we work with suppliers from the local region and avoid overseas deliveries.

We contribute to financial stability in the supply chain as a reliable and solvent partner with an excellent payment record. The weak economic conditions in 2024 once again heightened the risk of insolvency across the supply chain. At the same time, the cost of certain supplier components continued to rise. Due to the increased competitive pressure, we were unable to fully pass on the higher purchase prices to our customers.

SERVICE AND SALES: INTERNATIONALISATION REMAINS IMPORTANT

The increasing importance of our international business primarily requires the expansion of our international sales and service activities. Our objective is to expand into new markets and customer bases as well as to enhance support for customers in existing regions by shortening response times, for example. We also aim to strengthen our resilience against potential customer production shifts driven by escalating energy costs, regulatory restrictions in Europe and geopolitical conflicts.

Due the increasing share of automated production systems in our portfolio, the importance of our extremely reliable service is growing continuously. To ensure the high service quality of our portfolio, which is well recognised within the industry, we continued to expand and consolidate our domestic and international service networks in 2024 and increasingly digitalised the corresponding processes.

In the period under review, we placed particular emphasis on strengthening our sales activities outside Europe. Our involvement in international trade fairs also increased in 2024. In total,

we took part in roughly 40 trade fairs on all continents, almost a third more than in the previous year. The majority of events were held in Europe, America and Asia. The HERMLE Open House and the AMB trade fair in Germany, together with the International Manufacturing Technology Show in the USA, remained our most important trade fair events. We also organised numerous user days and workshops designed to boost customer loyalty.

HERMLE TEAM GROWS TO 1,603 PEOPLE

On 31 December 2024, the HERMLE Group employed 1,603 people, 92 more than on the same date in the previous year. The increase was partly due to the takeover of the roughly 20 employees of Gebr. Grieswald GmbH & Co. KG. Further, new employees were hired primarily for customer service roles in Germany and abroad and for areas associated with automation. As in previous years, junior staff were taken on after completing their apprentices or dual study programmes and the vacant positions were filled. At the end of 2024, 614 people were employed across the Group in production (previous year: 531), 114 in administration (previous year: 93) and 875 in the areas of customer and supplier service as well as R&D (previous year: 887).

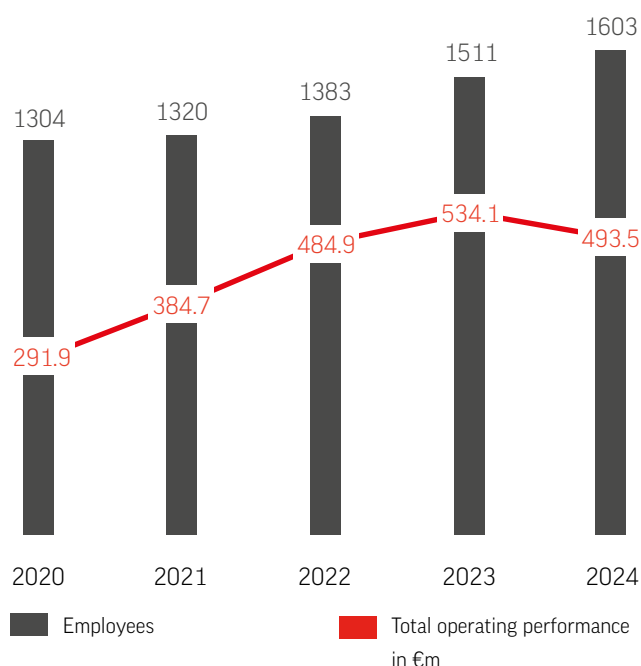
On average, 1,571 people worked for the HERMLE Group in 2024 (previous year: 1,472), of which 1,357 (previous year: 1,282) were employed in the domestic company segment and 214 (previous year: 190) at the foreign sales companies.

At the end of the 2024 business year, HERMLE AG employed 1,255 people (previous year: 1,179). This included 126 apprentices and cooperative university students, compared to 111 on the same date in the previous year. This high number underlines the importance that HERMLE attaches to promoting junior staff. In doing so, we are addressing the shortage of skilled labour, while also meeting our corporate responsibility.

TOTAL OPERATING PERFORMANCE PER EMPLOYEE AMOUNTS TO €K 307.9

The total operating performance per employee of the HERMLE Group in 2024 amounted to €k 307.9 (previous year: €k 353.5) due to reduced working hours and an increase in the number of employees. Due to decreased capacity utilisation and the expected prolonged decline in demand, we already took the precaution of introducing production-free days in the fourth quarter of 2024 and applying for short-time work measures in certain departments. Despite the drop in turnover, the demands on our employees remained high throughout the year under review, not least due to the commissioning of the new production areas in Gosheim and Zimmern ob Rottweil. To reward the outstanding commitment of the workforce, all employees in Germany will again receive an incentive payment, linked to the amount of the dividend, in the form of a fixed one-off amount following the distribution of dividends.

Total operating performance and number of employees of the HERMLE Group



DIVERSITY IN THE HERMLE TEAM

Factors such as tolerance and diversity of the workforce also contribute to HERMLE's success. Diversity, for example in terms of gender, nationality and age, is the basis for us being able to draw on a wide range of experience and prevent the shortage of skilled labour in Germany. Against this background, a key objective is to expand the quota of women in industrial-technical professions. Well over 80% of all jobs at HERMLE, including positions on the first two management levels, have a technical focus and require training in industrial professions or so-called MINT subjects

(mathematics, information technology, natural sciences and technology). Women are still underrepresented in these areas. Nevertheless, our recruitment procedures for technical staff aim to consider at least a number of women proportionate to the total number of applicants. To this end, HERMLE has geared its recruitment campaigns, such as Girls' Days, specifically towards young women. They give interested female candidates the chance to find out about career opportunities in technical professions. Our EMMA (Electronics, Mechatronics, Mechanics and Automation) support project is also aimed at female apprentices and their specific needs. We further intensified these programmes in 2024. Nonetheless, we were only partially able to increasingly consider female candidates for new positions, as the number of women interested in technical professions is generally not yet large enough. The quota of women at HERMLE AG overall was 16% (previous year: 15%), while in the industrial-technical sector it rose from 8% to 9%.

Disclosures relating to the quota of women in management positions are contained in the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

Thanks in part to the continued internationalisation of our activities, there are increasing opportunities for individuals of various nationalities to work at HERMLE. In particular, to strengthen our position in key foreign markets, open up new markets and intensify customer contacts, we specifically recruit native speakers from countries as required. Applications from persons with an international background are also very welcome when expanding the workforce at the company headquarters. In 2024, there were corresponding new contracts, primarily for sales and service roles in the USA and France.

People with disabilities enrich our workforce and find attractive jobs at HERMLE. In 2024, the quota of severely disabled employees at HERMLE AG remained around the previous year's level of 2.4%.

HERMLE benefits considerably from the extensive experience of older employees. Therefore, we want to keep employees in the company for the long term. We do, however, also offer older employees the possibility to switch to part-time working models prior to retirement if they are interested in doing so. In 2024, the average age of employees at HERMLE AG remained unchanged at around 38 years and they had been active in the company for 12 years. Last year, 93 employees across the Group were recognised and celebrated for their years of service to the company (10, 25, 40 or 50 years) (previous year: 59). Over the past decade, 27 HERMLE employees, including six women, have celebrated 40 years with the company.

SUPPLEMENTARY REPORT

Following the conclusion of the 2024 business year and up until this report was signed off, there were no events that had significant effects on the earnings, financial and assets position of HERMLE AG or the Group.

RISK AND OPPORTUNITIES REPORT

RISK AND OPPORTUNITIES MANAGEMENT

As an internationally active, medium-sized company, Maschinenfabrik Berthold HERMLE AG faces a wide range of opportunities and risks. Opportunities can, however, often only be exploited by accepting certain risks. The management of opportunities and risks represents a fundamental cornerstone of our corporate governance and is absolutely essential for our long-term positive development. In principle, we only want to take risks if the associated business is expected to make an appropriate contribution to the company's assets.

The basis of our risk and opportunity management is our Group-wide planning and controlling system. It provides us with early information on important external or internal changes which might lead to opportunities or risks for HERMLE. We regularly evaluate and discuss the results across all departments within the company. As shown during this open discussion, we develop suitable strategies to deal with the respective opportunities and risks.

ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

HERMLE has installed an internal control system (ICS) to supplement risk and opportunity management and to ensure that the annual and consolidated financial statements comply with the regulations. The key components include the general separation of central functions and the application of the two-person rule as a matter of principle in the areas and business processes of key importance to the company's overall risk situation, which are additionally secured by access controls on IT systems. Additionally, random checks are carried out in selected fields. Preparation of the annual and consolidated financial statements is handled centrally by the accounting department at Maschinenfabrik Berthold HERMLE AG in Gosheim and is closely overseen by the Management Board.

INTEGRATED MONITORING, CONTROL AND COMPLIANCE MANAGEMENT SYSTEM²

The effectiveness of the risk management and internal control system is regularly reviewed in accordance with the legal requirements. We also undertake monthly analyses of orders received, turnover and key expenditure items, as well as monitor trends in individual cost categories in order to identify any discrepancies quickly. In addition, there are suitable control mechanisms in product and order costing, service, sales, personnel, warehousing and manufacturing that enable conspicuous changes in these areas to be recognised at an early stage. In response to the growing volume of regulations and new EU legislative initiatives, we expanded our compliance management in the year under review and installed a new compliance management system. Further information on this can be found in the Corporate Governance Statement. There is also a comprehensive whistleblower system in place for compliance violations. The Management Board is not aware of any findings from its review of the internal control and risk management system, or from reports on the ICS and compliance management system, that would suggest these systems are inadequate or ineffective.

² The information in this section is not part of the management report and is not subject to audit.

PRESENTATION OF KEY RISKS

Below, we have set out the key risks for HERMLE in the order of their significance:

Market and economic risks – The demand cycles typical of our industry can be intensified by a deterioration in the economic environment. Throughout the past business year, the risks stemming from the highly uncertain macroeconomic environment of previous years continued to increase. The war in Ukraine and other crises, such as the strained relations between China and the United States or the conflicts in the Middle East, weighed on the geopolitical situation and generally brought about growing sales and supply risks. These challenges are exacerbated by the unpredictable course of the new US administration, which may trigger additional political crises and escalate trade conflicts. In Germany, uncertainty was also intensified by structural shifts in the automotive industry, the collapse of the governing coalition and the announcement of early elections. Compounding this further are the high energy prices and the increasing density of regulation and red tape in Germany and Europe – factors that could weaken the competitive position and responsiveness of export-oriented companies based there. The economic downturn,

coupled with significantly stricter financing conditions in certain customer industries, has slowed the pace of new investments. There is likely to be a growing need for support from our company in this area in the future. There is also a heightened risk of insolvencies among our customers.

Furthermore, sales risks are rising as a result of the energy and mobility transition. Due to the increasing demand for electricity for heat pumps and electromobility, some of our customers are unable to secure adequate electricity from their utility providers to commission additional machine tools.

Generally speaking, HERMLE can compensate for economic fluctuations very well through flexible structures and processes within the concept of the breathing company. In addition, our high liquidity and equity ratio, as well as the resulting extensive independence, enable us to withstand changes in demand on a larger scale.

Procurement risks – HERMLE carefully selects suppliers to avoid procurement risks. We normally work with them in fair, usually long-term partnerships. This ensures we have sufficient access to high-quality purchased materials and components and can avoid procurement bottlenecks. We generally counter the risk of supply shortages with a second-source strategy, rolling demand planning and safety stock as far as is reasonable. The risk of supply chain disruptions has eased somewhat since the end of the COVID-19 pandemic but still persists due to ongoing geopolitical tensions. The weak economy and more challenging financing conditions have led to a renewed increase in the risk of insolvency among our suppliers, which we help minimise by making reliable and prompt payments. To address the ongoing increase in purchase prices in certain areas, we make moderate adjustments to our sales prices. However, this remains only partially possible given the current challenging economic conditions. By operating our own photovoltaic system, combined heat and power plant and short-term emergency power supply, we partly avoid increasing energy supply risks that result from the phasing out of conventional power plants and the energy transition and which have, in particular, increased in the area of gas supplies due to the war in Ukraine.

Competitive risks – To combat the intense competitive pressure in the machine tool industry, HERMLE relies on particularly high-quality machines, individual production systems, a very competent and reliable service, high delivery reliability and the close customer loyalty that goes with it. Through our intelligently structured product range and the modular design of our machines as well as automation and digitalisation components, we are able to offer tailor-made solutions and at the same time maintain a sound cost structure. Moreover, the differentiation

of our product range to meet diverse market requirements has a positive impact on our competitive position. As a result of the current economic downturn and structural shifts in the automotive industry, competition in the machine tool industry intensified further in 2024.

We counter trends towards market consolidation on the demand side and the risk of associated dependencies through regional and industry-specific diversification and by striving to acquire new customer accounts and open up new markets, particularly abroad. We reduce the risk of companies defaulting on payment through insolvency through intensive scrutiny of orders and comprehensive receivables management.

With the growing internationalisation of our industry, the probability of imitators is growing continuously. This is why we have consolidated our R&D activities at the location in Gosheim and strictly regulate access to them. Our high degree of vertical integration and the fundamentally highly complex nature of HERMLE machines and systems provide a certain degree of protection.

IT risks – To counter information technology (IT) risks, HERMLE employs state-of-the-art technology and redundant systems in key areas. In Gosheim, there are two mirrored computer rooms as well as another room for data backup in different parts of the building. Furthermore, we secure our data on a partly redundant infrastructure. We also have consistent security mechanisms in place, which are reviewed annually by external specialists. We raise awareness among our employees about the high priority of data security through regular training sessions. Despite these extensive measures, IT failures cannot be completely ruled out. The risks from cyber crime are increasing worldwide, and HERMLE, like other companies, faces cyber attacks on an ongoing basis. To minimise the resulting risks, such as hacker attacks, we further expanded our IT security systems in the period under review, for example by segmenting our networks more strongly and installing a new radio link between the locations in Gosheim and Zimmern ob Rottweil. This helps to boost data security and ensures the connection to the Internet, especially during the extensive construction work at the company headquarters. Furthermore, cyber insurance is in place to ensure that we have access to sufficient support capacity from external specialists in the event of an emergency.

Innovation and product risks – HERMLE regularly exchanges ideas with customers, system suppliers and other market participants. We use these discussions not only to continuously align our product range to user requirements but also to minimise the innovation risks. Moreover, our intensive R&D activities further strengthen our technological leadership. To minimise product liability risks, HERMLE relies on extensive testing prior to market

launch, technical risk analyses as well as suitable contract designs, insurance and proactive service measures.

Quality risks – The high quality of its machines and service is a key factor for HERMLE's competitiveness. This is guaranteed by way of systematic quality management, comprehensive testing procedures and training for our employees. We also minimise quality risks through the use of sophisticated machines and components as well as our extensive experience and expertise in the field of automation. We continuously enhance our service capacities to ensure a very good level of services and spare parts supply, even with an increasing share of the automation business.

Production risks – HERMLE minimises the risk of production failures through careful, preventive and extensive maintenance and early investment measures. Our production facilities are always kept up to date with the latest technology. Furthermore, the use of efficient organisational structures ensures that production runs as smoothly as possible. The high technical expertise of our employees reduces the probability of operating errors. Our production facilities, some of which are redundant, also help to reduce the risk of production downtime. The risk of power supply disruptions remains high, especially during the winter months, due to the ongoing energy transition and the potential for an energy crisis as a result of the war in Ukraine. Although HERMLE operates emergency generators to power doors, gates, lighting and the IT infrastructure, we do not have our own power plants to maintain a constant supply for production in the event of an outage. Due to the current lower utilisation of production capacities, temporary outages could be compensated for more easily than in the past. The relative importance and ranking of this risk area have, therefore, decreased compared to the previous year.

Compliance risks – HERMLE is subject to extensive statutory regulations, for example with regard to climate and environmental protection, product safety and export licences. In light of new legal obligations introduced in recent years and the accelerating pace of regulatory changes, we now view this area as a relevant risk. As a result, it has been included in our risk catalogue for the first time. In particular, the growing number of highly complex regulations related to sustainability reporting, emissions targets, protection of human rights in supply chains and export controls present significant challenges. Non-compliance in these areas can result in substantial penalties and serious reputational damage. To mitigate these risks, we keep a close eye on legal developments and pro-actively prepare for the implementation of new regulations. In 2024, we established a compliance management system to support our efforts. In principle, we still consider compliance risks to be manageable at present.

Climate risks – The measures implemented by the EU and the German government to combat climate change pose the risk of cost increases stemming from higher energy and CO2 prices. This could result in increased costs for both our machining processes and for purchased materials and transportation. As a company in the machine tool industry, HERMLE is currently less affected by these negative factors compared to the average, since we do not have exceptionally high energy demands and our business model is not very CO2 intensive. However, the sharp rise in electricity demand driven by the growing electrification of transportation, building technology and industrial production increases the risk of power supply bottlenecks. This could also negatively influence future investment decisions, especially among our customers in Germany and Europe. Currently, we classify risks from climate change as low.

Personnel-related risks – Our employees are highly competent in their field, have completed most of their training at our company and regularly gain further qualifications. To increase the already high level of motivation and reliability of our team, we offer the most varied and interesting tasks possible, long-term employment relationships and autonomous activities. HERMLE positions itself as an attractive employer, is strongly committed to education and training as well as the recruitment of women to the workforce, particularly in technical areas, in response to the increasing shortage of skilled labour in Germany resulting from current demographic trends. The challenges for HERMLE as an employer have increased due to greater demands from employees, such as flexible working hours or regulations governing working from home. Overall though, we continue to categorise personnel-related risks as low.

Financial risks – HERMLE finances both major investment projects and ongoing business activities largely internally. We have a conservative balance sheet and a high equity ratio. We therefore categorise financial and liquidity risks as low. Currency risks are prevented through suitable hedge transactions, which are, just like the other financial risks, shown in detail in the notes to the consolidated financial statements under item (29). However, tax risks can arise from the high complexity of national and international tax regulations.

Overall risk situation – The continued rise in geopolitical and economic uncertainties in our environment once again substantially heightened economic risks during the period under review. At the same time, they increased the risk of insolvency among our customers and suppliers, which already exists due to structural shifts in the automotive industry and more challenging financing conditions. Risks in the IT and compliance area also increased slightly. In general, the predictability of external developments in 2024 and the first quarter of 2025 once again decreased significantly. In the view of the Management Board, the currently

discernible risks are manageable for HERMLE. They still do not pose a threat to the company's existence, either individually or in combination.

PRESENTATION OF THE OPPORTUNITIES

For HERMLE, various opportunities for future development arise both from the corporate environment and from its own strengths. They are presented below divided into varying categories, but also partly overlap.

Opportunities from the environment

Innovative companies like HERMLE can utilise technological changes to expand. The current trends towards networking and automation in machining processes (Industry 4.0) as well as complete machining and energy efficiency offer great potential for HERMLE. As a recognised and experienced full-range supplier, we can design and implement a wide range of production systems for our customers, right up to complete automation solutions for large workshops, into which additional functionalities can be integrated. To do so, we utilise our high-quality and extremely reliable machines, a comprehensive range of corresponding automation and digitalisation modules, which we are continuously expanding, as well as our extensive experience in the areas of production and automation. In view of this, HERMLE is tapping into new markets and opening up new areas of demand for existing customers. The transition of our machines to Generation 2 has further strengthened our starting position in this regard.

Social and political trends offer further opportunities. For example, the demographic change in many industrialised countries thus strengthens the sales potential of our automation solutions, as they give the users the opportunity to actively counter the shortage of skilled labour. Another example is climate protection, as the transition to new technologies, i.e. for alternative energy generation or advancements in automotive technology, often requires the use of machine tools.

From a regional perspective, there are growth opportunities, especially abroad. HERMLE is therefore continuously expanding its position in key markets and is reviewing additional interesting sales regions on an ongoing basis. Opportunities also stem from the increasing maturity of various foreign markets where HERMLE is already active, as demand for higher-quality machining centres continues to rise there.

HERMLE can also benefit from a macroeconomic and industry environment that is developing more positively than expected. Our proprietary concept of the breathing company creates flexible capacity reserves and processes, ensuring a high ability to deliver

and respond. This enables us to respond swiftly to positive economic developments.

Moreover, during a general economic upturn, sales potential for HERMLE products rises, as customers increasingly demand high-performance, reliable machines in phases of upturn due to anticipated renewed business activity.

Opportunities from the strengths of the company

As outlined in the chapter on external opportunities, the above-average quality and flexibility of our products and internal processes present strong growth potential. This competitive advantage is reinforced by the high level of expertise and motivation of our workforce. Thanks to their commitment, experience and know-how, we can better cope with fluctuations in demand and capacity utilisation and enhance customer loyalty based on strong service. Our employees thus play a vital role in strengthening our technologically leading market position.

Positive effects can also arise from our long-term HR policy. As we keep the workforce as stable as possible during crises, such as the recent COVID-19 pandemic and the current challenging economic situation, we have an intact, competent and motivated team in place for subsequent phases of upturn. This enables us to respond quickly to a recovery in demand.

The high reliability of our machining centres, our growing automation and digitalisation expertise and our product portfolio, which is very up to date and needs oriented due to continuous innovations, increase our chances of gaining new customers as well as opening up potential for additional applications of our machines by existing customers. The current transition of our portfolio to Generation 2 further strengthens this position. Moreover, the high-grade, standardised 3 and 5-axis models that augmented the machinery portfolio in recent years improve our prospects of winning customers in new regions.

Another success factor is our reputation as a dependable, financially stable and quality and service-oriented partner, known for continuity and high delivery reliability. This reputation heightens our chances of acquiring new customers in both our existing market segments and new ones.

Our healthy liquidity and equity ratio, which makes us largely financially independent and enables us to respond rapidly to fluctuations in demand, also has positive effects. This allows us to withstand economic downturns for longer than others, which increases our opportunities in particular during and after crises.

FORECAST

MODERATE GROWTH IN THE GLOBAL ECONOMY

The International Monetary Fund (IMF) forecasts that the global economy will expand by 3.3% in 2025, slightly more than in the previous year. An increase of 1.9% is expected in the industrialised nations, while the economy in the developing and emerging countries is expected to pick up by 4.2%. In its January 2025 World Economic Outlook (WEO) Update, the IMF describes development as stable but lacking strength. In addition, the differences between the various countries continue to grow. The IMF now projects 2.7% GDP growth for the USA, 0.5 percentage points higher than its October 2024 WEO forecast. The outlook for China has also slightly improved, with its economy projected to grow by 4.6% (October 2024 WEO: 4.5%). In the eurozone, however, growth is expected to be just 1.0%, 0.2 percentage points lower than the October forecast. This is mainly due to further reduced expectations for Germany, where GDP is projected to grow by just 0.3% (October 2024 WEO: 0.8%).

The moderate growth of the global economy faces significant uncertainties. According to the IMF, downside risks continue to persist, including the impacts of the crises in the European energy sector and the Chinese property market. Additionally, trade conflicts are escalating due to tariff hikes threatened by the new US administration, some of which have already been enacted, potentially severely impacting export-driven countries like Germany in particular. Moreover, rising protectionism would drive up prices, contributing to higher inflation. Possible tax relief and an expansive fiscal policy in the USA could provide short-term benefits but pose medium-term risks for the global economy due to the country's already high national debt.

INDUSTRY ENVIRONMENT: DECLINING MACHINE PRODUCTION DESPITE MODEST POSITIVE EFFECTS WORLDWIDE

Regardless of the major macroeconomic uncertainties, the VDMA forecasts a 1% real-term growth in global machinery sales for 2025. Regional trends are expected to be very heterogeneous: While the industry is likely to grow in key Asian countries (India, China, South Korea, Japan) and the USA, the association anticipates stagnant sales in the EU. In the major European mechanical engineering countries, Germany and Italy, overall sales are expected to decline – despite a projected rise in demand for capital goods in the second half of the year.

Against this backdrop, the VDMA expects production in the German mechanical engineering sector to drop again in 2025

– by an estimated 2% in real terms. This forecast carries an unusually high level of uncertainty, as future economic developments depend on numerous unpredictable factors. In addition to the existing burdens, further uncertainties include the unclear direction of the new US administration and the complex government formation process in Germany. Rising global protectionism is expected to impact international trade, posing significant challenges for Germany's export-oriented mechanical and plant engineering industry. There is still no sign of a turnaround in incoming orders.

Although the VDW reported a slight upturn in demand in the German machine tool industry for December 2024, order intake declined sharply over the year as a whole. The industry association hopes the low point has been reached and anticipates a slight improvement in the economic environment in 2025. However, a tangible recovery and genuine turnaround are not expected before the second half of 2025 or even 2026. Given the low order backlog at the turn of the year, production in the machine tool industry is expected to decline again in 2025. The VDW currently forecasts a decline of around 10%. The sector is particularly burdened by the structural shift in the automotive industry, Germany's weak economy and ongoing geopolitical and trade policy uncertainties.

PROSPECTS FOR MASCHINENFABRIK BERTHOLD HERMLE AG

Like the VDW, Maschinenfabrik Berthold HERMLE AG anticipates gradual stabilisation in 2025, though not a significant rebound in demand. The exceptionally high and varied uncertainties outlined earlier make forecasting future business development particularly challenging. In our view, the most significant risks include intensified trade conflicts and tariff disputes. Even more unfavourable scenarios than previously anticipated cannot be ruled out here. Assuming the economic environment aligns with forecasts from economic and industry specialists, we expect the HERMLE Group's incoming orders this year to match last year's level, though they could also be up to 20% lower.

With a low order backlog at the start of 2025, sales in the AG and the Group are expected to decline by at least a high single-digit percentage and in the worst-case scenario by up to around 25%. Earnings before interest and taxes (EBIT) at HERMLE AG and the Group are expected to decline significantly faster than turnover – by at least 40% under current conditions, and potentially up to 90% in unfavourable circumstances. This is mainly due to the lower capacity utilisation. In response to this, flexitime accounts will be increasingly reduced in the first half of 2025, and additional areas and employees will be placed on short-time work. However, changes in legal regulations have limited our flexibility with regard to flexitime accounts. As a result,

we will need to implement more short-time work, which will lead to slightly higher personnel-related costs. Additionally, we anticipate increased expenses from ongoing construction measures, particularly in the logistics area, which will also affect earnings. Depending on the overall economic development, competitive dynamics could intensify, potentially having a significant impact on the income situation. The extreme tariff increases of up to 25% recently threatened by the new US president against European manufacturers, including those in the automotive industry, are factored into the above forecast range, but their precise effects are difficult to quantify reliably. In such a scenario, the capacity utilisation of many European companies, their demand for machine tools and the overall price-quality balance would be more significantly impacted by these indirect effects.

Thanks to our strong financial base, the financial and asset position of the HERMLE Group and its individual company will remain solid, despite the anticipated significant decline in earnings. Although our liquid funds will continue to decline due to ongoing high investments, the equity ratio is expected to remain strong in 2025. This means that we can proceed as planned with our forward-looking projects already underway at our locations in Gosheim and Zimmern ob Rottweil, involving investments of over €m 30. In the current year, the investment efforts will primarily focus on the construction measures for the new application centre at our company headquarters. Foundation work commenced at the turn of 2024/2025, with the structural shell expected to be completed by the end of the year. The installation of the new large machining centre in Zimmern ob Rottweil is scheduled for completion and the additional production facility for large parts is set to begin operations by the middle of the year. Investments in automation and grinding technology are planned at the new location in Burladingen.

These forward-looking projects position us for long-term growth and prepare the company for the anticipated recovery in machine tool manufacturing. To ensure we can respond swiftly to a recovery in demand, we aim to keep our workforce intact throughout this challenging and economically weak period. Our flexible working hours under the "breathing company" concept, combined with the use of short-time work, support this goal. Where capacity allows, positions that became vacant through staff turnover will currently not be filled.

We will also continue our R&D activities with unwavering commitment in order to further develop the product portfolio in line with our customers' needs. Key focus areas will include automation, digitalisation, complete machining and energy efficiency. In this regard, we are also exploring the potential applications of artificial intelligence to enhance customer benefits by integrat-

ing new digital components into our product portfolio. We will showcase additional Generation 2 machines and automation components at the 2025 Open House event.

Moreover, we aim to strengthen our service and sales in the current year, aligning with demand. As the share of automation in our portfolio grows, service requirements are expected to increase accordingly. We will expand our sales activities, particularly outside Europe.

OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT

Against the backdrop of the challenging and currently extremely uncertain and hardly predictable general conditions, Maschinenfabrik Berthold HERMLE AG expects that incoming orders for 2025, both at HERMLE AG and the Group, will be either at the previous year's level or up to 20% lower. From today's perspective, sales at HERMLE AG and the Group are expected to decline by at least a high single-digit percentage and in the worst-case scenario by up to around 25%. Earnings before interest and taxes (EBIT) are expected to fall by at least 40% and, in disadvantageous conditions, by as much as 90%. Given the numerous geopolitical and economic uncertainties, the forecast carries significant risks.

Despite the current challenging environment, we remain optimistic about the medium-term opportunities for Maschinenfabrik Berthold HERMLE AG. In the future, companies across various industries worldwide will continue to require high-performance machine tools and manufacturing systems to meet new market demands, drive innovation, improve efficiency and competitiveness and address the shortage of skilled labour. In this environment, we leverage our strong position in automation and complete machining, high product and service quality, growing internationalisation and a skilled, motivated team to our advantage. Through our flexible, yet highly automated production solutions – individually configurable with a range of in-house digitalisation and automation modules and enhanced by additional functionalities via standardised interfaces – we provide our customers with significant added value.

Gosheim, 28 March 2025

Maschinenfabrik Berthold HERMLE AG

Management Board

HERMLE SHARE

KEY FIGURES OF THE HERMLE PREFERENCE SHARE IN €

	2020	2021	2022	2023	2024
Result per preference share ¹	8.06	11.02	14.40	17.55	13.22
Cash flow ¹	10.09	13.26	17.57	19.82	16.14
Equity ¹	54.89	61.04	66.95	73.37	71.77
All-time high ²	294.00	310.00	255.00	247.00	234.00
All-time low ²	197.00	228.00	190.00	203.00	158.00
Year-end share price ²	294.00	243.00	202.00	216.00	164.00
Price/earnings ratio at year-end	35.36	22.05	14.03	12.31	12.41
Price/cash flow ratio at year-end	28.25	18.33	11.50	10.90	10.16
Dividend per preference share	0.85	0.85	0.85	0.85	0.85 ³
Bonus	4.20	8.20	10.20	14.20	10.20 ³
Price on 31 March 2025					169.50

¹Share basis: 5,000,000 pieces

² Source: Stuttgart Stock Exchange

³ Subject to approval at the shareholders' meeting

SHARE PRICES WORLDWIDE ON AN UPWARD TREND

Despite significant economic uncertainties and several geopolitical crises, sentiment on the international stock markets was highly positive in 2024, driven by major companies in the information technology and AI sectors, particularly in the USA. The upward trend remained unaffected by China's weaker-than-expected economic performance or the weak economy in the eurozone, particularly in Germany. On the contrary, several major international stock indices reached new record highs, buoyed by declining inflation. The S&P 500 index in the USA surpassed the 6,000-point mark for the first time and gained around 23% in value over the year. The Euro Stoxx 500 rose by around 8%, while Germany's DAX gained nearly 19% over the year, surpassing the 20,000-point mark for the first time in December after a steady upward trend. The CDAX, reflecting the performance of all German stocks in the Prime and General Standard sectors, gained around 16% compared to the same reporting date.

HERMLE SHARE PRICE FALLS BY 24% OVER THE YEAR

Following a subdued start to 2024, HERMLE preference shares saw strong gains from March onwards, peaking at € 234 at the end of May. However, this was followed by a steady decline, reaching the annual low of € 158 at the beginning of December 2024. In the final weeks of the year, our preference share saw a slight increase, closing at € 164 on 30 December 2024. Compared to the closing price of the previous year, this represented a decline of 24%.

TURNOVER AND EARNINGS DOWN ON THE PREVIOUS YEAR DUE TO ECONOMIC CONDITIONS

As expected, the weak economy, especially in Germany, along with significant uncertainties and the resulting reluctance to invest within the industry, had an increasingly negative impact on HERMLE's business performance over the year, leading to a decline in turnover and earnings compared to the previous year. Group turnover decreased by 8% to €m 488 compared to 2023, and Group profit dropped by 25% to €m 65.9. Earnings per ordinary share amounted to € 13.17 (previous year: € 17.50) and € 13.22 per preference share (previous year: € 17.55).

DIVIDEND PROPOSAL OF € 11.05 PER PREFERENCE SHARE

The individual company HERMLE AG generated a net income of €m 66.2 in 2024 (previous year: €m 82.9) and a balance sheet profit of €m 107.1 (previous year: €m 155.9).

The Management Board and the Supervisory Board will propose at the shareholders' meeting on 2 July 2025 to pay out an unchanged basic dividend of € 0.80 per ordinary share and € 0.85 per preference share as well as a bonus of € 10.20 (previous year: € 14.20). This results in a distribution of € 11.05 per preference share (previous year: € 15.05). Based on the year-end share price for 2024, this results in a dividend yield of 6.7%. This corresponds to an absolute distribution of €m 55. The remaining amount of €m 52 will be carried forward to a new account.

The share capital of Maschinenfabrik Berthold HERMLE AG is divided into four million ordinary shares and one million preference shares. The preference shares have a dividend preference, are non-voting and have been listed on the stock exchange since 1990.

CORPORATE GOVERNANCE AND TRANSPARENCY

The corporate governance of Maschinenfabrik Berthold HERMLE AG is defined by responsible and prudent action.

In this way, we want to secure the soundness and future of the HERMLE Group permanently. We want to consider the interests of all stakeholders affected by our activities, in particular our shareholders, customers, employees, suppliers and other partners, and strive to harmonise them. The basis for this is our company-specific corporate governance concept, which is appropriate for a company of our size and meets all legal standards. Further information on this is contained in our Corporate Governance Statement, which can be viewed and downloaded on our website at www.hermle.de under Company & Career / Investor Relations / Mandatory publications. The declaration of compliance pursuant to section 161 of the German Stock Corporation Act (AktG) can also be downloaded from the website. It is printed on page 92 of this annual report.

We consider open communication with all stakeholders within our sphere of influence to be a key aspect of responsible corporate governance. This also includes our investor relations and press work. HERMLE shareholders, potential investors, the business press and financial market players are informed on an equal footing and in a timely manner about our business performance and important events at the company. To this end, we use, for instance, our annual and half-yearly reports, interim reports on the first and third quarters, as well as press releases and ad hoc announcements as required. The publications mentioned, along with additional detailed information material about HERMLE, our products and services, are available for download on our website at www.hermle.de. At the shareholders' meeting, our shareholders have the opportunity to engage in direct dialogue with the company management. The shareholders' meeting will again be held as a face-to-face event in 2025. Following the shareholders' meeting, interested participants will, for the first time, have the opportunity to visit our location in Zimmern ob Rottweil as part of a guided tour.

FROM THE COMPANY: SOLUTIONS FOR CURRENT INDUSTRY TRENDS

Technical progress is hardly conceivable without machine tool manufacturing. High-performance machining centres like those from HERMLE form the foundation of industrial production and are essential across nearly all sectors – particularly in driving future technologies such as the chip industry and aerospace, as well as in transformative processes like the energy transition. Conversely, this results in growing demands on machine tool manufacturing, for example in terms of electronics, automation, energy efficiency, sustainability and technology integration.

HERMLE's success is largely attributable to the fact that we consistently adapt to corresponding trends at an early stage. This allows us to provide our customers with tailored, future-proof solutions. The latest examples: the next generation of HERMLE machines and automation components (GEN2), as well as our technology component manufactured for demonstration purposes, which showcases the versatile applications of our machining centres.

GEN2: FUTURE PROOF, FLEXIBLE, SERVICE FRIENDLY AND SUSTAINABLE

In 2024, we launched the first HERMLE Generation 2 (GEN2) machining centres. Generation 2 represents an evolution to a new technical level, rather than a completely new product. The proven basic elements of the machines, such as design, kinematics and, in particular, mechanics, have been preserved, with only selective changes and optimisations. They are key to the unmatched precision and long-term accuracy that allow HERMLE to continue setting industry standards. The design of the entire electrical architecture is new: Numerous software and hardware components and all interfaces have been upgraded to the latest state of the art. The result is technological openness as well as significantly optimised evaluation and diagnostic options. Improvements have also been made to the control and spindle technology. Our GEN2 machines are therefore more service friendly, future proof, open and flexible.



And when it comes to sustainability, Generation 2 also sets new standards: Firstly, GEN2 ensures the longevity of our machining centres. The renowned long service life of HERMLE machine tools is primarily attributed to their ease of maintenance. Mechanically speaking, we will still be able to guarantee this in the future without any changes. However, the ever-shorter development cycles in electronics are making spare parts availability and, consequently, machine repairability a more challenging task. With GEN2, we are now well equipped to meet these challenges.

Secondly, GEN2 machines are more energy efficient. Changes to the cooling technology and the drive technology of auxiliary units, in particular, can help reduce energy consumption by more than 20%, depending on the model, equipment and machining strategy. This provides our customers with the combination of reduced costs and sustainability benefits. GEN2 will also help to significantly reduce our CO₂ footprint. Since the majority of emissions generated throughout the life cycle of a machining centre are linked to the operational phase.

We showcased the next GEN2 models at the 2025 Open House event. A total of two years is scheduled for the changeover process for the entire product portfolio.



RS 2 GEN2: AUTOMATION AT THE NEXT LEVEL

HERMLE has been offering customers complete automation solutions from under one roof for more than 25 years. Since 2020, we have been offering these solutions for the entire spectrum of machines as a full-range supplier. By integrating high-performance pallet changers, handling and robot systems and the appropriate digital modules, our machining centres become bespoke production systems for our customers – ranging from automated individual machines to production solutions with complex robot systems, coupled with intuitive software.

Besides advancing our machining centres to the next generation, we are also upgrading our automation components to the GEN2 standard. The RS 2 GEN2 robot system will be unveiled at the 2025 Open House event. We are thus taking the elite class of automation to a whole new level. RS 2 GEN2 offers users a wide array of options, including six flexibly configurable rack modules with enhanced storage capacity and several gripper variants, such as a double hybrid gripper with improved positioning accuracy. Up to three machines from various series can be adapted to RS 2 GEN2, which, with its almost fully glazed safety cabin, provides an optimum view of the machining process.



TECHNOLOGY INTEGRATION 1: THE HERMLE TECHNOLOGY COMPONENT

HERMLE machining centres are not only incredibly precise and reliable, they are also extremely versatile. To demonstrate this fact and to offer our customers an overview of the opportunities of technology integration, we presented the HERMLE technology component in 2024. It was made in a single clamping setup on a HERMLE C 42 U MT (Mill/Turn) GEN2 using 13 different manufacturing technologies. These highly productive complete machining processes include contour smoothing, grinding and simultaneous deburring, as well as ultrasonic and temperature measurements and power skiving, for the manufacture of gearing. Integrating these diverse manufacturing technologies into the machining process enables our customers to produce highly complex components on a HERMLE machine even more cost effectively. These technologies are supplemented by software-based tools and applications.

TECHNOLOGY INTEGRATION 2: FLEXIBILITY IN AUTOMATION

We also embrace additional technologies for automated HERMLE production systems in order to take them to the next level: Our robot systems are equipped with cutting-edge interfaces for connecting further machining processes, such as cleaning or measuring components. This allows us to provide our customers in high-tech sectors, such as mechanical engineering, aerospace and medical technology, with fully integrated Industry 4.0 production solutions based around HERMLE machining centres for maximum efficiency.





CONSOLIDATED FINANCIAL STATEMENTS



HERMLE C 62 U MT dynamic in 5-axis mill-turn version |
Machining of a globe for model making.

CONSOLIDATED BALANCE SHEET

ASSETS

€k	Appendix	31.12.2024	31.12.2023
A. Non-current assets			
I. Intangible assets	(7)		
1. Goodwill		6096	6096
2. Capitalised development expenditure		0	0
3. Other intangible assets		2618	2903
		8714	8999
II. Property, plant and equipment	(7)		
1. Land, leasehold rights and buildings, including the buildings on non-owned land		81697	52854
2. Technical plants and machinery		19113	13802
3. Other plants, fixtures and fittings		22043	15975
4. Advances paid and assets in construction		16917	20026
		139770	102657
III. Other financial assets	(11)	7	3005
IV. Other non-current assets	(8)	0	0
V. Deferred tax assets	(24)	5013	4807
		153504	119468
B. Current assets			
I. Inventories	(9)		
1. Raw, process and operating materials		57499	74156
2. Unfinished products		22322	21776
3. Finished products and goods		27498	24132
4. Advances paid		580	773
		107899	120837
II. Trade accounts receivables	(10)	64585	93210
III. Other current receivables	(10)	17210	12849
IV. Securities and other assets	(11)	34000	49000
V. Liquid assets	(12)	107370	111034
		331064	386930
		484568	506398

[illegible]

GROUP INCOME STATEMENT

INCOME STATEMENT

€k	Appendix	2024	2023
1. Sales revenues	(17)	487926	532324
2. Inventory change of finished and unfinished products		3913	1025
3. Other company-produced assets		1690	741
4. Total operating performance		493529	534090
5. Other operating income	(18)	9966	8401
6. Material cost	(19)	203008	217468
7. Personnel costs	(20)	149864	143184
8. Depreciation on intangible assets and property, plant and equipment	(21)	14475	11571
9. Other operating costs	(22)	50830	54438
10. Operating result		85318	115830
11. Financial result	(23)		
a) Other interest and similar income		3845	2721
b) Interest and similar expenses		189	194
		3656	2527
12. Result before taxes		88974	118357
13. Taxes on income	(24)	23058	30783
14. Net income		65916	87574
15. Profit shares of other shareholders		0	0
16. Consolidated after-tax net income		65916	87574

STATEMENT OF COMPREHENSIVE INCOME

€k	Appendix	2024	2023
Transfer of consolidated after-tax net income		65916	87574
Other overall income			
Items that may subsequently be reclassified to the income statement			
Currency differences		1366	-97
Change from derivative financial instruments		-362	-411
Income taxes on other overall income			
- Taxes on change in derivative financial instruments		96	109
Other result		1100	-399
Overall result		67016	87175
Attribution of the annual result			
Profit share of other shareholders		0	0
Profit share of the shareholders of HERMLE AG		65916	87574
		65916	87574
Attribution of the overall result			
Profit share of other shareholders		0	0
Profit share of the shareholders of HERMLE AG		67016	87175
		67016	87175
Result for each share (diluted and undiluted) in €	(25)		
Ordinary share		13.17	17.50
Preference share, incl. dividend preference		13.22	17.55
Number of shares used as a basis		5000000	5000000

GROUP CASH FLOW STATEMENT

€k	Appendix	2024	2023
Net income		65916	87574
+/- Depreciation/appreciation of fixed assets		14475	11571
+/- Increase/decrease in non-current provisions		292	-54
Cash flow before change in working capital		80683	99091
- Elimination of supplementary tax from retirement of fixed assets		-1205	-459
-/+ Increase/decrease from inventories		12938	-12767
-/+ Increase/decrease from trade accounts receivables		28625	1369
-/+ Increase/decrease in other current receivables		-4361	222
-/+ Increase/decrease in deferred tax assets and other non-current assets		-206	-1343
+/- Increase/decrease in current trade accounts payable		5525	-810
+/- Increase/decrease in current provisions		-17832	16941
+/- Increase/decrease in other current liabilities		-1363	-10192
+/- Increase/decrease in deferred tax liabilities		-315	0
Cash flow from operating activities	(26)	102489	92052
- Disbursements for investments in intangible assets		-598	-385
+ Proceeds from retirements of property, plant and equipment		1503	1105
- Disbursements for investments in property, plant and equipment		-50227	-31801
+ Proceeds from retirements of property, plant and equipment of financial assets		3000	0
- Disbursements for investments in property, plant and equipment of financial assets		-2	-3000
- Disbursements for securities and other investments		-34000	-49000
+ Proceeds from the sale of outside marketable securities and other assets		49000	44000
Cash flow from investment	(26)	-31324	-39081
Transfer		71165	52971

€k	Appendix	2024	2023
Transfer		71165	52971
- Payment of dividends		-75045	-55046
- Repayment of lease liabilities		-557	-393
Cash flow from financing activities	(26)	-75602	-55439
+/- Changes in the fund of cash and cash equivalents due to exchange rate fluctuations		1039	-97
+/- Changes from offsetting without directly affecting the operating result		-266	-302
Changes in the fund of cash and cash equivalents with an effect on payments	(26)	-3664	-2867
Financial funds as at 01.01.		111034	113901
Financial funds as at 31.12.		107370	111034
Fund of cash and cash equivalents			
Liquid assets		107370	111034

GROUP EQUITY STATEMENT

Equity of the parent company

€k	Subscribed capital Ordinary shares	Subscribed capital Preference shares	Capital reserve	Statutory reserves	Other revenue reserves
As at 01.01.2023	12000	3000	3286	1500	110991
Dividend for the previous year as per shareholders' meeting resolution	0	0	0	0	0
Net income 2023	0	0	0	0	0
Allocation to the revenue reserves	0	0	0	0	16074
Currency loss	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Unclaimed dividend	0	0	0	0	0
As at 31.12.2023	12000	3000	3286	1500	127065
Dividend for the previous year as per shareholders' meeting resolution	0	0	0	0	0
Net income 2024	0	0	0	0	0
Allocation to the revenue reserves	0	0	0	0	40021
Currency loss	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Unclaimed dividend	0	0	0	0	0
ASper 31.12.2024	12000	3000	3286	1500	167086

Equity of the parent company					Interests of other shareholders		Consolidated equity
Consolidated balance sheet profit	Total revenue reserves	Cumulated other equity from currency conversion	Cumulated other equity from derivative financial instruments	Total	in capital	in cumulated Group profit	Total
199330	311821	4339	309	334755	1	2	334758
-55050	-55050	0	0	-55050	0	0	-55050
87574	87574	0	0	87574	0	0	87574
-16074	0	0	0	0	0	0	0
0	0	-97	0	-97	0	0	-97
0	0	0	-302	-302	0	0	-302
4	4	0	0	4	0	0	4
215784	344349	4242	7	366884	1	2	366887
-75050	-75050	0	0	-75050	0	0	-75050
65916	65916	0	0	65916	0	0	65916
-40021	0	0	0	0	0	0	0
1	1	1364	0	1365	0	1	1366
0	0	0	-266	-266	0	0	-266
5	5	0	0	5	0	0	5
166635	335221	5606	-259	358854	1	3	358858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEVELOPMENT OF THE CONSOLIDATED FIXED ASSETS 2024

€k	Acquisition/manufacturing costs					As at 31.12.2024
	As at 01.01.2024	Additions	Repostings	Retirements	Currency adjustment	
I. Intangible assets						
1. Goodwill	6096	0	0	0	0	6096
2. Capitalised development expenditure	3061	0	0	0	0	3061
3. Other intangible assets	13818	598	0	129	-1	14286
	22975	598	0	129	-1	23443
II. Property, plant and equipment						
1. Land, leasehold rights and buildings, including the buildings on non-owned land	90159	24838	6936	1324	290	120899
2. Technical plants and machinery	59565	9741	31	1220	150	68267
3. Other plants, fixtures and fittings	46899	10868	1366	4277	89	54945
4. Advances paid and assets in construction	20025	5229	-8333	0	-4	16917
	216648	50676	0	6821	525	261028
III. Other financial assets	3005	2	0	3000	0	7
	242628	51276	0	9950	524	284478

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Cumulated depreciation					Book values		
	As at 01.01.2024	Additions	Retirements	Currency adjustment	As at 31.12.2024	As at 31.12.2024	As at 31.12.2023
	0	0	0	0	0	6096	6096
	3061	0	0	0	3061	0	0
	10915	884	130	-1	11668	2618	2903
	13976	884	130	-1	14729	8714	8999
	37305	3167	1316	46	39202	81697	52854
	45763	4338	1055	108	49154	19113	13802
	30924	6086	4187	79	32902	22043	15975
	-1	0	0	1	0	16917	20026
	113991	13591	6558	234	121258	139770	102657
	0	0	0	0	0	7	3005
	127967	14475	6688	233	135987	148491	114661

DEVELOPMENT OF THE CONSOLIDATED FIXED ASSETS 2023

€k	Acquisition/manufacturing costs					As at 31.12.2023
	As at 01.01.2023	Additions	Repostings	Retirements	Currency adjustment	
I. Intangible assets						
1. Goodwill	6096	0	0	0	0	6096
2. Capitalised development expenditure	3061	0	0	0	0	3061
3. Other intangible assets	13713	385	0	283	3	13818
	22870	385	0	283	3	22975
II. Property, plant and equipment						
1. Land, leasehold rights and buildings, including the buildings on non-owned land	88306	2972	0	1065	-54	90159
2. Technical plants and machinery	57097	2864	532	833	-95	59565
3. Other plants, fixtures and fittings	41404	7472	423	2461	61	46899
4. Advances paid	1726	19519	-955	263	-2	20025
	188533	32827	0	4622	-90	216648
III. Other financial assets	5	3000	0	0	0	3005
	211408	36212	0	4905	-87	242628

	Cumulated depreciation				Book values		
	As at 01.01.2023	Additions	Retirements	Currency adjustment	As at 31.12.2023	As at 31.12.2023	As at 31.12.2022
	0	0	0	0	0	6096	6096
	3046	14	0	1	3061	0	15
	10223	973	282	1	10915	2903	3490
	13269	987	282	2	13976	8999	9601
	35902	2443	1050	10	37305	52854	52404
	42998	3478	663	-50	45763	13802	14099
	28573	4663	2362	50	30924	15975	12831
	0	0	0	-1	-1	20026	1726
	107473	10584	4075	9	113991	102657	81060
	0	0	0	0	0	3005	5
	120742	11571	4357	11	127967	114661	90666

CONSOLIDATED SEGMENT REPORTING

€k	Domestic companies		Foreign sales companies		Consolidation effects		Consolidated financial statements	
	2024	2023	2024	2023	2024	2023	2024	2023
Turnover with third parties	262148	301803	225778	230521	0	0	487926	532324
Operating result	75610	102531	10211	13729	-503	-430	85318	115830
Income tax	-20732	-27827	-2378	-2956	52	0	-23058	-30783
Net income	80783	79599	8118	11316	-22985	-3341	65916	87574
Non-current segment assets	139621	106719	14725	13539	-842	-790	153504	119468
Current segment assets	273616	305349	90594	110023	-33146	-28442	331064	368930
Segment assets (sum of assets)	413237	412068	105319	123562	-33988	-29232	484568	506398
Segment debts incl. provisions	98294	103005	58983	63920	-31567	-27414	125710	139511
Investments (incl. additions in rights of use)	47184	29369	4092	3843	0	0	51276	33212
Depreciation	11665	9434	2810	2137	0	0	14475	11571
Employees annual average	1357	1282	214	190	0	0	1571	1472

(1) GENERAL PRINCIPLES

Maschinenfabrik Berthold HERMLE AG, which has its headquarters in Gosheim, Industriestrasse 8-12, Germany, and is entered in the Stuttgart Local Court ("Amtsgericht") commercial register under HRB 460397, is the primary controlling company of the HERMLE Group. Maschinenfabrik Berthold HERMLE AG and its subsidiaries manufacture and sell high-end precision milling machines and machining centres.

The consolidated financial statements of Maschinenfabrik Berthold HERMLE AG were prepared in accordance with the IFRS Accounting Standards (IFRS), as applicable in the European Union (EU), and in compliance with the commercial requirements pursuant to Section 315e of the German Commercial Code (HGB). In that respect, all applicable standards, concepts and interpretations that were mandatory on the reporting date were taken into account.

The statements of the companies incorporated in the consolidated financial statements are prepared pursuant to standardised accounting and valuation principles applicable on the reporting date 31 December 2024.

To improve the clarity of the presentation, some items of the consolidated balance sheet and consolidated income statement are summarised. These are stated separately and explained in the notes to the consolidated financial statements. The consolidated income statement was prepared pursuant to the total cost type of accounting. The Group currency is the euro. Unless otherwise stated, the figures are presented in thousands of Euro, with the standard commercial rounding up or down.

The Management Board of Maschinenfabrik Berthold HERMLE AG released the consolidated financial statements on 28 March 2025 for forwarding to the Supervisory Board. The Supervisory Board's responsibility is to review the consolidated financial statements and state whether or not it approves them.

(2) NEW AND AMENDED STANDARDS/INTERPRETATIONS

The IFRS standards were taken as a basis for the 2024 business year. Their application is mandatory for business years that commence on January 1, 2024.

The following standards and interpretations were mandatory for the first time in the current business year:

Amend. IFRS 16: Lease Liability in a Sale and Leaseback

Amend. IAS 7 and IFRS 7: Statement of Cash Flows and Financial Instruments: Disclosures – Supplier Finance Arrangements

Amend. IAS 1: Presentation of financial statements – classification of liabilities as current or non-current

The application of these new standards and interpretations did not have any significant impact on the consolidated financial statements.

The following new standards and interpretations that have already been adopted by the European Union are not mandatory until 1 January 2025:

Amend. IAS 21: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

Furthermore, the following new or amended standards and interpretations exist which were issued by IASB, but have yet to be recognised by the European Union:

Amend. IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures: Amendments to the Classification and Measurement of Financial Instruments

Amend. IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures: Contracts Referencing Nature-dependent Electricity

IFRS 18: Presentation and disclosure of information in financial statements

IFRS 19: Subsidiaries without Public Accountability: Disclosures

The new IFRS 18 will have an impact on the presentation of financial information within the HERMLE Group, particularly in the income statement and the area of defined key performance indicators (KPIs). Based on current knowledge, it is not to be expected that the remaining standards will have significant effects on the consolidated financial statements. No use was made of the option to apply already adopted standards early.

(3) GROUP OF CONSOLIDATED COMPANIES

All subsidiaries of Maschinenfabrik Berthold HERMLE AG are incorporated in the consolidated financial statements. All subsidiaries are companies that are directly controlled by Maschinenfabrik Berthold HERMLE AG according to IFRS 10 and are thus consolidated in full.

The group of consolidated companies is shown in the following table:

Company	Type of consolidation	Amount of holding
Domestic segment		
HPV HERMLE Vertriebs GmbH, Gosheim	Full	100.0%
HLS HERMLE Systemtechnik GmbH, Gosheim	Full	100.0%
HERMLE Maschinenbau GmbH, Gosheim	Full	100.0%
Foreign sales segment		
HERMLE (Schweiz) AG, Neuhausen, Switzerland	Full	100.0%
HERMLE WWE AG, Neuhausen, Switzerland	Full	99.8%
HERMLE Nederland BV, Horst, Netherlands	Full	100.0%
HERMLE Italia S.R.L., Rodano, Italy	Full	100.0%
HERMLE USA INC., Franklin Wisconsin, USA	Full	100.0%
HERMLE Properties INC., Franklin Wisconsin, USA	Full	100.0%
HERMLE México S. DE R.L. DE C.V., Querétaro, Mexico	Full	100.0%
HERMLE SEA Co., Ltd., Bangkok, Thailand	Full	100.0%
HERMLE Machine (Shanghai) Co. Ltd., Shanghai, China	Full	100.0%
HERMLE France SAS, Les Ulis, France	Full	100.0%
HERMLE South East Europe SRL, Medias, Romania	Full	100.0%

The group of consolidated companies remains unchanged compared to the previous year.

(4) CONSOLIDATION PRINCIPLES

The capital consolidation applies pursuant to IFRS 3 ("Business Combinations") using the purchase method. Accordingly, the acquisition costs of the purchased shares are offset at the market value of the purchased assets and debts of the subsidiary at the time of acquisition. A resulting positive difference is capitalised as derivative goodwill, a resulting negative difference is immediately liquidated affecting the current result. Resulting goodwill normally undergoes an impairment test at least annually.

Interim results between the fully consolidated companies are eliminated – where significant. Expenses and income as well as receivables and liabilities between Group companies are offset.

A compensating item for interests of other shareholders has been created in the sum of their share of the equity for the interests of non-Group shareholders in the Group companies. In addition to third party holdings in capital and provisions, this amount includes the pro rata balance sheet profit.

(5) CURRENCY CONVERSION

The annual financial statements of consolidated companies prepared in foreign currencies were converted on the basis of the concept of the functional currency using the modified reporting date rate method. In view of the fact that all companies incorporated in the consolidated financial statements operate their business transactions independently in terms of finances, management and organisation, as a general rule the functional currency is identical to the respective national currency of the company. Therefore, the assets and debts are converted in the consolidated financial statements at the reporting date rate, equity items at historical rates, and expenses and income at the annual average rate. Conversion differences resulting from converting the statement are recorded in equity without an effect on the operating result up until the subsidiary leaves the Group.

As a general rule, monetary items in foreign currencies are converted in the statements of the individual Group companies at the reporting date rate. Currency gains or losses as a result are directly recorded as having an effect on the operating result. As a general rule, currency conversion differences from the conversion of balance sheet items of foreign operating facilities are recorded with an effect on the operating result.

The following exchange rates were used for converting the key foreign currency contracts:

	Exchange rates on the reporting date 31.12.2024	Exchange rates on the reporting date 31.12.2023	Average prices 2024	Average prices 2023
EUR/USD	1.0444	1.1050	1.0812	1.0829
EUR/CHF	0.9435	0.9260	0.9536	0.9717

(6) ACCOUNTING AND VALUATION PRINCIPLES

The financial statements of HERMLE AG and the domestic and international subsidiaries are prepared in accordance with IFRS 10.19 using uniform accounting and valuation principles.

ASSET ITEMS

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets are stated at acquisition costs in accordance with IAS 38, reduced by scheduled straight-line depreciation over the expected economic useful life periods. The cost of intangible assets acquired in a business combination is the market value at the date of the business combination.

Intangible assets with indefinite useful life periods – including goodwill – are capitalised and tested for impairment at least annually in accordance with IAS 36. If a need for value adjustment is identified, a depreciation is made.

Even the company's own intangible assets that are highly likely to provide future benefit for the company, and the cost of which can be reliably determined, are capitalised in the manufacturing costs. In that respect, the manufacturing costs record all costs that are directly attributable to the manufacturing process and reasonable parts of the associated overheads. Financing costs are not capitalised. As a general rule, research and development expenses that are not eligible for capitalisation are treated as ongoing costs when they arise. The development cost of new or significantly improved products are capitalized provided the technical implementation capability and the marketing eligibility and intent are secured. Proof of the stated criteria is furnished via the technical trials of the new products at the company and the successful presentation to trial customers. In the development phase, the soundness is reviewed annually by means of an impairment test. Capitalized developments are depreciated using the straight-line method for an expected product life cycle of three to four years and commence with the public presentation.

The property, plant and equipment item is stated on the basis of the acquisition and manufacturing costs less scheduled depreciation in line with the customary company life cycle. Scheduled depreciation applies in line with the expected consumption of the future use. The company-produced assets were stated in the balance sheet with the directly attributable costs plus pro rata overheads. Repair and maintenance costs as well as financing expenses are recorded as current expenses.

The scheduled depreciation is based on the following standardised Group useful life periods:

Industrial property rights and similar rights	3 to 5 years
Development costs	3 to 4 years
Technical know-how	10 years
Building	12 to 50 years
Technical plants and operating equipment	3 to 14 years
Other fixtures and fittings	3 to 14 years

There are no assets with indefinite useful live periods other than goodwill.

LEASING

Maschinenfabrik Berthold HERMLE AG assesses at the beginning of the contract whether a contract establishes or contains a leasing relationship. A lease exists if the contract gives the right to control the use of an identified asset for a certain period of time in return for payment of a consideration within the meaning of IFRS 16. The Group operates exclusively as a lessee and not as a lessor. At the inception of the lease, rights to use the leased assets and lease liabilities for the payment obligations incurred are recognised for all leases.

In accordance with the option, short-term leases with a term of no more than twelve months (and without a purchase option) and leases where the asset underlying the lease is of low value within the meaning of IFRS 16 have not been recognised. The related lease payments are recognised as an expense in the consolidated income statement. Non-lease and lease components are generally accounted for separately.

Rights of use are capitalised at the date of provision at cost, which is the cost of the recognised lease liability, the initial direct costs incurred and the rental incentive granted by the lessor. Subsequently, the right-of-use assets are reduced by straight-line depreciation until the end of the lease term and adjusted for any revaluation of the lease liability.

The initial recognition of the lease liability is determined as the cash value of the lease payments to be made over the term of the lease. The lease payments exclusively comprise fixed lease payments. In calculating the cash value of the lease liability, the Group uses its incremental borrowing rate at the commitment date, as the interest rate underlying the lease cannot be readily determined. The lease liability is subsequently increased to reflect the higher interest expenditure and reduced by the lease payments made. In addition, the book value of the lease liability is reassessed for changes in the lease, the term of the lease, the lease payments (e.g. as a result of a change in the index or interest rate used to determine those payments) or a change in the assessment of a purchase option on the underlying asset.

IMPAIRMENT TEST

The soundness of the fixed assets is regularly reviewed on the reporting date. A review also takes place when circumstances indicate that the value may be impaired. Non-scheduled depreciation is applied if a likely permanent impairment is given as a result of changed circumstances. The soundness is determined by way of a comparison of the book value of the respective asset with the achievable amount. The achievable amount corresponds with the higher value from the use or the sale of the affected asset. Non-scheduled depreciation is applied insofar as this has fallen below the book value. If the market value increases for an asset that had to date been depreciated on a non-scheduled basis, an increased valuation is applicable up to the amount of the amortised cost. Goodwill is excluded from the increased valuation.

Goodwill is also subjected to an impairment test annually or if there are indications of impairment. The book value of the corresponding cash-generating unit, including the goodwill allocated to it, is compared with the fair value less costs of sale. The calculation uses cash flow forecasts based on a five-year planning period. The EBIT margin in the detailed planning period is in a range of between -0.2% to 6.1%. The sales revenues are planned to increase at rates ranging from -17.1% – with an initial upward trend to 12.5% and then downward trend – during this period. To extrapolate the cash flow forecast for periods outside the detailed planning period, a growth rate of 1% is assumed, which corresponds to the expected long-term growth rate in the mechanical engineering industry. The calculation method corresponds to level 3 of the valuation hierarchy according to IFRS 13.

Discount rates

The discount rates represent the current market assessments with regard to the risks assigned to the respective cash-generating units. The interest effect and the specific risks of the assets are taken into account. The discount rate takes into account the risks of the Group and its segments and companies that would arise for a comparable investment on the capital market and is based on the weighted average cost of capital (WACC). A uniform discount rate of 9.82% (previous year: 7.97%) after tax was used to calculate the fair value against the background of current economic uncertainties.

The annual impairment test did not identify any need for non-scheduled depreciation.

Sensitivity of the assumptions made

Scenario analyses with differing assumptions were prepared as part of the impairment test. Neither an interest rate increase of 200 basis points nor an EBIT margin deterioration of up to 2% would have resulted in a need for depreciation on the book value.

OTHER FINANCIAL ASSETS

Other financial assets generally included financial assets in the form of time assets or comparable financial assets with a term of more than one year, which were stated at amortised cost.

INVENTORIES

As a general rule, raw materials and merchandise are stated at average acquisition cost or the lower net sale value. Unfinished and finished goods are stated at manufacturing costs or the lower net sale value. In addition to the directly attributable costs, manufacturing costs contain the reasonable and necessary production and material overheads as well as applicable administrative costs eligible for capitalisation based on normal utilisation. Adequate depreciation is applied to the lower net sale value for stocks warehoused for lengthy periods and in the case of diminished marketability or loss-free valuation. This becomes inapplicable once the reasons for depreciation no longer apply. Interest on borrowings is not taken into account.

TRADE ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

Trade accounts receivables and other current receivables are stated in the balance sheet at the nominal value or the lower fair value. Potential and identifiable defaults in the case of individual receivables are taken into account by way of appropriate value adjustments for losses on individual bank loan accounts.

The determination of value adjustments for doubtful debts is based on discretionary decisions and assessments of individual receivables, taking into account not only the creditworthiness and default of the respective customer, but also current economic developments, current business developments, country-specific circumstances, past experience, etc. Non-interest bearing or low-interest bearing receivables and assets with terms in excess of one year are stated at the cash value.

FINANCIAL INSTRUMENTS

Financial instruments within the meaning of IFRS 9 are contracts that in the case of a company lead to a financial asset and in the case of the contracting party a financial obligation or an equity capital instrument.

Financial assets include in particular trade accounts receivables, cash and cash equivalents, derivative financial assets as well as marketable securities and similar cash investments and financial investments.

Financial assets, with the exception of trade accounts receivables, and liabilities are recognised for the first time on the trading date when HERMLE becomes a contracting party under the contracts for the financial instruments. Trade accounts receivables are recognised from the date on which they arose.

Financial assets, with the exception of trade accounts receivables without a significant financing component or financial liabilities, are stated at fair value on initial recognition. For items not stated at the fair value with an effect on the operating result in the following, transaction costs directly attributable to the acquisition or issue are recognised as incidental acquisition costs. Trade accounts receivables without a significant financing component are initially stated at transaction price (which generally corresponds to acquisition cost). Subsequent measurement is based on the classification of the financial instruments.

The classification of financial assets is based on the business model in which the instruments are held and the composition of the contractual cash flows. The business model is determined at the portfolio level and is based on the management's intention and past transaction patterns. The cash flow review is carried out on an instrument-by-instrument basis.

Financial assets are classified into the following three categories according to IFRS 9:

1. Financial assets that are stated at amortised cost,
2. Financial assets that are stated at the fair value without an effect on the operating result and
3. Financial assets that are stated at the fair value with an effect on the operating result.

FINANCIAL ASSETS THAT ARE STATED AT AMORTISED COST

Financial assets that are stated at amortised cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the nominal amount outstanding and are held for the purpose of collecting the contractual cash flows, such as trade accounts receivables or cash and cash equivalents ("hold to collect" business model).

Cash and cash equivalents may include, in particular, cash on hand, cheques, demand deposits with banks as well as bonds and certificates of deposit with a remaining term at the time of acquisition of up to three months, which are only subject to insignificant risks of value fluctuations. Cash and cash equivalents in this and the previous business year match the fund of cash and cash equivalents in the consolidated cash flow statement.

After initial recognition, these financial assets are stated at amortised cost using the effective interest method minus impairment. Gains and losses are recorded in the Group profit with an effect on the operating result when the loans and receivables are impaired or derecognised.

The interest effects from the application of the effective interest method and effects from currency conversion are also recorded with an effect on the operating result.

FINANCIAL ASSETS STATED AT THE FAIR VALUE WITHOUT AN EFFECT ON THE OPERATING RESULT

Financial assets stated at the fair value without an effect on the operating result are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the nominal amount outstanding and are held for the purpose of collecting the contractual cash flows, as well as sales, for example in order to achieve a defined liquidity target ("hold to collect and sell" business model). This category also includes equity instruments that are not held for trading and for which the option to recognise changes in fair value in other comprehensive income is exercised.

After initial measurement, financial assets in this category are stated at fair value through other comprehensive income, with unrealised gains or losses recognised in other comprehensive income. On disposal of debt instruments in this category, the cumulative fair value gains and losses recognised in other comprehensive income are recorded with an effect on the operating result. Interest received from financial assets that are stated at fair value through other comprehensive income is generally recorded with an effect on the operating result as interest income using the effective interest method. Changes in the fair value of equity instruments that are stated at fair value through other comprehensive income are not recorded with an effect on the operating result, but are transferred to the revenue reserve. Dividends are recorded with an effect on the operating result when the right to receive payment is established.

FINANCIAL ASSETS STATED AT THE FAIR VALUE WITH AN EFFECT ON THE OPERATING RESULT

Financial assets stated at the fair value with an effect on the operating result comprise financial assets whose cash flows do not exclusively consist of interest and principal payments on the outstanding nominal amount. In addition, financial assets are also included that were neither allocated to the business model "hold to collect" nor to the business model "hold to collect and sell".

Also included here are shares or interest bearing securities acquired with the intention of selling them in the short term. Gains or losses on these financial assets are recorded with an effect on the operating result.

DERIVATIVE FINANCIAL INSTRUMENTS

HERMLE uses derivative financial instruments to safeguard existing or planned basic operating transactions and appertaining risks. At present, forward exchange transactions are largely used to safeguard foreign currency risks. Derivative financial instruments and forward exchange transactions are initially recognised by HERMLE AG at the fair value. The market values are also relevant to the follow-up valuation. Derivative financial instruments with a positive fair value are stated in the other current receivables, while those with a negative fair value are stated in the other current liabilities. As part of the hedge accounting, value changes of fair value hedges used to safeguard value fluctuations of balance sheet items are, as in the case of value fluctuations of basic transactions stated in the balance sheet, recorded with an effect on profits in the consolidated income statement. Value changes of cash flow hedges are offset against the cumulated other equity with consideration given to deferred taxes without affecting the profit.

IMPAIRMENT

In principle, the expected credit loss model is to be applied according to the 12-month credit loss concept. Evaluation over the entire term is to be applied if the credit risk of a financial asset on the reporting date has increased significantly since initial recognition. Evaluation over the entire term is always to be carried out for trade accounts receivables and for contractual assets without a significant financing component.

The impairment model is applicable to financial assets stated at amortised cost or at fair value with no effect on profit and loss.

Impairment in the form of specific individual value adjustments take adequate account of the expected default risks. Specific defaults lead to the write-off of the receivable in question. As part of determining the individual value adjustments, receivables for which there is a potential need for devaluation are examined for impairment and value adjustments are made if necessary. The determination is based on assessments and evaluations of individual receivables. In addition to the creditworthiness and payment default of the respective customer, current and possible future economic and industry developments, country-specific risks and past experience are also taken into account.

Cash and cash equivalents are deposited with banks and financial institutions with good to very good credit ratings. The value adjustments on cash and cash equivalents are calculated on the basis of expected losses within twelve months. This is reflected in the short terms.

LIABILITY ITEMS

PROVISIONS AND LIABILITIES

The tax provisions and other provisions take into account all legal and factual obligations and risks involving third parties that are identifiable on the reporting date that are based on past business transactions or past events and which in the future are likely to lead to an outflow of resources, and can be reliably assessed. They are created in the sum of their likely performance amount, and are not offset against potential recourse claims. Non-current provisions are stated in the balance sheet at the discounted performance amount on the reporting date provided the interest effect created from the discounting is significant.

As a general rule, financial liabilities are entered on the liabilities side at the fair value.

Trade accounts payable and other primary financial liabilities are stated at amortised cost.

DEFERRED TAXES

Deferred taxes are stated for all temporary differences between the amounts stated in the IFRS balance sheet and the tax balance sheet of the individual companies and for consolidation measures that have an effect on profits. Furthermore, deferred tax assets for tax reductions claims based on tax losses carried forward are also stated in the balance sheet provided the future realizability is adequately safeguarded. The tax rates used to calculate the deferred taxes are in each case the tax rates valid or expected at the realisation time.

CONSOLIDATED INCOME STATEMENT

SALES REVENUES

Pursuant to IFRS 15, sales revenues are recognised as soon as the customer obtains control over the products or rendered services. This is generally the case when the products have been delivered or the services have been rendered and the risk has thus passed to the customer. If spare parts are related to a service agreement, turnover realisation is not recognised until the service agreement has been completed, as the agreed consideration is only fully met at that moment. In addition, the resulting performance obligations must be identified for each contract. A contract or the sum of combined contracts may include several performance obligations, each of which is subject to its own rules regarding the amount and timing of turnover realisation.

At HERMLE, contracts with customers for the sale of goods only contain warranty and training services as separate performance obligations.

Country-specific statutory warranties exist in relation to the sale contracts which, following application of IFRS 15, will be taken into account through the creation of provisions as previously according to IAS 37. HERMLE also offers extended warranties which must be classed as separate performance obligations, and to which a separate price can be allocated. Pursuant to IFRS 15, revenue is recognised pro rata temporis at the end of the warranty period. HERMLE normally grants extended warranties of up to 36 months and thus beyond the statutory warranty periods (in Germany usually 24 months, abroad usually 12 months).

Corresponding turnover is also allocated to the training services in the amount of the individual sales price that is realised when the services are rendered. Training services in connection with the sale of machines are generally provided up to two years after delivery of the machines.

For all service contracts, revenue is recognised when the services are rendered in accordance with IFRS 15. In the case of contracts entailing a range of different performance obligations, the allocation will be based on their respective separate prices, as the services are also offered in separate transactions. The separate prices then also correspond to the respective fair values of the service components.

Revenue for these performance obligations and the related costs are recognised after the performance has been rendered.

Sales revenues are reported net of discounts and price reductions.

GOVERNMENT GRANTS

Government grants are stated at fair value when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attaching to it. Government grants that compensate for expenses incurred by the Group are recognised in the consolidated income statement in the periods in which the expenses are recognised.

Government grants for social security contributions in Germany are offset against personnel costs. In the year under review, this resulted in reimbursements from reduced working hours, loss of earnings and training grants (previous year: reimbursements of COVID-19 related deficiency compensation within the framework of the Infection Protection Act (IfSG), training grants) amounting to €k 79 (previous year: €k 22).

EXPLANATORY NOTES ON THE CONSOLIDATED BALANCE SHEET

(7) ASSETS

The development and apportionment of the fixed assets is set out in the statement of asset additions and disposals.

No development costs from the development of new machine tool products were capitalised in the business year. The research and development expenses recorded directly as expenses were €k 19,220 (previous year: €k 18,157).

The goodwill results from the first-time consolidation of HERMLE Systemtechnik GmbH in the 2018 business year.

Other intangible assets include technical know-how, patents, software, licences and similar rights.

Land and buildings are mainly owned assets and, to a lesser extent, rights of use on leased land, which are capitalised in accordance with IFRS 16 "Leases". For further disclosures on recognised leases, see the section on leases.

An overview of the interests held by Maschinenfabrik Berthold HERMLE AG is stated in (3) Group of consolidated companies.

LEASES

The Group has mainly entered into leasing agreements for building rental agreements and vehicle leasing agreements.

The following table shows the book values of the rights of use recognised in the balance sheet and the change during the reporting period:

€k	Land, leasehold rights and buildings, including the buildings on non-owned land	Other plants, fixtures and fittings	Total
As at 1 January 2023	382	191	573
Additions minus retirements	723	302	1025
Depreciation	-355	-135	-490
As at 31 December 2023	750	358	1108
Additions minus retirements	253	196	449
Depreciation	-372	-182	-554
As at 31 December 2024	631	372	1003

The following table shows the book values of the lease liabilities and the change in the reporting period:

€k	2024	2023
As at 1 January	1060	573
Additions minus retirements	439	851
Interest	40	29
Payments	-557	-393
As at 31 December	982	1060

Leasing liabilities €k	up to 1 year	1 to 5 years	from 5 years	Total
Minimum lease payments	678	478	0	1156
Cash value	530	452	0	982

For building leases, the terms can be up to five years. The term of the vehicle leasing contracts is usually three to four years.

(8) OTHER FINANCIAL ASSETS

The item includes fixed-term deposit investments and cooperative shares. Please refer to the information under (11).

(9) INVENTORIES

The inventories are classified as follows:

€k	31.12.2024	31.12.2023
Raw, process and operating materials	57499	74156
Unfinished products, unfinished services	22322	21776
Finished products and goods	27498	24132
Advances paid on inventories	580	773
	107899	120837

The book value of the inventories stated at net sales prices was €k 13,727 (previous year: €k 11,209). The decrease in the value adjustment for inventories recorded with an effect on profits was €k 692 (previous year: €k 490). Advances paid are stated as net amounts without turnover tax.

(10) TRADE ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

€k	31.12.2024	31.12.2023
Trade accounts receivables		
Against third parties	64585	93210
Other current receivables		
Derivative financial instruments	0	656
Tax refund claims	9439	2157
Accrued and deferred items	1929	1531
Customer receivables from advance payments	4248	6781
Other assets	1594	1724
	17210	12849
Total	81795	106059

The trade accounts receivables with a remaining term of more than one year were €k 3,094 (previous year: €k 4,260). The other receivables and other assets all had a remaining term of less than one year.

Furthermore, the remaining other assets contain as primary items current receivables due from suppliers from returns as well as current receivables due from employees.

The composition of the non-value adjusted trade accounts receivables classified according to overdue dates is stated below:

€k	Book value total	Of which: neither impaired nor overdue	Of which: not impaired and overdue in the following time bands			
			<3 months	3-6 months	6-12 months	>12 months
Trade accounts receivables 31.12.2024	64585	24273	5726	210	93	0
Trade accounts receivables 31.12.2023	93210	24185	2462	0	13	11

With regard to the neither impaired nor in default or overdue amount of trade accounts receivables, there are no indications of the debtors being unable to honour their payment obligations on the reporting date.

The following table illustrates the change in the value adjustments on the amount of trade accounts receivables and other current receivables:

€k	2024	2023
Value adjustments at the beginning of the business year	7870	7966
Recognised in the income statement in the reporting period	-1002	-155
Write-off of receivables	-42	-39
Currency conversion effects	12	98
Value adjustments at the end of the business year	6838	7870

The following table illustrates the expenses for the complete writing off of trade accounts receivables as well as income from the receipt of written-off trade accounts receivables:

€k	2024	2023
Expenses for the complete write-off of receivables	139	141
Income from the receipt of written off receivables	0	0

(11) OTHER FINANCIAL ASSETS AND SECURITIES AND OTHER ASSETS

Fixed-term deposit investments with a remaining term of more than twelve months in the sum of €k 0 (previous year: €k 3,000) are stated as other non-current financial assets.

In the year under review, fixed-term deposit investments with a remaining term of less than twelve months in the sum of €k 34,000 (previous year: €k 49,000) are stated in this item.

(12) LIQUID ASSETS

The liquid assets largely apply to cash in banks.

€k	31.12.2024	31.12.2023
Credit balance with financial institutions	107364	111008
Cash on hand	6	26
	107370	111034

(13) EQUITY

The share capital is unchanged compared with the previous year and is divided into 4,000,000 ordinary shares and 1,000,000 non-voting preference shares. The preference shares have a surplus dividend of € 0.05. The arithmetical nominal value of the shares is € 3 for each share.

The capital reserve contains allocations from the sale of shares acquired in previous business years via the stock exchange.

In the business year, €k 40,000 (previous year: €k 16,000) were allocated to the revenue reserves of Maschinenfabrik Berthold HERMLE AG. Further €k 21 (previous year: €k 74) were allocated to the revenue reserves of the subsidiaries.

The Management Board recommended at the Supervisory Board's meeting on 19 March 2025 to use the 2024 balance sheet profit of Maschinenfabrik Berthold HERMLE AG amounting to €k 107,053 to pay out €k 50,050 through the payment of a dividend totalling € 10.00 per ordinary share, and € 10.05 per preference share, that no allocation be made to other revenue reserves and to carry forward the remaining €k 57,003 to a new account.

In the 2024 business year a dividend totalling € 15.00 per ordinary share and € 15.05 per preference share was paid in respect of the 2023 business year.

The equity difference resulting from the currency conversion contains the differences resulting from the conversion of foreign subsidiaries.

The cumulated other equity contains the effects from the evaluation of derivative financial instruments without affecting the operating result. In the business year, an amount of €k 7 (previous year: €k 309) was withdrawn from the equity and recorded as income (previous year: income) in the period result. In addition, costs (previous year: income) from the market valuation of derivative financial instruments attributable to cash flow hedges was allocated to the equity without affecting profits in the sum of €k 259 (previous year: €k 7).

The development of equity and its elements is stated in the consolidated equity statement.

(14) MINORITY INTERESTS

The remaining item is attributable to the share in equity of HERMLE WWE AG attributable to the other shareholders.

(15) PROVISIONS

€k	As at 01.01.2024	Consumption	Resolution	Addition	Other changes	As at 31.12.2024
Tax provisions	13257	12483	295	449	42	970
Personnel provisions	24084	9987	395	11191	47	24940
Other provisions						
in sales and purchasing	32425	21449	1646	17184	167	26681
for other areas	1910	1600	65	1285	14	1543
	34334	23049	1710	18469	180	28224
	71674	45519	2401	30109	270	54134
of which current provisions	69704	45170	2351	29444	245	51872
of which non-current provisions	1970	349	49	665	25	2262

The provisions in human resources largely apply to flextime provisions, provisions for partial retirement commitments as well as bonus payments. The marketing and purchasing risks apply to warranties, fairness in trade and other follow-up benefits, acceptance or buy-back obligations and a raft of other purchasing and marketing risks. The other area contains other outstanding services and liabilities, which have not been identified on merit and/or in terms of their ultimate amount.

As in the previous year, the non-current provisions are personnel-related provisions, in particular relating to long-service award payments and flextime commitments.

The other changes comprise currency and interest effects totalling €k 270 (previous year: €k163) were recorded as expenses (previous year: income).

The effects from the interest charge and from changes to the discounting interest rate in the sum of €k 35 (previous year: €k 18) apply in an amount of €k 23 (previous year: €k 14) to personnel provisions and €k 12 (previous year: €k 4) to other provisions.

(16) LIABILITIES

The liabilities relate in particular to:

€k	31.12.2024	31.12.2023
Other non-current liabilities		
Leasing liabilities	452	532
Current trade accounts payable		
against third parties	14320	8795
Other current liabilities		
Advances paid	23555	28732
Contractual debt from advance payment invoices	4248	6781
Contractual liabilities	3228	3089
Leasing liabilities	530	528
Derivative financial instruments	1133	390
Tax liabilities	12253	8437
Social security liabilities	769	752
Other liabilities	9726	8118
	55442	56833
Breakdown of liabilities by remaining terms		
up to 1 year	69762	65628
from 1 year	452	532
	70214	66160

The current trade accounts payable contain title reservations that are customary in the trade.

Pursuant to IFRS 9, the derivative financial instruments stated in the other liabilities are stated at the market value. They apply to the negative market values of currency hedge transactions as part of the statement presentation of hedging relationships pursuant to IFRS 9 or IAS 39. Insofar as they are intended for fair value hedge security purposes, the negative market values are juxtaposed with increases in value in the balance sheet items of the allocated basic transactions.

The advances paid are stated as net amounts without turnover tax.

EXPLANATIONS ON THE CONSOLIDATED INCOME STATEMENT

(17) SALES REVENUES

The following table shows the distribution of sales in 2024 and 2023 by sales region as well as the reconciliation of sales by product and service areas to the reportable segments.

€k	Domestic companies		Foreign sales companies		Group	
	01-12/2024	01-12/2023	01-12/2024	01-12/2023	01-12/2024	01-12/2023
Sales regions						
Federal Republic of Germany	179373	203281	0	0	179373	203281
Other countries	82775	98522	225778	230521	308553	329043
Total	262148	301803	225778	230521	487926	532324
Product and service areas						
Sale of machine tools						
Accessories and spare parts	244650	286178	212122	218726	456772	504904
Service and training services	17498	15625	13656	11795	31154	27420
Total	262148	301803	225778	230521	487926	532324
Revenue from contracts with customers	262148	301803	225778	230521	487926	532324
Turnover with third parties	262148	301803	225778	230521	487926	532324

The contract balances are as follows:

€k	31.12.2024	31.12.2023
Trade accounts receivables against third parties	64585	93210
Customer receivables from advance payments	4248	6781
Total	68833	99991
Advances paid	23555	28732
Contractual liabilities	3228	3089
Contractual debt from advance payment invoices	4248	6781
Total	31031	38602

The advances paid relate to advances received from customers for machine sales. Contractual liabilities mainly include warranty and training services that have already been invoiced but not yet rendered.

The contractual debt from advance payment invoices is due advance payment invoices that have not yet been paid and for which there is an unconditional right to payment.

There are no contract assets.

In the 2024 business year, sales revenues of €k 1,444 (previous year: €k 1,398) were recognised, which were included in the contractual liabilities at the beginning of the business year.

HERMLE expects that amounts included in the contractual liabilities as at 31 December 2024 amounting to €k 2,650 in 2025 and €k 578 in 2026 will lead to sales.

(18) OTHER OPERATING INCOME

The other operating income item applies to:

€k	2024	2023
Income from reversal of provisions	2127	1174
Income from reversal of value adjustments	4284	4248
Income from retirement of fixed assets	1641	612
Other operating income	1914	2367
	9966	8401

The remaining other operating income item contains as key elements income from letting and leasing, from the passing on of costs and compensation payments of insurers and other third parties.

(19) COSTS OF MATERIALS

Costs of materials apply to:

€k	2024	2023
Expenses for raw, process and operating materials and procured goods	194532	209047
Cost of purchased services	8476	8421
	203008	217468

(20) PERSONNEL COSTS

Personnel costs include:

€k	2024	2023
Salaries and wages	127223	121867
Social security contributions	22641	21317
	149864	143184

As in the previous year, there were no expenses for old-age pensions.

Average numbers of employees:

	2024	2023
Industrial workers	588	551
Salaried employees	871	826
Sum of employees	1459	1377
Apprentices (voluntary information)	112	95
Total sum	1571	1472

The Management Board's emoluments totalled €k 3,500. The Supervisory Board members' emoluments total €k 160.

(21) DEPRECIATION

The depreciation largely applies to scheduled depreciation on intangible assets and property, plant and equipment. The business year includes non-scheduled depreciation of €k 146 (previous year: €k 5).

(22) OTHER OPERATING COSTS

€k	2024	2023
Recognition of value adjustments on receivables	3262	3849
Currency losses	891	382
Other operating costs	46677	50207
	50830	54438

The other operating expenses largely apply to expenses for Sales, service and administration, as well as for maintenance expenses for buildings, fixtures and fittings. In addition, the item contains so-called taxes chargeable as expenses for road tax and land tax as well as foreign representative offices.

Other operating expenses include expenses relating to leases amounting to €k 1,954 (previous year: €k 1,527). €k 1,544 thereof (previous year: €k 1,493) is attributable to current leases and €k 410 (previous year: €k 34) to leases for assets of low value that are not current term.

With regard to auditing the annual financial statements and the consolidated financial statements of Maschinenfabrik Berthold HERMLE AG, auditor's fees of €k 252 (previous year: €k 258) were incurred in 2024. In addition, €k 0 was charged for other certification services, €k 0 for tax consultancy services and €k 0 for other services in the current year.

(23) FINANCIAL RESULT

The financial result is classified as follows:

€k	2024	2023
Other interest and similar income	3845	2721
Interest and similar expenses	-189	-194
	3656	2527

Other interest and similar income largely apply to interest income from fixed-term bank deposits.

In addition to external interest, the interest expenditure mainly relates to internal expenses from the interest charge of current and non-current provisions.

(24) TAXES ON INCOME

The taxes on income and earnings apply to:

€k	2024	2023
Current taxes	23414	32032
Deferred taxes	-356	-1249
	23058	30783

The following table reconciles the calculated or expected income tax expense with the actual income tax expense and explains the main differences in summarized form:

€k	2024	2023
Result before income tax	88974	118357
Calculated income tax in %	26.50%	26.50%
Calculated income tax	23578	31364
Non-deductible expenses	319	229
Other aperiodic taxes	-409	-816
Differences from tax rates/currency conversion	-610	-188
Losses carried forward not taken into account	179	194
Total tax expenses	23058	30783

The calculated income tax was calculated for domestic companies based on a tax rate of 26.50% (previous year: 26.50%), while the deferred taxes were created on the basis of a tax rate of 26.50% (previous year: 26.50%). The tax rate contains trade tax, corporation tax and the solidarity surcharge.

The stated deferred tax assets and liabilities apply to the following balance sheet items:

€k	31.12.2024	31.12.2023
Deferred tax assets		
Consolidations	1060	929
Assets	381	407
Inventories and receivables	1447	1487
Provisions	1339	1441
Derivative financial instruments	300	104
Contractual liabilities	486	440
Total	5013	4808
Offset against deferred tax liabilities	0	0
Total	5013	4808
of which items charged to equity without affecting the operating result	93	104
Deferred tax liabilities		
Assets	659	814
Inventories and receivables	346	405
Provisions	342	271
Derivative financial instruments	0	174
Other	15	13
Total	1362	1677
Offset against deferred tax assets	0	0
Total	1362	1677
of which items charged to equity without affecting the operating result	0	107

The deferred tax assets are stated in the consolidated balance sheet in the non-current assets item, while the deferred tax liabilities are stated in the non-current liabilities item.

Temporary differences of €k 2,816 exist in connection with shares in subsidiaries, for which no deferred tax liability was recognised.

Tax losses capable of being carried forward of €k 6,548 (previous year: €k 5,848) have not been stated due to the uncertain realisation options.

(25) RESULT FOR EACH SHARE

€k	2024	2023
Net income:		
Acc. to income statement	65916	87574
Minority interests in the result	0	0
Result acc. to minority interests	65916	87574
Accrued preference dividends	-50	-50
Result acc. to minorities and preference dividends	65866	87524
Weighted average in pieces:		
Outstanding ordinary shares	4000000	4000000
Outstanding preference shares	1000000	1000000
Total of all types of shares	5000000	5000000
Average weighted number of shares in items:	5000000	5000000
Undiluted and diluted result for each share in euros:		
Per ordinary share	13.17	17.50
Per preference share, incl. dividend preference	13.22	17.55

The company does not hold any treasury shares or preference shares. In other respects, too, no further changes to the equity instruments occurred. The preference shares will receive an additional dividend of EUR 0.05 per share compared to the ordinary shares. This additional share in the profit is initially shortened on a standardized basis in the case of calculating the result for each share, and only added once again in the case of the result for each preference share.

(26) CONSOLIDATED CASH FLOW STATEMENT

The development of the money flows and their effects on the funds of the cash equivalents are illustrated in the Group cash flow statement. In that respect a distinction is made between payment flows from the ongoing business activity and the investment and financing activity. The cash flow from the ongoing business activity is determined using the indirect method, while by contrast the cash flow from the investment and financing activity is determined on a payment-related basis. Effects from the currency conversion and amendments to the group of consolidated companies are adjusted in that respect.

The cash and cash equivalents explained under (12) from cash on hand and cash in banks make up the funds of the cash and cash equivalents.

Tax payments as well as interest payments are stated in full as fund outflows or fund inflows from the business activity. The cash flow from the ongoing business activity contains cash flows from interest and other financial expenses amounting to €k +3,564 (previous year: €k +2,082) and cash flows from taxes of €k -43,327 (previous year: €k -29,225).

(27) SEGMENT REPORTING

With regard to the segment reporting, HERMLE follows IFRS 8 "Operating Segments", which on a mandatory basis promotes classification in segments in line with the "Management Approach". By way of this method, information is published on the operating segments based on the internal organisational and management structure. In this respect, the financial reporting to the primary management committee of the company is authoritative, which is represented at HERMLE by the Management Board.

In view of this, this segment reporting is geared towards the segmenting in line with the Sales activities. On the one hand, the segments are divided into homogeneous activities of the foreign sales companies and sales branches, which cover the function of authorised dealers and sales branches, and on the other in the remaining domestic companies that each report their results on an ongoing basis. The companies and branches are classified in segments according to their affiliation. The foreign sales segment includes the companies HERMLE USA INC., HERMLE Properties INC., HERMLE Nederland BV, HERMLE Italia S.R.L., HERMLE (Switzerland) AG, HERMLE WWE AG (Switzerland), HERMLE Mexiko S. DE R.L. DE C.V., HERMLE SEA Co, Ltd. (Thailand), HERMLE Machine (Shanghai) Co. Ltd., China, HERMLE France SAS, Les Ulis (France) and HERMLE South East Europa SRL, Medias (Rumänien), as well as the sales branches of HERMLE AG in Austria, the Czech Republic, Denmark and Poland.

Sales and services between the segments are offset using conditions that are customary in the market. HERMLE measures the success of the segments primarily by way of the operating result.

Receivables and liabilities, provisions, income and expenses between the segments are eliminated in the column consolidation effects. In addition, in the column consolidation effects the items are also stated that cannot be allocated to the stated segments. As a general rule, the segment reporting is based on the same accounting and valuation methods that apply to the consolidated financial statements. As a general rule, the assets of the segments comprise all assets, whereby the cross-segment relations are stated in the column consolidations. However, apart from the assets, all shares, interests and loans to companies that are incorporated in full or in part in the consolidated financial statements are in the non-current financial assets area.

As a result of HERMLE's customer structure and business structure, there was no significant concentration on individual customers or regions in the years under review.

(28) CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The following contingent liabilities and other financial commitments applied on the reporting date:

€k	31.12.2024	31.12.2023
Contingent liabilities		
Liability from cooperative shares	5	5

(29) FINANCIAL INSTRUMENTS

ORIGINAL FINANCIAL INSTRUMENTS

The following section contains additional, key explanations on the statement presentation of financial instruments and their effects on profits in the consolidated income statement within the meaning of IFRS 7. The following overviews illustrate the composition of the financial instruments according to balance sheet items and valuation categories, the fair value and the valuation results according to valuation categories.

The amounts stated for the financial instruments according to valuation categories pursuant to IFRS 9 as at 31 December 2024 are as follows:

Values stated in the balance sheet pursuant to IFRS 9						
€k	Book value 31.12.2024	Amortised cost	Fair value with an effect on the operat- ing result	Fair value without an effect on the operat- ing result	Leasing	Fair value 31.12.2024
Assets						
Non-current assets						
Shares	2		2			2
Other financial assets	5		5			5
Current assets						
Trade accounts receivables	64584	64584				64584
Other current receivables	5019	5019				5019
Securities and other assets	34000	34000				34000
Cash and cash equivalents	107370	107370				107370
Liabilities						
Non-current liabilities						
Leasing liabilities	-452				-452	-452
Current liabilities						
Trade accounts payable	-14320	-14320				-14320
Other liabilities	-1043	-1043				-1043
Leasing liabilities	-1133		-782	-352		-1133
Derivative financial instruments	-530				-530	-530

The amounts stated for the financial instruments according to valuation categories pursuant to IFRS 9 as at 31 December 2023 are as follows:

Values stated in the balance sheet pursuant to IFRS 9						
€k	Book value 31.12.2023	Amortised cost	Fair value with an ef- fect on the operating result	Fair value without an effect on the operat- ing result	Leasing	Fair value 31.12.2023
Assets						
Non-current assets						
Other financial assets	3005	3000		5		3005
Other non-current assets	0	0				0
Current assets						
Trade accounts receivables	93210	93210				93210
Other current receivables	7568	7568				7568
Derivative financial instruments	656		256	400		656
Securities and other assets	49000	49000				49000
Cash and cash equivalents	111034	111034				111034
Liabilities						
Non-current liabilities						
Financial liabilities	0					0
Derivative financial instruments	0					0
Leasing liabilities	-532				-532	-532
Current liabilities						
Trade accounts payable	-8795	-8795				-8795
Other liabilities	-851	-851				-851
Leasing liabilities	-528				-528	-528
Derivative financial instruments	-390			-390		-390

The net results of the financial instruments according to valuation categories are as follows for the 2024 business year pursuant to IFRS 9:

€k	From interest/ Dividends	From follow-on valuations: On fair value	Currency conversion	Value adjustment	from Retirement	2024
Financial assets						
Stated at amortised cost	3845		-891	883	-139	3698
Stated at fair value directly in equity	0					0
Stated at fair value through profit and loss		0				0
Financial liabilities						
Stated at amortised cost	-149					-149
Stated at fair value through profit and loss		-40				-40
Total	3696	-40	-891	883	-139	3509

The net results of the financial instruments according to valuation categories are as follows for the 2023 business year pursuant to IFRS 9:

€k	From interest/ Dividends	From follow-on valuations: On fair value	Currency conversion	Value adjustment	Retirement	2023
Financial assets						
Stated at amortised cost	2721		-382	-257	-142	1940
Stated at fair value directly in equity	0					0
Stated at fair value through profit and loss		0				0
Financial liabilities						
Stated at amortised cost	-165					-165
Stated at fair value through profit and loss		-29				-29
Total	2556	-29	-382	-257	-142	1746

The net profits or losses from loans and receivables largely contain changes in the value adjustments, currency conversions, income from received payments, write-ups as well as interest income.

Determining the fair value of the financial instruments set out in the above tables is geared towards a fair value hierarchy that takes into account the significance of the input data used for the valuation, and is classified as follows:

Level 1: listed on active markets (unchanged assumed prices) for identical assets and liabilities;

Level 2: for the asset or the liability either directly (as price) or indirectly (derived from the prices) observable input data that do not constitute a listed price according to Level 1;

Level 3: drawn input data that are not based on observable market data for valuing the asset and the liability (non-observable input data).

In the business year and in the previous year, the stated fair values were determined exclusively according to Level 2 of the fair value hierarchy.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING STRATEGIES

FINANCIAL RISK MANAGEMENT

As at 31 December 2024, the HERMLE Group has an above-average equity ratio of 74.1%. On the reporting date, the amount of liquid funds and securities was €k 141,370. Liquid funds and securities relate to debtors with credit ratings that are generally considered good at present. As a result of these circumstances, the HERMLE Group is not dependent on interest-bearing outside capital to finance spare parts and expansion investments and the distribution of dividends. The HERMLE Group gives consideration at all times to keeping adequate financial reserves available to react at short notice to potential changes in the economic situation.

The financial risks are assessed below insofar as they are of importance to the HERMLE Group.

RISKS FROM INTEREST CHANGES

Risks from interest changes arise from the investment of liquid funds in the form of variable and short-term, fixed-interest investments. Additional interest risks do not apply because there is no interest-bearing outside capital and only minor leasing liabilities. At the end of the year, the liquid funds were invested largely with remaining terms of less than one year, in part even with terms of up to three months, and therefore were practically equated with variable interest rates.

With regard to the liquid funds and marketable securities of circulating assets held up to the end of the year, an increase in the interest rates of 0.5% during the period of one year would lead to a potential increase in the net interest income of the following year by approximately €m 0.7 (previous year: €m 0.8). The risk from a deterioration in interest rates exists to the same extent, as banks also pass on falling interest rates directly to customers. This effect is thus a mirror image of approximately €m -0.7 (previous year: €m -0.8).

DEFAULT RISKS

There is no significant concentration of default risks at the HERMLE Group because no more than 10% of the Group's sales are generated with any single end customer. Furthermore, the default risks are further reduced by way of the ongoing monitoring of the payment behaviour of our customers, and consistent receivables management. However, against the backdrop of the ongoing economic downturn and the impaired earnings and financial situation in individual customer sectors of our products, we currently assess the credit risk as higher than the average of previous years.

Liquid funds are invested in securities or debtors with a generally good credit rating, so that from today's perspective, despite latent risks from the capital markets and for the banks, short-term default risks are not assumed. In addition, short investment periods are currently still chosen. The for us significant indirect risk of default of totally over-indebted countries, if it were to occur, cannot be assessed by us with regard to the likelihood of occurrence. However, during the course of the last few years it has increased, and in the case of individual countries, in particular in the eurozone, it is still to be classified as "high". Risk-limiting countermeasures were introduced through the so-called "Stability Pact" and defined new debt limits, which were, however, temporarily suspended in practically all countries in the course of the COVID-19 pandemic and the ongoing war in Ukraine, circumvented by "special funds" or "flexibly handled". This increases the likelihood that future compliance with the rules will also be seriously questioned. The maximum default risk arises from the book value of the financial assets stated in the consolidated balance sheet.

LIQUIDITY RISKS

The HERMLE Group has above-average high stocks of cash and cash equivalents. Liquidity risks are not discernible in the short to medium term due to these facts, wherein the stability of the German banking system is still assumed to be given despite weak earning power and a reduction in protection from the banks' voluntary protection systems – which may give rise to doubts (see comments on default risks).

EXCHANGE RATE RISKS

Exchange rate risks apply, in particular, where receivables and liabilities exist in a currency other than the functional currency of the respective company or will arise in the case of scheduled business development in the form of future payment flows. Hedging exchange rate risks refers to payment flows; foreign currency risks that do not lead to payment flows are not secured. These are, for example, risks from converting the contracts of foreign subsidiaries and operating facilities in the Group reporting currency euro.

The exchange rate risks of the HERMLE Group largely refer to the amount of trade accounts receivables in foreign currencies as well as the inflow of cash and cash equivalents in foreign currencies. Maschinenfabrik Berthold HERMLE AG uses derivative instruments to hedge these currency risks. These are aimed at securing the foreign currency receivables that exist on the reporting date against Group companies or third parties, which are normally hedged as a rule, beyond this additionally the hedging of cash flows that have yet to be recorded in the balance sheet on the reporting date or pending or anticipated cash flows. Hedges for expected cash flows only are secured depending on the assessment of the price situation within a window of up to twelve months, beyond this in exceptional cases.

With regard to the presentation of market risks, IFRS 7 specifies sensitivity analyses on the effects on hypothetical changes in relevant risk variables on the year-end result and equity. As at 31 December 2024 and 31 December 2023, all key trade accounts receivables in foreign currency at Maschinenfabrik Berthold HERMLE AG against Group companies had been hedged by way of forward exchange transactions that were classified as fair value hedges. Currency items concluded from these result, in each case, in compensation effects such that changes do not, insofar, occur in equity and in the annual result. However, the valuation of the cash flow hedges as well as the conversion of foreign currency contracts are sensitive in relation to changes in currency rates.

In the case of depreciation of the key foreign currencies by 5% in 2024, an income for the 2024 business year of €m 0.2 (previous year: €m 0.1) would arise; in the case of a corresponding increase in value, a loss of €m 0.2 (previous year: €m 0.1). In the case of impairment of the key foreign currencies by 5% in 2024, the Group capital as at 31 December 2024 would increase by €m 0.1 (previous year: decrease of €m 0.3); in the case of a corresponding write-up of the foreign currencies, it would decrease by €m 0.2 (previous year: increase of €m 0.3).

The nominal volumes taken as a basis for the derivative financial instruments as well as their market values on the reporting date are stated in the following table:

€k	31.12.2024	31.12.2023
Forward currency sales:		
Nominal volume	36872	47756
of which Remaining term > 1 year	0	0
Positive market values	0	656
of which Fair value hedges < 1 year	(0)	(256)
of which Fair value hedges > 1 year	(0)	(0)
of which Cash flow hedges < 1 year	(0)	(400)
of which Cash flow hedges > 1 year	(0)	(0)
Negative market values	1134	390
of which Fair value hedges < 1 year	(782)	(0)
of which Fair value hedges > 1 year	(0)	(0)
of which Cash flow hedges < 1 year	(352)	(390)
of which Cash flow hedges > 1 year	(0)	(0)

The market value corresponds with the profits and losses in the case of a notional settlement of the derivatives on the reporting date. The maximum default risk of derivative financial instruments corresponds with the total positive market values. It applies to potential asset losses that may arise from the failure by individual trading partners to honour contractual obligations. Derivative financial instruments are only concluded with banks that have the stated credit rating to avoid such a risk.

As a general rule, changes in the market values are recorded with an effect on profits. If future planned cash flows in foreign currencies are the subject matter of an effective hedge within the meaning of IFRS 9, the regulations of a cash flow hedge are applied. The market values of the corresponding hedge transactions are then initially offset against the equity, without affecting profits, in the "cumulated other equity" item, and only recorded with an effect on profits at a later date in the case of realizing the basic transaction.

(30) ESTIMATES

Estimates are incorporated in the valuation of the trade accounts receivables, inventories as well as determining the other provisions. In the case of goodwill recognised in the consolidated balance sheet, these relate to the calculation of future cash flows and the determination of an appropriate discount rate; in the case of trade accounts receivables, these largely apply to the likelihood of default for the individual debtors and the default amount, in the case of the inventories warehoused for lengthy periods or inventories with a low likelihood of being marketed the future marketability, in the case of deferred tax assets, the realisability of tax losses carried forward, and in the case of the stated other provisions both the likelihood of occurrence of events and assumed performance amounts which, where possible, are determined on the basis of previous empirical values. In view of the fact that the actual future development of these parameters may vary from the forecast assumptions, new valuations of the corresponding items may arise in subsequent years with an effect on profits.

In the 2024 business year, the Group profit was again negatively affected by the war in Ukraine and supply chain disruptions. Estimation uncertainties remain high in the following year due to these uncertainties and the unclear course and outcome of the Ukraine conflict, the war in the Gaza Strip and the Middle East crises, as well as trade and tariff disputes.

(31) EVENTS AFTER THE REPORTING DATE

Following the conclusion of the 2024 business year and up until the consolidated financial statements were signed off, there were no events that had significant effects on the earnings, financial and assets position of HERMLE AG or the Group.

(32) RELATIONS WITH CLOSELY AFFILIATED COMPANIES AND PERSONS

In addition to the subsidiaries incorporated in the consolidated financial statements and the holdings not incorporated in the consolidated financial statements, as a general rule consideration here is given to members of the Management Board or Supervisory Board as well as shareholders with a considerable influence within the meaning of IAS 24 "Related Party Disclosures". The relations with this group of closely affiliated companies and groups are processed at conditions that are customary in the market.

There are no closely affiliated companies that are dominated by the HERMLE Group or upon which the HERMLE Group exerts a considerable influence but which are not included in the consolidated financial statements.

The deliveries and services performed and rendered by the Group for other closely affiliated companies were €k 119 (previous year: €k 769), while the deliveries and services purchased by the Group from other closely affiliated companies were €k 0 (previous year: €k 0). On the reporting date, the Group receivables due from other closely affiliated companies were €k 0 (previous year: €k 1), while the Group liabilities due to other closely affiliated companies were €k 0 (previous year: €k 1).

(33) DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and Supervisory Board of HERMLE AG issued the declaration of compliance with GCGC pursuant to Section 161 of the German Stock Corporation Act (AktG) on 4 December 2024 and made it permanently available to the general public on the HERMLE AG homepage at www.hermle.de (under: Company & Career / Investor Relations / Mandatory publications / Code Section 161 of the German AktG).

(34) DETAILS OF THE COMPANY'S EXECUTIVE BODIES

The following persons form the board of management:

Günther Beck, Member of the Board, Finances, Information Processing

Franz-Xaver Bernhard, Member of the Board, Sales, Research and Development

Other mandates in supervisory boards and controlling bodies:

Member of the Supervisory Board of VOLLMER Werke Maschinenfabrik GmbH, Biberach an der Riss

Benedikt Hermle, Member of the Board, Production, Customer Service, Materials Management, Human Resources

The following persons form the Supervisory Board:

Dietmar Hermle, Chair of the Supervisory Board

Entrepreneur, former spokesperson of the Management of Maschinenfabrik Berthold HERMLE AG

Lothar Hermle, Deputy Chair

Entrepreneur

Dr. Sonja Zobl-Leibinger, Deputy Chairwoman

Lawyer

Other mandates in supervisory boards and controlling bodies:

Chair of the Supervisory Board of AdCapital AG, Tuttlingen

Prof. Dr. Wolfgang Kuhn

Entrepreneur

Other mandates in supervisory boards and controlling bodies:

Member of the Supervisory Board of SALytic Invest AG, Cologne

Chairman of the Supervisory Board of E3 Holding AG, Biberach an der Riss

Deputy Chair of the Supervisory Board of WS Holding AG, Ludwigsburg

Gerd Grewin*

Chair of the Works Council

Industrial Foreman, Control Technician

Andreas Borho*

Industrial Business Management Assistant

* Elected employee representatives

Gosheim, 28 March 2025

Maschinenfabrik Berthold HERMLE AG

Günther Beck

Franz-Xaver Bernhard

Benedikt Hermle

ASSURANCE OF THE LEGAL REPRESENTATIVES (BALANCE SHEET OATH)

We assure to the best of our knowledge that pursuant to the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations, and in the joint management report of Maschinenfabrik Berthold HERMLE AG and the Group, the business performance, including the business result, and the Group's position are stated such that a true and fair view of the actual circumstances is presented, and the key opportunities and risks of the likely development are described.

Gosheim, 28 March 2025

Maschinenfabrik Berthold HERMLE AG

Günther Beck

Franz-Xaver Bernhard

Benedikt Hermle

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board declare that apart from various individual points the recommendations of the Government Commission on the German Corporate Governance Code as amended on 28 April 2022, which came into force on 17 May 2022 (GCGC 2022), are not complied with. This is justified in that Maschinenfabrik Berthold HERMLE AG conducts its operations in accordance with the principles of open information policy that it has put in place to date, which were implemented as part of the rules of procedure of the Management Board and the Supervisory Board. In that respect, the mandatory requirements were complied with in full.

The Management Board and the Supervisory Board hold the view there are various reasons for not implementing recommendations of the GCGC 2022 that extend beyond this. As detailed below, Maschinenfabrik Berthold HERMLE AG therefore deviates considerably from the recommendations of the GCGC 2022, wherein it may be assumed for the following statements that all GCGC 2022 recommendations that are not identified as being positively regarded in the following have been deviated from.

The recommendations under B. regarding the appointment of members to the Management Board are largely not complied with. In view of the successful, decade-long practice in the appointment of Management Board members and the continuity in the Management Board, the previous framework conditions for the appointment of board members shall essentially be retained and no further restrictions shall be deliberately imposed – albeit in compliance with all legal framework conditions and requirements.

The recommendations under C. on composition, under D. on working methods, under E. on conflicts of interest and under F. on transparency and external reporting of the Supervisory Board are largely not complied with, as the applicable legal regulations together with the rules of procedure of the Management Board and the Supervisory Board are judged to be fully sufficient for the topics dealt with there. Furthermore, we believe that the Code recommendations under C. to F. are geared towards international major DAX-listed Groups but not to an SME with a limited number of ordinary shareholders who, in part and also on the basis of a right of delegation under the articles of association, are represented personally in the supervisory committees.

Finally, the recommendations on the remuneration of the Management Board and the Supervisory Board under G. (GCGC 2022) are essentially not complied with. In addition to the basic provisions for the remuneration of Management Board members in accordance with Section 87 of the German Stock Corporation Act (AktG) for DAX-listed companies in Section 87a of the German Stock Corporation Act (AktG), the legislator has regulated the obligation to establish a remuneration system that is to be put before the shareholders' meeting in accordance with Section 120a (1) of the German Stock Corporation Act (AktG) wherein, with only a few exceptions, the specified comprehensive individual requirements of the remuneration system are only then to be implemented in the remuneration system if they are indeed part of contractual agreements with Management Board members. Correspondingly, in accordance with Section 162 of the German Stock Corporation Act (AktG) the obligation pertains to draw up a remuneration report containing, in particular, evidence of compliance with the remuneration system. In accordance with Section 120 a, Para. 4 of the AktG, this is to be approved by the shareholders' meeting for the respective previous business year. To date, Maschinenfabrik Berthold HERMLE AG has completely fulfilled all these legal requirements within the timespan prescribed by the legislator and will also do this in future. Maschinenfabrik Berthold HERMLE AG also considers these requirements by the legislator to be absolutely sufficient to ensure appropriate remuneration for the Management Board and the Supervisory Board and also transparency in this regard. In particular, we expressly view the individual complexities designated in the recommendations under G of the GCGC 2022 as being unsuitable for a company of our dimensions with regard to ensuring fair and transparent remuneration of the Management Board members that remains beneficial to the company as well. In addition, in the past Maschinenfabrik Berthold HERMLE AG had variable remuneration based on the company's results, but no share-based remuneration for the board members, and from today's perspective such share-based remuneration is not planned for the future.

Overall, in view of the relative lower market capitalisation of the company, the shareholder structure, the very lean and therefore efficient company organisation to date as well as the additional costs associated with full implementation, Maschinenfabrik Berthold HERMLE AG has decided in favour of a merely very limited implementation of the recommendations of the GCGC.

However, Maschinenfabrik Berthold HERMLE AG complies with various individual regulations of the GCGC 2022 that go beyond the legal requirements; these are listed below:

Recommendation A.2	Observance of diversity by the Management Board when filling management positions
Recommendation A.4	Compliance Management System with disclosure of the principles
Recommendation A.5	Disclosure and statement in the management report on the main features of the internal control system and the risk management system and on the appropriateness and effectiveness of these systems
Suggestion A.7	Limitation of the time of the shareholders' meeting to a maximum of four to six hours
Recommendation B.1	Observance of diversity by the Supervisory Board in the composition of the Management Board
Recommendation B.4	Reappointment of the Management Board before the end of one year prior to the end of the term of appointment only in the case of special circumstances
Recommendation C.4	Multiple mandates of Supervisory Board members
Recommendation C.11	Supervisory Board mandates for former Management Board members
Recommendation C.12	Position of Supervisory Board members towards competitors
Recommendation D.5	Consultation of the Chair of the Supervisory Board with the Management Board on issues of strategy, business development, risk situation, risk management and compliance of the company
Recommendation D.7	Information on Supervisory Board meetings in the report of the Supervisory Board
Recommendation D.8	Agreement on immediate notification of the Supervisory Board by the auditor in the event of significant findings and occurrences
Recommendation D.9	Agreement on the provision of information to the Supervisory Board by the auditor in the event that incorrect declarations regarding the Code are identified
Recommendation E.3	Secondary activities of Management Board members
Recommendation F.3	Publication of quarterly reports or information during the year on significant changes in the business outlook and the risk situation
Recommendation F.5	Publication of the declaration of compliance on the website for five years
Recommendations G.12- Recommendation G.14	Benefits in the event of termination of contracts of Management Board members
Recommendation G.15	Offsetting the remuneration for intra-group Supervisory Board mandates in the Management Board remuneration
Recommendation G.16	Decision of the Supervisory Board on the offsetting of remuneration for Supervisory Board mandates outside the group in the Management Board remuneration
Recommendation G.18	Fixed remuneration of Supervisory Board members

Gosheim, 4 December 2024

Maschinenfabrik Berthold HERMLE AG

Management Board
Supervisory Board



FURTHER
INFORMATION



HERMLE C 42 U dynamic in 5-axis version |
Machining of a die for toolmaking and mould construction.

BALANCE SHEET

BY MASCHINENFABRIK BERTHOLD HERMLE AG

ASSETS

€k	31.12.2024	31.12.2023
A. Assets		
I. Intangible assets		
Industrial property rights and similar rights acquired for value consideration	1166	976
II. Property, plant and equipment		
1. Land and buildings, including the buildings on non-owned land	74518	46577
2. Technical plants and machinery	17483	12521
3. Other plants, fixtures and fittings	16876	11090
4. Advances paid and assets in construction	16918	19990
	125795	90178
III. Financial assets		
1. Investments in associated companies	12477	12477
2. Loans to associated companies	1117	1065
3. Shares	2	0
4. Other loans	5	5
	13601	13547
	140562	104701
B. Circulating assets		
I. Inventories		
1. Raw, process and operating materials	52217	68581
2. Unfinished products	22597	21880
3. Finished products	26583	23366
4. Advances paid	579	774
	101976	114601
II. Trade and other receivables		
1. Trade accounts receivables	32618	49321
2. Receivables from associated companies	22279	22444
3. Other receivables	9071	2599
	63968	74364
III. Liquid assets	79660	110695
	245604	299660
C. Accrued and deferred items	1293	1009
	387459	405370

LIABILITIES

[illegible]

DEVELOPMENT OF ASSETS

BY MASCHINENFABRIK BERTHOLD HERMLE AG

€k	Acquisition/manufacturing costs					As at 31.12.2024
	As at 01.01.2024	Additions	Repostings	Currency adjustment	Retirements	
I. Intangible assets						
Industrial property rights and similar rights acquired for value consideration	8812	588	0	0	130	9270
II. Property, plant and equipment						
1. Land and buildings, including the buildings on non-owned land	81284	23423	6936	0	1091	110552
2. Technical plants and machinery	53974	8937	0	0	977	61934
3. Other plants, fixtures and fittings	35680	8579	1366	-5	2914	42706
4. Advances paid and assets in construction	19990	5230	-8302	0	0	16918
	190928	46169	0	-5	4982	232110
III. Financial assets						
1. Investments in associated companies	12477	0	0	0	0	12477
2. Loans to associated companies	1065	52	0	0	0	1117
3. Shares	0	2	0	0	0	2
4. Other loans	5	0	0	0	0	5
	13547	54	0	0	0	13601
	213287	46811	0	-5	5112	254981

	Cumulated depreciation				Book values		
	As at 01.01.2024	Additions	Currency adjustment	Retirements	As at 31.12.2024	As at 31.12.2024	As at 31.12.2023
	7836	398	0	130	8104	1166	976
	34707	2417	0	1090	36034	74518	46577
	41453	3846	0	848	44451	17483	12521
	24590	4073	-3	2830	25830	16876	11090
	0	0	0	0	0	16918	19990
	100750	10336	-3	4768	106315	125795	90178
	0	0	0	0	0	12477	12477
	0	0	0	0	0	1117	1065
	0	0	0	0	0	2	0
	0	0	0	0	0	5	5
	0	0	0	0	0	13601	13547
	108586	10734	-3	4898	114419	140562	104701

INCOME STATEMENT

BY MASCHINENFABRIK BERTHOLD HERMLE AG

€k	2024	2023
1. Sales revenues	438597	485430
2. Increase in inventory of finished and unfinished products	3861	282
3. Other company-produced assets	1690	741
4. Total operating performance	444148	486453
5. Other operating income	10012	9356
6. Material cost	207267	223227
7. Personnel costs	109396	106570
8. Depreciation on intangible assets and property, plant and equipment	10734	8609
9. Other operating costs	53227	56841
10. Operating result	73536	100562
11. Financial result and investment earnings	13007	10207
12. Taxes on income and earnings	20193	27678
13. Result after taxes	66350	83091
14. Other taxes	200	193
15. Net income	66150	82898
16. Profit carried over from previous year	40903	73050
17. Balance sheet profit	107053	155948

PROPOSAL ON THE APPROPRIATION OF PROFITS

RESOLUTION ON APPROPRIATION OF BALANCE SHEET PROFIT FOR THE 2024 BUSINESS YEAR

The Management Board and the Supervisory Board propose to appropriate the balance sheet profit of the 2024 business year of € 107,053,511.18 as follows:

Distribution of a dividend of € 11.00 per ordinary share (€ 0.80 + € 10.20 bonus) Security identification number 605 280 / ISIN DE0006052806 for 4,000,000 ordinary shares for the 2024 business year:	€ 44000000.00
Distribution of a dividend of € 11.05 per preference share (€ 0.85 + € 10.20 bonus) Security identification number 605 283 / ISIN DE0006052830 for 1,000,000 preference shares for the 2024 business year:	€ 11050000.00
Transfer into other revenue reserves	€ 0.00
To be carried forward to new account:	€ 52003511.18
Balance sheet profit	€ 107053511.18

The dividend is due for payment on the third business day following the resolution of the shareholders' meeting, i.e. on Monday, 7 July 2025.

Insofar as Maschinenfabrik Berthold HERMLE AG holds its treasury shares at the time at which a resolution is adopted at the shareholders' meeting, these shall not be eligible for a dividend pursuant to the German Stock Corporation Act. The partial amount attributable to individual share certificates will likewise be carried forward to a new account.

Gosheim, April 29, 2025
Maschinenfabrik Berthold HERMLE AG

Günther Beck Franz-Xaver Bernhard Benedikt Hermle

NOTES

HERMLE WORLDWIDE

HERMLE SUBSIDIARIES

HPV HERMLE Vertriebs GmbH
Gosheim, Germany
www.hermle.de

HERMLE Machine (Shanghai) Co., Ltd.
Shanghai, China
www.hermle.de

HLS HERMLE Systemtechnik GmbH
Gosheim, Germany
www.hermle.de

HERMLE Nederland B.V.
Horst, Netherlands
www.hermle-nederland.nl

HERMLE Maschinenbau GmbH
Ottobrunn, Germany
www.hermle-generativ-fertigen.de

HERMLE SEA Co., Ltd.
Chonburi, Thailand
www.hermle-sea.com

HERMLE (Schweiz) AG
Neuhausen am Rheinfall, Switzerland
www.hermle-schweiz.ch

HERMLE South East Europe SRL
Medias, Romania
www.hermle.ro

HERMLE USA INC.
Franklin/WI, USA
www.hermleusa.net

HERMLE France SAS
Paris, France
www.hermle.fr

HERMLE México S. DE R.L. DE C.V.
Querétaro, Mexico
www.hermle.mx

HERMLE WWE AG
Neuhausen am Rheinfall, Switzerland
www.hermle.de

HERMLE Italia S.R.L.
Rodano, Italy
www.hermle-italia.it

HERMLE BRANCHES

HERMLE Österreich
Branch Vöcklabruck, Austria
www.hermle-austria.at

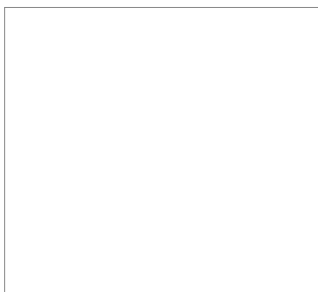
HERMLE Nordic
Branch Odense, Denmark
www.hermle-nordic.dk

HERMLE Polska
Branch Warsaw, Poland
www.hermle.pl

HERMLE Česká Republika,
Organizacni složka,
Branch Prague, Czech Republic
www.hermle.cz

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