SECURITY REF. ISIN: DE000A11Q133

H&K AG

QUARTERLY REPORT

Results for the six-month period to June 30, 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 six-month period ended June 30, 2026

Chief Financial Officer Andreas Schnautz commented:

Sales in first half of 2026 were €263.9 million, an increase of €84.5 million compared to the first half of 2025; due to the higher sales and changes in the product and customer mix the gross profit was €45.3 million higher than in the first half of 2025. We generated €66.2 million EBITDA in the half-year, €37.0 million higher compared to the corresponding period of 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.

The positive development is attributable in particular to continued strong demand for Heckler & Koch products, the high utilisation of production capacities and the consistent implementation of ongoing programmes. In addition, investments in production capacities, infrastructure and process optimisations had a positive effect on the Company's operational performance.

In June we successfully completed the refinancing of the 2022 Term and Revolving Credit Facilities Agreement ("CFA-Loan") and expanded the lending group from two to five financing partners, thereby enhancing funding diversification and financial flexibility and stability. The new syndicated Facilities Agreement ("Facilities Agreement") strengthens the Group's financial flexibility and paves the way for further growth and the consistent implementation of our investment strategy. The Facilities Agreement improves the conditions for Heckler & Koch, in particular, the collateral requirements for the CFA-Loan no longer apply and margins have been lowered. Furthermore, previous restrictions on certain transactions – such as dividend payments or corporate acquisitions – have been reduced. This gives the Group additional operational flexibility whilst simultaneously increasing its financial independence and reducing its net interest expense.

The interest shown by the participating banks far exceeded the actual financing volume required. This underscores the strong confidence of the financing partners in Heckler & Koch's business performance, as well as the company's strong position in the capital market.

Cash and cash equivalents decreased by €36.8 million during the half-year. The main cashflows were from financing activities; these included inflows of €60.0 million for the utilisation of Facility A under the new Facilities Agreement, less €1.9 million transaction costs for the refinancing, and outflows of €65.0 million for the repayment of Facilities A and B of the previous syndicated loan. Cashflows for investing activities included outflows of €18.8 million for capex, net €1.2 million for the acquisition of the Globe Group ("Globe") and net €4.5 million for the acquisition of assets and buildings for a new Group company, Oberndorfer Präzisions-Werk GmbH ("OPW").

As described in our Q1 report, the acquisition of Globe 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. OPW acquired its operational assets from a measurement technology company in Oberndorf at the end of April 2026. Measurement technology is particularly important for Heckler & Koch, as the precision, reliability, and verifiable quality of our products are decisive competitive factors. The assets, liabilities, income and expenses of Globe and OPW have been included in these consolidated financial statements.

The H&K Group's order intake in the first half of 2026 was €260 million, slightly lower than in the first half of 2025 (€282 million). The resultant order book at the end of June 2026 was €690 million, the majority of which is scheduled for delivery in 2026 and 2027.

The Annual General Meeting ("AGM") took place on July 7, 2026. 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. The AGM resolved dividends totalling €2.1 million relating to 2025 in line with the directors' proposal and consequently the hybrid lenders' entitlements to interest relating to 2025 totalling €1.5 million were also recognised in July 2026. These transactions will be shown in the Q3 report.

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 G95A1/G95KA1, which will replace the G36 as the standard assault rifle of the German Armed Forces. In December 2025, a large quantity of G95A1/G95KA1s was ordered for delivery from 2026 onwards, and we received an additional order for the balance of these weapons in July 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, advanced payments 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 June 30, 2026 and 2025 and the related unaudited, interim, consolidated statements of income, comprehensive income, equity and cash flows for the six-month periods ended June 30, 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 six-month periods to June 30, 2026 and 2025.

Unaudited, Interim, Consolidated Statement of Financial Position

(€ millions)	30.06.2026	31.12.2025
Property, plant & equipment	119.8	99.4
Intangible assets - goodwill	11.3	9.7
Intangible assets - other	46.6	46.1
Other investments	1.2	2.8
Deferred tax assets	21.1	22.9
Total non-current assets	**200.0**	**180.9**
Inventories	224.5	209.5
Prepayments for inventories	28.0	24.1
Prepayments for other current assets	5.6	2.0
Other loans, deposits and derivatives	0.2	0.2
Current tax assets	1.3	1.3
Trade receivables	51.0	51.1
Other receivables	11.5	5.2
Cash & cash equivalents	10.7	47.5
Total current assets	**332.9**	**340.9**
Total assets	**532.9**	**521.7**
Equity		
Share capital	35.5	35.5
Additional paid in capital	148.6	148.6
Other reserves	(11.5)	(12.0)
Consolidated retained earnings	23.4	(17.4)
Total equity attributable to H&K AG shareholders	**196.0**	**154.7**
Equity attributable to hybrid capital investors	15.4	15.4
Total equity	**211.4**	**170.0**
Liabilities		
Loans & borrowings	75.0	75.8
Lease liabilities	6.3	6.0
Derivatives	0.3	-
Employee defined benefit obligations	40.9	41.7
Provisions	2.6	2.5
Other payables	3.1	0.7
Deferred tax liabilities	22.6	22.1
Total non-current liabilities	**150.8**	**148.7**
Bank overdraft	0.2	-
Loans & borrowings	6.0	9.9
Trade payables	25.4	17.8
Other payables	24.3	14.5
Contract liabilities	94.3	140.3
Lease liabilities	2.1	2.1
Derivatives	0.9	0.1
Tax liabilities	6.1	0.5
Other provisions & accruals	11.3	17.8
Total current liabilities	**170.7**	**203.0**
Total liabilities	**321.5**	**351.7**
Total equity & liabilities	**532.9**	**521.7**

Unaudited, Interim, Consolidated Income Statement

(€ millions)	January - June 2026	2025
Revenue	263.9	179.5
Cost of sales	(162.4)	(123.3)
Gross profit	**101.5**	**56.2**
Research & development expenses	(7.8)	(5.1)
Sales, marketing & distribution expenses	(17.1)	(15.4)
Administration expenses	(19.2)	(14.5)
Other operating income	0.6	0.4
Other operating expenses	(0.6)	(0.3)
Impairment loss on trade receivables, net of reversals	(0.0)	(0.0)
Results from operating activities	**57.4**	**21.2**
Interest income	0.4	0.4
Gains on valuation of derivative financial instruments	-	2.5
Gains on translation of foreign currencies	1.2	0.2
Total financial income	**1.5**	**3.1**
Interest expense	(2.2)	(2.6)
Accretion of non-current liabilities	(2.1)	(1.2)
Losses on val'n of derivative financial instruments	(1.1)	-
Losses on translation of foreign currencies	(0.4)	(5.6)
Other financial expense	(0.0)	(0.1)
Total financial expense	**(5.8)**	**(9.4)**
Net financial result	**(4.3)**	**(6.3)**
Profit before income tax	**53.2**	**14.9**
Income tax expense	(12.3)	(3.0)
Profit for the period	**40.8**	**11.8**
Attributable to:		
H&K AG shareholders *	**40.8**	**11.8**
H&K AG hybrid capital investors *	**-**	**-**
Earnings per share (€) *	**1.15**	**0.33**

*** 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 - June 2026	2025
Profit for the period	**40.8**	**11.8**
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	0.6	(1.7)
Items that are or may be reclassified to profit or loss	**0.6**	**(1.7)**
Other comprehensive income / (expense), net of tax	**0.6**	**(1.7)**
Total comprehensive income for the period	**41.4**	**10.1**

Attributable to:		
H&K AG shareholders *	**41.4**	**10.1**
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**
Total recognised income & expense	-	-	0.2	-	20.7	21.0	-	21.0
As of 30.06.2026	**35.5**	**148.6**	**(0.5)**	**(11.0)**	**23.4**	**196.0**	**15.4**	**211.4**

Unaudited, Interim, Consolidated Statement of Cash Flows

(€ millions)	January - June 2026	2025
Cash flows from operating activities		
Profit / (loss) for the period	40.8	11.8
Adjustments for:		
Depreciation of property, plant & equipment	7.2	6.4
Amortisation of intangible assets	1.6	1.6
Net interest expense	4.0	3.4
Change in fair value of derivatives	1.1	(2.5)
(Gain) / loss on disposal of property, plant & equipment	0.0	0.0
Income tax expense	12.3	3.0
	66.9	23.8
Change in inventories	(12.4)	(22.3)
Change in trade & other receivables	(4.2)	(4.7)
Change in prepayments	(7.4)	(5.3)
Change in trade & other payables	(33.8)	(9.9)
Change in provisions & employee defined benefit obligations	(8.0)	(4.0)
	1.3	(22.4)
Income tax paid	(4.6)	(2.9)
Net cash flows due to operating activities	**(3.3)**	**(25.3)**
Cash flows from investing activities		
Interest received	0.4	0.4
Proceeds from sale of property, plant & equipment	-	0.0
Acq'n of property, plant, equipment and intangibles	(18.8)	(6.8)
Investments in other financial assets	(5.9)	(0.1)
Movement in deposits with terms >3 months	1.9	0.2
Capitalised development expenditure	(1.7)	(2.1)
Net cash flows due to investing activities	**(24.2)**	**(8.3)**
Cash flows from financing activities		
Payment of transaction costs	(1.9)	-
Net drawing of overdraft / loan facilities	60.2	-
Repayment of loans	(65.0)	(5.0)
Interest paid	(1.6)	(2.5)
Repayment of lease liabilities	(1.2)	(0.7)
Net cash flows due to financing activities	**(9.5)**	**(8.2)**
Net cashflows	**(36.9)**	**(41.9)**
Cash & cash equivalents January 1	47.5	69.5
Effect of exchange rate fluctuations on cash held	0.1	(0.5)
Cash & cash equivalents at June 30	**10.7**	**27.2**