

# Annual Report

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# 2025



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# INDICES

## HERMLE GROUP

€m	2021	2022	2023	2024	2025	Change 2025/2024
Turnover	376.0	474.1	532.3	487.9	491.9	0.7%
- Domestic	139.2	171.5	203.3	179.4	140.5	-21.7%
- International	236.8	302.6	329.0	308.5	351.4	13.9%
Orders received	439.1	534.1	494.8	456.2	483.8	5.9%
Order backlog	107.9	168.0	130.5	98.7	90.6	-8.2%
Investments	8.6	10.4	33.2	51.3	24.1	-53.0%
- Property, plant and equipment <sup>1</sup>	7.6	10.4	33.2	51.3	24.1	-53.0%
- Financial assets	1.0	-	-	-	-	-
Depreciation	11.3	11.2	11.6	14.5	16.0	10.3%
- Property, plant and equipment <sup>1</sup>	11.3	11.2	11.6	14.5	16.0	10.3%
- Financial assets	-	-	-	-	-	-
Operating result	74.6	99.6	115.8	85.3	69.2	-18.9%
Net income	54.9	71.8	87.6	65.9	51.4	-22.0%
Cash flow	66.3	87.8	99.1	80.7	67.6	-16.2%
Balance sheet total	415.0	467.8	506.4	484.6	486.8	0.5%
Equity	305.2	334.8	366.9	358.9	353.0	-1.6%
Employees (reporting date 31 December)	1,320	1,383	1,511	1,603	1,639	2.2%

<sup>1</sup> 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.

# 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

\*Elected employee representatives

## MANAGEMENT BOARD

**Kai Bacher**

Areas of responsibility:  
Research & development Sales

**Günther Beck**

Areas of responsibility:  
Finances Information technology

**Benedikt Hermle**

Areas of responsibility:  
Production . Service . Human resources

## FULLY AUTHORISED REPRESENTATIVE

**Jürgen Oswald**

Area of responsibility:  
Material Management

As at 1.1.2026

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 Founding of a branch in Denmark.
- 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 location 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 Founding of HERMLE Southeast 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.  
Following the outbreak of the war in Ukraine, HERMLE discontinues all business activities in Russia.
- 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).
- 2024 Relocation to the new production building at the location in Zimmern.  
Opening of a third manufacturing location in Burladingen to strengthen our spindle technology division.

# HIGHLIGHTS 2025

## MAY

### Open House: Automation at the next level

– Trade visitors from around the world attend the HERMLE Open House to explore the latest trends in automation and machine tool manufacturing. In addition to further Generation 2 machining centres, HERMLE showcases versatile, innovative components for customised manufacturing systems, such as the robot system RS 2 GEN2 and the handling system HS flex hybrid.



## SEPTEMBER

**Trade fair highlight EMO** – At EMO, the world's leading trade fair for production technology in Hanover, HERMLE ushers in a new era for machining centres and automation solutions. The exhibition floor space is entirely dedicated to Generation 2, featuring three fully automated systems and a mill-turn machining centre – all in the GEN2 version. At its dedicated technology development stand, HERMLE also presents the latest hardware and software components, along with its current digitalisation projects.



HERMLE organises its own in-house exhibition for the key U.S. market: The Open House event hosted by the HERMLE U.S. subsidiary in Franklin, USA, takes place every two years, alternating with the international IMTS trade fair in Chicago, and provides North American customers with an overview of HERMLE's latest innovations and entire range of services.

## OCTOBER

**Founding of a subsidiary in India** – To better capitalise on the potential of the Indian machine tool market, HERMLE opens its own subsidiary in Bangalore, India. This will enable the company to target this high-growth market directly in the future, as it gradually develops into a key sales region for the industry outside Europe.

**New production facility for large parts in Zimmern begins operation** – At its state-of-the-art production location in Zimmern ob Rottweil, HERMLE commences operation of a further production facility for large parts designed specifically for the machining of machine beds. At its core is a new large-scale machining centre, characterised by its exceptional precision, efficiency and sustainability.



**Oktoberfest at the Zimmern location** – HERMLE marks completion of the next construction phase in Zimmern ob Rottweil with a very special event: an Oktoberfest for all the employees of HERMLE AG and HLS. The festivities take place in authentic Bavarian style, capturing the true spirit of the Oktoberfest.



## DECEMBER

**New building in Gosheim is taking shape** – Work on the state-of-the-art application centre at the company headquarters is proceeding according to plan: By the end of the year, all four floors will have been completed, and part of the roof should also be in place. This new building provides HERMLE with space to showcase large machining centres and automation solutions. Furthermore, it will be home to a new canteen for the more than 1,000 employees at the location.



**New showroom in Thailand** – The HERMLE subsidiary for Southeast Asia is constructing a cutting-edge showroom at its headquarters in Chonburi/Thailand. This will give customers in the ASEAN region a clear overview of HERMLE's product range without them having to travel long distances.

# INTRODUCTION BY THE MANAGEMENT BOARD

## DEAR SHAREHOLDERS, BUSINESS PARTNERS AND FRIENDS OF THE COMPANY,

In 2025, Maschinenfabrik Berthold HERMLE AG performed well in a very turbulent and extremely challenging environment and overall developed significantly better than expected. Due to unpredictable international tariff disputes and increasing armed conflicts, the industry's reluctance to invest continued, and our most important market, Germany, was further unsettled by location-specific factors. Nevertheless, the number of orders received across the Group rose by 6% to €m 484. Group turnover, an area where we had expected to see a noticeable fall at the start of the year, amounted to €m 492, roughly 1% higher than the previous year. This better-than-expected result was largely due to growth abroad. During the second half of the year, we managed to secure several major individual projects in high-tech sectors overseas, which helped stabilise our business. This clearly shows that our increased focus on high-growth regions and sunrise sectors is the right approach.

The new international orders had to be shipped quickly, something that placed huge demands on the entire HERMLE team. Our workforce once again showed outstanding adaptability through our breathing company concept, which enables flexible working hours. We would like to take this opportunity to express our sincere thanks to all employees for their outstanding motivation. They contribute significantly to the successful development of the company over the long term.

Thanks to the major projects, our capacity utilisation stabilised promisingly from autumn 2025 onwards. In the months leading up to this, we had had to resort to furloughs and short-time working due to weak demand. Moreover, throughout the year the company had to cope with various challenges, such as rising wage and energy costs, currency fluctuations and unproductive overtime caused by bureaucratic burdens. As expected, the

operating result of the HERMLE Group thus decreased, though by far less than had been forecast at the start of the year. At €m 69 in total, it was only 19% below the previous year's level. Group earnings dropped by 22% to €m 51.

Our financial and asset position remained very sound: Liquid funds across the Group amounted to €m 81 and the equity ratio to 72.5% at the end of 2025. As a result, the Management Board and the Supervisory Board will propose to the shareholders' meeting that a dividend of € 9.50 per ordinary share and € 9.55 per preference share be paid out, compared with € 11.00 and € 11.05 respectively in the previous year.

The reduced distribution reflects not only the decline in the result but also the uncertain outlook for the current year. During the first two months of 2026, demand largely continued to stabilise. A certain degree of stabilisation was also observed domestically, and opportunities are arising in new individual projects as well as in planned public infrastructure and defence initiatives. However, the overall economic climate still fosters a significant sense of caution due to the ongoing investment-unfriendly environment in Germany.

Furthermore, the uncertainty surrounding global geopolitical and trade policy developments reached a new level of escalation in March due to the war in Iran, the implications of which cannot yet be truly determined. Disruptions to oil and gas supplies could lead to inflation, higher production costs, lower incomes and, consequently, poor economic performance overall. If the conflict were to drag on, supply shortages could also arise, which would have a detrimental impact on the economy in a large number of oil and gas-importing regions. This may be contrasted by rising demand in individual sales sectors – for example, in the aerospace

and defence sector and equipment for the oil and gas industry. However, this would likely not be sufficient to offset the negative consequences of the conflict.

As the anticipated effects of the war in Iran cannot be reliably quantified, they have not yet been incorporated into the forecast for the current year. Current estimates suggest that the HERMLE Group turnover 2026 could range from a decline in the mid-single-digit percentage range to growth of around 10% compared with the previous year. The operating result could drop by 50% in the worst case or remain roughly at the previous year's level in the best case.

It is not possible for us to change the highly risky and volatile macroeconomic environment. But HERMLE is well positioned to remain flexible and forward-looking, thereby enabling us to respond swiftly to opportunities as they emerge and, in the medium term, to capitalise on the anticipated sustained high global demand for high-performance machine tools and automation solutions.

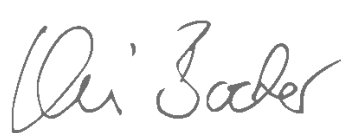
To this end, we have launched, for example, a multi-year investment programme to secure the future of our production locations. HERMLE continues to manufacture exclusively in Germany at its three locations in Gosheim, Zimmern ob Rottweil and Burladingen, all of which are continuously being modernised and expanded. Last year, for instance, we completed and commissioned a new production facility for large parts in Zimmern. In Gosheim, our investments in spindle production included a new heavy load lift; while in Burladingen, we invested in grinding technology and our own machining centre. This year, the focus is on our company headquarters in Gosheim. Construction of a new application centre and a staff canteen began there in 2025. By the turn of the year, most of the structural shell had been built; and by April, we had managed to complete large sections of the building's exterior. We plan to move into the new building in 2027.

The ongoing internationalisation of our business continues to be of great importance for HERMLE's future. It enables us to lessen our reliance on developments in individual regions, particularly the German market. And its importance is clearly expressed by the fact that non-domestic turnover now accounts for more than 70% of our total turnover. In 2025, for example, we opened a new subsidiary in India and our very own showroom at our Southeast Asian location in Thailand. This year, we are identifying potential new markets and expanding our presence where necessary.

We are also advancing our development activities, with a focus on complete machining, automation and digitalisation/AI. As the technology leader in 5-axis machining, we introduced additional next-generation (GEN2) HERMLE machining centres in 2025 and are planning a new product launch in the complete machining segment this year. Current highlights in the field of Industry 4.0 include automation modules such as the handling system HS flex hybrid and the robot system RS 2 GEN2, the new HERMLE Digital Twin, and an intuitive machine operating concept that we will come onto the market this year.

We are able to carry out all these long-term activities regardless of the current economic situation, thereby contributing significantly to the successful development of the company in the future. All this is possible thanks to our very sound financial position. It also makes us a stable and dependable partner for our customers, providing a competitive advantage that should not be underestimated in the currently very challenging overall economic environment.

Yours faithfully,



Kai Bacher  
Management Board



Günther Beck  
Management Board



Benedikt Hermlé  
Management Board



# REPORTS



HERMLE C 12 in 5-axis version with adapted robot system RS 05-2 |  
Machining of a medal for production technology.

# REPORT OF THE SUPERVISORY BOARD

## LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

2025 was an extremely challenging and turbulent year for Maschinenfabrik Berthold HERMLE AG. Complex and totally unpredictable conditions further increased uncertainty and a reluctance to invest across many of our key customer industries and regions, especially in Germany. In the second half of the year, however, we managed to secure major orders from foreign customers in growth sectors. As a result, business development for the year as a whole significantly exceeded initial expectations with Group turnover remaining fairly stable, while the result declined but still surpassed forecasts. This shows that HERMLE's strategy is right and successful. On behalf of the entire Supervisory Board, I would like to sincerely thank the Management Board and all the employees for their outstanding performance.

### COOPERATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

Cooperation between the Supervisory Board and the Management Board was open, trusting and focused throughout the 2025 business year. The Supervisory Board performed the obligations incumbent upon it by law or under the articles of association in full. We provided the Management Board with advice and support in managing the business and monitored its work diligently. This was based on its regular written and verbal updates, through which we were kept informed of all issues and events of importance to the company. In addition, the Chairman of the Supervisory Board maintained regular contact with the Management Board, particularly on current matters. We were, therefore, kept informed at all times about the strategy and business policy, corporate planning, including financial, investment and personnel planning, the ongoing situation within the company, including the risk and financial aspects, and current business performance. We were actively involved in all key decisions from an early stage and engaged in thorough discussions on these matters with the Management Board. The Supervisory Board thoroughly reviewed

and discussed transactions requiring approval before they were approved.

### SUPERVISORY BOARD MEETINGS AND COMMITTEES

In the Supervisory Board meetings, we dealt intensively with all the important issues concerning the company. During the year 2025 business year, the Supervisory Board had five scheduled meetings on 19 March, 29 April, 2 July (two meetings) and on 3 December. The Supervisory Board members were always in full attendance and therefore quorate. The Management Board members also attended all the meetings in person, without exception. They were on hand at the meetings to provide explanations and to answer any questions.

As in previous years, the Supervisory Board formed a general committee in 2025, which did not have to be convened during the year under review. Furthermore, we formed an Audit Committee 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 during the year under review and focused primarily on matters relating to the audit of the annual financial statements. On 19 March 2025, it resolved to recommend to the full Supervisory Board that RSM Ebner Stolz GmbH & Co. KG be proposed to the shareholders' meeting as the auditor of the individual and consolidated financial statements for the 2025 business year and as the auditor of the Sustainability Report. It declared that this recommendation was made free of undue influence by third parties. At the meeting on 29 April 2025, the Audit Committee reviewed the report drawn up by RSM Ebner Stolz on

the audit of the 2024 annual financial statements, consolidated financial statements and summary management report and recommend that the Supervisory Board approve these statements.

## KEY ACTIVITIES OF THE SUPERVISORY BOARD IN 2025

During Supervisory Board meetings in 2025, the Supervisory Board regularly focused on current business performance against the backdrop of the challenging market environment. We were provided with detailed information on new machine sales and service business, as well as result and personnel matters. The construction and capacity expansion measures at our locations were also common topic of focus. During the year under review, construction began on a new application centre and staff canteen at the company headquarters, and a new large-scale machining centre was put into operation. Other recurring topics were the continued internationalisation of business, the increased importance of larger project and package orders in 2025, along with the associated opportunities and risks, as well as key environmental and social issues. The increasing trade and geopolitical uncertainties, along with the investment-inhibiting climate in Germany and Europe, were also regularly discussed. In response to the need for financial support from certain customers arising from these issues, the Supervisory Board also reviewed the option of granting loans and adopted a respective resolution by written consent in lieu of a live meeting.

At the first Supervisory Board meeting of 2025, held on 19 March, the Management Board presented the preliminary figures from the 2024 annual financial statements and consolidated financial statement, as well as a preliminary dividend proposal recommending a distribution of € 10.00 per ordinary share and € 10.05 per preference share. We discussed the proposal in detail in light of result development in 2024 and business performance in the first few weeks of 2025 and approved it. As in previous years, the final decision on the dividend proposal to be put to the shareholders' meeting was on the agenda of the following meeting. Furthermore, the Management Board also updated us on the

current installation status of the new large-scale machining centre at the Zimmern location, the progress of construction work on the new application centre in Gosheim and the capacity of the interim storage spaces rented for the duration of the construction phase. Finally, the Supervisory Board set out the general agenda of the 2025 shareholders' meeting and adopted the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

The agenda of the meeting on 29 April initially included the annual financial statements of Maschinenfabrik Berthold HERMLE AG and the Group. The auditing company RSM Ebner Stolz GmbH & Co. KG reported comprehensively on these matters and was available to answer any questions. RSM Ebner Stolz also provided an outlook on future reporting requirements regarding sustainability issues and changes to the IFRS. As proposed by the Audit Committee, following a final discussion, the Supervisory Board approved the annual financial statements of Maschinenfabrik Berthold HERMLE AG and approved the consolidated financial statements and the summary management report. Additionally, the Supervisory Board unanimously approved a modified dividend proposal to be put to the shareholders' meeting, which provided for a distribution of € 11.00 per ordinary share and € 11.05 per preference share. We were also informed about the design of the Annual Report 2024 and the volume of business with related companies/parties in 2024. The 2024 Report of the Supervisory Board, the agenda for the shareholders' meeting on 2 July 2025 and the schedule for 2026 were also approved. The Management Board reported on the ongoing construction project in Gosheim and business performance in the first few months of 2025, focusing, in particular, on developments in the market environment, new machine sales and service business. Finally, we agreed to conclude a two-year consultancy agreement with Franz-Xaver Bernhard, effective 1 January 2026, following his departure from the Management Board on 31 December 2025.

On 2 July 2025, the day of the shareholders' meeting, we held two Supervisory Board meetings; one before and one after the shareholders' meeting. Before the event, we discussed the agenda of the shareholders' meeting and were given a brief update on current business performance. At the second meeting of the day, the Management Board provided a detailed report on the market situation, new machine sales and service business, as well as on result and personnel development. To promote the internationalisation of business, the Supervisory Board approved the establishment of a subsidiary in India. We also discussed the location development projects, paying particular attention to the progress of the new building and additional parking facilities in Gosheim and the commissioning status of the new large-scale machining centre in Zimmern. Other topics included a presentation of key ongoing development projects, the future orientation of HERMLE Maschinenbau GmbH and the expansion of the compliance management system to include additional areas.

The Supervisory Board meeting on 3 December 2025 focussed on the plans for 2026. The Management Board presented the business development forecast, the new machine sales plans and the budgets of HERMLE AG and the Group, including a sensitivity analysis. We were also informed of potential factors impacting result development and planned investments. Following extensive discussions, the Supervisory Board approved the planned budget and investments. In the Management Board's report on business performance and location development, particular emphasis was placed on commissioning of the new large-scale machining centre in Zimmern, which took place in October. In addition, the Management Board updated us on the current status of MPA technology at HERMLE Maschinenbau GmbH, as well as on compliance in 2025 and the planned further development of the relevant management system. The Supervisory Board also adopted the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), which remains unchanged from the previous year, and resolved to maintain the quota of women on the Management Board at zero until the end of 2027. Expansion of the company into foreign markets was also a topic: The Supervisory Board gave its approval in principle to the establishment of a subsidiary in Canada; the decision was passed as an

anticipatory resolution, and no specific date has yet been set. Finally, as part of our long-term succession plan, we appointed Jürgen Oswald to the Management Board as Head of Finances, effective 1 November 2026. Jürgen Oswald succeeds Günther Beck, who will retire and leave the company on that date. Jürgen Oswald has been at HERMLE since 2022 as the Head of Controlling and since the beginning of 2025 as a Chief Representative. As from 1 November 2026, he will be responsible for Finances, Information Processing and Material Management.

## AUDIT OF THE 2025 ANNUAL FINANCIAL STATEMENTS

The Management Board prepared the annual financial statements of Maschinenfabrik Berthold HERMLE AG for the 2025 business year in accordance with the provisions of the German Commercial Code (HGB). The consolidated financial statements are in accordance with the International Financial Reporting Standards as adopted by the European Union, as well as with the supplementary provisions stated under Section 315e (1) of the German Commercial Code (HGB). The shareholders' meeting appointed the auditing company RSM Ebner Stolz GmbH & Co. KG as the auditor for the 2025 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. RSM Ebner Stolz audited 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 2025 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 Supervisory Board reviewed the financial statement documents and audit reports, which were provided to us in good time, and discussed them in detail during the balance sheet meeting on 29 April 2026. This took place in the presence of the auditors, who provided us with a comprehensive overview of the key findings, main focal points and critical issues identified during their audit and were available to answer any questions. The auditor's findings did not raise any objections and were approved accordingly. The annual financial statements and the management report were approved. The annual financial statements of Maschinenfabrik Berthold HERMLE AG are thus adopted. The joint dividend proposal from the Management Board and the Supervisory Board plans to pay a dividend of € 9.50 per ordinary share and € 9.55 per preference share for the 2025 business year.

The remuneration report was also audited by the auditor without objection in accordance with Section 162 of the German Stock Corporation Act (AktG). We also examined this report, formed an opinion on its correctness and expediency and approved it. The Supervisory Board also assessed the mandatory non-financial statement pursuant to Sections 289b and 315b of the German Commercial Code (HGB) and confirmed that it complies with the legal requirements. An audit of this declaration by the auditor was not required, as the relevant statutory provisions have been postponed.

## MANAGEMENT CHANGE

Franz-Xaver Bernhard, a long-standing member of the Management Board of Maschinenfabrik Berthold HERMLE AG, retired from the Board on 31 December 2025 when his contract expired. Franz-Xaver Bernhard worked at our company for more than 40 years and had served on the Management Board since 2001, with responsibility for Research & Development and Sales. With his excellent mix of hard and soft skills, he played a constructive role in shaping HERMLE's development and had a decisive impact on its success. The Supervisory Board extends its sincere thanks to Franz-Xaver Bernhard for his valuable contributions and his consistently excellent collaboration.

Effective 1 January 2026, the Supervisory Board appointed Kai Bacher as a member of the Management Board, where he assumed responsibility for Sales, Research & Development, Product Management and Customs & Foreign Trade. He has been employed at HERMLE since 2003 and worked closely for several years with Franz-Xaver Bernhard, whom he succeeded. The Supervisory Board looks forward to cooperating with Kai Bacher.

The 2026 business year will again be a very challenging one for our company, even though there are early signs of stabilisation in the machine tool industry, despite the many uncertainties and imponderables. Maschinenfabrik Berthold HERMLE AG is well positioned to respond swiftly to opportunities as they emerge. The Supervisory Board wishes the Management Board and the entire HERMLE team every success in achieving the set goals.

Gosheim, April 2026



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. As in the previous year, the 2025 consolidated financial statements were prepared in compliance with the IFRS Accounting Standards (IFRS) as adopted by the European Union. The accounting principles of the German Commercial Code (HGB) were applied to the annual financial statements of the individual company Maschinenfabrik Berthold HERMLE AG. 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](http://www.hermle.de) (under: Company & Career / Investor Relations / Sustainability Report). It contains all the key information on our sustainability activities as well as the legally required disclosures in accordance with the EU Taxonomy Regulation.<sup>1</sup> 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 customer base includes domestic and foreign companies from various high-tech industries, such as mechanical and plant engineering, including for instance 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. During the year under review, the importance of the aerospace industry increased significantly, while that of the automotive industry continued to decrease. 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.

The HERMLE product range has a modular structure that is continuously enhanced in line 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. In addition, we provide a continuously expanding range of automation and digital components, thereby enabling our machining centres to be expanded with various functional modules to meet specific requirements – from tool handling and digital modules to robot systems. HERMLE is thus able to offer its customers individual solutions for flexible automation and digitally networked production. Standardised interfaces are being increasingly used to integrate additional external functionalities into production facilities. In addition, we offer HERMLE services for additive manufacturing.

### ORGANISATIONAL STRUCTURE

The HERMLE Group consists of the parent company Maschinenfabrik Berthold HERMLE AG and several domestic and international subsidiaries. Within the Group, HERMLE AG handles most of the development and production activities, central services and logistics services, as well as commercial, IT and administrative functions. 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

<sup>1</sup> This sentence is an unverified statement.

HERMLE Maschinenbau GmbH (HMG), which focuses on additive manufacturing. The 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 mainly responsible for the 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 the year under review, a new company was established in India, which is due to commence operations in the first half of 2026. In addition, there are operating facilities in Denmark, Austria, Poland and the Czech Republic, which organisationally belong to HERMLE AG.

## STRATEGY

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. For our customers, we are an innovative and reliable partner for integrated automation solutions. We want to continue to consolidate this position. Furthermore, we aim to build a strong presence across multiple sectors and regions while continuing to champion the digitalisation of our services and all our processes. In the year under review, we successfully implemented our strategy despite facing extremely difficult conditions.

## SUSTAINABILITY

The topic of sustainability has always had 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. Enhancing the energy efficiency of our production solutions is of particular importance, as the majority of emissions generated throughout the life cycle are linked to the operational phase of the machining centres. Significant progress has been made in this field with the launch of our Generation 2 machines and automation components, as they provide substantial efficiency benefits and considerable energy-saving potential. 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.

In recent years, stricter statutory regulations have significantly raised the standards for sustainable corporate governance. To meet these regulations and to 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.

In 2025, our production locations successfully achieved initial certification for energy (ISO 50001) and environmental (ISO 14001) management systems. Work on a systematic sustainability strategy continued. As a precautionary measure, we actively monitor the risks associated with increasing sustainability requirements, which are currently minimal for HERMLE overall.

## CORPORATE MANAGEMENT AND CONTROL

The Management Board of HERMLE AG, which consists of three members, is responsible for managing the company. Our Group is controlled centrally by HERMLE AG. The orders received, turnover and earnings before interest and taxes (EBIT), which correspond to the operating result, are the key indicators for this.

## 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](http://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 [www.hermle.de](http://www.hermle.de) (section heading: Company & career / Investor relations / Mandatory publications / Remuneration system / Remuneration report).

## BUSINESS REPORT

### FRAMEWORK CONDITIONS: GLOBAL GROWTH AT 3.3% IN 2025

Despite a significant rise in uncertainty and damaging trade conflicts, global growth rose by 3.3% in 2025, unchanged from the previous year, according to preliminary estimates by the International Monetary Fund (IMF). Global industrial production expanded by 2.9%, and the average annual inflation rate was 4.1%.

Among the emerging economies, India stood out in particular, with gross domestic product (GDP) growth rising to 7.3%. According to official government figures, China's economy expanded by 5.0%, supported primarily by strong export performance, while domestic demand remained subdued. The IMF reports that the ASEAN Region (Indonesia, Malaysia, the Philippines, Singapore and Thailand) experienced growth of 4.2%. Overall, developing and emerging economies recorded a 4.4% increase in GDP. Industrialised nations saw their combined GDP grow by 1.7%. The USA, in particular, performed strongly and exceeded expectations, with growth of 2.1% driven by steady consumer spending and strong investment in technology. Canada's GDP grew by 1.6%.

According to a preliminary estimate by Eurostat, the European Union's GDP rose by 1.6%. Gross fixed capital formation made a notable contribution to this figure, increasing by 2.4%, and was primarily driven by EU Cohesion and Structural Funds. However, private demand for investment goods remained sluggish. A detailed country-by-country breakdown showed that Spain, Poland and the Czech Republic, in particular, outperformed the average among the major economies, while Germany and Italy remained below the EU average.

According to preliminary calculations by the Federal Statistical Office (Destatis), Germany's economy grew slightly by 0.2% in 2025 (previous year, revised: -0.5%). The key drivers were private and public consumption expenditure, while key industrial sectors, such as the automotive, mechanical engineering and chemical industries, witnessed a decline. Against the backdrop of trade policy tensions, exports fell by 0.3% overall in the past business year. Gross fixed capital formation decreased by 0.5%.

### INDUSTRY SITUATION: MECHANICAL ENGINEERING IN A CHALLENGING ENVIRONMENT

In 2025, the global mechanical engineering sector was shaped by a range of constraining factors that overlapped and mutually reinforced one another. According to the VDMA (German Mechanical Engineering Industry Association), the sector was particularly affected by ongoing global political uncertainty, trade conflicts, customs disputes and armed conflicts, as well as a rising number of cyberattacks, climate-related risks and increasing competition, mainly from China. The VDMA estimates that global machinery sales rose by just under 2.0% last year, driven primarily by 5.0% growth in China. In the EU, sales are expected to have remained at the previous year's level, while production dropped by 1%. One of the reasons for this decline was developments in Germany, where, according to the VDMA, 2.6% fewer machines and systems were manufactured than in the previous year. Orders received from the German industrial sector remained at the previous year's level, with strong international business offsetting weak demand in the home market.

The international machine tool industry painted a similar picture in 2025. According to preliminary figures from the VDW (German Machine Tool Builders' Association), global consumption rose by 5.0%, primarily due to strong growth in China. Global orders received in the sector also rose by 5.0%. Strong growth of 18% was witnessed in the USA; in Asia and Europe, growth rates of 5.0% and 2.0% respectively were achieved.

German machine tool manufacturers received 3.0% fewer orders in 2025 than in the previous year. Orders received from overseas rose by 3%, driven by strong demand from neighbouring European countries. In Germany, they declined by 16%. The VDW attributes the reluctance to invest in Germany not only to ongoing global economic uncertainty caused by the tariff policy of the USA but also to the slow roll-out of reforms by the German government. The situation is further exacerbated by adverse factors such as structural change in the automotive industry, steady competition from Asian manufacturers and the appreciation of the euro against the U.S. dollar and the Japanese yen.

Automation and the digitalisation of manufacturing processes (Industry 4.0) remain some of the key technological trends in the machine tool industry. The main drivers behind this are the push for increased efficiency and the growing shortage of skilled labour in Germany and many other industrialised nations. The latter problem is being addressed by companies through the increased use of automation, thereby accelerating the trend towards autonomous manufacturing. In addition to the increasing degree of automation, simple and convenient operation of the

production systems is also becoming more and more important. Further, the complete machining of a component and thus the integration of various technologies in one production system is playing an increasingly important role.

## AN OVERVIEW OF HERMLE'S BUSINESS PERFORMANCE

In 2025, Maschinenfabrik Berthold HERMLE AG faced highly volatile demand conditions. In the first few months, there was a slight upturn, which was partly due to pull-forward effects of customers in the USA ahead of impending tariff increases. The actual announcement of substantial punitive tariffs in early April then led to considerable uncertainty and in many regions significantly intensified the strong reluctance to invest that was already there. This was particularly evident in Germany, where industry is further burdened by the weak economy, the structural crisis in the automotive industry, more challenging financing conditions, high energy costs, excessive bureaucracy and a lack of willingness to roll out reforms.

In the second half of the year, we secured several unexpected new major projects from international customers, including some start-ups, and fulfilled them by the end of the year. Thanks largely to this brief upturn, our orders received for the year as a whole rose by 5.9% across the Group to €m 483.8, with strong growth abroad offset by sluggishness in the German market. HERMLE therefore outperformed the German machine tool industry in general, a result we attribute to the successful implementation of our strategy of increased internationalisation and diversification into sunrise sectors.

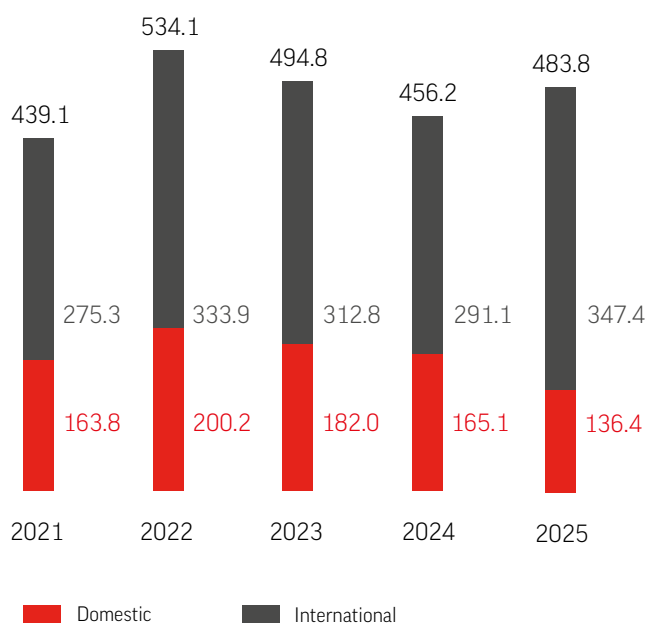
Thanks to the rapid processing of major orders in the autumn, which ensured solid stabilisation of our capacity utilisation, Group turnover for 2025 rose slightly by 0.7% to €m 491.9. However, during the remaining months of the year, our capacity was not fully utilised, meaning we had to resort to furloughs and short-time working again. In addition, results were adversely affected by an array of negative factors, such as bureaucratic burdens, unfulfilled reform promises, rising wages, energy costs and currency fluctuations. Overall, the operating result of the Group fell by 18.9% to €m 69.2 but was still higher than expected.

We were able to consolidate our market position as technology leader in 5-axis machining centres in 2025, despite the volatile and unpredictable economic climate, and maintain our position in the field of automation and complete solutions. Despite facing intense competition, we succeeded in positioning ourselves as a financially robust manufacturer in new and forward-looking sectors, such as the chip and aerospace industries.

## ORDERS RECEIVED BY HERMLE ROSE BY 6% TO €M 484.

Orders received by the HERMLE Group increased by 5.9% to €m 483.8 in 2025. This was primarily due to securing new orders from international customers, including some start-ups, in the second half of the year. This more than compensated for the extremely weak demand in Germany caused by the tariff shock from U.S. policy. Furthermore, we also benefited at the start of the year from pull-forward effects of customers in the USA ahead of impending tariff increases. Overall, new orders from international customers rose by 19.1% to €m 347.4 in 2025, while domestic orders fell by 17.4% to €m 136.4. As the major orders were completed by the end of the year, the order backlog stood at €m 90.6 across the Group at the end of 2025, which was 8.2% lower than the figure on the same date in the previous year (previous year: €m 98.7).

### Orders received by the HERMLE Group in €m

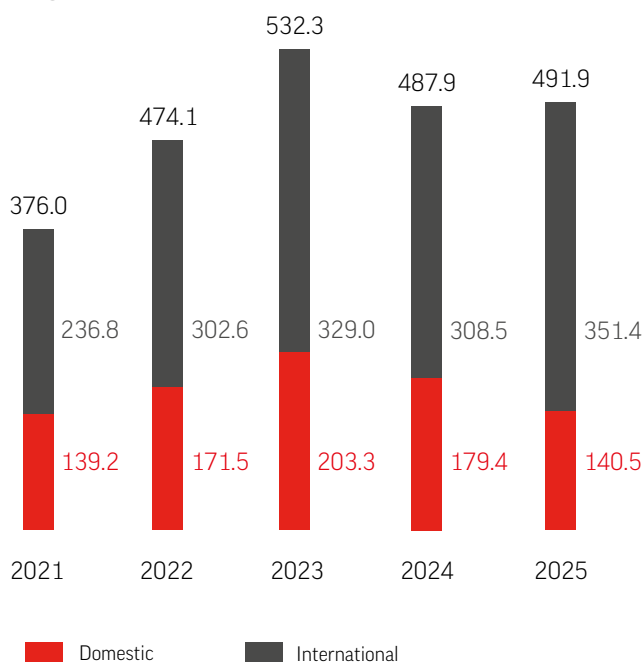


The incoming orders of HERMLE AG increased by 2.2% to €m 422.4 in the past business year (previous year: €m 413.5). This also highlighted differences in regional development: New orders from overseas rose by 15.3% to €m 284.8 (previous year: €m 247.0), while in Germany orders declined by 17.4% to €m 137.6 (previous year: €m 166.5). The order backlog dropped by 12.6% to €m 81.8 compared to the same reporting date (previous year: €m 93.5).

## GROUP-WIDE TURNOVER TOTALLED €M 492.0, WHICH WAS SLIGHTLY ABOVE THE PREVIOUS YEAR'S LEVEL.

Thanks to the major orders from international customers in the second half of the year, which were fulfilled by the end of 2025, Group turnover at Maschinenfabrik HERMLE AG rose slightly by 0.7% to €m 491.9 in the past business year. Non-domestic turnover grew by 13.9% to €m 351.4, with tariff increases also contributing slightly to the rise in turnover; most of which were passed on to customers. In contrast, the company's business volume in Germany decreased by 21.7% to €m 140.5. The export ratio was 71.4% (previous year: 63.2%). In addition to the increase in revenue from overseas markets, the expanding service business once again helped to stabilise turnover, driven by the increasing share of automation solutions installed at customer sites.

### HERMLE Group turnover in €m



For the individual company, turnover during the period under review stood at €m 434.2, which was 1.0% lower than the 2024 figure of €m 438.6. Revenues from overseas markets rose by 13.4% to €m 292.4 (previous year: €m 257.8) and fell by 21.6% to €m 141.8 in Germany (previous year: €m 180.8). This led to an export quota of 67.3% (previous year 58.8%).

## SEGMENT DEVELOPMENT

A segment-by-segment analysis of 2025 also reveals this contrasting trend between the domestic and international markets. Turnover attributable to the domestic companies segment fell during the period under review by 2.5% to €m 255.5. HERMLE AG

and, in particular, HPV, a sales company that operates exclusively in Germany, recorded losses, while business remained stable at HLS, which specialises in automation solutions, and at HMG, which is responsible for development and the range of services in the area of additive manufacturing.

The company's business volume in the foreign sales segment increased by 4.7% to a total of €m 236.4. Sales at the U.S. subsidiary and at HERMLE Italia grew particularly strongly. The companies established in recent years in France, Mexico, Romania and Thailand also reported growth

## OPERATING RESULT OF €M 69.2 BETTER THAN EXPECTED

As expected, the results of the HERMLE Group declined somewhat due to low-capacity utilisation for much of the year. Added to this were the weak domestic economy, increased price and competitive pressure, high energy costs, currency fluctuations, growing bureaucratisation and over-regulation as well as an increased personnel expenditure quota. Thanks to the major orders from international customers, which ensured a brief upturn in the autumn with excellent capacity utilisation, the result exceeded our expectations at the beginning of the year.

The total operating performance of the HERMLE Group in 2025 was €m 496.2 and thus slightly above the previous year's level (previous year: €m 493.5). The inventory of finished and unfinished products increased by €m 2.1 due to isolated delays in the delivery of machines (previous year: €m 3.9). The other company-produced assets, which rose from €m 1.7 to €m 2.2, concerned self-produced machines for production and capitalised product developments.

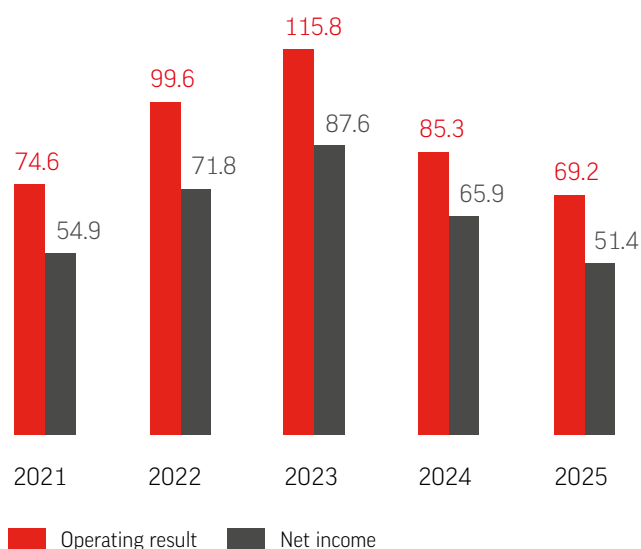
The cost of materials fell slightly, resulting in its share in the total operating performance dropping from 41.1% to 40.8%. This was due to an improved range of products, higher revenues from services, a slower inventory increase compared with the previous year and the initial consolidation of operations at the Burladingen location for the whole year, which also led to a slight rise in staff costs. Its share in the total operating performance rose from 30.4% to 31.2%, which was mainly due to an increase in workforce numbers and wage rises. Furthermore, the added burden of bureaucracy, resulting from a wide variety of legal provisions and regulations, once again led to a significant amount of unproductive overtime.

Depreciation across the Group amounted to €m 16.0 (previous year: €m 14.5). The main reason for this was the extensive capacity expansion measures at the Zimmern location in recent years. The net balance of other operating expenses and income was €m -54.0 compared with €m -40.9 in the previous year. The

change was primarily down to a shift in sales to overseas markets, including, in part, emerging markets, which led to higher commission expenses, freight costs and value adjustments on receivables. In addition, this includes higher net expenses year-on-year for the creation of provisions for outstanding services and expendable tools.

The overall 2025 operating result of the HERMLE Group was €m 69.2 compared with €m 85.3 in the previous year. €m 58.1 thereof (previous year: €m 75.6) was attributable to the domestic companies segment, and €m 10.8 (previous year: €m 10.2) was attributable to the Foreign Sales segment in the year under review. The financial result declined from €m 3.7 to €m 1.8. This was influenced by lower market interest rates and the reduction in liquid funds resulting from substantial investments and the dividend payment. The HERMLE Group thus reported a pre-tax result of €m 71.0 (previous year: €m 89.0), which corresponds to a reduced gross margin of 14.4% (previous year: 18.2%), which is nevertheless satisfactory given the very challenging business environment. After taxes, a Group profit of €m 51.4 was reported (previous year: €m 65.9). The result per ordinary share amounted to € 10.26 (previous year: € 13.17) and per preference share to € 10,31 (previous year: € 13.22).

### HERMLE Group operating result and net income in €m

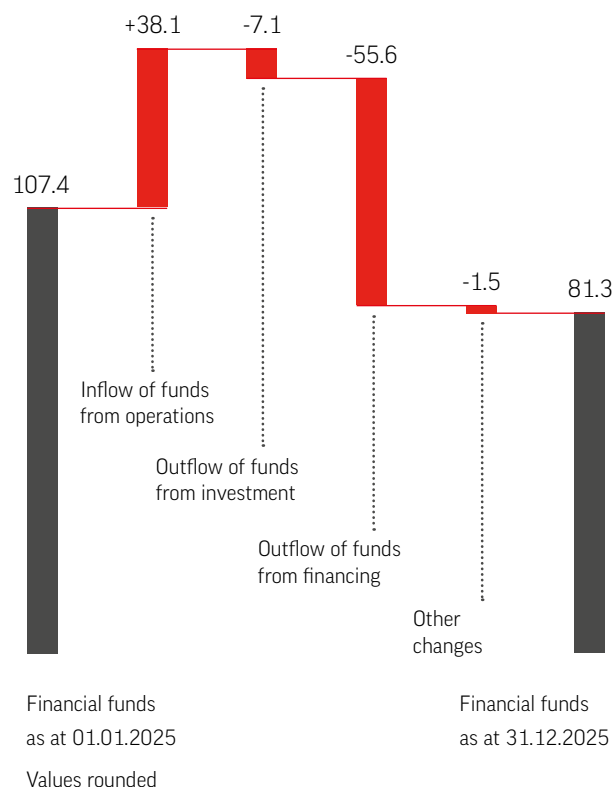


In 2025, the operating result of HERMLE AG, determined according to the German Commercial Code (HGB) regulations, was €m 57.5 (previous year: €m 73.5). The net income of €m 52.8 (previous year: €m 66.2) included €m 10.0 in dividends from subsidiaries (previous year: €m 10.3).

### FINANCIAL MANAGEMENT AND FINANCIAL POSITION: CASH FLOW OF €M 68.0

The approach of HERMLE AG and the Group is grounded in conservative financial management. Our goal 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 demand quickly, flexibly and relatively independently of third-party interests and the unsettled capital markets. HERMLE invests liquid funds exclusively in low-risk and predominantly short-term investments to ensure that it 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 the past business year, operating cash flow before the change of working capital fell by 16.2% across the Group to €m 67.6 due to the decline in the result. The funds tied up in working capital increased, mainly due to a significant rise in trade accounts receivables at the end of the year. Overall, we received funds of €m 38.1 from business activities (previous year: €m 102.5).

### HERMLE Group liquidity development 2025 in €m



On balance, the outflow of funds for investments totalled €m 7.1 (previous year: €m 31.3). Disbursements for investments in property, plant and equipment and in intangible assets totalled €m 22.8 (previous year: €m 50.8) and were offset by cash inflow totalling €m 15.0 (previous year: €m 18.0) from the purchase and sale of outside marketable securities arising from maturing time deposits and their reinvestment.

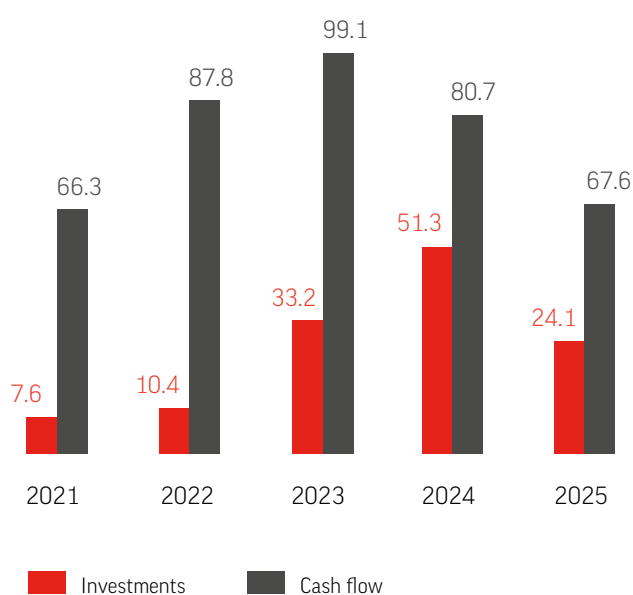
The cash flow from financing activity amounted to €m -55.6 (previous year: €m -75.6), which was attributable to the dividend payout of €m 55.1. For the 2025 business year, the Management Board recommends that the Supervisory Board proposes to the shareholders' meeting a decreased distribution of € 9.50 per ordinary share and € 9.55 per preference share.

All in all, the HERMLE Group recorded a net cash outflow of €m 26.1 in 2025, after taking into account changes arising from exchange rates, equity settlements and other items. Therefore, liquidity decreased from €m 107.4 to €m 81.3 compared to the same reporting date.

In 2025, the liquid assets of the individual company fell from €m 79.7 to €m 44.0 compared to the same reporting date.

## FOCUS OF INVESTMENT AT THE GOSHEIM LOCATION

### HERMLE Group cash flow and investments\* in €m



\*Investments in property, plant and equipment and intangible assets

In the past business year, investments in property, plant and equipment and in intangible assets at the HERMLE Group totalled €m 24.1 (previous year: €m 51.3). The focus here was on the

construction of a new application centre with canteen at the company headquarters in Gosheim. Other key areas of focus included HERMLE machining centres for production in Gosheim and Zimmern, the Burladingen location and HERMLE Maschinenbau GmbH, as well as new spindle test benches and storage facilities. We additionally invested in storage capacities and outdoor facilities in Zimmern, as well as in staff parking facilities in Gosheim. We also began construction of a heavy load lift system in Gosheim.

Investments in property, plant and equipment and intangible assets of the individual company HERMLE AG amounted to €m 20.4, compared with €m 46.8 in the previous year, and mainly related to the aforesaid measures for the Group.

## NET ASSETS

At the end of 2025, the balance sheet of the HERMLE Group had increased slightly to €m 486.8 compared with the figure on the same date in the previous year (previous year: €m 484.6). Within non-current assets, property, plant and equipment in particular rose by 5.3% to €m 147.1, driven by construction activities at the Zimmern ob Rottweil and Gosheim locations. As a result, the items technical plants and machinery and advances paid and assets in construction increased in particular, rising from €m 19.1 to €m 23.9 and from €m 16.9 to €m 19.6 respectively. Intangible assets were slightly below the previous year's level at €m 8.4 (previous year: €m 8.7). Overall, non-current assets increased by 4.7% to €m 160.7.

Current assets fell by 1.5% from €m 331.1 to €m 326.1. There were clearly opposing effects across the individual items: Trade accounts receivables rose by 55.2% to €m 100.2, driven by the sharp rise in business volume in the fourth quarter and a higher share of international projects, which typically come with longer payment terms. Conversely, cash and cash equivalents fell by 24.3% to €m 81.3, and securities and other assets decreased from €m 34.0 to €m 19.0, due to the dividend payment for the 2024 business year. Other receivables fell by 15.6% to €m 14.5 as a result of lower tax receivables. At €m 111.0, inventories were slightly above the previous year's figure of €m 107.9.

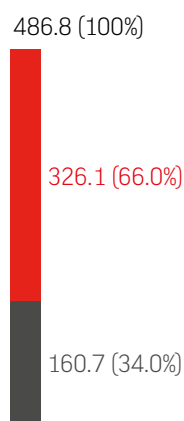
Equity, which remains the most important item on the liabilities side of the balance sheet at 72.5% (previous year: 74.1%), decreased from €m 358.9 to €m 353.0 compared to the same reporting date. This was due to the dividend payment of €m 55.1 for 2024, as approved by the shareholders' meeting, which slightly exceeded the income generated in the 2025

business year. At €m 4.6, non-current liabilities remained at a similarly low level to the previous year's figure of €m 4.1.

Among current liabilities, which rose by 6.2% overall to €m 129.2, other liabilities, in particular, increased from €m 55.4 to €m 60.1. Notable factors here included a considerable increase in payments on orders received. Furthermore, tax provisions increased from €m 1.0 to €m 6.1 at the end of the year due to upcoming subsequent payments resulting from better-than-expected business development. Current provisions increased from €m 50.9 to €m 53.0, mainly due to an increase in provisions for commissions relating to international business. Trade accounts payable decreased due to the settlement of construction invoices that were still outstanding on the same date in the previous year, and amounted to €m 10.0, which was significantly below the previous year's level (previous year: €m 14.3).

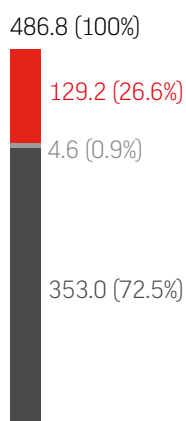
### Balance sheet structure of the HERMLE Group (31.12.2025) in €m

#### ASSETS



- Current assets
  - Assets including other non-current assets and deferred taxes
- Values rounded

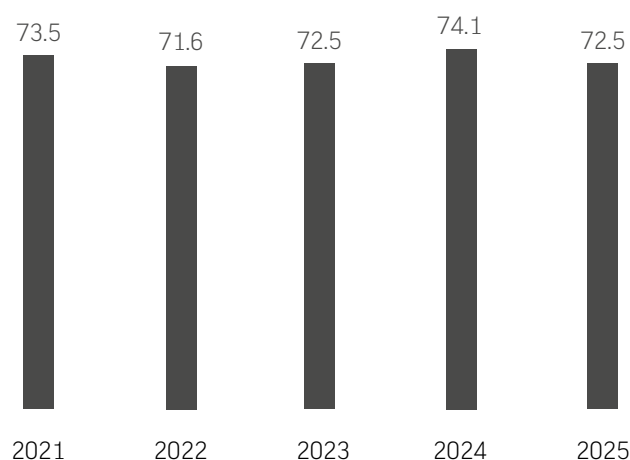
#### LIABILITIES



- Current liabilities and provisions
- Non-current liabilities and provisions
- Equity

The balance sheet total of the individual company HERMLE AG as at 31 December 2025 fell by 1.8% to €m 380.6 compared to the same reporting date (previous year: €m 387.5). Totalling €m 289.7, equity was slightly below the previous year's figure (previous year: €m 291.9). Consequently, the equity ratio improved from 75.4% to 76.1%. The other balance sheet items also tended to follow a similar trend to that seen within the Group.

### HERMLE Group equity ratio in %



### OVERALL ASSESSMENT OF THE ECONOMIC SITUATION AND COMPARISON WITH THE FORECAST

In the view of the Management Board, HERMLE performed well in 2025 despite operating in an exceptionally challenging environment. It was possible to increase the orders received by 5.9 % across the Group to €m 483.8. This was primarily due to unexpected major orders from international customers that were received in the third and fourth quarters. The new orders were fulfilled by the end of the year, meaning that Group turnover for the year as a whole rose slightly by 0.7% to €m 491.9, while the turnover of HERMLE AG fell by just 1.0% to €m 434.2. As a result, our capacities were at times fully utilised in the autumn, although we had to resort to furloughs and short-time working again in the remaining months due to low demand. For this reason, and due to the combined impact of bureaucratic burdens, rising wages and energy costs and currency fluctuations, the operating result fell by 18.9% to €m 69.2.

Despite the loss of profits, the financial and asset position of the HERMLE Group remained very strong: At the end of the year, we reported liquid funds of €m 81.3 (previous year: €m 107.4) and an equity ratio of 72.5% (previous year: 74.1%). The operating cash flow before the change of working capital was €m 67.6 in 2025 (previous year: €m 80.7).

All in all, our business performance in 2025 was significantly better than forecast at the start of the year. At the time, we assumed that, in a best-case scenario, orders received would approximately match the previous year's level, but could also decline by up to around 20%, and that Group turnover would decrease by at least a high single-digit percentage and, in a worst-case scenario, by around 25%. We had anticipated a decline of at least 40% in earnings before interest and taxes, and potentially up to 90%

in unfavourable circumstances. Due to the unexpectedly high volume of incoming orders in the third and fourth quarters, the 2025 forecast was revised upwards in November; turnover is now expected to be slightly below the previous year's level or, in a best-case scenario, marginally above it, with the operating result projected to decline by only 25% to 30%. The revised forecast was met in terms of turnover and exceeded in terms of the result, as both capacity utilisation and price quality were better than expected towards the end of the year.

## OTHER PERFORMANCE FEATURES

### R&D FOR AUTOMATION, COMPLETE MACHINING AND MAXIMUM EFFICIENCY

During the year under review, HERMLE once again conducted extensive research and development (R&D) activities aimed at delivering added value to customers and strengthening its market position. As a technology leader, our R&D activities set standards in the field of 5-axis machining centres and enable us to develop innovative solutions for current industry trends. The main focus of development is on technological advancements in our machine series as well as on enhancing the breadth and depth of our automation and complete machining expertise. Additionally, our R&D department is increasingly having to focus on adapting our product range to meet changing, more stringent regulations regarding the use of certain materials and components.

In 2025, we continued our work on upgrading HERMLE machining centres to the next generation (project Generation 2, GEN2). As part of this project, the complete electrical architecture of our machines is being redesigned and all interfaces are being updated to the latest state-of-the-art standards, while the proven basic elements of the systems remain unchanged. Thanks to Generation 2, we can continue to ensure that our range remains extremely service-friendly, future-proof, open and flexible, despite the extremely short life cycles of components in the electronics sector. Furthermore, these machining centres are much more energy-efficient, making them ideal for customers aiming for both cost-effectiveness and sustainability.

The upgrade commenced in 2024 and will take place gradually. Further GEN2 models were unveiled at the HERMLE Open House 2025; almost the entire machine range is now available in the new generation.

In the automation sector, we launched the robot system RS 2 GEN2 during the year under review. This robot system is characterised by its exceptional flexibility and a high storage capacity. The handling system HS flex hybrid was also unveiled and offers easy entry into automation.

We are also constantly developing innovative solutions using our MPA technology (metal powder application process), HERMLE's additive or generative manufacturing process that is offered to customers as a service. The focus is on controlling the temperature of components using cooling ducts and a combination of various metals for applications in high-tech sectors, such as the telecommunications and aerospace industries.

### PRODUCTION AND LOGISTICS: OPTIMISATION OF MANUFACTURING LOCATIONS

During the past business year, modernisation and expansion measures were carried out at all our production locations:

In Zimmern ob Rottweil, we commissioned a new large-scale machining centre. This highly precise, efficient and sustainable system boosts our capacities for machining machine beds and helps to secure the future of our locations.

At our company headquarters in Gosheim, installation of a new heavy load lift, with a max. load capacity of 30 tonnes, commenced in 2025. This will enable us to improve our internal logistics and ensure the long-term reliability of our transport processes, especially for heavy machine components and workpieces. In connection with the construction of our new application centre (see Service and sales), we have also implemented measures to optimise our warehouse logistics, including the introduction of new order management software.

At the Burladingen location, which has been HERMLE's main production facility of high-precision ground parts for our strategically important spindle manufacturing segment since April 2024, we have invested in grinding technology as planned and installed a new HERMLE machining centre for this specific purpose.

### PROCUREMENT: ADDITIONAL EXPENSES DUE TO INCREASING REGULATIONS

HERMLE manufactures strategically important parts and components in house. Nevertheless, the procurement of high-quality materials and components is of great importance. In 2025, our cost of materials ratio within the Group was roughly 40%. To en-

sure reliable delivery of all essential parts, we maintain long-term, close and trusting relationships with our suppliers. We always give preference to partner companies from the local region and source only small quantities from outside the EU. Wherever possible, we systematically secure alternative suppliers for all parts and materials.

Due to increasingly stringent regulations, which can vary depending on the sales region, regarding, for example, the energy efficiency of components, the demands placed on our suppliers increased in 2025. This led to cost increases in various areas and is increasingly necessitating the replacement of components. Energy prices rose again in the year under review. Due to intense competitive pressure, we were only able to pass on some of the additional costs to our customers. At the same time, the risk of insolvencies within the supply chain increased yet further due to the weak economy. In this context, we are a reliable and solvent partner with an excellent payment record.

## SERVICE AND SALES EXPANDED WORLDWIDE

The ever-increasing share of complex, highly automated systems in our business places significant demands on our service operations. To ensure HERMLE's typical rapid response capability and extensive expertise in finding solutions, despite increasingly demanding requirements, our international service network was further expanded and consolidated in 2025. We have also invested in digitalising the relevant processes.

Against the backdrop of the current economic downturn in Germany, it is essential for our future development that we expand into new markets and customer groups overseas and provide even more intensive support to our existing global customer base. This is the reason why we are constantly expanding our international service and sales activities. At the same time, this strengthens our resilience against potential customer production shifts driven by escalating energy costs, regulatory restrictions in Europe and geopolitical conflicts.

During the past business year, we continued to push ahead with the internationalisation of our structures. For instance, a new sales and service company was established in the Bangalore region of India to ensure the company can access and address this forward-looking market directly in future. Our subsidiary for the Southeast Asia region, based in Chonburi, Thailand, opened its very own showroom at the end of 2025 to showcase our product range to local customers. At the showroom of our U.S. subsidiary in Franklin, USA, we organised a major in-house exhibition specifically for our North American customers during the past business year.

Moreover, the HERMLE product range was once again presented to visitors at numerous trade fairs in 2025: We participated in 47 trade fairs worldwide, 40 of them overseas across all the countries in which we operate, and seven in Germany. The most important events for us were the HERMLE Open House in Gosheim and the EMO trade fair in Hanover. In addition, we organised numerous workshops for our customers at various HERMLE locations, for example on automation, as well as user days.

To ensure we continue to have adequate space at our Gosheim location to present our product range to customers, particularly our large-scale automation solutions, we are currently building a new application centre, including a staff canteen. Construction work started in the second half 2024 and should be completed sometime in 2027.

## HERMLE WITH 1,639 EMPLOYEES

On 31 December 2025, the HERMLE Group employed a total of 1,639 people, compared with 1,603 people one year earlier. The number of people employed by HERMLE AG increased from 1,255 to 1,282.

This modest increase was primarily due to the recruitment of trainees and students who had successfully completed their courses, as well as the filling of vacant training and dual study places. The number of apprentices learning a future-oriented trade at HERMLE AG rose from 126 to 144 compared to the same reporting date. We therefore meet our responsibility in the local region and are laying the foundations for the next economic upturn.

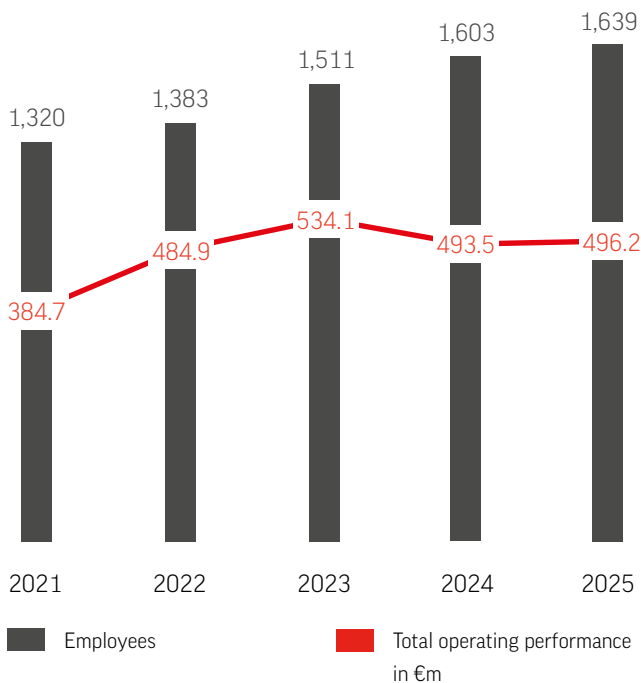
Furthermore, there were targeted new hires especially in the areas of automation, development and IT, as well as demand-driven recruitment for international services and – to manage increasing regulatory requirements – administration. At the end of 2025, the HERMLE Group employed 620 people in production (previous year: 614), 122 in administration (previous year: 114) and 897 in the areas of customer and supplier service as well as R&D (previous year: 875).

On an annual average basis, the HERMLE Group employed 1,627 people (previous year: 1,571) of which 1,406 (previous year: 1,357) were employed in the domestic company segment and 221 (previous year: 214) at the foreign sales companies.

## TOTAL OPERATING PERFORMANCE PER EMPLOYEE AMOUNTS TO €K 303

In 2025, the total operating performance per employee in the HERMLE Group amounted to €k 302.7 and was thus only slightly below the previous year's level (previous year: €k 307.9). Capacity utilisation varied over the course of the year: While production levels returned to normal in the autumn due to various large orders that had to be fulfilled at short notice, low demand during most of the other months of the year saw the need for furloughs and short-time working. Overall, the flexitime accounts of our employees were reduced over the course of the year.

### Total operating performance and number of employees of the HERMLE Group



In particular, it was only thanks to the outstanding motivation and flexibility of the HERMLE team that we were able to respond so quickly to these major orders. To reward this notable commitment, all employees in Germany will again receive an incentive payment in 2026, linked to the amount of the dividend, in the form of a fixed one-off amount following the distribution of dividends.

## DIVERSITY IN THE HERMLE TEAM

Openness, tolerance and diversity are of great importance to HERMLE's success. By promoting diversity within our team, for example, in terms of nationality, gender and age, we not only benefit from a varied range of experiences but can also help to address the growing shortage of skilled labour in Germany. A key objective is to expand the quota of women in industrial-techni-

cal professions. Well over 80% of all jobs at HERMLE, including positions on the first two management levels, have a technical focus and therefore require training in industrial professions or so-called MINT subjects (mathematics, information technology, natural sciences and technology). Women are still underrepresented in these areas.

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, we continued our recruitment campaigns specifically tailored towards young women during the period under review. These include, for example, HERMLE's Girls' Days, where interested female candidates have the chance to find out about career opportunities in technical professions, or our EMMA (Electronics, Mechatronics, Mechanics and Automation) support project, which is aimed at female apprentices and their specific needs. Nonetheless, in 2025 it was only partially possible to fill vacancies with a higher proportion of female applicants, as the number of women interested in technical professions is generally still not large enough.

In 2025, the quota of women at HERMLE AG overall was 15% (previous year: 16%) and 8% in the industrial-technical sector (previous year: 9%). Disclosures relating to the quota of women in management contains the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

With the growing internationalisation of our business, the range of opportunities for employees of different nationalities is also growing. Wherever necessary, we aim to recruit native speakers from key or emerging sales regions in order to strengthen our position there, to access new markets and to build closer relationships with customers in those countries. We also strongly encourage applications from candidates with international backgrounds for vacant positions at our German locations. To attract a greater number of potential candidates from overseas, HERMLE increased its social media activities in 2025, among various other measures.

HERMLE also offers attractive employment to people with disabilities. The quota of severely disabled employees at HERMLE AG in the past business year was 2.7% (previous year: 2.4%).

To make full use of the extensive experience of our older employees for as long as possible, we aim to retain them within the company over 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 so doing. On average, the age of employees at HERMLE AG in 2025 remained around the previous year's figure of 37.7 years, and they had been with the company for 12.1 years. Across the Group, 85 employees

celebrated 10, 25, 40 and 50 years of service with the company in the past business year. Over the past ten years, 42 employees have been honoured for their particularly long service (40 or 50 years), eight of whom were women.

## SUPPLEMENTARY REPORT

Depending on how long and extensive the conflict is, a spillover of the Middle East war into Iran could significantly disrupt oil and gas supplies and drive up energy prices. This would likely lead, either directly or indirectly, to higher prices and production costs, as well as lower disposable income. If the conflict were to drag on, potentially even causing supply shortages, it could significantly harm general economic development in Europe and other net oil and gas importing countries worldwide. This, in turn, may result in weaker demand across the range of sales sectors in which HERMLE operates. HERMLE's turnover with Middle Eastern countries affected by the war is, however, limited and not significant in the overall context, accounting for only a low single-digit percentage of total turnover. That said, demand in certain sectors, such as aerospace, defence and suppliers to the oil and gas industry, may experience a short-term boost. However, this is unlikely to compensate for the broader overall economic downturn on balance.

Generally speaking, demand remained stable during the first two months of 2026. However, the first negative effects became apparent in certain sales segments in March. At present, it is not possible to quantify the effects with any degree of certainty.

Incidentally, following the conclusion of the 2025 business year and up until this report was signed off, there were no events that had significant effects on the earnings, financial and asset position of HERMLE AG or the Group.

## RISK AND OPPORTUNITIES REPORT

### RISK AND OPPORTUNITIES MANAGEMENT

Maschinenfabrik Berthold HERMLE AG is a globally active, medium-sized company. This creates a wide range of opportunities and risks, although seizing these opportunities often involves certain risks. Managing opportunities and risks is a key aspect of our corporate governance and is vital to our long-term positive development. We adhere to the principle of taking risks only if the associated business is expected to make an appropriate contribution to the company's assets.

Risk and opportunity management at HERMLE is based on our Group-wide planning and controlling system. We therefore receive early information on significant changes in our environment and within the company that present opportunities or risks for HERMLE. We regularly evaluate and discuss the results across all departments within the company. Based on this open discussion, we develop suitable strategies to deal with the respective opportunities and risks.

### ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

HERMLE has 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 core components of the ICS 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 importance to the company's overall risk situation. The latter are additionally secured by access controls on IT systems. Additionally, we carry out random checks 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. This process is closely overseen by the Management Board.

### INTEGRATED MONITORING, CONTROL AND COMPLIANCE MANAGEMENT SYSTEM<sup>2</sup>

HERMLE regularly reviews the effectiveness of the risk management and internal control system in accordance with the legal requirements. Other key components of our monitoring system include monthly analyses of orders received, turnover and key expenditure items, as well as monitoring of 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. To keep pace with the growing density of regulations in Germany and the EU, we expanded our 2025 compliance management to cover additional areas. HERMLE also has a comprehensive whistleblower system in place for compliance violations.

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

During the period under review, the Management Board placed strong emphasis on internal control and risk management, as well as on reporting related to the ICS and the compliance management system. This did not result in any circumstances that would call into question the appropriateness and effectiveness of these systems.

## PRESENTATION OF KEY RISKS

Below, we describe the key risks facing HERMLE in their order of importance:

**Market and economic risks** – Risks arising from the extremely uncertain overall economic environment increased further in 2025. In particular, the U.S. government's unpredictable decisions on tariffs and other trade barriers, such as local content requirements or restrictions on components from certain third countries, are weighing heavily on the economic environment. Growing geopolitical tensions are also having a negative impact, especially the war in Ukraine, the Taiwan conflict and disputes between the USA and China. Latent risks also result from the high levels of government debt in the USA and some major European countries.

These widespread uncertainties are leading to a general increase in supply and sales risks, as well as to greater risk aversion among companies and a corresponding reluctance to invest. The latter is exacerbated in Europe by an unwillingness to implement reforms and the increasing density of bureaucratic red tape. Moreover, the competitive position and responsiveness of export-oriented companies, particularly in Germany, are being burdened by a combination of factors such as the general economic downturn, the structural crisis in the automotive industry, high energy and labour costs, more challenging financing conditions in some sectors, and often lengthy export authorisation procedures. This also heightens the financial risks among our customers, resulting in a greater need for support from our company.

Sales risks are also rising as a result of the energy and mobility transition. The growing demand for electricity for heat pumps and electromobility has led to situations where some of our customers are unable to secure adequate connection capacity from their utility providers to commission an additional machine tool.

Generally speaking, HERMLE is able to compensate for economic fluctuations, which exacerbate the demand cycles typical of our industry, very well through flexible structures and processes within the concept of the breathing company. Our high liquidity

and equity ratio, as well as the resulting independence, additionally help us to cope effectively with significant fluctuations in demand.

**Procurement risks** – The market and economic risks described, which have increased further, are also having an impact on our supply chain. Trade and geopolitical tensions increasingly threaten supply chain stability, especially as access to raw materials may be used as a tool for political leverage. To mitigate procurement risks, HERMLE selects suppliers carefully and cooperates with them fairly and generally on a long-term basis. In this way, we ensure that we always 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. In the year under review, we systematically secured alternative suppliers.

Stringent and regionally varying regulations on component specifications are placing growing demands on our suppliers, which may result in higher procurement costs. As a general rule, we try to address the increase in purchase prices by making moderate adjustments to our sales prices. However, in the current difficult economic climate, this is only possible to a limited extent.

Further, the more challenging financing conditions described above have led to a renewed increase in the risk of insolvency among our suppliers, which we help minimise by making reliable and prompt payments.

The energy transition and the phasing out of conventional energy generation give rise to supply risks, which have, in particular, increased in the area of gas supplies due to the war in Ukraine. By operating our own photovoltaic system, combined heat and power plant and short-term emergency power supply, we ensure a limited degree of self-sufficiency.

**Competitive risks** – Due to the ongoing economic downturn in Germany and the structural crisis within the automotive industry, competition within the machine tool industry intensified during the past business year. In addition, overcapacity in China may lead to new competitors from the industry entering our markets. The competitive situation could also become more fierce as a result of Asian companies acquiring German machine tool manufacturers.

To cushion the increasing competitive pressure in our industry, we rely 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. Thanks to our intelligently structured product range and the modular design of our machines as well as automation and digitalisation components, HERMLE is able to offer customers tailor-made solutions and at the same time maintain sound cost structures. Another factor reinforcing our competitive position is our ability to tailor our offering to varying market requirements.

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 opening up new markets, particularly overseas.

With the growing internationalisation of the machine tool industry, the probability of imitators is growing continuously. This is why we consolidate our R&D activities at the Gosheim location and strictly regulate access. Additional protection is achieved through our high degree of vertical integration and the fundamentally highly complex nature of HERMLE machines and systems.

**IT risks** – The use of information technology (IT) in almost all areas of a business creates a wide range of risks – for example, due to power failures or the global rise in cyber-attacks. New potential risks arise from the heavy reliance of IT systems on U.S. companies, a situation we are monitoring closely. We also place strong emphasis on preventing the loss of proprietary know-how through the use of artificial intelligence.

To protect IT systems as effectively as possible, HERMLE uses leading-edge technologies and redundant systems in key areas. We operate two mirrored computer rooms and another room for data backup in different parts of the building and further secure our data by means of a partly redundant design. We also operate emergency generators to power the IT infrastructure. We achieve additional protection, for example, by segmenting our networks more strongly and having a radio link between the locations in Gosheim and Zimmern, which improves data security and ensures Internet connectivity, particularly during the current construction work at our company headquarters. Moreover, our employees are regularly reminded in training sessions of the high priority assigned to data security and of common attempts to compromise it.

We are constantly strengthening our security measures and have them reviewed annually by external specialists. However, despite the various measures implemented, IT system failures cannot be entirely excluded. We have obtained cyber insurance to help mitigate potential damage in the event of an incident and to ensure access to adequate support from external specialists.

**Innovation and product risks** – To limit innovation risks, HERMLE regularly meets customers, system suppliers and other market participants to exchange ideas. This enables us to always tailor our offerings to the needs of owners. Moreover, intensive R&D activities further strengthen our technological leadership. To minimise product liability risks, which are heightened by a growing number of regionally varying technical regulations, HERMLE undertakes extensive testing prior to market launch, technical risk analyses, suitable contractual provisions, insurance coverage and proactive service measures.

**Quality risks** – The high quality of our machines and services is a key factor for competitiveness. Generally speaking, we minimise quality risks through the use of sophisticated machines and components as well as our extensive experience and expertise in the field of automation. Furthermore, we operate a systematic quality management system as well as extensive testing procedures and train our employees. To maintain our high standards in the areas of service and spare parts supply, even with an increasing share of the automation business, we are constantly expanding our service capabilities.

**Production risks** – To prevent the risk of production failures, our production facilities are subjected to careful, preventive and extensive maintenance and are replaced at an early stage, wherever necessary. This ensures that we are always up to date with the latest technology. Our efficient organisational structures make sure that production runs as smoothly as possible. Thanks to the high technical expertise of our employees, operating errors are unlikely. In some cases, we have redundant production facilities, which further reduces the risk of failures.

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. However, given the current low utilisation of production capacity, temporary disruptions can be better managed at present than during periods of high demand.

**Compliance risks** – In the course of our business activities, we are subject to extensive statutory regulations, including those relating to climate and environmental protection, product safety and export licences. Relevant legal requirements, including those affecting our supply chain, have increased markedly in recent years, while planned deregulation has so far been implemented only slowly. The array of regulations, some of which are highly complex, particularly those relating to sustainability reporting, the fulfilment of emissions targets, the 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. With even more regulations coming into force, such as the Cyber Resilience Act, the Ecodesign Regulation and the PFAS ban, the issue is set to become even more complex in the future. As our business outside Europe is becoming increasingly globalised, the number of country-specific requirements that need to be taken into account is also growing.

To mitigate the resulting risks, we keep a close eye on the dynamics of legal developments and pro-actively prepare for the implementation of new regulations. We therefore extended our compliance management system to cover additional areas during the year under review. In principle, we still consider compliance risks to be manageable at present.

**Financial risks** – HERMLE is able to finance both major investment projects and ongoing business activities largely internally thanks to its very solid liquidity resources. A conservative balance sheet and a high equity ratio also help to keep financial and liquidity risks at a minimum.

Currency risks are prevented in principle 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). Forward contracts were entered into with credit institutions with a good credit rating. We do not enter into any financial transactions for speculative purposes. As a growing proportion of turnover is generated outside Europe, the currency risk increased further during the year under review. The manipulation of exchange rates as part of international trade disputes has also increased the uncertainties in this area.

Furthermore, the currently higher share of major contracts is resulting in increasing concentration risk, while the acquisition of new customers with start-up characteristics, whose credit-worthiness is difficult to assess, is raising the risk of defaults. In addition, the difficult economic environment is contributing to higher overall customer credit risk and, in some sectors, more constrained financing conditions, which in turn require longer payment terms. HERMLE generally mitigates the risk of payment defaults due to insolvency through rigorous order checks and comprehensive receivables management.

Further, fiscal risks arise due to the high level of complexity of national and international tax regulations. Overall, the relative importance and ranking of this risk area have decreased compared with the previous year as a result of the factors listed.

**Climate risks** – The European Union's efforts to combat climate change may result in higher energy and CO<sub>2</sub> prices, which would also lead to increased costs for production, purchased materials and transport at HERMLE. As a machine tool manufacturer, HERMLE is currently affected to a below-average extent by this, as our energy requirements are relatively low and our business model is not highly CO<sub>2</sub>-intensive. However, the increasing electrification of transport, building services and industrial production is leading to rising electricity consumption and, as a result, a greater risk of power supply shortages. This is something that could further negatively impact the willingness of German and European customers, in particular, to invest. Currently, we still classify the risks from climate change as low.

**Personnel-related risks** – HERMLE employees are highly competent in their field, have completed most of their training at our company and regularly gain further qualifications. We promote the high level of motivation and reliability of our team by offering them the most varied and interesting tasks possible, long-term employment relationships and autonomous activities. We help prevent the increasing shortage of skilled labour due to demographic developments in Germany by making an above-average commitment to training and promoting the quota of women in the workforce, especially in technical areas.

Human resource challenges for HERMLE have increased as a result of greater demands from employees, such as flexible working hours or regulations governing working from home. However, in the current weak economic climate, it has become easier to fill vacancies, and staff turnover is generally lower than during periods of economic growth. As a result, personnel-related risks have tended to decrease. We therefore continue to regard these risks as low.

**Overall risk situation** – During the period under review, the risks in our economic environment increased as a result of the U.S. administration's unpredictable decisions and the numerous trade and geopolitical conflicts. At the same time, this also raised procurement and competitive risks, as well as financial risks, which we have reclassified as higher-priority risks due to rising currency and credit risks. 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

Despite the current challenging external environment, HERMLE has identified a broad range of opportunities for future development, arising 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

As an innovative company operating in the high-tech sector, HERMLE can benefit disproportionately from technological trends in the industry. The growing importance of issues such as complete machining, energy efficiency, and networking and automation in machining processes (Industry 4.0) is boosting our opportunities for expansion. As a recognised and experienced full-range supplier, we offer our customers a wide range of production systems, right up to complete automation solutions for large workshops, into which additional functionalities can be integrated. The foundation for this is 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. This gives us the opportunity to open up new markets as well as additional areas of demand with existing customers. The transition of our machines to Generation 2 has further strengthened our starting position in this regard.

Social and political changes are also creating opportunities for growth for HERMLE. The demographic change in many industrialised countries is thus strengthening the sales potential of our automation solutions, as they give owners the opportunity to actively counter the shortage of skilled labour. The transition to new technologies driven by climate protection initiatives, such as alternative energy generation and advances in automotive technology, can also have a positive effect, as these developments typically require the use of machine tools. Further opportunities could arise from public investment programmes in infrastructure and defence.

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

In principle, HERMLE could benefit more than average from better-than-expected macroeconomic and industry-specific developments. Thanks to our concept of a breathing company, we have flexible capacity reserves and processes that can be activated quickly. This boosts our ability to deliver and act, enabling us to respond swiftly to positive economic developments. During an economic upturn, our sales opportunities increase further, as demand for particularly high-performance and reliable machines and equipment rises during such periods.

### Opportunities from the strengths of the company

The strategy of continuously expanding our business internationally and steadily broadening our product range to open up new areas of application for our machines fundamentally increases our chances of attracting new customers in countries with significant sales potential, in sunrise sectors such as the aerospace industry or the chip and electronics industry, which is currently benefiting from the boom in data centres, as well as from the start-up sector. Furthermore, 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 potential to attract new customers and identify further applications for our machines among existing customers. In this context, the ongoing transition of our portfolio to Generation 2 is of great importance. 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.

Our good reputation as a reliable partner with strong liquidity focusing on quality and service, who prioritises continuity and delivers consistently, also strengthens our starting position for gaining additional customers in existing and new market segments. Above all, our financial resilience could be a key factor from the perspective of customers during periods of economic instability, and thus a real competitive advantage for HERMLE.

The high level of expertise and motivation of the HERMLE team also present significant opportunities. The commitment, experience and expertise of our employees also help us to cope with fluctuations in demand and capacity utilisation and to enhance customer loyalty based on strong service.

Yet another success factor is our long-term HR policy. HERMLE strives to maintain a stable workforce even during economic downturns and crises, allowing it to draw on an intact, skilled and motivated team that can in subsequent upturns respond quickly to renewed demand.

Our healthy liquidity and equity ratio, which makes us largely financially independent and enables us to respond flexibly to economic fluctuations, also has positive effects. As this enables us to weather economic storms for longer than others, it significantly improves our prospects both during and after times of crisis.

## FORECAST

### ECONOMIC TREND WITH A LOT OF RISKS

According to estimates by the International Monetary Fund (IMF), global economic growth is set to reach around 3.3% again in 2026. The individual regions are likely to develop differently: The IMF forecasts growth of 1.8% in the industrialised nations. The growth rate is expected to be 2.4% in the USA and 1.3% in the euro zone. Developing and emerging economies are expected to see GDP growth of 4.2%, with India and China continuing to outperform the average at 6.4% and 4.5% respectively, based on current projections.

According to the IMF, the future trend is subject to a wide range of risks. New trade and geopolitical tensions could therefore increase uncertainty and negatively impact growth, supply chains and financial markets. High budget deficits and public debt could lead to higher interest rates in the long term, further reinforcing the reluctance to invest that already exists in various countries. Furthermore, disappointment regarding artificial intelligence expectations could slow investment in the sector and trigger financial market corrections, potentially affecting other areas as well.

According to estimates by the German government, GDP in Germany is expected to rise by 1.0% in 2026. This is primarily driven by increased government spending related to the special fund and defence. Government consumption expenditure is expected to grow by 2.4%, while investment in capital goods, including defence equipment, is projected to increase by 3.5%. However, according to the VDMA, this does not indicate that the period of structural weakness has been overcome. This would require reforms to maintain Germany's competitiveness and enhance its long-term growth potential.

### INDUSTRY ENVIRONMENT: MODEST GROWTH EXPECTED IN THE MECHANICAL ENGINEERING INDUSTRY

According to VDMA experts, global mechanical engineering turnover is expected to increase by 2% in 2026. As is the case with the economy as a whole, regional variations are to be expected here too: Growth is expected at the major Asian production locations, with India and China likely to see the strongest growth at 5% and 4% respectively. In the USA, growth of 1% is expected. In Europe, stagnation is likely, as investment in countries with weak industrial economies is often limited to replacement and rationalisation measures. Higher defence spending could have positive effects.

The industry association forecasts a 1% increase in production for Germany's mechanical and plant engineering industry this year. However, this forecast is also subject to uncertainty due to its strong dependence on trade and geopolitical developments in global markets. Furthermore, it is not yet possible to assess how quickly the government's planned investments in Germany will be implemented or the extent to which they will influence private investment.

According to the VDW, production by domestic machine tool manufacturers is expected to remain at the previous year's level in 2026. Orders received in the industry are expected to rise by 10%, with domestic orders, at 19%, set to grow more significantly than non-domestic orders, at 6% – a reversal of the trend seen last year. The VDW attributes this to the expected increase in demand from the defence and aerospace sectors, which is also anticipated to have a positive impact on the supply chain. Exports continue to be constrained by global trade conditions, which have been weakened by U.S. tariff policies.

### PROSPECTS FOR MASCHINENFABRIK BERTHOLD HERMLE AG

Following a slight normalisation in incoming orders from international customers in the second half of 2025, driven by major contracts, HERMLE also saw a certain degree of stabilisation in domestic orders at the start of 2026. However, the base level remains very low. In the coming months, the situation regarding orders could stabilise further thanks to emerging individual projects and the indirect effects of planned public investment projects in sectors such as infrastructure and defence. There are also opportunities to gain a stronger foothold in certain overseas markets during 2026.

Despite current signs of a modest recovery, HERMLE's operating environment remains shaped by trade and geopolitical conflicts, the unpredictable stance of the U.S. administration, and is therefore highly volatile and exposed to significant risk. In particular, it is still very difficult to reliably assess the potential impact of the escalating conflict with Iran, which is therefore not included in the forecast. Furthermore, the willingness to invest remains very subdued across large parts of German industry due to a lack of reforms, high labour and energy costs, and excessive bureaucracy across Europe. As in the previous year, a specific forecast for the full year 2026 is therefore subject to considerable uncertainty.

Based on current projections, the Management Board expects that, in the best-case scenario, the number of orders received and turnover for the HERMLE Group and the individual company in 2026 will be around 10% above the previous year's level, while under adverse conditions they could be in the mid-single-digit percentage range below the previous year's figure. In this context, we assume that international trade and customs disputes will not escalate further and that there will be no politically driven disruptions to supply chains.

Profitability is being weighed down by comparatively low-capacity utilisation, the resulting cost stickiness and various other factors. These include rising staff costs, intense competition and resulting pricing pressure, higher fixed costs due to depreciation on construction projects completed in previous years, increased expenditure on software leasing and vehicles, currency effects and bureaucratic burdens. Against this backdrop, the operating result for the Group and HERMLE AG is expected to be close to the previous year's level in the positive scenario but could also be up to 50% lower. Risks to the result arise, for instance, from currency fluctuations, which are becoming increasingly significant due to the growing proportion of turnover generated overseas. Conversely, the sales price quality could gradually stabilise slightly as a result of the industry-wide reduction in machine tool production capacity.

The financial and asset position of the HERMLE Group and the individual company is expected to remain sound, regardless of any potential decline in the result, even if liquidity is further reduced due to planned construction work. Investment activity, which is expected to reach a high level again in 2026, is primarily focused on the construction of the application centre at the Gosheim location. In addition, plans are in place to expand grinding technology at the Burladingen location.

In the R&D sector, automation, digitalisation and complete machining solutions will continue to be key priorities this year. Among other things, we aim to introduce new digital components and an intuitive, modern user interface to the market. We are also working on selectively adding to our machine range in the field of complete machining.

To advance our internationalisation efforts, we will continue to explore potential new markets and expand our presence in selected regions as needed.

The HERMLE workforce is expected to grow slightly again in 2026, as the company recruits apprentices and dual-study students who have successfully completed their training. In addition, we plan to make targeted new hires where necessary, for example to manage the significant increase in administrative workload.

## OVERALL ASSESSMENT OF THE FUTURE DEVELOPMENT

Despite the ongoing uncertainty in the broader economic environment and the numerous risks arising from trade and geopolitical conflicts, Maschinenfabrik Berthold HERMLE AG sees opportunities for stabilisation in the current year. The number of orders received and turnover in the Group and AG are expected to increase by around 10% in the best case, and to decline by a mid-single-digit percentage under adverse conditions. The operating result is expected to range from a level close to the previous year's one across both the Group and the individual company to a decline of up to 50%. The forecast is subject to considerable uncertainty, although the opportunities currently outweigh the risks. In the medium term, the Management Board continues to see strong growth potential for the company.

Gosheim, 27 March 2026

Maschinenfabrik Berthold HERMLE AG

Management Board

# HERMLE SHARE

## KEY FIGURES OF THE HERMLE PREFERENCE SHARE IN €

	2021	2022	2023	2024	2025
Result per preference share <sup>1</sup>	11.02	14.40	17.55	13.22	10.31
Cash flow <sup>1</sup>	13.26	17.57	19.82	16.14	13.52
Equity <sup>1</sup>	61.04	66.95	73.37	71.77	70.60
All-time high <sup>2</sup>	310.00	255.00	247.00	234.00	197.00
All-time low <sup>2</sup>	228.00	190.00	203.00	158.00	134.50
Year-end share price <sup>2</sup>	243.00	202.00	216.00	164.00	146.00
Price/earnings ratio at year-end	22.05	14.03	12.31	12.41	14.16
Price/cash flow ratio at year-end	18.33	11.50	10.90	10.16	10.80
Dividend per preference share	9.05	11.05	15.05	11.05	9.55 <sup>3</sup>
Price on 31 March 2026					154.00

<sup>1</sup>Share basis: 5,000,000 piece

<sup>2</sup> Source: Stuttgart Stock Exchange

<sup>3</sup> Subject to approval at the shareholders' meeting

## STOCK EXCHANGES DEFY UNCERTAINTY

Despite a further rise in economic risks, major stock exchanges once again closed 2025 with a positive performance. Neither armed conflicts nor erratic trade and customs policies had any sustained impact on investor sentiment. Even after the market shock following the so-called "Liberation Day" in early April, when the USA announced high import tariffs on nearly all of its trading partners, stock-exchange prices recovered relatively quickly. Overall, European shares performed slightly better than U.S. ones: The S&P 500 rose by 17% in 2025 and the Euro Stoxx 50 by 19% compared to the same reporting date. The German stock market benchmark, the DAX, even rose by around 23%, supported by expectations that the German government's infrastructure package would provide a stimulus. Defence sector shares were particularly in demand, alongside shares in the banking sector, energy technology and pharmaceutical companies. Among the DAX constituents, automotive and chemical shares were among the weakest performers. The CDAX, which tracks the performance of all German shares listed in the Prime and General Standard segments, rose by just over 22% in 2025.

## HERMLE SHARE FELL BY 11%

At the beginning of 2025, HERMLE preference shares initially traded sideways following their 2024 closing price of €164 but rose sharply to reach an annual high of €197 in early March. It then quickly declined again shortly thereafter, before resuming its upward trend in the run-up to the shareholders' meeting on 2 July 2025. Following the dividend payout, the share price fell to a low of €134.50 by early November and did not recover until the end of the year. The closing price in 2025 was €146, representing a decline of 11% compared with the end of the previous year.

## BUSINESS PERFORMANCE EXCEEDED EXPECTATIONS IN 2025

As expected, the HERMLE Group's turnover and result for the past business year were impacted by the industry's continued reluctance to invest. Weak global demand, driven by uncertainty arising from geopolitical and trade conflicts, was further compounded in Germany by additional structural challenges. However, thanks to unexpected, large-scale orders from international customers, HERMLE performed better than expected. At €m 491.9, Group turnover for 2025 was actually slightly higher than in the previous year (previous year: €m 487.9) and net income decreased significantly less than originally assumed to €m 51.4 (previous year: €m 65.9). This led to a result of € 10.26 per share (previous year: € 13.17) per ordinary share and € 10.31 (previous year € 13.22) per preference share.

## DISTRIBUTION OF € 9.55 PER PREFERENCE SHARE PLANNED

In 2025, the individual company HERMLE AG generated a net income of €m 52.8 (previous year: €m 66.2) and a balance sheet profit of €m 104.8 (previous year: €m 107.1). The Management Board and Supervisory Board will propose to the shareholders' meeting on 1 July 2026 that a dividend of € 9.50 per ordinary share and € 9.55 per preference share be paid out (previous year: € 11.00 and € 11.05) for the 2025 business year. The total dividend distribution therefore amounts to €m 47.6 (previous year: €m 50.05). The remaining sum of €m 57.3 will be carried forward to a new account. For the preference share, this results in a dividend yield of 5.8% based on the 2025 year-end share price.

The share capital of Maschinenfabrik Berthold HERMLE AG is divided into 4 million ordinary shares and 1 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

Maschinenfabrik Berthold HERMLE AG is committed to responsible corporate governance to safeguard the company's soundness and long-term viability. It is our goal to take into account and to harmonise the interests of all social groups within the sphere of influence of our activities, in particular those of shareholders, customers, employees, suppliers and other partners. To this end, we implement a company-specific corporate governance concept, which is appropriate for a company of our size and meets all legal standards. Further information is contained in our Corporate Governance Statement, which is available for download on the website at [www.hermle.de](http://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 same location and is additionally printed on page 92 of this annual report.

Responsible corporate governance also involves open communication with the stakeholders affected by our activities. It is important to us to provide our shareholders, as well as potential investors, business media and financial market participants, with information on our business performance and key company developments in a timely and consistent manner. To this end, we, in particular, use 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. These publications, along with additional detailed information material about the company, our products and services, are available for download on our website at [www.hermle.de](http://www.hermle.de). Our shareholders will have the opportunity to engage directly with the management at the shareholders' meeting, which will once again be held as a face-to-face event in 2026. Following the meeting, shareholders can tour our company headquarters in Gosheim and experience our machining processes, machining centres and automation solutions first-hand.

# FROM THE COMPANY: INNOVATIVE TOOLS, HIGH-TECH PRODUCTION AND ATTRACTIVE JOBS

## DIGITAL TOOLS FOR SMART PRODUCTION

Digital solutions have become an integral part of modern machining processes. HERMLE provides comprehensive support to companies on their individual course towards Industry 4.0 and the smart factory. For many years, our machining centres and automation systems have been complemented by a wide range of valuable components from our Digital Production, Digital Operation and Digital Service packages, which are continuously being expanded and adapted to meet evolving requirements. Overall, HERMLE's software solutions help to enhance efficiency, precision, productivity and ease of use in our customers' manufacturing processes.

The most popular HERMLE digital modules include HACS for intelligent order management, the central monitoring tool HIMS, the user-friendly tool management solutions HOTS and HTMC, the diagnostic system WDS and our remote maintenance. The latter has recently been released in an updated version with enhanced services, resulting in shorter downtime and fewer service calls for our customers, and is also designed to meet future regulatory requirements.

Another interesting new feature is our configurator for the robot system HERMLE RS 2. Using this tool, customers can collaborate with our sales specialists via an intuitive web interface to estimate application-specific designs, storage options, capacities and autonomous runtimes. The specific requirements of an application can thus be directly visualised from the very first meeting and translated into an automation solution. This speeds up the processes and, at the same time, demonstrates the flexibility of our robot systems.

Further developments are also under way for a range of other digital tools, for example in overload detection for machine protection, as well as the HERMLE Load Calculator for process monitoring and safety.

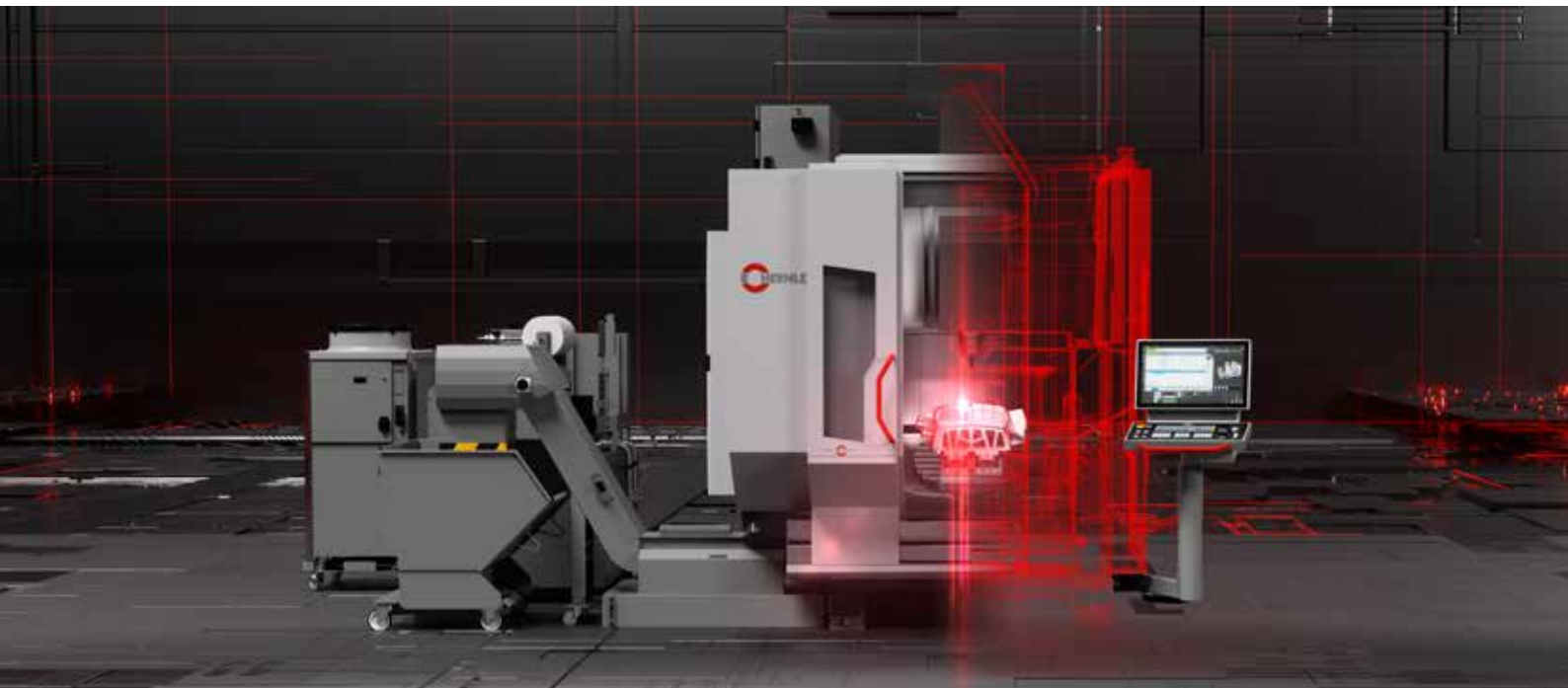
## HERMLE DIGITAL TWIN

A key addition to our digital portfolio is the HERMLE Digital Twin. This virtual twin of our machines lays the foundations for future-proof manufacturing processes and long-term competitiveness for our customers. It empowers them to confidently tackle the challenges of our time, such as globalisation, shortage of skilled labour and new working models.

The HERMLE Digital Twin enables the creation of an exact virtual copy of a real HERMLE machine – a complete kinematic machine model linked to an original virtual CNC control system. This means that the digital twin behaves exactly like the real machining centre, offers full control functionality and can be operated in exactly the same way.

This offers customers a number of benefits:

The machine can be commissioned virtually and thus becomes operational more quickly. NC programs are prepared and tested, interfaces are validated, and the machining process can already be simulated before the machine arrives on site. At the same time, operators can be trained digitally from any location, which reduces the start-up time. The optimisation phase can also be carried out offline and prior to actual commissioning.



Training on the machining centre can generally take place in a virtual environment, enabling skilled workers to familiarise themselves with new processes without causing any machine downtime. The same applies to the training and onboarding of new staff.

Another positive aspect is the centralised management of global machining processes across multiple manufacturing locations. Experts at the main plant can access virtual machines that are identical to those at remote locations, enabling them to edit NC programs, verify machining operations and transfer optimisations directly to the plants without being physically present. This enables machines or production to be relocated without any loss of expertise, while ensuring consistent quality, stability and efficiency across all locations.

The digital twin also offers benefits for IT and technical professionals: They can program, simulate and approve processes from any location. This enhances the attractiveness of jobs, as modern working models that support a better work-life balance are now also possible in traditional manufacturing environments.

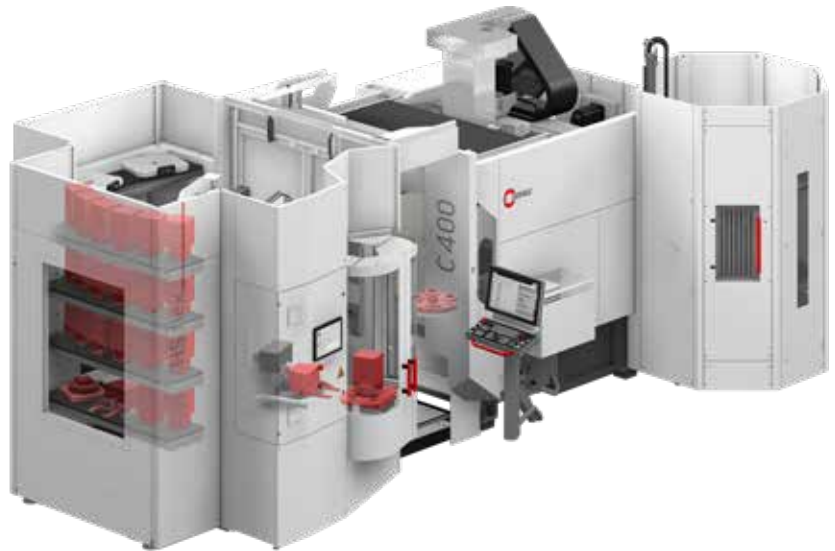
## AUTOMATION TOOL: EVERYTHING FROM A SINGLE SOURCE

HERMLE recognised the potential of automation solutions at an early stage. In the meantime, we have built a strong reputation and established a second source of revenue. Our customers receive both key components – the machining centre and customised automation systems – from a single source. All components of the automation solution are perfectly coordinated; and in the event of a service request, there is a single point of contact. A genuine and valuable benefit that is just as highly valued by our customers as HERMLE's exceptionally high standard of service.

### HANDLING SYSTEM HS FLEX HYBRID

Our range of useful automation tools is also being continuously expanded. In 2025, we introduced, for example, our handling system HS flex hybrid. It takes the proven HS flex product to the next level of performance, enabling the cost-efficient production of components weighing up to 450 kg and can be adapted to six different machine models and configured with one or two storage modules.

With the HS flex hybrid, our customers gain maximum operational flexibility, as it transports both pallets and vises from the setup station to the storage modules or the working area. Typical workpiece and vise setups can be performed at the HS flex hybrid setup station instead of directly on the machine, thereby avoiding downtime. In addition to enabling rapid setup during non-production hours and delivering up to five times greater capacity, owners also benefit from the system's versatility in accommodating a broad range of workpiece volumes and weights.



## NEW PRODUCTION FACILITY FOR LARGE PARTS AT THE ZIMMERN LOCATION

To secure the company's future and fully leverage emerging growth opportunities, HERMLE began establishing a second production location in Germany around ten years ago: In Zimmern ob Rottweil, close to the company headquarters in Gosheim, an approx. 4-hectare plot of land was initially acquired. One year later, the first stage of production commenced there, focusing on the manufacture of machine beds using highly efficient, low-energy mineral casting technology. In 2020, a state-of-the-art new sheet metal production facility, equipped with fully automated laser cutting machines and an innovative high-bay storage system, was put into operation.

In 2023, we purchased further land, thus expanding the location in Zimmern to 8 hectares. In addition, the subsequent expansion phase doubled our mineral casting capacity and created additional assembly and storage areas, enabling us to efficiently accommodate an increasing number of large-scale automated systems.

In 2025, a new production facility for large parts for the machining of machine beds was established. At the core of the facility is a state-of-the-art MultiTec system, where mineral and grey cast iron beds are machined using a dry, low-emission process. The new production system, with a total weight of 340 tonnes and dimensions of 24 x 30 x 8.8 metres, sets new standards not only in precision and efficiency. It also serves as a benchmark in sustainability, reflecting the location as a whole, where ambitious energy efficiency and climate protection standards have been embedded from the outset. This is further supported by a rooftop photovoltaic system that enables us to generate carbon-neutral electricity and reduces our reliance on the public grid.



## HERMLE AS AN ATTRACTIVE EMPLOYER

The HERMLE Group employs more than 1,600 people worldwide (as at the end of 2025), with over 1,200 of them based across our three locations in the Schwarzwald-Baar-Heuberg region: Gosheim, Zimmern ob Rottweil and Burladingen. We place great importance on being a reliable and stable employer, providing secure and attractive jobs. In doing so, we uphold our corporate responsibility, strengthen employee loyalty and continue to attract highly qualified talent to the HERMLE Group. A key driver of the positive development of HERMLE, as our highly motivated and skilled team is absolutely fundamental to our market success. Not least because HERMLE's complex, high-tech product range demands a high level of expertise and enables the company to generate decisive competitive advantages, particularly in the area of service.

### Attracting attention

A growing share of our recruitment activities is also being conducted via social media channels. Through targeted job advertisements and recruitment initiatives, we position ourselves on LinkedIn, Facebook and Instagram as a forward-looking employer offering future-proof jobs. We maintain an active presence on TikTok and Instagram to specifically engage younger audiences for internships and apprenticeships at HERMLE.

### In-depth onboarding

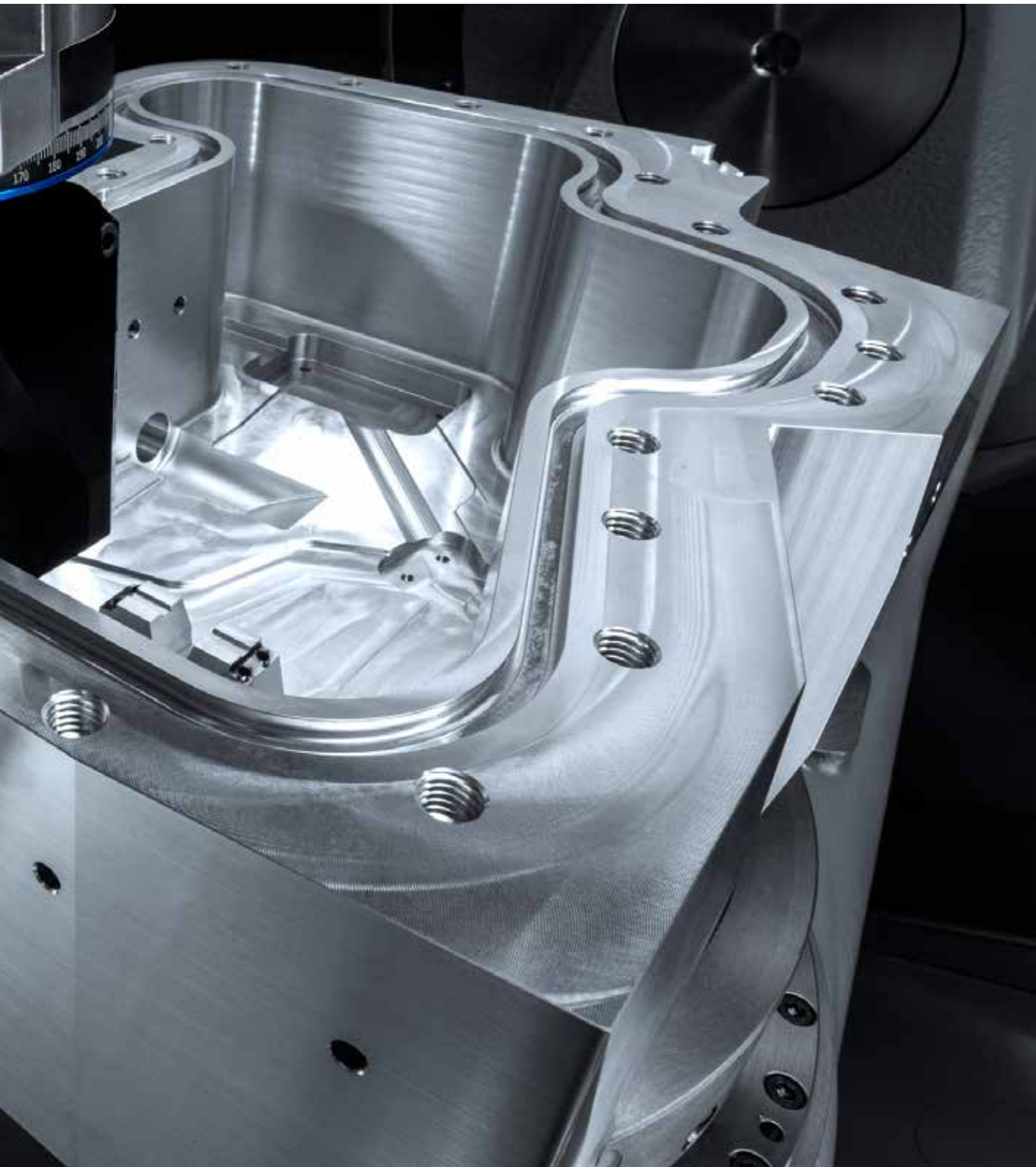
New employees at HERMLE are not left to navigate on their own but instead benefit from a structured onboarding process. During the first six months, new staff members participate in a tailored onboarding programme designed to provide a comprehensive introduction to the company and their future responsibilities. As part of an onboarding day, including a tour of the factory and a shared group lunch, we introduce the company, the products and the Management Board. Through a mentoring programme, each new employee is assigned a dedicated contact person who supports them in both professional and social matters. In addition, regular meetings with the respective supervisors throughout the probationary period leave no questions unanswered.

### More than just a job

Employees at HERMLE benefit from a wide range of health promotion initiatives and can align their working hours to their individual preferences and needs. To keep fit, our employees can, for example, participate in company-organised initiatives such as yoga sessions and attend educational talks on various topics, including nutrition, exercise and relaxation. In-house physiotherapy and psychosocial counselling are also available. Employees seeking a more active commute can opt to use a HERMLE company bike. To support a healthy work-life balance, we provide assistance with caring for relatives and offer flexible working arrangements without fixed core working hours, for example.



# CONSOLIDATED FINANCIAL STATEMENTS



HERMLE C 32 in 5-axis version |  
Machining of a semiconductor housing for the semiconductor industry.

# CONSOLIDATED BALANCE SHEET

## ASSETS

€k	Appendix	31 December 2025	31 December 2024
<b>A. Non-current assets</b>			
I. Intangible assets	(7)		
1. Goodwill		6,096	6,096
2. Capitalised development expenditure		270	0
3. Other intangible assets		2,076	2,618
		8,442	8,714
II. Property, plant and equipment	(7)		
1. Land, leasehold rights and buildings, including the buildings on non-owned land		81,390	81,697
2. Technical plants and machinery		23,901	19,113
3. Other plants, fixtures and fittings		22,190	22,043
4. Advances paid and assets in construction		19,636	16,917
		147,117	139,770
III. Other financial assets	(11)	107	7
IV. Deferred tax assets	(24)	5,003	5,013
		<b>160,669</b>	<b>153,504</b>
<b>B. Current assets</b>			
I. Inventories	(9)		
1. Raw, process and operating materials		58,616	57,499
2. Unfinished products		27,435	22,322
3. Finished products and goods		24,666	27,498
4. Advances paid		332	580
		111,049	107,899
II. Trade accounts receivables	(10)	100,229	64,585
III. Other current receivables	(10)	14,522	17,210
IV. Securities and other assets	(11)	19,000	34,000
V. Liquid assets	(12)	81,282	107,370
		<b>326,082</b>	<b>331,064</b>
		<b>486,751</b>	<b>484,568</b>



# GROUP INCOME STATEMENT

## INCOME STATEMENT

€k	Appendix	2025	2024
1. Sales revenues	(17)	491,891	487,926
2. Inventory change of finished and unfinished products		2,092	3,913
3. Other company-produced assets		2,172	1,690
<b>4. Total operating performance</b>		<b>496,155</b>	<b>493,529</b>
5. Other operating income	(18)	10,061	9,966
6. Material cost	(19)	202,290	203,008
7. Personnel costs	(20)	154,727	149,864
8. Depreciation on intangible assets and property, plant and equipment	(21)	15,977	14,475
9. Other operating costs	(22)	64,036	50,830
<b>10. Operating result</b>		<b>69,186</b>	<b>85,318</b>
11. Financial result	(23)		
a) Other interest and similar income		1,999	3,845
b) Interest and similar expenses		222	189
		1,777	3,656
<b>12. Result before taxes</b>		<b>70,963</b>	<b>88,974</b>
13. Taxes on income	(24)	19,585	23,058
<b>14. Net income</b>		<b>51,378</b>	<b>65,916</b>
15. Profit shares of other shareholders		0	0
<b>16. Consolidated after-tax net income</b>		<b>51,378</b>	<b>65,916</b>

**STATEMENT OF COMPREHENSIVE INCOME**

€k	Appendix	2025	2024
Transfer of consolidated after-tax net income		51,378	65,916
<b>Other overall income</b>			
Items that may subsequently be reclassified to the income statement			
Currency differences		-2,577	1,366
Change from derivative financial instruments		497	-362
Income taxes on other overall income			
Taxes on change in derivative financial instruments		-132	96
<b>Other result</b>		-2,212	1,100
<b>Overall result</b>		<b>49,166</b>	<b>67,016</b>
Attribution of the annual result			
Profit share of other shareholders		0	0
Profit share of the shareholders of HERMLE AG		51,378	65,916
		51,378	65,916
Attribution of the overall result			
Profit share of other shareholders		0	0
Profit share of the shareholders of HERMLE AG		49,166	67,016
		49,166	67,016
Result for each share (diluted and undiluted) in €	(25)		
Ordinary share		10.26	13.17
Preference share, incl. dividend preference		10.31	13.22
Number of shares used as a basis		5,000,000	5,000,000

# GROUP CASH FLOW STATEMENT

€k	Appendix	2025	2024
<b>Consolidated after-tax net income</b>		51,378	65,916
+/- Depreciation/appreciation of fixed assets		15,977	14,475
+/- Increase/decrease in non-current provisions		264	292
<b>Cash flow before change in working capital</b>		67,619	80,683
- Elimination of supplementary tax from retirement of fixed assets		-736	-1,205
-/+ Increase/decrease from inventories		-3,152	12,938
-/+ Increase/decrease from trade accounts receivables		-35,644	28,625
-/+ Increase/decrease in other current receivables		2,688	-4,361
-/+ Increase/decrease in deferred tax assets and other non-current assets		10	-206
+/- Increase/decrease in current trade accounts payable		-4,348	5,525
+/- Increase/decrease in current provisions		7,270	-17,832
+/- Increase/decrease in other current liabilities		4,353	-1,363
+/- Increase/decrease in deferred tax liabilities		48	-315
<b>Cash flow from operating activities</b>	(26)	38,108	102,489
- Disbursements for investments in intangible assets		-644	-598
+ Proceeds from retirements of property, plant and equipment		784	1,503
- Disbursements for investments in property, plant and equipment		-22,165	-50,227
+ Proceeds from retirements of property, plant and equipment of financial assets		0	3,000
- Disbursements for investments in property, plant and equipment of financial assets		-100	-2
- Disbursements for securities and other investments		-19,000	-34,000
+ Proceeds from the sale of outside marketable securities and other assets		34,000	49,000
<b>Cash flow from investment</b>	(26)	-7,125	-31,324
Transfer		30,983	71,165

€k	Appendix	2025	2024
Transfer		30,983	71,165
- Payment of dividends		-55,045	-75,045
- Repayment of lease liabilities		-534	-557
<b>Cash flow from financing activities</b>	(26)	-55,579	-75,602
+/- Changes in the fund of cash and cash equivalents due to exchange rate fluctuations		-1,813	1,039
+/- Changes from offsetting without directly affecting the operating result		365	-266
+/- Other changes		-44	0
<b>Changes in the fund of cash and cash equivalents with an effect on payments</b>	(26)	-26,088	-3,664
Financial funds as at 01.01.		107,370	111,034
<b>Financial funds as at 31.12.</b>		81,282	107,370
<b>Fund of cash and cash equivalents</b>			
Liquid assets		81,282	107,370

# 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 01.01.2024	12,000	3,000	3,286	1,500	127,065
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	40,021
Currency loss	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Unclaimed dividend	0	0	0	0	0
As at 31.12.2024	12,000	3,000	3,286	1,500	167,086
Dividend for the previous year as per shareholders' meeting resolution	0	0	0	0	0
Net income 2025	0	0	0	0	0
Allocation to the revenue reserves	0	0	0	0	500
Currency loss	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Unclaimed dividend	0	0	0	0	0
Other changes	0	0	0	0	0
<b>ASper 31.12.2025</b>	<b>12,000</b>	<b>3,000</b>	<b>3,286</b>	<b>1,500</b>	<b>167,586</b>

		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	
215,784	344,349	4,242	7	366,884	1	2	366,887	
-75,050	-75,050	0	0	-75,050	0	0	-75,050	
65,916	65,916	0	0	65,916	0	0	65,916	
-40,021	0	0	0	0	0	0	0	
1	1	1,364	0	1,365	0	1	1,366	
0	0	0	-266	-266	0	0	-266	
5	5	0	0	5	0	0	5	
166,635	335,221	5,606	-259	358,854	1	3	358,858	
-55,050	-55,050	0	0	-55,050	0	0	-55,050	
51,378	51,378	0	0	51,378	0	0	51,378	
-500	0	0	0	0	0	0	0	
0	0	-2,577	0	-2,577	0	0	-2,577	
0	0	0	365	365	0	0	365	
5	5	0	0	5	0	0	5	
-44	-44	0	0	-44	0	0	-44	
162,424	331,510	3,029	106	352,931	1	3	352,935	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## DEVELOPMENT OF THE CONSOLIDATED FIXED ASSETS 2025

€k	Acquisition/manufacturing costs					As at 31 December 2025
	As at 01 January 2025	Additions	Repostings	Retirements	Currency adjustment	
<b>I. Intangible assets</b>						
1. Goodwill	6,096	0	0	0	0	6,096
2. Capitalised development expenditure	3,061	270	0	0	0	3,331
3. Other intangible assets	14,286	374	0	79	0	14,581
	23,443	644	0	79	0	24,008
<b>II. Property, plant and equipment</b>						
1. Land, leasehold rights and buildings, including the buildings on non-owned land	120,899	1,706	2,442	835	-717	123,495
2. Technical plants and machinery	68,267	2,327	7,185	1,488	-395	75,896
3. Other plants, fixtures and fittings	54,945	6,840	228	3,362	-148	58,503
4. Advances paid and assets in construction	16,917	12,619	-9,855	44	-1	19,636
	261,028	23,492	0	5,729	-1,261	277,530
<b>III. Other financial assets</b>	7	100	0	0	0	107
	284,478	24,236	0	5,808	-1,261	301,645

	Cumulated depreciation				Book values		
	As at 01 January 2025	Additions	Retirements	Currency adjustment	As at 31 December 2025	As at 31 December 2025	As at 31 December 2024
	0	0	0	0	0	6,096	6,096
	3,061	0	0	0	3,061	270	0
	11,668	917	80	0	12,505	2,076	2,618
	14,729	917	80	0	15,566	8,442	8,714
	39,202	3,686	621	-162	42,105	81,390	81,697
	49,154	4,561	1,480	-240	51,995	23,901	19,113
	32,902	6,813	3,320	-82	36,313	22,190	22,043
	0	0	0	0	0	19,636	16,917
	121,258	15,060	5,421	-484	130,413	147,117	139,770
	0	0	0	0	0	107	7
	135,987	15,977	5,501	-484	145,979	155,666	148,491

**DEVELOPMENT OF THE CONSOLIDATED FIXED ASSETS 2024**

€k	Acquisition/manufacturing costs					As at 31 December 2024
	As at 01 January 2024	Additions	Repostings	Retirements	Currency adjustment	
<b>I. Intangible assets</b>						
1. Goodwill	6,096	0	0	0	0	6,096
2. Capitalised development expenditure	3,061	0	0	0	0	3,061
3. Other intangible assets	13,818	598	0	129	-1	14,286
	22,975	598	0	129	-1	23,443
<b>II. Property, plant and equipment</b>						
1. Land, leasehold rights and buildings, including the buildings on non-owned land	90,159	24,838	6,936	1,324	290	120,899
2. Technical plants and machinery	59,565	9,741	31	1,220	150	68,267
3. Other plants, fixtures and fittings	46,899	10,868	1,366	4,277	89	54,945
4. Advances paid and assets in construction	20,025	5,229	-8,333	0	-4	16,917
	216,648	50,676	0	6,821	525	261,028
<b>III. Other financial assets</b>	3,005	2	0	3,000	0	7
	242,628	51,276	0	9,950	524	284,478

	Cumulated depreciation				Book values		
	As at 01 January 2024	Additions	Retirements	Currency adjustment	As at 31 December 2024	As at 31 December 2024	As at 31 December 2023
	0	0	0	0	0	6,096	6,096
	3,061	0	0	0	3,061	0	0
	10,915	884	130	-1	11,668	2,618	2,903
	13,976	884	130	-1	14,729	8,714	8,999
	37,305	3,167	1,316	46	39,202	81,697	52,854
	45,763	4,338	1,055	108	49,154	19,113	13,802
	30,924	6,086	4,187	79	32,902	22,043	15,975
	-1	0	0	1	0	16,917	20,026
	113,991	13,591	6,558	234	121,258	139,770	102,657
	0	0	0	0	0	7	3,005
	127,967	14,475	6,688	233	135,987	148,491	114,661

**CONSOLIDATED SEGMENT REPORTING**

€k	Domestic companies		Foreign sales companies		Consolidation effects		Consolidated financial statements	
	2025	2024	2025	2024	2025	2024	2025	2024
Turnover with third parties	255,538	262,148	236,353	225,778	0	0	491,891	487,926
Operating result	58,086	75,610	10,788	10,211	312	-503	69,186	85,318
Income tax	-16,549	-20,732	-2,983	-2,378	-53	52	-19,585	-23,058
Net income	50,837	80,783	7,826	8,118	-7,285	-22,985	51,378	65,916
Non-current segment assets	147,847	139,621	13,742	14,725	-920	-842	160,669	153,504
Current segment assets	255,558	273,616	111,950	90,594	-41,426	-33,146	326,082	331,064
Segment assets (sum of assets)	403,405	413,237	125,692	105,319	-42,346	-33,988	486,751	484,568
Segment debts incl. provisions	93,317	98,294	81,083	58,983	-40,584	-31,567	133,816	125,710
Investments (incl. additions in rights of use)	21,984	47,184	2,252	4,092	0	0	24,236	51,276
Depreciation	13,258	11,665	2,719	2,810	0	0	15,977	14,475
Employees annual average	1,406	1,357	221	214	0	0	1,627	1,571

## (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 of December 31 2025.

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 27 March 2026 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 were taken as a basis for the 2025 business year. Their application is mandatory for business years that commenced on 1 January 2025.

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

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

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 mandatory for the coming years:

From 1 January 2026:

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

Annual Improvements Volume 11

From 1 January 2027:

IFRS 18: Presentation and disclosure of information in financial statements

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.

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

IFRS 19: Subsidiaries without Public Accountability: Disclosures

### (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
<b>Domestic segment</b>		
HPV HERMLE Vertriebs GmbH, Gosheim	Full	100.0%
HLS HERMLE Systemtechnik GmbH, Gosheim	Full	100.0%
HERMLE Maschinenbau GmbH, Gosheim	Full	100.0%
<b>Foreign sales segment</b>		
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%
HERMLE India Pvt. Ltd., Bangalore, India	Full	100.0%

In the 2025 business year, HERMLE India Pvt. Ltd., Bangalore, was founded as a subsidiary to support business activities in this sales market from 2026 onwards. This company was newly included in the group of consolidated companies in the 2025 business year. Otherwise, the group of consolidated companies remained unchanged from 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 31.12.2025	Exchange rates on the reporting date 31.12.2024	Average prices 2025	Average prices 2024
EUR/USD	1.1750	1.0444	1.1314	1.0812
EUR/CHF	0.9314	0.9435	0.9366	0.9536

#### (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 useful life periods. 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 life periods other than land and 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 use value. The achievable amount is determined using the discounted cash flow (DCF) method. This DCF calculation is based on forecasts derived from the five-year financial plans (planning period) approved by the management. The chosen planning horizon reflects the assumptions regarding short and medium-term market developments. The EBIT margin in the detailed planning period is in a range of between 2.6% to 6.1%. The sales revenues are planned to increase at rates of change ranging from -1.6% – with an initial upward trend to 4.0% 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.

### 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 discount rate of 8.64% (previous year: 9.82%) after tax was used to calculate the use value.

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

The other financial assets include loans and other assets with a term of more than one year, which are stated at amortised cost.

## INVENTORIES

As a general rule, raw materials and merchandise are stated at average acquisition costs 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 THAT ARE 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.

## DEPRECIATION

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 at which the services are also offered in separate transactions. The separate prices then 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 attached 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 95 (previous year: €k 79).

## 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.

Development costs amounting to €k 270 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 22,550 (previous year €k 19,220).

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 2024	750	358	1,108
Additions minus retirements	253	196	449
Depreciation	-372	-182	-554
As at 31 December 2024	631	372	1,003
Additions minus retirements	907	146	1,053
Depreciation	-484	-215	-699
As at 31 December 2025	1,054	303	1,357

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

€k	2025	2024
As at 1 January	982	1,060
Additions minus retirements	1,053	439
Interest	51	40
Payments	-737	-557
As at 31 December	1,349	982

Leasing liabilities €k	up to 1 year	1 to 5 years	from 5 years	Total
Minimum lease payments	714	711	0	1,425
Cash value	687	662	0	1,349

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 December 2025	31 December 2024
Raw, process and operating materials	58,616	57,499
Unfinished products, unfinished services	27,435	22,322
Finished products and goods	24,666	27,498
Advances paid on inventories	332	580
	111,049	107,899

The book value of the inventories stated at net sales prices was €k 10,995 (previous year: €k 13,727). The decrease in the value adjustment for inventories recorded with an effect on profits was €k 694 (previous year: €k 692). Advances paid are stated as net amounts without turnover tax.

## (10) TRADE ACCOUNTS RECEIVABLES AND OTHER CURRENT RECEIVABLES

€k	31 December 2025	31 December 2024
<b>Trade accounts receivables</b>		
Against third parties	100,229	64,585
<b>Other current receivables</b>		
Derivative financial instruments	183	0
Tax refund claims	4,881	9,439
Accrued and deferred items	1,940	1,929
Customer receivables from advance payments	5,909	4,248
Other assets	1,609	1,594
	14,522	17,210
<b>Total</b>	<b>114,751</b>	<b>81,795</b>

The trade accounts receivables with a remaining term of more than one year were €k 4,230 (previous year: €k 3,094). 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, derivative financial instruments 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 31.12.2025	100,229	22,126	7,167	2,737	4	83
Trade accounts receivables 31.12.2024	64,585	24,273	5,726	210	93	0

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

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

€k	2025	2024
Value adjustments at the beginning of the business year	6,838	7,870
Recognised in the income statement in the reporting period	2,577	-1,002
Write-off of receivables	-261	-42
Currency conversion effects	-66	12
Value adjustments at the end of the business year	9,088	6,838

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	2025	2024
Expenses for the complete write-off of receivables	504	139
Income from the receipt of written off receivables	0	0

## (11) OTHER FINANCIAL ASSETS, SECURITIES AND OTHER ASSETS

In the period under review, loan receivables amounting to €k 100 were reported under other 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 19 (previous year: €k 34) were stated under securities and other assets.

## (12) LIQUID ASSETS

The liquid assets largely apply to cash in banks.

€k	31 December 2025	31 December 2024
Credit balance with financial institutions	81,276	107,364
Cash on hand	6	6
	81,282	107,370

## (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 0 (previous year: €k 40) were allocated to the revenue reserves of Maschinenfabrik Berthold HERMLE AG. Further €k 500 (previous year: €k 21) were allocated to the revenue reserves of the subsidiaries.

The Management Board recommended at the Supervisory Board's meeting on 18 March 2026 to use the 2025 balance sheet profit of Maschinenfabrik Berthold HERMLE AG amounting to €k 104,802 to pay out €k 47,550 through the payment of a dividend totalling € 9.50 per ordinary share, and € 9.55 per preference share, that no allocation be made to other revenue reserves and to carry forward the remaining €k 57,252 to a new account.

In the 2025 business year a dividend totalling € 11.00 per ordinary share and € 11.05 per preference share was paid in respect of the 2024 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 259 (previous year: €k 7) was withdrawn from the equity and recorded as expenses (previous year: income) in the period result. In addition, income (previous year expenses) from the market valuation of derivative financial instruments attributable to cash flow hedges were allocated to the equity without affecting profits in the sum of €k 106 (previous year €k 259).

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

**(14) INTERESTS OF OTHER SHAREHOLDERS**

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

**(15) PROVISIONS**

€k	As at 01.01.2025	Consumption	Resolution	Feeding	Other changes	As at 31.12.2025
Tax provisions	970	633	20	5,781	1	6,099
Personnel provisions	24,940	10,946	188	11,007	-44	24,769
Other provisions						
in sales and purchasing	26,681	17,237	1,645	21,159	-308	28,650
for other areas	1,543	1,168	69	1,851	-6	2,151
	28,224	18,405	1,714	23,010	-314	30,801
	54,134	29,984	1,922	39,798	-357	61,669
of which current provisions	51,872	29,691	1,875	39,223	-386	59,143
of which non-current provisions	2,262	293	47	575	29	2,526

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 357 (previous year: €K -270), which were recognised as income (previous year: expense).

The effects from the interest charge and from changes to the discounting interest rate in the sum of €k 39 (previous year: €k 35) apply in an amount of €k 30 (previous year: €k 23) to personnel provisions and €k 9 (previous year: €k 12) to other provisions.

**(16) LIABILITIES**

The liabilities relate in particular to:

€k	31 December 2025	31 December 2024
<b>Non-current liabilities</b>		
Leasing liabilities	662	452
<b>Current trade accounts payable</b>		
against third parties	9,972	14,320
<b>Other current liabilities</b>		
Advances paid	31,335	23,555
Contractual debt from advance payment invoices	5,909	4,248
Contractual liabilities	3,079	3,228
Leasing liabilities	687	530
Derivative financial instruments	0	1,133
Tax liabilities	9,300	12,253
Social security liabilities	861	769
Other liabilities	8,933	9,726
	60,104	55,442
<b>Breakdown of liabilities by remaining terms</b>		
up to 1 year	70,076	69,762
from 1 year	662	452
	70,738	70,214

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 2025 and 2024 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	
	01-12/2025	01-12/2024	01-12/2025	01-12/2024	01-12/2025	01-12/2024
<b>Sales regions</b>						
Federal Republic of Germany	140,541	179,373	0	0	140,541	179,373
Other countries	114,997	82,775	236,353	225,778	351,350	308,553
<b>Total</b>	<b>255,538</b>	<b>262,148</b>	<b>236,353</b>	<b>225,778</b>	<b>491,891</b>	<b>487,926</b>
<b>Product and service areas</b>						
Sale of machine tools	237,503	244,650	220,455	212,122	457,958	456,772
Accessories and spare parts						
Service and training services	18,035	17,498	15,898	13,656	33,933	31,154
<b>Total</b>	<b>255,538</b>	<b>262,148</b>	<b>236,353</b>	<b>225,778</b>	<b>491,891</b>	<b>487,926</b>
Revenue from contracts with customers	255,538	262,148	236,353	225,778	491,891	487,926
Turnover with third parties	255,538	262,148	236,353	225,778	491,891	487,926

The contract balances are as follows:

€k	31 December 2025	31 December 2024
Trade accounts receivables against third parties	100,229	64,585
Customer receivables from advance payments	5,909	4,248
<b>Total</b>	<b>106,138</b>	<b>68,833</b>
Advances paid	31,335	23,555
Contractual liabilities	3,079	3,228
Contractual debt from advance payment invoices	5,909	4,248
<b>Total</b>	<b>40,323</b>	<b>31,031</b>

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 2025 business year, sales revenues of €k 1,274 (previous year: €k 1,444) 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 2025 amounting to €k 2,681 in 2026 and €k 399 in 2027 will lead to sales.

Of the total turnover, €k 91,826 (previous year: €k 78,163) was generated in the USA.

## (18) OTHER OPERATING INCOME

The other operating income item applies to:

€k	2025	2024
Income from reversal of provisions	2,172	2,127
Income from reversal of value adjustments	4,096	4,284
Income from retirement of fixed assets	1,011	1,641
Income from currency differences	772	0
Other operating income	2,010	1,914
	10,061	9,966

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

The costs of materials apply to:

€k	2025	2024
Expenses for raw, process and operating materials and procured goods	193,980	194,532
Cost of purchased services	8,310	8,476
	202,290	203,008

## (20) PERSONNEL COSTS

The personnel costs include:

€k	2025	2024
Salaries and wages	130,181	127,223
Social security contributions	24,540	22,641
	154,727	149,864

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

Average numbers of employees:

	2025	2024
Industrial workers	602	588
Salaried employees	895	871
Sum of employees	1,497	1,459
Apprentices (voluntary information)	130	112
Total sum	1,627	1,571

The Management Board's emoluments totalled €k 3,404. Of this amount, €k 2,138 relates to fixed, non-performance-related remuneration (basic salary and ancillary benefits), while €k 633 each is attributable to short-term and long-term variable remuneration. The long-term variable remuneration will be awarded subject to the results for 2026 and 2027.

The Supervisory Board members' emoluments total €k 240.

## (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 59 (previous year: €k 146).

## (22) OTHER OPERATING COSTS

€k	2025	2024
Recognition of value adjustments on receivables	6,385	3,262
Currency losses	0	891
Other operating costs	57,651	46,667
	64,036	50,830

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 2,462 (previous year: €k 1,954). €k 1,627 thereof (previous year: €k 1,554) is attributable to current leases and €k 87 (previous year: €k 410) 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 255 (previous year: €k 252) were incurred in 2025. In addition, €k 0 was charged for other certification services, €k 0 for tax consultancy services and €k 56 (previous year: €k 0) for other services. The other services relate to assistance with the audit conducted by the Federal Financial Supervisory Authority.

## (23) FINANCIAL RESULT

The financial result is classified as follows:

€k	2025	2024
Other interest and similar income	1,999	3,845
Interest and similar expenses	-222	-189
	1,777	3,656

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 AND EARNINGS

The taxes on income and earnings apply to:

€k	2025	2024
Current taxes	19,406	23,414
Deferred taxes	179	-356
	19,585	23,058

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	2025	2024
Result before income tax	70,963	88,974
Calculated income tax in %	26.50%	26.50%
Calculated income tax	18,805	23,578
Non-deductible expenses	797	319
Other aperiodic taxes	-174	-409
Differences from tax rates/currency conversion	96	-610
Losses carried forward not taken into account	61	179
Total tax expenses	19,585	23,058

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 phased reduction in the corporation tax rate in Germany, decided at the end of 2025 and scheduled to take effect gradually from 2028, has so far had only a minor impact, as there are few items for which deferred tax assets will be realised in 2028 or later. For this reason, a uniform tax rate of 26.50% was applied for the above calculation. Where effects on the consolidated financial statements had already arisen, they were so minor that no adjustments were made to reflect differing tax rates.

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

€k	31 December 2025	31 December 2024
<b>Deferred tax assets</b>		
Consolidations	1,007	1,060
Assets	384	381
Inventories and receivables	1,850	1,447
Provisions	1,378	1,339
Derivative financial instruments	0	300
Contractual liabilities	384	486
<b>Total</b>	<b>5,003</b>	<b>5,013</b>
Offset against deferred tax liabilities	0	0
<b>Total</b>	<b>5,003</b>	<b>5,013</b>
of which items charged to equity without affecting the operating result	0	93
<b>Deferred tax liabilities</b>		
Assets	698	659
Inventories and receivables	343	346
Provisions	315	342
Derivative financial instruments	48	0
Other	5	15
<b>Total</b>	<b>1,409</b>	<b>1,362</b>
Offset against deferred tax assets	0	0
<b>Total</b>	<b>1,409</b>	<b>1,362</b>
of which items charged to equity without affecting the operating result	39	0

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 and provisions.

Temporary differences of €k 2,514 exist in connection with shares in subsidiaries, for which no deferred tax liability was recognised.

Tax losses capable of being carried forward of €k 6,316 (previous year: €k 6,548) have not been stated due to the uncertain realisation options.

## (25) RESULT FOR EACH SHARE

€k	2025	2024
Net income:		
Acc. to income statement	51378	65,916
Minority interests in the result	0	0
Result acc. to minority interests	51378	65916
Accrued preference dividends	-50	-50
Result acc. to minorities and preference dividends	51328	65,866
Weighted average in pieces:		
Outstanding ordinary shares	4000000	4,000,000
Outstanding preference shares	1000000	1,000,000
Total of all types of shares	5,000,000	5,000,000
Average weighted number of shares in items:	5,000,000	5,000,000
Undiluted and diluted result for each share in euros:		
Per ordinary share	10.26	13.17
Per preference share, incl. dividend preference	10.31	13.22

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 with 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 consolidated 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 +2,253 (previous year: €k +3,564) and cash flows from taxes of €k -3,948 (previous year: €k -43,327).

## (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 México 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 Europe SRL, Medias (Romania), as well as the sales branches of HERMLE AG in Austria, the Czech Republic, Denmark and Poland. A new addition to the foreign segment is HERMLE India Pvt. Ltd., Bangalore (India), which had not yet commenced operations in 2025 and did not generate any revenue in that year.

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 obligations applied on the reporting date:

€k	31 December 2025	31 December 2024
<b>Contingent liabilities</b>		
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 2025 are as follows:

#### Values stated in the balance sheet pursuant to IFRS 9

€k	Book value 31.12.2025	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 31.12.2025
<b>Assets</b>						
<b>Non-current assets</b>						
Other financial assets	107	100		7		107
<b>Current assets</b>						
Trade accounts receivables	100,229	100,229				100,229
Other current receivables	6,449	6,449				6,449
Derivative assets	183		38	144		183
Securities and other assets	19,000	19,000				19,000
Cash and cash equivalents	81,282	81,282				81,282
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Leasing liabilities	-662				-662	-662
<b>Current liabilities</b>						
Trade accounts payable	-9,972	-9,972				-9,972
Other liabilities	-857	-857				-857
Leasing liabilities	-687				-687	-687

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 ef- fect on the operating result	Fair value without an effect on the operat- ing result	Leasing	Fair value 31.12.2024
<b>Assets</b>						
<b>Non-current assets</b>						
Shares	2		2			2
Other financial assets	5		5			5
<b>Current assets</b>						
Trade accounts receivables	64,584	64,584				64,584
Other current receivables	5,019	5,019				5,019
Securities and other assets	34,000	34,000				34,000
Cash and cash equivalents	107,370	107,370				107,370
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Leasing liabilities	-452				-452	-452
<b>Current liabilities</b>						
Trade accounts payable	-14,320	-14,320				-14,320
Other liabilities	-1,043	-1,043				-1,043
Derivative financial instruments	-1,133		-782	-352		-1,133
Leasing liabilities	-530				-530	-530

The net results of the financial instruments according to valuation categories are as follows for the 2025 business year pursuant to IFRS 9:

€k	From interest/ Dividends	From follow-on valuations:			from Retirement	2025
		On fair value	Currency conversion	Value adjustment		
<b>Financial assets</b>						
Stated at amortised cost	1,999		-2	-2,489	-504	-996
Stated at fair value directly in equity	0					0
Stated at fair value through profit and loss		0				0
<b>Financial liabilities</b>						
Stated at amortised cost	-171					-171
Stated at fair value through profit and loss		-51				-51
<b>Total</b>	<b>1,828</b>	<b>-51</b>	<b>-2</b>	<b>-2,489</b>	<b>-504</b>	<b>-1,218</b>

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:			from Retirement	2024
		On fair value	Currency conversion	Value adjustment		
<b>Financial assets</b>						
Stated at amortised cost	3,845		-891	883	-139	3,698
Stated at fair value directly in equity	0					0
Stated at fair value through profit and loss		0				0
<b>Financial liabilities</b>						
Stated at amortised cost	-149					-149
Stated at fair value through profit and loss		-40				-40
<b>Total</b>	<b>3,696</b>	<b>-40</b>	<b>-891</b>	<b>883</b>	<b>-139</b>	<b>3,509</b>

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 2025, the HERMLE Group had an above-average equity ratio of 72.5%. On the reporting date, the amount of liquid funds and securities was €k 100,282. 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 0.5 (previous year: €m 0.7). 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 -0.5 (previous year: €m -0.7).

### DEFAULT RISKS

There is no significant concentration of default risks at the HERMLE Group, as no more than 10% of the Group's turnover is generated with any single end customer; however, as at 31 December, receivables from individual customers increased to mid-to-high-single-digit percentages of total receivables, reflecting the higher concentration of business in fewer sales projects in 2025. We also seek to identify default risks by way of the ongoing monitoring of the payment behaviour of our customers and to further reduce them through 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 and the increased proportion of turnover generated by start-up companies, 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 performance 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. As the proportion of overseas turnover, particularly in U.S. dollars, has risen in recent years, this risk area has become more significant.

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 2025 and 31 December 2024, 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 2025, an income for the 2025 business year of €m 0.4 (previous year: income of €m 0.2) would arise; in the case of a corresponding increase in value, a loss of €m 0.4 (previous year: €m 0.2 loss). In the case of impairment of the key foreign currencies by 5% in 2025, the Group capital as per 31 December 2024 would increase slightly by €m 0.0 (previous year: increase of €m 0.1); in the case of a corresponding write-up of the foreign currencies, it would slightly decrease by €m 0.0 (previous year: decrease of €m 0.2).

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 December 2025	31 December 2024
Forward currency sales:		
Nominal volume	46,935	36,872
of which Remaining term > 1 year	0	0
Positive market values	183	0
of which Fair value hedges < 1 year	(38)	(0)
of which Fair value hedges > 1 year	(0)	(0)
of which Cash flow hedges < 1 year	(144)	(0)
of which Cash flow hedges > 1 year	(0)	(0)
Negative market values	0	1,134
of which Fair value hedges < 1 year	(0)	(782)
of which Fair value hedges > 1 year	(0)	(0)
of which Cash flow hedges < 1 year	(0)	(352)
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 essentially incorporated in the valuation of goodwill, trade accounts receivables, inventories as well as determining the other provisions and further balance sheet items. In the case of goodwill recognised in the consolidated balance sheet, these relate to the identification of the causes, the timing and extent of depreciation, as well as future cash flow forecasts 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 based on the maturity structure, 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 2025 business year, the Group profit was negatively affected by the war in Ukraine and trade conflicts. Estimation uncertainties also remain high in the following year due to these uncertainties and the unclear course and outcome of the Ukraine conflict, the escalating war in the Middle East, as well as trade and tariff disputes, which pose a latent threat of supply chain disruptions.

**(31) EVENTS AFTER THE REPORTING DATE**

The spread of the Middle East conflict to Iran and the resulting impact on energy prices, the economy and customer demand are outlined in the chapter "Supplementary Report" of the summary management report. Additionally, following the conclusion of the 2025 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 asset 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.

In 2025, the deliveries and services performed and rendered by the Group for other closely affiliated companies were €k 106 (previous year: €k 119), 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 4 (previous year: €k 0), while the Group liabilities due to other closely affiliated companies were €k 0 (previous year: €k 0).

**(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 3 December 2025 and made it permanently available to the general public on the HERMLE AG homepage at [www.herml.de](http://www.herml.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,  
who retired from the Management Board on 31 December 2025.

Other memberships of 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, Human Resources

**Kai Bacher**, Member of the Board, Sales, Research and Development, from 1 January 2026

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, 27 March 2026

Maschinenfabrik Berthold HERMLE AG

Kai Bacher

Günther Beck

Benedikt Hermle

## UNQUALIFIED OPINION

To Maschinenfabrik Berthold Hermle AG, Gosheim

### AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE SUMMARY MANAGEMENT REPORT

#### Audit appraisal

We have audited the consolidated financial statements of Maschinenfabrik Berthold Hermle AG, Gosheim, and its subsidiary companies (the Group) – comprising the consolidated balance sheet as per 31 December 2025, the consolidated statement of comprehensive income, the consolidated equity statement and the consolidated cash flow statement – for the business year from 1 January to 31 December 2025, as well as the notes to the consolidated financial statements, including key information on the financial reporting methods applied. We have also audited the management report (company and consolidated report/summary management report) of Maschinenfabrik Berthold Hermle AG, Gosheim, for the business year from 1 January to 31 December 2025. In accordance with German legal requirements, we have not audited the content of the separate non-financial statement pursuant to Sections 289b and 315b of the German Commercial Code (HGB) and the Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), each of which has been published on the company's website and to which reference is made in the first paragraph or in the section "Corporate Governance Statement" of the summary management report, the subsection "Corporate Governance Statement" in the section "Group fundamentals", the subsection "Integrated monitoring, control and compliance management system" in the section "Risk and opportunities report" as well as the components expressly marked as unaudited in the summary management report.

In our opinion, based on the findings of our audit,

- The enclosed consolidated financial statements comply in all respects with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards"), as adopted by the EU, and with the additional requirements of Section 315e (1) of the German Commercial Code (HGB), and in line with those requirements give a true and fair view of the net assets and financial position of the Group as per 31 December 2025, and of the results of operations for the business year from 1 January to 31 December 2025.
- The summary management report as a whole provides an accurate view of the Group's position. The summary management report is consistent with the consolidated financial statements in all material respects, complies with German law, and accurately presents the opportunities and risks of future developments. Our audit appraisal on the summary management report does not cover the aforesaid components of the summary management report that were not audited as to their substance.

Pursuant to Section 322 (3) Clause 1 of the German Commercial Code (HGB), we hereby declare that our audit raised no objections concerning the accuracy and propriety of the consolidated financial statements or the summary management report.

#### Basis of the audit appraisal

We conducted our audit of the consolidated financial statements and the summary management report in accordance with Section 317 of the German Commercial Code (HGB) and EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities (in the following referred to as the EU Audit Regulation), in line with the generally accepted German standards for the auditing of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities pursuant to the said regulations and principles is detailed in the section of our unqualified opinion headed "Responsibilities of the auditor for auditing the consolidated financial statements and the summary management report". In accordance with European law and with German commercial law and professional standards, we are independent of the Group companies, and have fulfilled our other professional duties as German auditors in line with the said requirements. Furthermore, we hereby declare in accordance with Article 10 (2) (f) of the EU Audit Regulation that we have provided no prohibited non-audit services pursuant to Article 5 (1) of the EU Audit Regulation. In our view, the documentary records we requested were adequate and suitable to serve as the basis for our audit of the consolidated financial statements and the summary management report.

#### Key matters in auditing the consolidated financial statements

Key audit matters are matters which according to our prudent judgement were the most significant in our audit of the consolidated financial statements for the business year from 1 January to 31 December 2025. The said matters were given due consideration in the context of our audit of the consolidated financial statements as a whole and in drawing up our overall audit appraisal; we provide no separate appraisal of the said matters.

In the following, we present the audit matter that we consider to be of particular importance:

- Recognition of sales revenues from new machine and spare parts sales

**a) The risk for the consolidated financial statements**

The Group of Maschinenfabrik Berthold Hermle AG, Gosheim, generates revenue from the sale of machines and spare parts as well as from the provision of services. In the 2025 business year, sales revenues of €m 458.0 were generated from the sale of new machines and spare parts (previous year: €m 456.8). Sales revenues are generally recognised at the time the products are delivered and the ownership or risk is transferred 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. The Maschinenfabrik Berthold Hermle AG Group also offers extended warranties and training in connection with the sales contracts, which are accounted for as a separate performance obligation in accordance with IFRS 15. Revenue from warranty extensions is realised on a periodic basis. For contracts that contain various performance obligations, the allocation of revenue is based on the individual sales prices.

The company's disclosures on turnover realisation are contained in particular in the section "Consolidated income statement" in chapter (6) "Accounting and valuation principles" and in chapter (17) "Sales revenues" of the notes to the consolidated financial statements and in the summary management report in the section "An overview of Hermle's business performance".

Due to the variety of contractual provisions using different general terms of delivery (Incoterms and acceptance reports), the complexity in allocating the sales price to the individual performance obligations as well as the large number of business transactions in the area of spare parts sales, the turnover realisation of new machine and spare parts sales is considered complex and therefore classified as a significant risk. Against the backdrop of the materiality of sales revenue from new machine and spare parts sales for the annual result and thus the relevance for understanding the net assets, financial position and results of operations as well as the high significance as an important financial performance indicator for corporate management and corporate planning, the turnover realisation of new machine and spare parts sales was of particular importance within the scope of our audit.

**b) Audit procedure and conclusions**

We have assessed the compliance of the accounting and valuation methods applied by the Maschinenfabrik Berthold Hermle AG Group for the recognition of sales revenues with the IFRS framework and the relevant IFRS Accounting Standards. Based on our understanding of business and processes, we analysed the revenue reported in the 2025 business year using key figures and performed data analyses to assess the accounting system recording. We have assessed the adequacy and effectiveness of the internal control system, tested significant implemented controls and also examined, on the basis of extensive sampling of the sales revenues generated from new machines and spare parts sales in the business year, whether the revenues have been correctly recognised in the business year in accordance with the contractual agreements, the available customer acceptance or shipping documents and other related documentation. We have audited the Group sales revenues for the 2025 business year with regard to the accrual basis of accounting on a sample basis by examining individual revenue transactions shortly before and after the reporting date.

We also obtained balance confirmations from customers on a sample basis in order to verify the trade accounts receivables recognised by the Maschinenfabrik Berthold Hermle AG Group on the reporting date and assessed whether the Maschinenfabrik Berthold Hermle AG Group has properly identified the separate accounting units, correctly determined the transaction price for such units and ensured turnover realisation on an accrual basis. We have also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

The approach of the Maschinenfabrik Berthold Hermle AG Group to recognise sales revenues from new machines and spare parts sales is appropriate. Our audit procedures did not reveal any objections with regard to turnover realisation.

**Other information**

The legal representatives or the Supervisory Board are/is responsible for the other information given. Other information includes:

- The separate mandatory non-financial statement pursuant to Sections 289b and 315b of the German Commercial Code (HGB) published on the company's website, to which reference is made in the first paragraph of the summary management report
- The Corporate Governance Statement published on the company's website in accordance with Sections 289f and 315d of the German Commercial Code (HGB), to which reference is made in the section "Corporate Governance Statement" of the summary management report,

- The section "Corporate Governance Statement" of the summarised management report
- The subsection "Integrated monitoring, control and compliance management system" in the section "Risk and opportunities report" of the summary management report,
- The components expressly marked as unaudited in the summary management report
- The Report of the Supervisory Board
- The other parts of the published annual report, but not the consolidated financial statements, not the audited content of the summary management report and not our unqualified opinion thereon, and
- The assurance pursuant to Section 297 (2) Clause 4 of the German Commercial Code (HGB) relating to the consolidated financial statements and the assurance pursuant to Section 289 (1) Clause 5 of the German Commercial Code (HGB) and to Section 315 (1) Clause 5 relating to the summary management report

The Supervisory Board is responsible for the Report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the Corporate Governance Statement published on the company's website in accordance with Sections 289f and 315d of the German Commercial Code (HGB). Otherwise, the legal representatives are responsible for the other information.

Our audit appraisal of the consolidated financial statements and the summary management report does not extend to the other information. Accordingly, we provide no audit appraisal, nor do we present any other form of audit conclusions, on the said other information.

In connection with our audit appraisal of the consolidated financial statements, we have a duty to read the aforesaid other information, and to consider whether the other information

- contains material inaccuracies relating to the consolidated financial statements, the content of the audited disclosures in the summary management report or our findings from the audit, or
- appears to be materially incorrectly presented in any other way.

If, based on the work we have performed, we conclude that there has been materially false information in this other information, we are required to report that fact. We have nothing to report in this context.

#### **Responsibility of the legal representatives and of the Supervisory Board for the consolidated financial statements and the summary management report**

The legal representatives are responsible for compiling the consolidated financial statements in compliance with the IFRS Accounting Standards, as applicable in the EU, and with the additional German legal requirements pursuant to Section 315e (1) of the German Commercial Code (HGB) in all material respects, and for ensuring that the consolidated financial statements convey a true and accurate view of the net assets, financial position and results of operations of the Group in line with those requirements. The legal representatives are also responsible for the internal controls which they have designated as necessary in order to compile consolidated financial statements that do not contain false information, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In compiling the consolidated financial statements, the legal representatives are responsible for assessing the ability of the Group to maintain its business operations. They further have a duty to disclose any relevant matters pertinent to the maintaining of business operations. Their responsibilities also include reporting on the Group's ability to maintain business operations on the basis of financial reporting principles, unless it is intended that the Group should be liquidated or cease its business operations, or there is no realistic alternative to doing so.

The legal representatives are also responsible for compiling the summary management report, presenting an accurate overall view of the Group's position and complying in all material respects with the consolidated financial statements and with German law, and accurately presenting the opportunities and risks of future developments. The legal representatives are also responsible for implementing the precautions and measures (systems) they consider necessary in order to compile a summary management report in compliance with the applicable German laws and to provide adequate and suitable evidence supporting the statements made in the summary management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting processes in compiling the consolidated financial statements and the summary management report.

#### **Responsibilities of the auditor for auditing the consolidated financial statements and the summary management report**

Our objective is to establish with adequate certainty that the consolidated financial statements as a whole do not contain false information, whether due to fraud or error, and that the summary management report presents an accurate overall view of the Group's position and complies in all material respects with the consolidated financial statements, with the findings of the audit, and with German law, and accurately presents the opportunities and risks of future developments. We are required to draw up an unqualified opinion setting forth our appraisal of the consolidated financial statements and the summary management report.

'Adequate certainty' means a high degree of certainty, but does not guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, in line with the generally accepted German standards for the auditing of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), will reveal all materially false information. False information may result from fraud or errors, and is regarded as material if it might reasonably be expected that – in isolation or overall – it will influence commercial decisions of the target readership taken on the basis of these consolidated financial statements and this summary management report.

During the audit, we exercise due diligence in making judgements and adopt a critical view. Additionally:

- We identify and assess the risks of materially false information presented in the consolidated financial statements and the summary management report due to fraud or error, plan and implement audit procedures in response to the said risks, and gather evidence which is adequate and suitable to serve as the basis for our audit appraisal. The risk of not detecting materially false information resulting from fraud is higher than the risk of not detecting materially false information resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misleading information or override of internal controls.
- We gain an understanding of the internal controls relevant to auditing of the consolidated financial statements and the precautions and measures relevant to auditing of the summary management report, in order to plan audit procedures which are appropriate to the given circumstances, though not with the aim of appraising the efficacy of the Group's internal controls or of these procedures.
- We assess the adequacy of the financial reporting methods applied by the legal representatives and the accuracy of the estimated values and related information given by the legal representatives.
- We draw conclusions as to the adequacy of the financial reporting methods applied by the legal representatives in evidencing the ability of the Group to maintain its business operations, and check on the basis of the audit evidence gathered whether there is any material uncertainty in relation to events or circumstances which might cast significant doubt on the ability of the Group to maintain its business operations. If we conclude that there is any material uncertainty, we have a duty to cite the relevant disclosures in the consolidated financial statements and the summary management report in our unqualified opinion or, if the said disclosures are inappropriate, to modify our audit appraisal. We draw our conclusions on the basis of the audit evidence gathered up to the date of our unqualified opinion. Future events or circumstances may, however, result in the Group no longer being able to maintain its business operations.
- We assess the presentation, the structure and content of the consolidated financial statements as a whole, including the disclosures therein, as well as assessing whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements in compliance with the IFRS Accounting Standards, as applicable in the EU, and with the additional German legal requirements pursuant to Section 315e (1) of the German Commercial Code (HGB) convey a true and accurate view of the net assets, financial position and results of operations of the Group.
- We plan and carry out the audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the companies or business divisions within the Group, as a basis for forming our audit appraisals on the consolidated financial statements and the summary management report. We are responsible for instructing, supervising and reviewing the audit work carried out for the purposes of the audit of the consolidated financial statements. We bear sole responsibility for our audit appraisal.
- We assess the conformance of the summary management report to the consolidated financial statements, its legal compliance, and the view it provides of the Group's position.
- We implement audit procedures relating to the forward-looking information set out by the legal representatives in the summary management report. Based on adequate and suitable audit evidence, we in particular trace the significant assumptions made by the legal representatives underpinning the forward-looking information they set out, and assess the correct and proper derivation of the said forward-looking information from the said assumptions. We do not provide a separate appraisal of the forward-looking

information or of the assumptions underpinning it. There is a significant unavoidable risk that future events will vary materially from the forward-looking information presented.

We consult with the staff responsible for overseeing the planned audit on matters including the scope and timing of the audit, and discuss with them significant findings from the audit, including any important deficiencies in internal controls which we identify in the course of our audit.

We provide the staff responsible for overseeing the audit with a declaration that we have complied with the relevant requirements for independence, and discuss with them all the relationships and any other matters which might reasonably give rise to the assumption that our independence could be impaired, and, where relevant, the actions taken or the preventive measures implemented to prevent any such independence threats.

From the matters discussed with the staff responsible for overseeing the audit, we define those matters which were most significant in auditing the consolidated financial statements for the current reporting period, and which consequently are considered to be key audit matters. We detail the said matters in our unqualified opinion unless the law or other legally binding regulations prohibit public disclosure of the matters.

## **OTHER STATUTORY REQUIREMENTS**

### **REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE SUMMARY MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH SECTION 317 (3A) OF THE GERMAN COMMERCIAL CODE (HGB)**

#### **Audit appraisal**

In accordance with Section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance engagement to determine whether the reproductions of the consolidated financial statements and the summary management report (hereinafter also referred to as "ESEF documents") contained in the file "Hermle\_AG\_KA\_2025-12-31-1-de.xbri" and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the summary management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforesaid file.

In our opinion, the reproductions of the consolidated financial statements and the summary management report contained in the aforesaid file and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code (HGB) regarding the electronic reporting format. Other than this audit appraisal and our audit appraisals on the accompanying consolidated financial statements and on the accompanying summary management report for the business year from 1 January to 31 December 2025 included in the "Auditor's report on the audit of the consolidated financial statements and the summary management report", we do not provide any audit appraisal on the information given in these reproductions or on the other information included in the aforesaid file.

#### **Basis for the audit appraisal**

We performed our audit of the reproductions of the consolidated financial statements and the summary management report in the aforesaid file in accordance with Section 317 (3a) of the German Commercial Code (HGB) and in compliance with IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Section 317 (3a) of the German Commercial Code (HGB) (IDW PS 410 (06.2022)). Our responsibility is further described in the section "Auditor's responsibility for the audit of the ESEF documents". Our audit firm has applied the quality management requirements of the IDW quality management standard: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

#### **Responsibility of the legal representatives and of the Supervisory Board for the ESEF documents**

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the summary management report in accordance with Section 328 (1) Clause 4 No. 1 of the German Commercial Code (HGB) and for the mark-up of the consolidated financial statements in accordance with Section 328 (1) Clause 4 No. 2 of the German Commercial Code (HGB).

Furthermore, the legal representatives of the company are responsible for the internal controls they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) of the German Commercial Code (HGB).

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

#### Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documentation is free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) of the German Commercial Code (HGB). During the audit, we exercise due diligence in making judgements and adopt a critical view. Additionally:

- We identify and assess the risks of material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) of the German Commercial Code (HGB), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit appraisal.
- We gain an understanding of the relevant internal controls to audit the ESEF documents in order to plan audit procedures which are appropriate to the given circumstances, though not with the aim of appraising the efficacy of these controls.
- We assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2020/815, as amended at the reporting date, for the technical specification for that file.
- We assess whether the ESEF documents provide a consistent XHTML representation of the audited consolidated financial statements and the audited summary management report.
- We assess whether the mark-up of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of Commission Delegated Regulation (EU) 2019/815, as applicable on the reporting date, provides an adequate and complete machine-readable XBRL copy of the XHTML representation.

#### OTHER DISCLOSURE PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditors of the consolidated financial statements by the shareholders' meeting on 2 July 2025. We were contracted to conduct the audit by the Supervisory Board on 2 February 2026. We have been the auditors of the consolidated financial statements of Maschinenfabrik Berthold Hermle AG without interruption since the 2020 business year.

We hereby declare that the audit appraisals set forth in this unqualified opinion conform to the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (Additional report to the audit committee).

#### Other matters – use of the audit opinion

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited summary management report and the audited ESEF documents. The consolidated financial statements and the summary management report converted into ESEF format – including the versions to be published in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited summary management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in conjunction with the audited ESEF documentation provided in electronic form.

#### Responsible auditor

The auditor responsible for the audit is Katrin Wolfrum.

Stuttgart, 27 April 2026

RSM Ebner Stolz GmbH & Co. KG  
Auditors and tax consultants

Christian Fuchs  
Auditor

Katrin Wolfrum  
Auditor

## **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, 27 March 2026

Maschinenfabrik Berthold HERMLE AG

Kai Bacher

Günther Beck

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
Recommendation 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
Recommendation 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, 3 December 2025

Maschinenfabrik Berthold HERMLE AG

Management Board  
Supervisory Board



FURTHER  
INFORMATION



HERMLE C 42 in 5-axis version |  
Machining of a technology component for the aerospace industry.

# BALANCE SHEET

BY MASCHINENFABRIK BERTHOLD HERMLE AG

## ASSETS

€k	31 December 2025	31 December 2024
<b>A. Assets</b>		
I. Intangible assets		
Industrial property rights and similar rights acquired for value consideration	1,105	1,166
II. Property, plant and equipment		
1. Land and buildings, including the buildings on non-owned land	74,538	74,518
2. Technical plants and machinery	22,654	17,483
3. Other plants, fixtures and fittings	17,270	16,876
4. Advances paid and assets in construction	19,536	16,918
	133,998	125,795
III. Financial assets		
1. Investments in associated companies	12,477	12,477
2. Loans to associated companies	806	1,117
3. Shares	2	2
4. Other loans	105	5
	13,390	13,601
	<b>148,493</b>	<b>140,562</b>
<b>B. Circulating assets</b>		
I. Inventories		
1. Raw, process and operating materials	53,866	52,217
2. Unfinished products	27,978	22,597
3. Finished products	22,836	26,583
4. Advances paid	332	579
	105,012	101,976
II. Trade and other receivables		
1. Trade accounts receivables	45,660	32,618
2. Receivables from associated companies	31,516	22,279
3. Other receivables	4,577	9,071
	81,753	63,968
III. Liquid assets	44,022	79,660
	<b>230,787</b>	<b>245,604</b>
<b>C. Accrued and deferred items</b>	<b>1,299</b>	<b>1,293</b>
	<b>380,579</b>	<b>387,459</b>



# DEVELOPMENT OF ASSETS

BY MASCHINENFABRIK BERTHOLD HERMLE AG

€k	Acquisition/manufacturing costs					As at 31 December 2025
	As at 01 January 2025	Additions	Repostings	Currency adjustment	Retirements	
<b>I. Intangible assets</b>						
Industrial property rights and similar rights acquired for value consideration	9,270	371	0	0	79	9,562
<b>II. Property, plant and equipment</b>						
1. Land and buildings, including the buildings on non-owned land	110,552	559	2,442	0	324	113,229
2. Technical plants and machinery	61,934	2,061	7,186	0	1,488	69,693
3. Other plants, fixtures and fittings	42,706	4,926	228	18	2,403	45,475
4. Advances paid and assets in construction	16,918	12,519	-9,857	0	44	19,536
	232,110	20,065	-1	18	4,259	247,933
<b>III. Financial assets</b>						
1. Investments in associated companies	12,477	0	0	0	0	12,477
2. Loans to associated companies	1,117	0	0	-36	275	806
3. Shares	2	0	0	0	0	2
4. Other loans	5	100	0	0	0	105
	13,601	100	0	-36	275	13,390
	254,981	20,536	-1	-18	4,613	270,885

	Cumulated depreciation				Book values		
	As at 01 January 2025	Additions	Currency adjustment	Retirements	As at 31 December 2025	As at 31 December 2025	As at 31 December 2024
	8,104	432	0	79	8,457	1,105	1,166
	36,034	2,981	0	324	38,691	74,538	74,518
	44,451	4,068	0	1,480	47,039	22,654	17,483
	25,830	4,711	13	2,349	28,205	17,270	16,876
	0	0	0	0	0	19,536	16,918
	106,315	11,760	13	4,153	113,935	133,998	125,795
	0	0	0	0	0	12,477	12,477
	0	0	0	0	0	806	1,117
	0	0	0	0	0	2	2
	0	0	0	0	0	105	5
	0	0	0	0	0	13,390	13,601
	114,419	12,192	13	4,232	122,392	148,493	140,562

# INCOME STATEMENT

## BY MASCHINENFABRIK BERTHOLD HERMLE AG

€k	2025	2024
1. Sales revenues	434,239	438,597
2. Increase in inventory of finished and unfinished products	1,948	3,861
3. Other company-produced assets	1,902	1,690
4. Total operating performance	438,089	444,148
5. Other operating income	5,511	10,012
6. Material cost	201,097	207,267
7. Personnel costs	113,942	109,396
8. Depreciation on intangible assets and property, plant and equipment	12,192	10,734
9. Other operating costs	58,877	53,227
<b>10. Operating result</b>	<b>57,492</b>	<b>73,536</b>
11. Financial result and investment earnings	11,202	13,007
12. Taxes on income and earnings	15,776	20,193
<b>13. Result after taxes</b>	<b>52,918</b>	<b>66,350</b>
14. Other taxes	125	200
<b>15. Net income</b>	<b>52,793</b>	<b>66,150</b>
16. Profit carried over from previous year	52,009	40,903
<b>17. Balance sheet profit</b>	<b>104,802</b>	<b>107,053</b>

# PROPOSAL ON THE APPROPRIATION OF PROFITS

## RESOLUTION ON APPROPRIATION OF BALANCE SHEET PROFIT FOR THE 2025 BUSINESS YEAR

The Management Board and the Supervisory Board propose to appropriate the balance sheet profit of the 2025 business year of € 104,801,733.51 as follows:

Distribution of a dividend of € 9.50 Security identification number 605 280 / ISIN DE0006052806 for 4,000,000 ordinary shares for the 2025 business year:	€ 38,000,000.00
Distribution of a dividend of € 9.55 Security identification number 605 283 / ISIN DE0006052830 for 1,000,000 preference shares for the 2025 business year:	€ 9,550,000.00
Transfer into other revenue reserves	€ 0.00
To be carried forward to new account:	€ 57,251,733.51
<b>Balance sheet profit</b>	<b>€ 104,801,733.51</b>

The dividend is due for payment on the third business day following the resolution of the shareholders' meeting, i.e. on Monday, 6 July 2026.

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, 2026  
Maschinenfabrik Berthold HERMLE AG

Kai Bacher      Günther Beck      Benedikt Hermle



# HERMLE WORLDWIDE

## HERMLE SUBSIDIARIES

### HPV HERMLE Vertriebs GmbH

Gosheim, Germany  
[www.hermle.de](http://www.hermle.de)

### HERMLE Machine (Shanghai) Co., Ltd.

Shanghai, China  
[www.hermle.de](http://www.hermle.de)

### HLS HERMLE Systemtechnik GmbH

Gosheim, Germany  
[www.hermle.de](http://www.hermle.de)

### HERMLE Nederland B.V.

Horst, Netherlands  
[www.hermle-nederland.nl](http://www.hermle-nederland.nl)

### HERMLE Maschinenbau GmbH

Ottobrunn, Germany  
[www.hermle-generativ-fertigen.de](http://www.hermle-generativ-fertigen.de)

### HERMLE SEA Co., Ltd.

Chonburi, Thailand  
[www.hermle-sea.com](http://www.hermle-sea.com)

### HERMLE (Schweiz) AG

Neuhausen am Rheinflall, Switzerland  
[www.hermle-schweiz.ch](http://www.hermle-schweiz.ch)

### HERMLE South East Europe SRL

Medias, Romania  
[www.hermle.ro](http://www.hermle.ro)

### HERMLE USA INC.

Franklin/WI, USA  
[www.hermleusa.net](http://www.hermleusa.net)

### HERMLE France SAS

Paris, France  
[www.hermle.fr](http://www.hermle.fr)

### HERMLE México S. DE R.L. DE C.V.

Querétaro, Mexico  
[www.hermle.mx](http://www.hermle.mx)

### HERMLE WWE AG

Neuhausen am Rheinflall, Switzerland  
[www.hermle.de](http://www.hermle.de)

### HERMLE Italia S.R.L.

Rodano, Italy  
[www.hermle-italia.it](http://www.hermle-italia.it)

### HERMLE India Pvt. Ltd.

Bangalore, India  
[www.hermle.in](http://www.hermle.in)

## HERMLE BRANCHES

### HERMLE Österreich

Branch Vöcklabruck, Austria  
[www.hermle-austria.at](http://www.hermle-austria.at)

### HERMLE Nordic

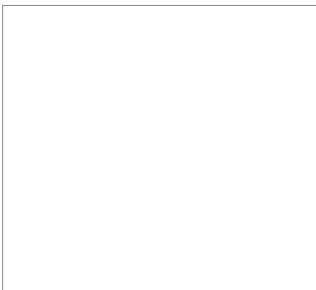
Branch Odense, Denmark  
[www.hermle-nordic.dk](http://www.hermle-nordic.dk)

### HERMLE Polska

Branch Warsaw, Poland  
[www.hermle.pl](http://www.hermle.pl)

### HERMLE Česká Republika,

Organizacni slozka,  
Branch Prague, Czech Republic  
[www.hermle.cz](http://www.hermle.cz)



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