



H&K AG

QUARTERLY REPORT

Results for the  
three-month period  
to March 31, 2025

## About HK

We are a leading defence contractor in the small arms sector of the European NATO defence industry. We design, produce and distribute small arms, including rifles, side arms, fully automatic weapons and grenade launchers, and a variety of other related products. We supply the armed forces of NATO and its allies and many law enforcement agencies. We have been in operation for 75 years and have a strong history of design innovation. We have a strong management team and a highly skilled work force. Our brand name, Heckler & Koch, is well respected and our products are widely considered to be of the highest quality.

Our sales strategy remains focussed on so-called "Green Countries"; the "Green Country Strategy" is a self-imposed filter to the member countries of NATO, the EU and the NATO-equivalent countries (Switzerland, New Zealand, Australia, Japan). In addition to these, for countries that are classed as partners by the German government, deliveries may be approved on a case-by-case basis. This "Green Country Strategy" is not only fully in line with the laws, regulations, requirements and restrictions that the German Government has issued for defence exports but goes significantly further. The focus on "Green Countries" since 2016 has stabilised the Group's forecasting and delivery capabilities.

For more information, please visit our web site:

*[www.heckler-koch.com](http://www.heckler-koch.com)*

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## Note regarding forward-looking statements

This report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include statements that are not statements of historical facts and relate to our current intentions, beliefs or expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risk and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report, in statements made by HK representatives in their presentations or in a "Question and Answer" period following such presentations. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the above cautionary statements.

# Results as at and for the three-month period ended March 31, 2025

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Chief Financial Officer Andreas Schnautz commented:

Sales in Q1 2025 were €81.6 million, an increase of €6.5 million compared to Q1 2024; due to the higher sales and changes in the product and customer mix the gross profit was €4.9 million higher than in Q1 2024. We generated €14.7 million EBITDA in Q1 2025, €5.5 million higher than in Q1 2024 primarily due to higher contributions from sales, partially offset by higher personnel expenses.

The Group continues to generate positive earnings after tax. Cash and cash equivalents decreased by €25.2 million during the quarter. Cashflows included the effects of the increased level of net working capital, primarily due to the reduction in contract liabilities (customer advances) and increase in inventories and outflows of €5.0 million for the contractual repayments of Facility A.

The first test weapons for the “System Assault Rifle Bundeswehr”, a new assault rifle from Heckler & Koch GmbH based on the HK416 A8 that will replace the G36 as the standard assault rifle for the German Armed Forces were made available in 2023 and we currently expect first deliveries from the end of 2025 onwards.

The continuing conflicts around the world, together with the threat of terrorism, still require a large number of international military interventions and a higher level of police capabilities. This makes it imperative to increase and train personnel, modernise the armed and law enforcement / governmental agency forces' equipment and to ensure continuity of responsible security policies. In addition, there is continuing pressure within NATO to meet the agreed 2% target, or even to significantly exceed it. The amendment to the German constitution (“Grundgesetzänderung”) resolved in March 2025 by the 20<sup>th</sup> German Government (“Bundestag”), under which amongst other things the debt limitation for the area of defence should be eased, makes it possible for the Federal Republic of Germany to significantly increase defence spending. In addition to Germany, it is highly likely that other NATO-members will increase their defence spending and invest more heavily in equipment for their Armed Forces.

As requested by the German Government, H&K is involved in various projects for Ukraine, bringing the Group order intake and sales during 2024 and this is currently expected to continue into 2025 and beyond.

Inflation is affecting our suppliers and consequently their prices to us; we are able to pass on some of these effects to our customers where we have price escalation clauses in our existing sales contracts and are taking this into account when pricing new contracts.

## Note regarding presentation of financial information

Some financial information in this report has been rounded and, as a result, the totals in this report may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Certain financial information in this release has been derived from our unaudited, interim, consolidated statements of financial position at March 31, 2025 and 2024 and the related unaudited, interim, consolidated statements of income, comprehensive income, equity and cash flows for the three-month periods ended March 31, 2025 and 2024 prepared in accordance with IFRS, subject only to normal year-end audit adjustments and the absence of notes.

## Attached are our

- Unaudited, Interim, Consolidated Statement of Financial Position
- Unaudited, Interim, Consolidated Income Statement
- Unaudited, Interim, Consolidated Statement of Comprehensive Income
- Unaudited, Interim, Consolidated Statement of Changes in Equity, and
- Unaudited, Interim, Consolidated Statement of Cash Flows

with figures determined according to IFRS as at and for the three-month periods to March 31, 2025 and 2024.

# Unaudited, Interim, Consolidated Statement of Financial Position

(€ millions)	31.03.2025	31.12.2024
Property, plant & equipment	91.4	92.2
Intangible assets - goodwill	9.7	9.7
Intangible assets - other	45.6	45.3
Other investments	2.8	2.8
Deferred tax assets	18.8	20.3
<b>Total non-current assets</b>	<b>168.3</b>	<b>170.4</b>
Inventories	182.7	170.3
Prepayments for inventories	2.0	2.3
Prepayments for other current assets	3.3	2.3
Other loans, deposits and derivatives	0.9	0.2
Current tax assets	0.9	1.0
Trade receivables	33.5	37.4
Other receivables	4.4	4.3
Cash & cash equivalents	44.3	69.5
<b>Total current assets</b>	<b>272.1</b>	<b>287.3</b>
<b>Total assets</b>	<b>440.4</b>	<b>457.7</b>
<b>Equity</b>		
Share capital	35.5	35.5
Additional paid in capital	148.6	148.6
Other reserves	(11.8)	(11.3)
Consolidated retained earnings	(47.7)	(53.4)
<b>Total equity attributable to H&amp;K AG shareholders</b>	<b>124.6</b>	<b>119.4</b>
Equity attributable to hybrid capital investors	14.0	14.0
<b>Total equity</b>	<b>138.6</b>	<b>133.4</b>
<b>Liabilities</b>		
Loans & borrowings	80.5	85.3
Lease liabilities	4.3	3.7
Employee defined benefit obligations	45.4	45.8
Provisions	2.2	2.2
Other payables	0.9	1.0
Deferred tax liabilities	25.4	26.9
<b>Total non-current liabilities</b>	<b>158.8</b>	<b>164.9</b>
Loans & borrowings	9.8	9.8
Trade payables	21.5	18.2
Other payables	14.8	13.3
Contract liabilities	67.1	88.6
Lease liabilities	1.5	1.2
Derivatives	-	0.5
Tax liabilities	15.9	14.7
Other provisions & accruals	12.5	12.9
<b>Total current liabilities</b>	<b>143.1</b>	<b>159.3</b>
<b>Total liabilities</b>	<b>301.9</b>	<b>324.3</b>
<b>Total equity &amp; liabilities</b>	<b>440.4</b>	<b>457.7</b>

# Unaudited, Interim, Consolidated Income Statement for the period from January 1 to March 31

(€ millions)	2025	2024
Revenue	81.6	75.0
Cost of sales	(54.5)	(52.9)
<b>Gross profit</b>	<b>27.1</b>	<b>22.2</b>
Research & development expenses	(2.4)	(1.7)
Sales, marketing & distribution expenses	(7.4)	(7.8)
Administration expenses	(6.5)	(6.4)
Other operating income	0.2	0.1
Other operating expenses	(0.2)	(0.3)
Impairment loss on trade receivables, net of reversals	-	(0.0)
<b>Results from operating activities</b>	<b>10.7</b>	<b>6.1</b>
Interest income	0.3	0.1
Gains on valuation of derivative financial instruments	1.2	-
Gains on translation of foreign currencies	0.1	0.7
<b>Total financial income</b>	<b>1.6</b>	<b>0.8</b>
Interest expense	(1.3)	(2.1)
Accretion of non-current liabilities	(0.6)	(0.7)
Losses on valuation of derivative financial instruments	-	(1.1)
Losses on translation of foreign currencies	(2.1)	0.4
Other financial expense	(0.0)	(0.0)
<b>Total financial expense</b>	<b>(4.0)</b>	<b>(3.5)</b>
<b>Net financial result</b>	<b>(2.5)</b>	<b>(2.8)</b>
<b>Profit / (loss) before income tax</b>	<b>8.2</b>	<b>3.4</b>
Income tax expense	(2.6)	(1.0)
<b>Profit / (loss) for the period</b>	<b>5.7</b>	<b>2.4</b>
<b>Attributable to:</b>		
H&K AG shareholders	<b>5.7</b>	<b>2.4</b>
H&K AG hybrid capital investors	-	-
<b>Earnings per share (€)</b>	<b>0.16</b>	<b>0.07</b>

# Unaudited, Interim, Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period from January 1 to March 31

(€ millions)	2025	2024
<b>Profit / (loss) for the period</b>	<b>5.7</b>	<b>2.4</b>
<b>Other comprehensive income</b>		
DBO actuarial gains / (losses)	-	-
Related deferred tax	-	-
<b>Items that will never be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
Forex translation differences for foreign operations	(0.5)	0.5
<b>Items that are or may be reclassified to profit or loss</b>	<b>(0.5)</b>	<b>0.5</b>
<b>Other comprehensive income / (expense), net of tax</b>	<b>(0.5)</b>	<b>0.5</b>
<b>Total comprehensive income for the period</b>	<b>5.1</b>	<b>2.8</b>
<b>Attributable to:</b>		
H&K AG shareholders	5.1	2.8
H&K AG hybrid capital investors	-	-

# Unaudited, Interim, Consolidated Statement of Changes in Equity for the period from January 1, 2024 to March 31, 2025

(€ millions)	Share capital	Additional paid in capital	Translation reserve	Reserve for defined benefit obligations	Consolidated retained earnings	Shareholders' equity	Equity attributable to hybrid capital investors	Total equity
<b>As of 01.01.2024</b>	<b>35.5</b>	<b>148.6</b>	<b>(0.2)</b>	<b>(10.7)</b>	<b>(78.3)</b>	<b>94.9</b>	<b>9.5</b>	<b>104.4</b>
Total recognised income & expense	-	-	0.5	-	2.4	2.8	-	2.8
<b>As of 31.03.2024</b>	<b>35.5</b>	<b>148.6</b>	<b>0.2</b>	<b>(10.7)</b>	<b>(75.9)</b>	<b>97.8</b>	<b>9.5</b>	<b>107.3</b>
Total recognised income & expense	-	-	0.2	-	10.5	10.7	0.0	10.7
<b>As of 30.06.2024</b>	<b>35.5</b>	<b>148.6</b>	<b>0.5</b>	<b>(10.7)</b>	<b>(65.4)</b>	<b>108.5</b>	<b>9.5</b>	<b>118.0</b>
Total recognised income & expense	-	-	(0.5)	-	4.1	3.6	-	3.6
<b>As of 30.09.2024</b>	<b>35.5</b>	<b>148.6</b>	<b>(0.1)</b>	<b>(10.7)</b>	<b>(61.2)</b>	<b>112.1</b>	<b>9.5</b>	<b>121.6</b>
Total recognised income & expense	-	-	1.0	(1.5)	10.0	9.5	4.5	14.0
Dividends declared	-	-	-	-	(2.1)	(2.1)	-	(2.1)
<b>As of 31.12.2024</b>	<b>35.5</b>	<b>148.6</b>	<b>1.0</b>	<b>(12.2)</b>	<b>(53.4)</b>	<b>119.4</b>	<b>14.0</b>	<b>133.4</b>
Total recognised income & expense	-	-	(0.5)	-	5.7	5.1	-	5.1
<b>As of 31.03.2025</b>	<b>35.5</b>	<b>148.6</b>	<b>0.4</b>	<b>(12.2)</b>	<b>(47.7)</b>	<b>124.6</b>	<b>14.0</b>	<b>138.6</b>



# Unaudited, Interim, Consolidated Statement of Cash Flows

## for the period from January 1 to March 31

(€ millions)	2025	2024
<b>Cash flows from operating activities</b>		
Profit / (loss) for the period	5.7	2.4
Adjustments for:		
Depreciation of property, plant & equipment	3.2	2.5
Amortisation of intangible assets	0.8	0.7
Net interest expense	1.7	2.7
Change in fair value of derivatives	(1.2)	1.1
(Gain) / loss on disposal of property, plant & equipment	(0.0)	-
Income tax expense	2.6	1.0
	12.7	10.3
Change in inventories	(13.6)	(5.2)
Change in trade & other receivables	3.1	(8.3)
Change in prepayments	(0.8)	(2.1)
Change in trade & other payables	(14.5)	6.1
Change in provisions & employee defined benefit obligations	(1.2)	(2.3)
	(14.3)	(1.5)
Income tax paid	(1.4)	(2.3)
<b>Net cash flows due to operating activities</b>	<b>(15.7)</b>	<b>(3.8)</b>
<b>Cash flows from investing activities</b>		
Interest received	0.3	0.1
Proceeds from sale of property, plant & equipment	0.0	-
Acq'n of property, plant, equipment and intangibles	(1.6)	(2.5)
Investments in other financial assets	-	(0.0)
Movement in deposits with terms >3 months	0.1	(0.0)
Capitalised development expenditure	(1.1)	(1.0)
<b>Net cash flows due to investing activities</b>	<b>(2.3)</b>	<b>(3.5)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans & overdrafts	-	4.5
Repayment of loans	(5.0)	(5.0)
Interest paid	(1.6)	(1.9)
Repayment of lease liabilities	(0.4)	(0.1)
<b>Net cash flows due to financing activities</b>	<b>(6.9)</b>	<b>(2.6)</b>
<b>Net cashflows</b>	<b>(25.0)</b>	<b>(9.9)</b>
Cash & cash equivalents January 1	69.5	19.1
Effect of exchange rate fluctuations on cash held	(0.2)	0.2
<b>Cash &amp; cash equivalents at March 31</b>	<b>44.3</b>	<b>9.3</b>