



H&K AG

QUARTERLY REPORT

Results for the
three-month period
to March 31, 2026

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

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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, 2026

Chief Financial Officer Andreas Schnautz commented:

Sales in Q1 2026 were €128.1 million, an increase of €46.5 million compared to Q1 2025; due to the higher sales and changes in the product and customer mix the gross profit was €22.1 million higher than in Q1 2025. We generated €31.7 million EBITDA in Q1 2026, €17.0 million higher than in Q1 2025 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 €5.5 million during the quarter. Cashflows included the effects of the increased level of net working capital together with outflows of €10.7 million capex, €5.0 million for the contractual repayments of Facility A and €2.6 million for the acquisition of the Globe Group. This acquisition was carried out to expand the Group's production capacities in the UK; the remaining consideration, due in 2027 and 2028, is recognised in other liabilities. The assets, liabilities, income and expenses of the Globe Group are not included in these consolidated financial statements as the valuation of the identifiable assets, liabilities and contingent liabilities is still ongoing.

The H&K Group's order intake in Q1 2026 was €128 million, a significant increase compared to Q1 2025 (€100 million). The resultant order book at the end of Q1 2026 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 20th 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 unaudited, interim, consolidated statements of financial position at March 31, 2026 and 2025 and the related unaudited, interim, consolidated statements of income, comprehensive income, equity and cash flows for the three-month periods ended March 31, 2026 and 2025 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, 2026 and 2025.

Unaudited, Interim, Consolidated Statement of Financial Position

(€ millions)	31.03.2026	31.12.2025
Property, plant & equipment	108.2	99.4
Intangible assets - goodwill	9.7	9.7
Intangible assets - other	46.3	46.1
Other investments	10.9	2.8
Deferred tax assets	22.0	22.9
Total non-current assets	197.2	180.9
Inventories	222.8	209.5
Prepayments for inventories	29.1	24.1
Prepayments for other current assets	5.1	2.0
Other loans, deposits and derivatives	0.2	0.2
Current tax assets	1.4	1.3
Trade receivables	58.4	51.1
Other receivables	6.3	5.2
Cash & cash equivalents	42.0	47.5
Total current assets	365.4	340.9
Total assets	562.6	521.7
Equity		
Share capital	35.5	35.5
Additional paid in capital	148.6	148.6
Other reserves	(11.7)	(12.0)
Consolidated retained earnings	2.7	(17.4)
Total equity attributable to H&K AG shareholders	175.1	154.7
Equity attributable to hybrid capital investors	15.4	15.4
Total equity	190.5	170.0
Liabilities		
Loans & borrowings	70.9	75.8
Lease liabilities	6.7	6.0
Derivatives	0.0	-
Employee defined benefit obligations	41.3	41.7
Provisions	2.5	2.5
Other payables	3.1	0.7
Deferred tax liabilities	22.2	22.1
Total non-current liabilities	146.8	148.7
Loans & borrowings	9.9	9.9
Trade payables	30.4	17.8
Other payables	19.5	14.5
Contract liabilities	139.3	140.3
Lease liabilities	2.2	2.1
Derivatives	0.7	0.1
Tax liabilities	3.3	0.5
Other provisions & accruals	19.9	17.8
Total current liabilities	225.3	203.0
Total liabilities	372.1	351.7
Total equity & liabilities	562.6	521.7

Unaudited, Interim, Consolidated Income Statement

(€ millions)	January - March	
	2026	2025
Revenue	128.1	81.6
Cost of sales	(78.9)	(54.5)
Gross profit	49.2	27.1
Research & development expenses	(3.3)	(2.4)
Sales, marketing & distribution expenses	(9.3)	(7.4)
Administration expenses	(8.9)	(6.5)
Other operating income	0.2	0.2
Other operating expenses	(0.3)	(0.2)
Impairment loss on trade receivables, net of reversals	(0.0)	-
Results from operating activities	27.5	10.7
Interest income	0.2	0.3
Gains on valuation of derivative financial instruments	-	1.2
Gains on translation of foreign currencies	0.9	0.1
Total financial income	1.1	1.6
Interest expense	(1.1)	(1.3)
Accretion of non-current liabilities	(0.6)	(0.6)
Losses on val'n of derivative financial instruments	(0.6)	-
Losses on translation of foreign currencies	(0.0)	(2.1)
Other financial expense	(0.0)	(0.0)
Total financial expense	(2.3)	(4.0)
Net financial result	(1.3)	(2.5)
Profit before income tax	26.2	8.2
Income tax expense	(6.1)	(2.6)
Profit for the period	20.1	5.7
Attributable to:		
H&K AG shareholders *	20.1	5.7
H&K AG hybrid capital investors *	-	-
Earnings per share (€) *	0.57	0.16

* these numbers do not yet reflect the amounts attributable to the hybrid capital investors following the AGMs

Unaudited, Interim, Consolidated Statement of Profit or Loss and Other Comprehensive Income

(€ millions)	January - March	
	2026	2025
Profit for the period	20.1	5.7
Other comprehensive income		
DBO actuarial gains / (losses)	-	-
Related deferred tax	-	-
Items that will never be reclassified to profit or loss	-	-
Forex translation differences for foreign operations	0.3	(0.5)
Items that are or may be reclassified to profit or loss	0.3	(0.5)
Other comprehensive income / (expense), net of tax	0.3	(0.5)
Total comprehensive income for the period	20.4	5.1
Attributable to:		
H&K AG shareholders *	20.4	5.1
H&K AG hybrid capital investors *	-	-

* these numbers do not yet reflect the amounts attributable to the hybrid capital investors following the AGMs

Unaudited, Interim, Consolidated Statement of Changes in Equity

(€ 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
As of 31.12.2024	35.5	148.6	1.0	(12.2)	(53.4)	119.4	14.0	133.4
Total recognised income & expense	-	-	(0.5)	-	5.7	5.1	-	5.1
As of 31.03.2025	35.5	148.6	0.4	(12.2)	(47.7)	124.6	14.0	138.6
Total recognised income & expense	-	-	(1.1)	-	6.2	5.0	-	5.0
As of 30.06.2025	35.5	148.6	(0.7)	(12.2)	(41.6)	129.6	14.0	143.6
Total recognised income & expense	-	-	(0.3)	-	12.2	11.9	1.4	13.3
Dividends declared	-	-	-	-	(2.1)	(2.1)	-	(2.1)
As of 30.09.2025	35.5	148.6	(1.0)	(12.2)	(31.5)	139.4	15.4	154.8
Total recognised income & expense	-	-	(0.0)	1.2	14.0	15.3	-	15.3
As of 31.12.2025	35.5	148.6	(1.0)	(11.0)	(17.4)	154.7	15.4	170.0
Total recognised income & expense	-	-	0.3	-	20.1	20.4	-	20.4
As of 31.03.2026	35.5	148.6	(0.7)	(11.0)	2.7	175.1	15.4	190.5

Unaudited, Interim, Consolidated Statement of Cash Flows

(€ millions)	January - March	
	2026	2025
Cash flows from operating activities		
Profit / (loss) for the period	20.1	5.7
Adjustments for:		
Depreciation of property, plant & equipment	3.4	3.2
Amortisation of intangible assets	0.8	0.8
Net interest expense	1.5	1.7
Change in fair value of derivatives	0.6	(1.2)
(Gain) / loss on disposal of property, plant & equipment	-	(0.0)
Income tax expense	6.1	2.6
	32.5	12.7
Change in inventories	(12.7)	(13.6)
Change in trade & other receivables	(8.2)	3.1
Change in prepayments	(8.1)	(0.8)
Change in trade & other payables	11.9	(14.5)
Change in provisions & employee defined benefit obligations	1.4	(1.2)
	16.9	(14.3)
Income tax paid	(2.3)	(1.4)
Net cash flows due to operating activities	14.6	(15.7)
Cash flows from investing activities		
Interest received	0.2	0.3
Proceeds from sale of property, plant & equipment	-	0.0
Acq'n of property, plant, equipment and intangibles	(10.7)	(1.6)
Investments in other financial assets	(3.0)	-
Movement in deposits with terms >3 months	(0.0)	0.1
Capitalised development expenditure	(0.9)	(1.1)
Net cash flows due to investing activities	(14.4)	(2.3)
Cash flows from financing activities		
Repayment of loans	(5.0)	(5.0)
Interest paid	(0.2)	(1.6)
Repayment of lease liabilities	(0.6)	(0.4)
Net cash flows due to financing activities	(5.8)	(6.9)
Net cashflows	(5.6)	(25.0)
Cash & cash equivalents January 1	47.5	69.5
Effect of exchange rate fluctuations on cash held	0.1	(0.2)
Cash & cash equivalents at March 31	42.0	44.3