Quarterly Release for the first three months of **2024**

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In case of discrepancies between the English and the German report, the German report shall prevail.**

HENSOLDT
Detect and Protect.

A Earnings release

1 Business development and key events

Business development and key events in the reporting period

Germany’s security policy environment has become even more complex and volatile in recent years due to numerous crises and conflicts around the world. In particular, Russia’s war on Ukraine and the further escalating Middle East conflict are influencing the conditions of the security and defence industry in Germany, the EU and NATO. The global order is in upheaval and has left lasting marks – on the worlds of politics, business and on the people. The so called “Zeitenwende” (turning point) in security policy proclaimed in 2022 by the Federal Republic of Germany (“Federal Republic”), the main customer of the HENSOLDT Group (hereinafter also referred to as “HENSOLDT” or “the Group”) still holds extensive opportunities for HENSOLDT.

Overall, HENSOLDT`s operating business continued its positive development in the first three months of the year 2024. With a contract volume of € 665 million, the strong order intake of the previous year’s period was significantly exceeded. The main drivers were key orders such as the German short-range and very short-range air defence system (LVS NNbS) commissioned in January and further orders for the TRML-4D radar. Revenue in the first three months of the year were again at a high level, but could not quite reach the previous year's level and decreased by 2.5 % from € 338 million in the previous year period to € 329 million in 2024. The slight decrease was mainly due to a decrease in revenue from pass-through business, while revenue in the core business recorded at almost the same level as in the previous year period. The significant increase in adjusted EBITDA by 10.7 % (€ 33 million; previous year: € 30 million) resulted from a favourable project mix on the one hand and from positive effects from efficient cost management on the other hand.

Events after the reporting period

Oliver Dörre has taken over as Chairman of the HENSOLDT Group with effect from 1 April 2024. As a member of the Management Board, Oliver Dörre had already worked closely with his predecessor Thomas Müller since the beginning of the year to ensure a smooth transition. The handover is the result of long-term succession planning announced in March last year. As part of a new allocation of tasks, Oliver Dörre as CEO will be directly responsible for all HENSOLDT divisions as well as for external and customer relations and the internationalisation strategy. Together with Oliver Dörre, Chief Financial Officer (CFO) Christian Ladurner, Chief Operating Officer (COO) Celia Pelaz Perez and Chief Human Resources Officer (CHRO) Dr. Lars Immisch will form HENSOLDT's Management Board. In her new role as COO, Celia Pelaz Perez will be responsible for optimising HENSOLDT's process and organisational efficiency and promoting innovation in order to expand delivery capability in terms of both quantity and quality.

HENSOLDT has completed the acquisition of 100 % of shares in ESG Elektroniksystem- und Logistik-GmbH (“ESG GmbH” or “ESG-Group” together with the subsidiaries of ESG GmbH), which was agreed last year, with effect from 2 April 2024. The ESG-Group is a manufacturer-independent systems integrator and technology and innovation partner for defence and public safety. HENSOLDT expects the acquisition to generate annual revenue and cost synergies arising from cross-selling and joint positioning in the market. From the second quarter onwards, the activities of the ESG-Group will be reported as a separate division within the Sensors segment.

2 Economic conditions

General economic conditions

While the International Monetary Fund (IMF) predicted global growth of 3.1 % for the current year in its study published in January 2024, the institute has now slightly improved its forecast to 3.2 % in its most recent study. The IMF also forecasts global economic growth of 3.2 % for 2025. According to the experts, the global economy remains remarkably resilient, growth is remaining stable and inflation is returning to the target value. Despite many dark predictions and numerous challenges in recent years, the world has thus been spared a recession.

Nevertheless, global economic growth is historically weak. This is due to short-term factors such as higher costs for loans or the ongoing consequences of the war in Ukraine. However, given the high levels of government debt in many economies, tax increases and spending cuts could further weaken economic activity. The IMF also warns that increasing geopolitical fragmentation with regard to supply chains could lead to both lower growth and higher inflation.

In its spring forecast for 2024, the European Commission is optimistic about the EU economy from the second half of 2024. Given slower price increases, real wage growth and a robust labour market, the pace of growth in the EU is expected to gradually accelerate over the course of the year and stabilise by the end of 2025. The Brussels authority is forecasting EU growth rates of 0.9 % in 2024 and 1.7 % in 2025.

According to the IMF, the outlook for the German economy is continuing to deteriorate. The institute has once again revised its economic forecast from January 2024 downwards from 0.5 % to just 0.2 % growth in 2024. For 2025 at the earliest, the fund expects the German economy to grow by 1.3 %. However, this forecast is also 0.3 percentage points lower than in its January forecast. The economists cited persistently weak consumer sentiment and structural problems of a long-term nature such as the decrease in the working population and obstacles to investment as the main reasons for this assessments.

Conditions in the defence and security sector

Russia’s war of aggression against Ukraine and the situation in the Middle East determine the security policy environment in Germany, the EU and NATO. The time factor is a top priority for procurement and defence planning.

The Federal Minister of Defence presented the drafted reform of the German Military (“German Bundeswehr”) in a press conference on 4 April 2024. With a new structure of the armed forces, the German Bundeswehr is to be further restructured for the national and the alliance defence. The main objective of the reform is to become faster, be resilient, reduce redundancies, reduce the command burden and place leadership in one hand, with a focus on core military tasks. The new structure is intended to create a German Military that is capable of acting and reacting for the entire range of operations. This also includes an increase in efficiency in the area of materials.

In 2024, Germany plans to meet NATO's 2 % goal with defence spending of around € 72 billion from Section 14 and the special fund for the German Military. In addition, the Federal Minister of Defence intends to submit a three-digit number of € 25 million proposals for armament projects from the regular national defence budget, the special fund for the German Military and Section 60 with a focus on the procurement of material handed over to Ukraine to the Budget Committee of the German Bundestag for approval this calendar year. High expenditure from the special fund and an increase in Section 14 are still expected for the budget plans for 2025.

Further concrete progress has been made in European, bilateral and multilateral cooperation programmes. On 15 February 2024, Greece and Turkey became the 20th and 21st states to join the European Sky Shield Initiative (ESSI) for air defence. A breakthrough was also achieved in the joint German-French cooperation project Main Ground Combat System (MGCS). On 26 April 2024, the defence ministers of both countries signed a memorandum of understanding on the allocation of responsibilities in so-called pillars. The memorandum of understanding defines the division of industrial responsibilities between France and Germany. It was agreed that both countries, as equal partners in the armaments cooperation, would each contribute 50 percent of the costs and that the respective national industries would be considered with corresponding work shares. The relevant contracts are to be finalised by the end of 2024 and to be signed in 2025.

By focusing on products available on the market, by ensuring access to key technologies and by participating in development projects such as the Future Combat Air System (FCAS) and MGCS, HENSOLDT's product and competence portfolio opens up a wide range of business opportunities. These arise in the context of a progressively improving market environment in all military dimensions and numerous future technologies, especially against the background of a growing European market.

3 Results of operations

Order intake, revenue, book-to-bill ratio and order backlog

	Order intake			Revenue			Book-to-bill			Order backlog		
	First three months			First three months			First three months			31 Mar.	31 Dec.	
in € million	2024	2023	% Delta	2024	2023	% Delta	2024	2023	Delta	2024	2023	% Delta
Sensors	622	214	190.5 %	286	288	-0.5 %	2.2x	0.7x	1.4x	5,042	4,693	7.5 %
Optronics	72	133	-46.2 %	44	51	-12.8 %	1.6x	2.6x	-1.0x	880	852	3.2 %
Elimination/ Transversal/ Others	-29	-1		-1	-1					-43	-15	
HENSOLDT	**665**	**347**	**91.8 %**	**329**	**338**	**-2.5 %**	**2.0x**	**1.0x**	**1.0x**	**5,879**	**5,530**	**6.3 %**

Order intake

- *Sensors*: Order intake in the first three months of the year 2024 was at a high level and significantly exceeded the order intake of the previous year's period. Order intake in the first three months of the year 2024 was primarily driven by the short-range and very short-range air defence system (LVS NNbS) commissioned for the German Bundeswehr in which almost all divisions - Radar & Naval Solutions, Optronics & Land Solutions and Services & Aerospace Solutions - are involved. Furthermore, order intake for further TRML-4D-radars to support Ukraine have been recorded in the Radar & Naval Solutions division. The previous year period included mainly orders for TRML-4D radars to support Ukraine.

- *Optronics*: Order intake in the first three months of the year 2024 was significantly below the strong order intake in the previous year period. During the reporting period, the Optronics Segment also benefited from the order intake for the LVS NNbS project. The previous year, however, was characterized by order intake for the PUMA and Leopard 2 platforms in the Ground Based Systems product line.

Revenue

- *Sensors*: Revenue in the first three months of 2024 was almost at the high level of the previous year´s period. While the pass-through business was significantly below the previous year's figure, further growth was recorded in the core business. The main drivers of revenue in the first three months of 2024 were again the two key projects PEGASUS (airborne electronic signals intelligence system) in the Spectrum Dominance & Airborne Solutions division and the Eurofighter radars in the Radar & Naval Solutions division.

- *Optronics*: The decrease in revenue was mainly due to a lower revenue volume in the South African unit. The decrease was partly offset by an increase in the Ground Based Systems product line.

Book-to-bill ratio[1]

Compared to the previous year period, the book-to-bill ratio has doubled due to the high level of order intake in the Sensors segment.

- *Sensors*: In the Sensors segment, a book-to-bill ratio of 2.2 was achieved. This strong increase compared to the previous year period was mainly due to the high level of order intake, particularly for the LVS NNbS project and for further TRML-4D radars in the Radar & Naval Solutions division.

- *Optronics*: The book-to-bill ratio of 1.6 was below the strong book-to-bill ratio of 2.6 in the previous year period. This decrease was especially due to lower order intake in the Ground Based Systems product line compared to the previous year period.

Order backlog

- *Sensors:* The order backlog of € 5,042 million increased by a further 7.5 % compared to year-end 2023 due to the high level of order intake in the first three months of 2024.

[1] Defined as ratio of order intake to revenue in the relevant reporting period.

- *Optronics:* The increase in order backlog compared to year-end 2023 to € 880 million was primarily achieved in the divisions Radar & Naval Solutions and Optronics & Land Solutions.

Income[2]

	Profit			Profit margin	
	First three months			First three months	
in € million	2024	2023	% Delta	2024	2023
Sensors	40	35	13.4 %	13.9 %	12.2 %
Optronics	-6	-5	-30.6 %	-14.2 %	-9.5 %
Elimination/Transversal/Others	–	–			
Adjusted EBITDA	**33**	**30**	**10.7 %**	**10.2 %**	**9.0 %**
Depreciation and amortisation	-29	-25	-15.2 %		
Special items[1]	-13	-3	>-200 %		
Earnings before finance result and income taxes (EBIT)	**-8**	**2**	**>-200 %**	**-2.5 %**	**0.7 %**
Finance result	-2	-20	92.3 %		
Income taxes	-6	-3	-106.4 %		
Group result	**-15**	**-20**	**23.7 %**	**-4.7 %**	**-6.0 %**
Earnings per share (in €; basic/diluted)	**-0.13**	**-0.19**	**32.8 %**		

[1] Special items are “non-regularly recurring and extraordinary” effects.

Adjusted EBITDA

- *Sensors*: The increase in adjusted EBITDA compared to the previous year period was mainly due to a lower share of revenue from pass-through business and slightly higher revenue in the core business as well as from favourable project mix effects. A further positive effect on adjusted EBITDA resulted from efficient cost management.

- *Optronics*: The decrease in adjusted EBITDA compared to the previous year period was mainly due to a higher decrease in revenues than in cost of sales.

Earnings before finance result and income taxes (EBIT)

- *Depreciation and amortisation:* The increase in depreciation and amortisation is mainly due to higher depreciation and amortisation on capitalized development costs presented in the cost of sales.

- *Special items*[3]: There was an increase compared to the previous year period mainly due to OneSAPnow-related expenses in connection with the business transformation for SAP S/4HANA as well as related to expenses for consulting services incurred in connection with the acquisition and integration of the ESG Group. In addition, expenses incurred in connection with setting up new infrastructure for HENSOLDT’s research and development (R&D), production and logistics, such as for relocations and initial setups.

Group result

- *Finance result*: The significant improvement in the finance result mainly resulted from the valuation of interest rate swaps on the reporting date and from higher interest income on investments.

- *Income taxes*: The increase in income taxes was due to lower income from deferred taxes and to an increase in net current tax expenses.

Earnings per share

- The improvement in the group result is reflected accordingly in improved earnings per share of € -0.13 (previous year: € -0.19).

[2] The profit margins are calculated in relation to the corresponding revenue.
[3] Defined as “transaction costs, effects on earnings from purchase price allocations, OneSAPnow-related special items as well as other special items”.

4 Assets, liabilities and financial position

Assets and capital structure[4]

	31 Mar.	31 Dec.	
in € million	2024	2023	% Delta
Non-current assets	1,411	1,405	0.5 %
Current assets	2,444	2,155	13.4 %
therein: Inventories	*705*	*625*	*12.8 %*
therein: Trade receivables	*257*	*382*	*-32.8 %*
therein: Cash and cash equivalents	*1,103*	*802*	37.4 %
Total assets	**3,855**	**3,560**	**8.3 %**
Equity	813	824	-1.4 %
therein: Capital reserve	*473*	*613*	*-22.8 %*
therein: Retained earnings	*171*	*48*	*> 200,0 %*
Non-current liabilities	1,688	1,266	33.4 %
therein: Non-current provisions	*335*	*357*	*-5.9 %*
therein: Non-current financing liabilities	*1,068*	*621*	*72.0 %*
Current liabilities	1,354	1,470	-7.9 %
therein: Current contract liabilities	*555*	*578*	*-3.9 %*
therein: Trade payables	*430*	*457*	*-5.9 %*
therein: Other current liabilities	*101*	*136*	-26.0 %
Total equity and liabilities	**3,855**	**3,560**	**8.3 %**

Total assets

- *Non-current assets*: The amount of non-current assets which mainly included goodwill, intangible assets, property, plant and equipment as well as right-of-use assets was almost unchanged compared to the year-end 2023.

- *Current assets*: The increase resulted primarily from an increase in cash and cash equivalents which mainly resulted from the cash inflow from the drawdown of the loan under the syndicated loan agreement ("Term Facility") concluded in December 2023 for financing the purchase price for the acquisition of the shares in the ESG Group. This increase was partly offset by the negative free cash flow. Following the usual seasonal pattern, trade receivables decreased while inventories increased in the first three months of 2024. The investments for securing and increasing the production of, inter alia, TRML-4D radars played a role in the build-up of inventories.

Total equity and liabilities

- *Equity*: The decrease mainly resulted from the net loss for the period attributable to the shareholders of the HENSOLDT AG. An amount of € 140 million was withdrawn from the capital reserve and transferred to retained earnings.

- *Non-current liabilities*: The increase was primarily due to the drawdown of the loan under the syndicated loan agreement ("Term Facility") concluded in December 2023. The decline in non-current provisions mainly due to lower pension obligations as a result of slightly higher interest rates had a compensating effect.

- *Current liabilities*: The decrease in current liabilities resulted from the reduction in current contract liabilities, trade payables and other current liabilities. The current contract liabilities decreased primarily in relation to the scheduled execution of key projects. The reduction in trade liabilities followed the usual seasonal pattern and was related to the high business volume in the fourth quarter of fiscal year 2023. The decrease in other current liabilities resulted from the settlement of a VAT liability in the first three months of 2024.

[4] Only significant changes to balance sheet items are explained

Financial position

	First three months		
in € million	2024	2023	Delta
Cash flows from operating activities	-79	-118	39
Cash flows from investing activities	-29	-27	-2
Free cash flow	**-108**	**-145**	**37**
Special items	27	6	21
M&A activities	0	2	-2
Adjusted free cash flow	**-81**	**-137**	**56**
Cash flows from financing activities	**409**	**-5**	**414**

Free cash flow

- *Cash flows from operating activities*: The negative cash flows from operating activities improved compared to the previous year period and mainly reflected higher cash inflows from the settlement of trade receivables and contract balances. Furthermore, investments in working capital were made for managing the planned business volume in the following quarters.

- *Cash flows from investing activities*: The slight increase of cash outflows was primarily the result of higher investments in property, plant and equipment.

Adjusted free cash flow

- *Special items*[5]: The increase in special items compared to the previous year period was mainly due to OneSAPnow-related expenses associated with the business transformation for SAP S/4HANA as well as due to payments in the context of the strategic transformation programme “HENSOLDT GO!”. In addition, cash outflows incurred in connection with setting up new infrastructure for HENSOLDT’s R&D, production and logistics, such as for relocations and initial setups.

- *M&A activities*[6]: In the first three months of the year 2024, there were lower cash outflows for M&A activities in comparison to the previous year period.

Cash flows from financing activities

The strong increase in cash flows from financing activities was a result of the cash inflows from the drawdown of the loan under the syndicated loan agreement (“Term Facility”) to finance the purchase price for the acquisition of the shares in the ESG Group.

[5] Special items are “non-regularly recurring and extraordinary” effects. Defined as “transaction costs, effects on earnings from purchase price allocations, OneSAPnow-related special items as well as other special items”.
[6] Defined as sum of “Proceeds from sale of intangible assets and property, plant and equipment”, “Proceeds from disposal of associates, other investments and non-current financial assets”, “Acquisition of associates, other investments and other non-current financial assets”, “Acquisition of subsidiaries net of cash acquired” as well as “Other cash flows from investing activities” as reported in the Consolidated Statement of Cash Flows.

5 Outlook

Due to the acquisition of the shares in ESG GmbH with effect from 2 April 2024, the outlook takes into account the inclusion of the ESG Group from the beginning of the second quarter for nine months in the fiscal year 2024. Based on these assumptions, the Management Board continues to expect strong growth in order intake, revenue and adjusted EBITDA, with the ESG group contributing more than half of this growth in each case. Management continues to expect a book-to-bill ratio at the previous year's level between 1.1 and 1.2

These expectations assume unchanged underlying conditions compared to year-end 2023.

The outlook depends heavily on the circumstances mentioned in the opportunities and risks report and is based despite the described macroeconomic developments on the Group's multi-year business plan. The latter was described in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2023.

Overall, the Management Board is confident that HENSOLDT can build on the successful fiscal year 2023 and expects another positive development for 2024.

The outlook therefore remains unchanged compared to the year-end 2023.

6 Opportunities and risks

The combined management report of HENSOLDT AG for the fiscal year ended 31 December 2023 contains an explanation of the essential properties of HENSOLDT's risk and control management. The detailed explanations included accounting-related internal controls, risk management, certain risks that could have a negative impact on HENSOLDT and the main opportunities.

HENSOLDT has to manage complex and long-running projects with high technical requirements and large volumes. Each project has a variety of inherent operational risks. All risk categories, such as technical risks, risks regarding human resources or economic risks, are recorded, assessed, hedged and continuously monitored in accordance with HENSOLDT's existing risk management system. The corresponding operational risks reported in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2023 remained essentially unchanged. This approach also applies to HENSOLDT's key projects. The status of the key projects is regularly reported to the Supervisory Board. If necessary, external audits with different focal points are also commissioned.

The challenges in the labour market of attracting and retaining highly qualified technical personnel for both segments as well as qualified sales employees and efficient management continue to represent a risk for HENSOLDT, which shows a slight increase compared to year-end 2023.

Based on the expected global increase of attack attempts on IT networks due to the war in Ukraine, the associated sanctions against Russia and the additionally deteriorating geopolitical situation, particularly between Russia, the USA, China and Europe, the likeliness of successful cyber-attacks is generally estimated to be higher than in the past. Such increased risk from cyber-attacks worldwide also represents an increased risk for HENSOLDT. To counter this, a project group was set up in 2023 to define and implement appropriate measures. Furthermore, the HENSOLDT Group expanded its cybersecurity measures. This includes the expansion of its cybersecurity team, the expansion of the budget, security monitorings, a Group-wide security team, penetration testing, and regular internal IT audits as well as external assessments.

HENSOLDT continuously monitors the effects of the war in Ukraine. The still existing consequences thereof particularly include possible effects on supply bottlenecks of materials, increasing prices of energy products, but also of other goods and services and, not least, inflation. These consequences constitute influential factors for HENSOLDT's risk situation in the functional and operating area, can leave their marks on the supply chains and result in rising cost of production. The procurement risk and possible consequences due to the changed situation and the tense energy prices and materials situation on the world market still exist - but at a stable level.

The consequences of inflation have been declining since the end of 2023 and are now at a low level. The risks from the supply chain situation have been stable in both segments. In order to continue to counteract the effects of the supply chain situation, close monitoring continues so that appropriate measures can be taken if necessary.

Specially established working and expert groups are continuously analysing and monitoring in detail potential further effects from the risks mentioned above. This includes also the geopolitical situation, which is currently deteriorating further, and possible other consequences for HENSOLDT. The possible impacts of the conflict in the Middle East on the security policy environment, on the overall economic situation and on the companies of the HENSOLDT Group cannot yet be estimated and are continuously analysed by HENSOLDT.

These risks are offset by opportunities for HENSOLDT in all military dimensions and numerous future technologies from increasing military investments worldwide and from a growing and continuously improving European market environment.

Derivations from the war in Ukraine, the geopolitical developments in the Middle East, the focus of NATO in its new strategic concept and changed operational doctrines of armed forces worldwide additionally strengthen the development of HENSOLDT's opportunities in connection with the defence technology. The rapid creation of a comprehensive situational picture, the distribution of information in a network of connected sensors and effectors in a mission-oriented manner and the control over the electromagnetic spectrum are highly demanded capabilities for which HENSOLDT is extremely well positioned with its portfolio.

Increases in defence budgets and growing military investments worldwide are creating significant opportunities for HENSOLDT. The opportunity to diversify the product range, the expansion of the service business as well as HENSOLDT's ability to act as a innovation leader within its industry remain and will act as a multiplier.

The Management Board currently assesses the overall opportunity and risk situation of HENSOLDT mainly as stable, and thus unchanged compared to year-end 2023.

B Financial results

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1 Consolidated Income Statement

	First three months	
in € million	2024	2023
Revenue	329	338
Cost of sales	-270	-278
Gross profit	**60**	**60**
Selling and distribution expenses	-27	-27
General administrative expenses	-31	-23
Research and development costs	-8	-8
Other operating income	4	3
Other operating expenses	-6	-4
Earnings before finance result and income taxes (EBIT)	**-8**	**2**
Interest income	17	4
Interest expense	-19	-19
Other finance income / costs	1	-5
Finance result	**-2**	**-20**
Earnings before income taxes (EBT)	**-10**	**-17**
Income taxes	-6	-3
Group result	**-15**	**-20**
thereof attributable to the owners of HENSOLDT AG	*-15*	*-20*
thereof attributable to non-controlling interests	*-1*	*-0*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.13	-0.19

2 Consolidated Statement of Comprehensive Income

	First three months	
in € million	2024	2023
Group result	**-15**	**-20**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of post-employment benefit plans / plan assets	10	-10
Tax on items that will not be reclassified to profit or loss	-3	3
Subtotal	**7**	**-7**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements	-1	-4
Subtotal	**-1**	**-4**
Other comprehensive income net of tax	**6**	**-11**
Total comprehensive income	**-9**	**-32**
thereof attributable to the owners of HENSOLDT AG	*-8*	*-30*
thereof attributable to non-controlling interests	*-1*	*-1*

3 Consolidated Statement of Financial Position

ASSETS	31 Mar.	31 Dec.
in € million	2024	2023
Non-current assets	**1,411**	**1,405**
Goodwill	658	658
Intangible assets	382	380
Property, plant and equipment	144	140
Right-of-use assets	187	189
Other investments and other non-current financial assets	25	25
Non-current other financial assets	1	1
Other non-current assets	3	3
Deferred tax assets	11	9
Current assets	**2,444**	**2,155**
Other non-current financial assets, due on short-notice	1	0
Inventories	705	625
Contract assets	204	196
Trade receivables	257	382
Other current financial assets	45	19
Other current assets	124	116
Income tax receivables	5	15
Cash and cash equivalents	1,103	802
Total assets	**3,855**	**3,560**

EQUITY AND LIABILITIES	31 Mar.	31 Dec.
in € million	2024	2023
Share capital	116	116
Capital reserve	473	613
Other reserves	38	32
Retained earnings	171	48
Equity held by shareholders of HENSOLDT AG	**798**	**808**
Non-controlling interests	15	16
Equity, total	**813**	**824**
Non-current liabilities	**1,688**	**1,266**
Non-current provisions	335	357
Non-current financing liabilities	1,068	621
Non-current lease liabilities	191	191
Other non-current financial liabilities	3	10
Other non-current liabilities	11	14
Deferred tax liabilities	81	74
Current liabilities	**1,354**	**1,470**
Current provisions	197	211
Current financing liabilities	16	23
Current contract liabilities	555	578
Current lease liabilities	20	20
Trade payables	430	457
Other current financial liabilities	2	7
Other current liabilities	101	136
Tax liabilities	33	39
Total equity and liabilities	**3,855**	**3,560**

4 Consolidated Statement of Cash Flows

	First three months	
in € million	2024	2023
Group result	**-15**	**-20**
Depreciation, amortisation and impairments of non-current assets	29	25
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	-1	-6
Financial expenses (net)	-1	13
Other non-cash expense / income	-3	1
Change in		
Provisions	-25	26
Inventories	-80	-60
Contract balances	-31	-94
Trade receivables	124	39
Trade payables	-26	-18
Other assets and liabilities	-50	-17
Interest paid	-13	-8
Interest received	7	1
Income tax expense (+) / income (-)	6	3
Income tax payments (-) / refunds (+)	1	-4
Cash flows from operating activities	**-79**	**-118**
Acquisition / addition of intangible assets and property, plant and equipment	-29	-25
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Acquisition of associates, other investments and other non-current financial assets	-1	-3
Proceeds from disposals of associates, other investments and non-current financial assets	0	–
Acquisition of subsidiaries net of cash acquired	–	0
Other	-0	0
Cash flows from investing activities	**-29**	**-27**
Proceeds from financing liabilities to banks	425	–
Transaction cost paid from refinancing	-1	–
Change in other financing liabilities	-9	-0
Payment of lease liabilities	-5	-5
Other	-1	–
Cash flows from financing activities	**409**	**-5**
Effects of changes in exchange rates on cash and cash equivalents	-0	0
Net changes in cash and cash equivalents	**300**	**-150**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**802**	**460**
Cash and cash equivalents on 31 March	**1,103**	**310**

5 Consolidated Statement of Changes in Equity

in € million	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
	Share capital	Capital reserve	Retained earnings	Remea-surement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2024	**116**	**613**	**48**	**52**	**-21**	**808**	**16**	**824**
Group Result	–	–	-15	–	–	**-15**	-1	**-15**
Other comprehensive income	–	–	–	7	-1	**7**	–	**6**
Total comprehensive income	**–**	**–**	**-15**	**7**	**-1**	**-8**	**-1**	**-9**
Release Capital reserve	–	-140	140	–	–	**–**	–	**–**
Other	–	–	-3	–	–	**-3**	–	**-3**
As of 31 March 2024	**116**	**473**	**171**	**59**	**-21**	**798**	**15**	**813**

in € million	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
	Share capital	Capital reserve	Retained earnings	Remea-surement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2023	**105**	**472**	**-55**	**96**	**-14**	**604**	**13**	**616**
Group Result	–	–	-20	–	–	**-20**	-0	**-20**
Other comprehensive income	–	–	–	-7	-3	**-10**	-1	**-11**
Total comprehensive income	**–**	**–**	**-20**	**-7**	**-3**	**-30**	**-1**	**-32**
As of 31 March 2023	**105**	**472**	**-75**	**89**	**-17**	**574**	**11**	**585**

6 Segment information

The Group operates in two operating segments, Sensors and Optronics.

				First three months
				2024
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Order intake	622	72	-29	**665**
Order backlog	5,042	880	-43	**5,879**
Book-to-bill-ratio	2.2x	1.6x		**2.0x**
Segment revenue	286	44	-1	**329**
Revenue from external customers	*286*	*43*	–	***329***
Intersegment revenue	*0*	*1*	*-1*	**–**

				First three months
				2024
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-13	-5	–	**-18**
Reversals of other provisions	2	3	–	**6**

				First three months
				2024
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**34**	**-7**	**-6**	**21**
Transaction cost	–	–	0	**0**
OneSAPnow-related special items[1]	2	0	3	**5**
Other special items[2]	4	0	3	**8**
Adjusted EBITDA	**40**	**-6**	**–**	**33**
Adjusted EBITDA margin[3]	*13.9 %*	*-14.2 %*		***10.2 %***
EBITDA	**34**	**-7**	**-6**	**21**
Depreciation and amortisation	-26	-3	-0	**-29**
EBIT	**8**	**-10**	**-6**	**-8**
Effects on earnings from purchase price allocations	6	0	–	**6**
Transaction cost	–	–	0	**0**
OneSAPnow-related special items[1]	2	0	3	**5**
Other special items[2]	4	0	3	**8**
Adjusted EBIT	**20**	**-9**	**–**	**11**
Adjusted EBIT margin[3]	*7.0 %*	*-21.1 %*		***3.2 %***

1 OneSAPnow-related special items include expenses associated with the business transformation for SAP S/4HANA.
2 Other special items include expenses for consulting services incurred in connection with the acquisition and integration of the ESG Group as well as in connection with setting up new infrastructure for HENSOLDT's R&D, production and logistics, such as for relocations and initial setups.
3 Based on segment revenues

				First three months
				2024
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBIT	**8**	**-10**	**-6**	**-8**
Finance result				**-2**
EBT				**-10**

				First three months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Order intake	214	133	-1	**347**
Order backlog	4,609	767	-14	**5,362**
Book-to-bill-ratio	0.7x	2.6x		**1.0x**
Segment revenue	288	51	-1	**338**
Revenue from external customers	*287*	*51*	–	***338***
Intersegment revenue	*0*	*0*	*-1*	**–**

				First three months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-23	-14	–	**-38**
Reversals of other provisions	1	1	–	**2**

First three months				
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**35**	**-5**	**-3**	**27**
OneSAPnow-related special items[1]	–	–	1	**1**
Other special items	0	–	2	**2**
Adjusted EBITDA	**35**	**-5**	**–**	**30**
Adjusted EBITDA margin[2]	*12.2 %*	*-9.5 %*		***9.0 %***
EBITDA	**35**	**-5**	**-3**	**27**
Depreciation and amortisation	-20	-5	-0	**-25**
EBIT	**15**	**-10**	**-3**	**2**
Effects on earnings from purchase price allocations	7	1	–	**8**
OneSAPnow-related special items[1]	–	–	1	**1**
Other special items	0	–	2	**2**
Adjusted EBIT	**22**	**-9**	**–**	**13**
Adjusted EBIT margin[2]	*7.6 %*	*-17.7 %*		***3.8 %***

[1] OneSAPnow-related special items include expenses associated with the business transformation for SAP S/4HANA.
[2] Based on segment revenues

First three months				
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	**Group**
EBIT	**15**	**-10**	**-3**	**2**
Finance result				**-20**
EBT				**-17**

7 Revenue

The Group's operations and major categories for revenue recognition are described in the Consolidated Financial Statements 2023.

During the first three months of 2024, revenue were again at a high level, but decreased by € 8 million to € 329 million compared to € 338 million in the in the previous year period.

Revenue (geographical information)

	First three months	
in € million	2024	2023
Europe	297	302
thereof Germany	*201*	*197*
Middle East	8	24
APAC	12	7
North America	8	4
Africa	5	4
LATAM	3	0
Other regions / consolidation	-4	-3
Total	**329**	**338**

C Legal information and contact

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Disclaimer

This report contains forecasts based on assumptions and estimates by the management of HENSOLDT. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as “believe”, “assume”, “expect” and the like. Even though the management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. HENSOLDT does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this semi-annual financial report.

HENSOLDT has no intention and undertakes no obligation to update forward-looking statements in order to adjust them to actual events or developments occurring after the date of this report.

The report is denominated in Euro (€). Unless otherwise stated, all financial figures presented herein are rounded to the nearest million € in accordance with established commercial principles. Due to rounding, there may be slight deviations from the absolute numbers when forming totals and calculating percentages. Absolute amounts less than € 500,000 and greater than zero € are represented as 0 or -0 depending on the sign. In contrast, items that have no value are indicated as missing with “-”.

This report is a quarterly statement according to Sec. 53 of the Exchange Rules for the Frankfurter Wertpapierbörse.

This English report is for convenience only. In case of discrepancies between the English and the German report, the German report shall prevail.