



H&K AG

QUARTERLY REPORT

Results for the  
twelve-month period  
to December 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)*

Analysts, investors, media and others seeking financial and general information, please contact:

Investor Relations

*E-mail: [info.ir@heckler-koch-de.com](mailto:info.ir@heckler-koch-de.com)*

Public Relations

*E-mail: [presse@heckler-koch-de.com](mailto:presse@heckler-koch-de.com)*

## 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 twelve-month period ended December 31, 2025

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Chief Financial Officer Andreas Schnautz commented:

Sales in 2025 were €393.0 million, an increase of €49.6 million compared to 2024, of this, €9.9 million was generated by Chrom-Müller Metallveredelung GmbH, which was acquired at the end of November 2024. Due to the higher sales, together with changes in the product and customer mix, the gross profit was €17.8 million higher than in 2024. We generated €67.9 million EBITDA in 2025, an increase of €4.8 million in comparison to 2024, primarily due to higher contributions from sales partially offset by higher personnel and other expenses.

The Group continues to generate positive earnings after tax. Cash and cash equivalents decreased by €22.1 million during 2025. Cashflows included the effects of the increased level of net working capital together with outflows of €23.1 million income tax payments, €19.1 million capex, €10.0 million for the contractual repayments of Facility A and €2.1 million dividends.

The Annual General Meeting ("AGM") took place on July 9, 2025. The hybrid lenders' entitlement to interest only applies if the AGM of H&K AG resolves to distribute dividends to ordinary shareholders relating to the corresponding business year in line with the directors' proposal. The AGM resolved such dividends totalling €2.1 million relating to 2024 and consequently the hybrid lenders' entitlements to interest relating to 2024 totalling €1.4 million were also recognised in July 2025.

The H&K Group's order intake in 2025 was €802 million, a significant increase compared to 2024. This development is partly due to our business model, through which in some years multi-year orders are placed by governmental customers. The resultant order book at the end of 2025 was €695 million, the majority of which is scheduled for delivery in 2026 and 2027.

In Q4 2025, the first series production weapons for the "Bundeswehr Assault Rifle System," were delivered. This is a new assault rifle from Heckler & Koch GmbH, based on the HK416 A8 and now designated the G95, which will replace the G36 as the standard assault rifle of the German Armed Forces. In December 2025, a large quantity of G95s was ordered for delivery from 2026 onwards, and we currently expect to receive an additional order for a significant quantity of these weapons in Q2/2026, ensuring a long-term, guaranteed workload.

As requested by the German Government, H&K is involved in various projects for Ukraine, bringing the Group significant order intake and sales since 2024, and this is currently expected to continue during 2026 and beyond.

The Group is continuing to make targeted investment to expand capacities and enhance production processes for continued stable business development and to ensure that we remain a reliable and resilient partner for our customers.

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. 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. This is not only indicated by the new US defence strategy published in January 2026 but also by the NATO summit held in the Hague in June 2025, at which NATO members agreed that they would each invest 5% of their GDP in defence and security. This target should be reached annually by 2035 at the latest. Regarding the Iran conflict, an effect on energy prices is possible, although we do not currently expect any significant effects on our results. We are monitoring the situation, so we can take mitigating measures if necessary.

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 audited consolidated statements of financial position at December 31, 2025 and 2024 and the related audited consolidated statements of income, comprehensive income, equity and cash flows for the twelve-month periods ended December 31, 2025 and 2024 prepared in accordance with IFRS.

## Attached are our

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

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

# Consolidated Statement of Financial Position

(€ millions)	31.12.2025	31.12.2024
Property, plant & equipment	99.4	92.2
Intangible assets - goodwill	9.7	9.7
Intangible assets - other	46.1	45.3
Other investments	2.8	2.8
Deferred tax assets	22.9	20.3
<b>Total non-current assets</b>	<b>180.9</b>	<b>170.4</b>
Inventories	209.5	170.3
Prepayments for inventories	24.1	2.3
Prepayments for other current assets	2.0	2.3
Other loans, deposits and derivatives	0.2	0.2
Current tax assets	1.3	1.0
Trade receivables	51.1	37.4
Other receivables	5.2	4.3
Cash & cash equivalents	47.5	69.5
<b>Total current assets</b>	<b>340.9</b>	<b>287.3</b>
<b>Total assets</b>	<b>521.7</b>	<b>457.7</b>
<b>Equity</b>		
Share capital	35.5	35.5
Additional paid in capital	148.6	148.6
Other reserves	(12.0)	(11.3)
Consolidated retained earnings	(17.4)	(53.4)
<b>Total equity attributable to H&amp;K AG shareholders</b>	<b>154.7</b>	<b>119.4</b>
Equity attributable to hybrid capital investors	15.4	14.0
<b>Total equity</b>	<b>170.0</b>	<b>133.4</b>
<b>Liabilities</b>		
Loans & borrowings	75.8	85.3
Lease liabilities	6.0	3.7
Employee defined benefit obligations	41.7	45.8
Provisions	2.5	2.2
Other payables	0.7	1.0
Deferred tax liabilities	22.1	26.9
<b>Total non-current liabilities</b>	<b>148.7</b>	<b>164.9</b>
Loans & borrowings	9.9	9.8
Trade payables	17.8	18.2
Other payables	14.5	13.3
Contract liabilities	140.3	88.6
Lease liabilities	2.1	1.2
Derivatives	0.1	0.5
Tax liabilities	0.5	14.7
Other provisions & accruals	17.8	12.9
<b>Total current liabilities</b>	<b>203.0</b>	<b>159.3</b>
<b>Total liabilities</b>	<b>351.7</b>	<b>324.3</b>
<b>Total equity &amp; liabilities</b>	<b>521.7</b>	<b>457.7</b>

# Consolidated Income Statement for the period from January 1 to December 31

(€ millions)	2025	2024
Revenue	393.0	343.4
Cost of sales	(261.1)	(229.3)
<b>Gross profit</b>	<b>131.9</b>	<b>114.1</b>
Research & development expenses	(11.6)	(9.3)
Sales, marketing & distribution expenses	(30.6)	(30.3)
Administration expenses	(39.8)	(24.6)
Other operating income	1.4	1.0
Other operating expenses	(1.0)	(1.2)
Impairment loss on trade receivables, net of reversals	(0.2)	(0.1)
<b>Results from operating activities</b>	<b>50.1</b>	<b>49.5</b>
Interest income	0.6	0.5
Gains on valuation of derivative financial instruments	0.4	-
Gains on translation of foreign currencies	1.9	3.2
<b>Total financial income</b>	<b>3.0</b>	<b>3.7</b>
Interest expense	(5.2)	(7.0)
Accretion of non-current liabilities	(2.3)	(2.5)
Losses on val'n of derivative financial instruments	-	(1.9)
Losses on translation of foreign currencies	(6.3)	(0.5)
Other financial expense	(0.2)	(0.1)
<b>Total financial expense</b>	<b>(14.0)</b>	<b>(11.9)</b>
<b>Net financial result</b>	<b>(11.0)</b>	<b>(8.2)</b>
<b>Profit / (loss) before income tax</b>	<b>39.1</b>	<b>41.3</b>
Income tax income / (expense)	0.4	(9.8)
<b>Profit / (loss) for the period</b>	<b>39.5</b>	<b>31.5</b>
<b>Attributable to:</b>		
H&K AG shareholders	38.1	27.0
H&K AG hybrid capital investors	1.4	4.5
<b>Earnings per share (€)</b>	<b>1.07</b>	<b>0.76</b>

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period from January 1 to December 31

(€ millions)	2025	2024
<b>Profit / (loss) for the period</b>	<b>39.5</b>	<b>31.5</b>
<b>Other comprehensive income</b>		
DBO actuarial gains / (losses)	2.6	(2.1)
Related deferred tax	(1.3)	0.6
<b>Items that will never be reclassified to profit or loss</b>	<b>1.2</b>	<b>(1.5)</b>
Forex translation differences for foreign operations	(2.0)	1.2
<b>Items that are or may be reclassified to profit or loss</b>	<b>(2.0)</b>	<b>1.2</b>
<b>Other comprehensive income / (expense), net of tax</b>	<b>(0.8)</b>	<b>(0.3)</b>
<b>Total comprehensive income for the period</b>	<b>38.7</b>	<b>31.1</b>
<b>Attributable to:</b>		
H&K AG shareholders	37.3	26.6
H&K AG hybrid capital investors	1.4	4.5

## Consolidated Statement of Changes in Equity for the period from December 31, 2023 to December 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 31.12.2023</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	-	-	1.2	(1.5)	27.0	26.6	4.5	31.1
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	-	-	(2.0)	1.2	38.1	37.3	1.4	38.7
Dividends declared	-	-	-	-	(2.1)	(2.1)	-	(2.1)
<b>As of 31.12.2025</b>	<b>35.5</b>	<b>148.6</b>	<b>(1.0)</b>	<b>(11.0)</b>	<b>(17.4)</b>	<b>154.7</b>	<b>15.4</b>	<b>170.0</b>

# Consolidated Statement of Cash Flows

## for the period from January 1 to December 31

(€ millions)	2025	2024
<b>Cash flows from operating activities</b>		
Profit / (loss) for the period	39.5	31.5
Adjustments for:		
Depreciation of property, plant & equipment	14.5	10.8
Amortisation of intangible assets	3.3	2.8
(Reversal of) impairment losses on intangible assets	0.3	-
Revaluation of investments	0.2	-
Net interest expense	6.9	9.0
Change in fair value of derivatives	(0.4)	1.9
(Gain) / loss on disposal of property, plant & equipment	0.0	0.0
Income tax expense	(0.4)	9.8
	63.9	65.8
Change in inventories	(43.0)	(20.3)
Change in trade & other receivables	(16.5)	(1.7)
Change in prepayments	(21.6)	(2.7)
Change in trade & other payables	58.7	71.1
Change in provisions & employee defined benefit obligations	2.1	(5.5)
	43.5	106.7
Income tax paid	(23.1)	(6.2)
<b>Net cash flows due to operating activities</b>	<b>20.4</b>	<b>100.5</b>
<b>Cash flows from investing activities</b>		
Interest received	0.6	0.5
Proceeds from sale of property, plant & equipment	0.1	0.0
Acq'n of property, plant, equipment and intangibles	(19.1)	(18.0)
Investments in other financial assets	(0.2)	(9.0)
Movement in deposits with terms >3 months	0.2	(0.1)
Capitalised development expenditure	(3.6)	(4.1)
<b>Net cash flows due to investing activities</b>	<b>(22.1)</b>	<b>(30.8)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(10.0)	(10.1)
Interest paid	(5.8)	(7.7)
Repayment of lease liabilities	(1.7)	(0.7)
Dividends paid	(2.1)	(1.2)
<b>Net cash flows due to financing activities</b>	<b>(19.6)</b>	<b>(19.8)</b>
<b>Net cashflows</b>	<b>(21.3)</b>	<b>50.0</b>
Cash & cash equivalents January 1	69.5	19.1
Effect of exchange rate fluctuations on cash held	(0.8)	0.5
<b>Cash &amp; cash equivalents at December 31</b>	<b>47.5</b>	<b>69.5</b>