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

**This English report is for convenience only.
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

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 increasing escalation of the Middle East conflict are impacting the general conditions of the security and defence industry in Germany, the EU and NATO. The global order is undergoing a transformation and this has had profound implications – 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 offers extensive opportunities for HENSOLDT.

Overall, HENSOLDT's operating business continued its positive development in the first nine months of 2024 and again recorded strong order intake. With a contract volume of € 1,856 million, the high order intake of the previous year's period amounting to € 1,281 million was significantly exceeded. The main drivers were in particular orders for the German short-range and very short-range air defence system (LVS NNbS) and order intake for further TRML-4D radars to support Ukraine, and, as part of the European Sky Shield Initiative (ESSI), for Latvia and Slovenia. Revenue, which contained significantly lower revenue from pass-through business compared to the previous year period, increased by 21.3 % (€ 1,377 million; previous year: € 1,136 million) compared to the previous year period. The ESG Group contributed € 172 million to this growth. The core business, adjusted for the business activities of the ESG Group, grew by 10 % compared to the previous year period. The TRML-4D radars in particular contributed to this dynamic growth in the core business. The most important key projects developed as expected. The strong increase in adjusted EBITDA by 24.1 % (€ 187 million; previous year: € 151 million) mainly resulted from increased revenue volume, driven primarily by the core business and the resulting economies of scale, as well as from the first-time inclusion of the ESG Group.

Oliver Dörre took over as CEO 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 in order to ensure a smooth transition. As part of a new allocation of tasks and responsibilities, Oliver Dörre, as CEO, is directly responsible for all HENSOLDT divisions and for external and customer relations as well as for the internationalisation strategy. Together with Oliver Dörre, Chief Financial Officer (CFO) Christian Ladurner and Chief Human Resources Officer (CHRO) Dr. Lars Immisch form HENSOLDT's Management Board. The management contract of Christian Ladurner was prematurely extended by 5 years in July 2024. Effective from 31 August 2024, Chief Operating Officer (COO) Celia Pelaz Perez resigned from her position as a member of the Management Board of HENSOLDT AG.

With effect from 2 April 2024, HENSOLDT 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 had been agreed last year. The ESG Group is a manufacturer-independent system integrator and technology and innovation partner for defence and safety. HENSOLDT expects the acquisition to generate cost synergies and revenue synergies arising from the joint positioning in the market.

HENSOLDT AG held its annual general meeting in person on 17 May 2024. It was decided to pay a dividend of € 0.40 per share (total of € 46.2 million) to the shareholders of HENSOLDT AG for the fiscal year 2023.

2 Economic conditions

General economic conditions

According to leading economic research institutes, global economic growth stabilised in summer 2024, while global inflation fell to a three-year low and financial conditions improved.

International organisations therefore believe that the global economy appears to be on the road to recovery. There is a consensus that, given the risks that have existed for some time, development is proving surprisingly resilient while still remaining relatively weak. In its July study, the International Monetary Fund ("IMF") continues to expect global economic growth of 3.2 % for 2024 and has raised its forecast for 2025 only marginally, by 0.1 percentage points to 3.3 % compared to April. This means that the IMF is still very close to the forecasts of the Organisation for Economic Co-operation and Development ("OECD"), which last presented its expectations of 3.2 % for 2024 and 2025 in September. Inflation continues to decline worldwide, albeit at a slower pace. According to IMF expectations, inflation in advanced economies will return to the target level by the end of 2025. The World Bank expects global inflation to stabilise at 2.8 % by the end of the year, which would be in line with the targets of most central banks.

The various potential downside and upside risks to the respective forecasts have hardly changed in substance in recent months. Potential downside risks, such as persistently higher average interest rates, continued price pressure, trade and geopolitical tensions or severe natural disasters, could impact global economic growth and cause inflation to rise again. On the other hand, however, the introduction of new technologies such as artificial intelligence, a further easing of supply chains or a stronger decline in commodity prices could accelerate growth, and with it a decrease in inflation.

For the eurozone, the IMF expects slight growth of 0.9 % in 2024 and 1.5 % in 2025, which is close to the current forecasts of the EU Commission. The acceleration in economic growth will be driven primarily by a stronger increase in private consumption due to rising real wages and higher investments, which will be favoured by the easing of financing conditions. According to the EU Commission, inflation in the EU is expected to decrease from 6.4 % in 2023 to 2.7 % in 2024 and 2.2% in 2025.

According to the ifo Institute's autumn forecast, the German economy is going through a crisis. For more than two years, economic output has failed to recover due to both cyclical and structural factors. After a decline in German gross domestic product (GDP) of 0.3 % in 2023, experts forecast that it will stagnate in 2024, and then grow by 0.9 % and 1.5 % respectively in the following two years. The institute has thus significantly lowered its growth forecast compared to the figures presented in the summer. The inflation rate is expected to decrease noticeably from 5.9 % in 2023 to 2.2 % in 2024 and to 2.0 % and 1.9 % respectively in the two following years.

In order to gradually lead the German economy out of the crisis, the German Federal Government agreed on a comprehensive growth initiative with 49 measures in mid-July, including tax relief, employment incentives and electricity price reductions. The government hopes that these measures will provide a noticeable boost to production potential, an increase in private consumption and improved prospects on German sales markets.

Conditions in the defence and security sector

Crises, conflicts and regional tensions influence the European security environment. The increasingly dynamic development of security policy challenges, Russia's war of aggression against Ukraine and the situation in the Middle East continue to define the security policy environment in Germany, the EU and NATO.

In July 2024, the German Federal Government presented its cabinet draft for the 2025 federal budget and the medium-term financial planning up to 2028. In addition to an increase in the defence budget (Section 14) by approximately € 1.2 billion to € 53.2 billion for 2025, a significant increase of Section 14 to approximately € 80 billion in 2028 was announced. With the planned expenditure from the special fund of around € 22 billion in 2025 and the regular budget, Germany intends to continue to meet NATO's 2 % target in the coming years.

Budget negotiations in the German Bundestag have been ongoing since September with the aim of passing a budget for 2025 in the Bundestag by the end of November. In the first reading on 11 September, Federal Minister of Defence Pistorius reaffirmed that the 2 % target must be the minimum level, in view of the challenges faced. One focus of the debates is an increase in Section 14 for defence as well as support for Ukraine from Section 60 (general financial administration). At the same time, a further € 25 million proposal was passed by the Budget Committee. The Federal Ministry of Defence (BMVg) continues to plan a mid-double-digit number of such proposals for the fourth quarter of 2024.

The European Council reached an agreement on 9 October on a financial assistance package for Ukraine, comprising an exceptional macro-financial assistance (MFA) loan of up to € 35 billion and a loan cooperation mechanism to help Ukraine repay up to € 45 billion in loans from the EU and G7 partners. The financial assistance is intended to provide an immediate response to Ukraine's urgent financial needs, which have increased as a result of Russia's military aggression against Ukraine.

Repayment of the extraordinary MFA loan and eligible bilateral loans from lenders under the G7 Extraordinary Revenue Acceleration Loans for Ukraine (ERA) initiative will be secured by funds from future extraordinary revenues from immobilised Russian state assets. The MFA loan of up to € 35 billion is the EU's contribution to the G7 loan of up to € 45 billion. It is expected that parts of the loan could be used for military procurement. The first funds are to be made available to Ukraine in 2024.

The re-elected EU Commission President Ursula von der Leyen has proposed an EU Defence and Space Commissioner for the first time for the new legislative period and has estimated the joint investment requirement in defence capacities at around € 500 billion. The proposed candidate, Andrius Kubilius, is to draft an EU defence strategy in his first 100 days in office. This should include the further development of the European Defence Union, the expansion of joint procurement and investments in strengthening industrial capacities. The focus will be on the establishment of a European air defence umbrella, a joint cyber defence capability and the expansion of ammunition stocks. NATO too, in its defence planning, is prioritising the expansion of additional air defence capacities and long-range weapon systems, logistical capabilities and land systems.

In 2024, defence spending within NATO and EU member states is expected to continue to rise. NATO expects its member states to spend an overall average of 2.1 % of GDP on defence in 2024. Twenty three of the 32 member states are expected to meet the 2 % target. HENSOLDT is represented on almost all flying, floating and mobile platforms of the Bundeswehr and benefits from large-volume procurement of platforms and air defence systems in Germany, Europe and worldwide. The acquisition of the ESG Group also offers HENSOLDT's product and expertise portfolio an increased number of business opportunities for products, services and complete solutions.These arise in the context of an increasingly improving market environment in all military dimensions and numerous future technologies, especially in the context 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 nine months			First nine months			First nine months			30 Sep.	31 Dec.	
in € million	2024	2023	% Delta	2024	2023	% Delta	2024	2023	Delta	2024	2023	% Delta
Sensors	1,603	964	66.3 %	1,205	952	26.6 %	1.3x	1.0x	0.3x	5,588	4,693	19.1 %
thereof ESG[1]	*305*	*–*	*– %*	*172*	*–*	*– %*	*1.8x*	*–x*	*–x*	*626*	*–*	*– %*
Optronics	297	322	-7.8 %	182	188	-3.1 %	1.6x	1.7x	-0.1x	963	852	13.0 %
Elimination/ Transversal/ Others	-44	-6		-10	-4					-38	-15	
HENSOLDT	**1,856**	**1,281**	**44.9 %**	**1,377**	**1,136**	**21.3 %**	**1.3x**	**1.1x**	**0.2x**	**6,513**	**5,530**	**17.8 %**

[1] The activities of the ESG Group have been part of the HENSOLDT Group since 2 April 2024.

In terms of results of operations, the acquisition of the ESG Group will impact the Sensors segment; the group's activities are presented as a separate division within the Sensors segment from the second quarter of 2024.

Order intake

- *Sensors*: Order intake during the first nine months of 2024 amounted to € 1,603 million. This exceeded the strong order intake of the previous year period by 66.3 %. Order intake in the first nine months of 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. In addition, order intake for TRML-4D radars for Latvia and Slovenia and Spexer radars for the Skyranger air defence system have been received as part of ESSI. From the second quarter of 2024, the order intake of the ESG division, amounting to € 305 million, was included for the first time within the Sensors segment for six months. This contained a contract for logistics services for the German Military (ZEBEL). The previous year period included orders for TRML-4D radars to support Ukraine and for the German Bundeswehr.

- *Optronics*: At € 297 million, order intake in the first nine months of 2024 was below the strong order intake level of the previous year period. The first nine months of 2024 mainly included orders in the Industrial Commercial Solutions product line in connection with Final Focus Metrology (FFM), orders for the laser rangefinder for the M1 Abrams main battle tank, as well as an order for the LVS NNbS project in the Ground Based Systems product line. The previous year, however, contained order intake for, among other things, the Leopard 2 platform in the Ground Based Systems product line.

Revenue

- *Sensors*: In the Sensors segment, revenue amounted to € 1,205 million in the first nine months of 2024. Compared to the previous year period, this represents an increase of 26.6 % or € 253 million, of which € 172 million resulted from additional revenues from the ESG division's business activities. TRML-4D radars for air defence in the Radar & Naval Solutions division were particularly responsible for the dynamic growth in the core business in the first nine months of 2024. 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 developed as expected, while revenue from pass-through business was significantly below the previous year's figure.

- *Optronics*: The slight decrease in revenue of 3.1 % to € 182 million was mainly due to a lower revenue volume in the South African unit, due to market refocusing and restructuring of the product portfolio through investments in digitalisation. This decrease was partly offset by an increase in revenue mainly in the Ground Based Systems product line of the German unit.

Book-to-bill ratio[1]

The book-to-bill ratio remained at a high level and was slightly above the previous year period at 1.3x.

- *Sensors*: In the Sensors segment, a book-to-bill ratio of 1.3x was achieved. The increase by 0.3x compared to the previous year period was mainly due to the high order intake, particularly for the LVS NNbS project and for further TRML-4D radars in the Radar & Naval Solutions division. Also contributing to the increase was the first-time inclusion of the book-to-bill ratio of the ESG division amounting to 1.8x.

- *Optronics*: The book-to-bill ratio of 1.6x was slightly below the strong book-to-bill ratio of 1.7x 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:* Due to the high level of order intake, especially in the Radar & Naval Solutions division and the first-time inclusion of the order backlog of the ESG division of € 626 million, the order backlog increased by 19.1 % to € 5,588 million as per 30 September 2024 compared to year-end 2023.

- *Optronics:* The increase in order backlog by 13.0 % to € 963 million compared to year-end 2023 primarily resulted from the order intake in the Industrial Commercial Solutions product line.

Income

	Profit			Profit margin[1]	
	First nine months			First nine months	
in € million	2024	2023	% Delta	2024	2023
Sensors	194	155	25.5 %	16.1 %	16.3 %
thereof ESG[2]	*24*	–	– %	*13.8 %*	– %
Optronics	-7	-4	-83.0 %	-3.7 %	-2.0 %
Adjusted EBITDA	**187**	**151**	**24.1 %**	**13.6 %**	**13.3 %**
Depreciation and amortisation[3]	-109	-77	-42.2 %		
Special items[4]	-37	-22	-65.5 %		
Earnings before financial result and income taxes (EBIT)[3]	**41**	**52**	**-20.9 %**	**3.0 %**	**4.3 %**
financial result	-48	-38	-26.5 %		
Income taxes[3]	-40	-16	-145.1 %		
Group result[3]	**-48**	**-3**	**>-200 %**	**-3.5 %**	**-0.4 %**
Earnings per share (in €; basic/diluted)[3]	**-0.40**	**-0.02**	**>200 %**		

1 The profit margins are calculated in relation to the corresponding revenue.
2 The activities of the ESG Group have been part of the HENSOLDT Group since 2 April 2024.
3 Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.
4 Special items are “non-regularly recurring and extraordinary” effects.

Adjusted EBITDA

- *Sensors*: The significant increase in adjusted EBITDA compared to the previous year period resulted from the ESG division, with a contribution of € 24 million, as well as from further growth in the core business and a lower share of revenue from pass-through business in the key projects. A further positive effect on adjusted EBITDA resulted from the realisation of economies of scale due to increased production. This development was partially offset by project mix effects.

- *Optronics*: Adjusted EBITDA decreased compared to the previous year period. This decrease was mainly due to a higher decrease in revenues in the South African unit, due to market refocusing and restructuring of the product portfolio through investments in digitalisation.

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

Earnings before financial result and income taxes (EBIT)

- *Depreciation and amortisation:* Depreciation and amortisation increased mainly due to higher amortisation on intangible assets capitalised as part of the preliminary purchase price allocation for the ESG Group as well as on right-of-use assets and capitalised development costs, which increased due to the initial consolidation of the ESG Group.

- *Special items*[2]: The increase compared to the previous year period was due, inter alia, to expenses for consulting services and transaction costs 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 as well as due to OneSAPnow-related expenses in connection with the business transformation for SAP S/4HANA. These expenses are mainly included in the general administrative expenses. The previous year period included impairments of acquired intangible assets from the purchase price allocation of HENSOLDT Cyber GmbH.

Group result

- *Financial result*: The decrease in the financial result was primarily attributable to higher interest expenses due to the use of the new loan ("term facility") to partially finance the acquisition of the ESG Group, higher interest expenses for leases and expenses from the valuation of interest rate swaps on the reporting date. This was partly offset by higher interest income on investments and income from the valuation of foreign currency forwards on the reporting date.

- *Income taxes*: The increase in income taxes was due to increased expenses for deferred taxes, which were partly offset by a decrease in current tax expenses.

Earnings per share

- The decrease in the group result is reflected accordingly in decreased earnings per share of € -0.40 (previous year: € -0.02[3]).

[2] Defined as "transaction costs, effects on earnings from purchase price allocations, OneSAPnow-related special items as well as other special items".
[3] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

4 Assets, liabilities and financial position

Assets and capital structure[4]

in € million	30 Sep. 2024	31 Dec. 2023	% Delta
Non-current assets[1]	2,277	1,424	60.0 %
Current assets	2,090	2,155	-3.0 %
Total assets[1]	**4,368**	**3,579**	**22.0 %**
Equity[1]	726	838	-13.3 %
Non-current liabilities[1]	1,979	1,271	55.7 %
Current liabilities	1,662	1,470	13.0 %
Total equity and liabilities[1]	**4,368**	**3,579**	**22.0 %**

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

As of 30 September 2024, total assets amounted to € 4,368 million. This corresponds to an increase of 22.0 % compared to 31 December 2023, which is due in particular to the acquisition on 2 April 2024 of 100 % of the shares in ESG GmbH.

Total assets

- *Non-current assets*: The increase in non-current assets by € 854 million to € 2,277 million was mainly due to the initial consolidation of the ESG Group. The preliminary purchase price allocation for the ESG Group resulted, inter alia, in the recognition of goodwill of € 463 million and intangible assets, such as customer relationships, of € 182 million. In addition, as of 30 September 2024, HENSOLDT Theon NightVision GmbH was included in the Consolidated Financial Statements for the first time using the equity method.

- *Current assets*: The decrease in current assets by € 65 million resulted primarily from the reduction in cash and cash equivalents, which was mainly due to the cash outflows in connection with the payment of the fixed purchase price component of € 635 million and the payment of the first tranche of the variable purchase price of € 32.5 million for the acquisition of the ESG Group. In addition, the dividend for the fiscal year 2023 was paid in the amount of € 46 million. This was offset by the drawdown of the loan ("Term Facility") to partially finance the purchase price for the acquisition of the shares in the ESG Group in the amount of € 450 million and the cash and cash equivalents of € 125 million taken over from the ESG Group upon transfer of control. Contract assets increased in the first nine months of 2024, particularly due to the takeover of contract assets from customer contracts of the ESG Group and the key projects. The usual seasonal build-up of inventories, investments for securing and increasing the production of, inter alia, TRML-4D radars, played a role.

Total equity and liabilities

- *Equity*: The decrease by € 112 million to € 726 million mainly resulted from the decrease of retained earnings due to the dividend payment amounting to € 46 million for the fiscal year 2023 as well as from the net loss for the period. An amount of € 140 million was withdrawn from the capital reserve and transferred to retained earnings.

- *Non-current liabilities*: In addition to the acquisition of the ESG Group, the increase in non-current liabilities by € 708 million to € 1,979 million was primarily due to the drawdown of the loan under the syndicated loan agreement ("Term Facility") concluded in December 2023.

- *Current liabilities*: The increase in current liabilities by € 192 million to € 1,662 million was mainly due to current contract liabilities and trade payables, which increased in particular due to the acquisition of the ESG Group. The increase in current contract liabilities also rose in connection with advance payments for TRML-4D radars. The increase in trade liabilities was due to the higher business volume and investments in working capital. The increase in current provisions, as a result of the takeover of the ESG Group's obligations, was partly offset by payments of variable salary components to employees.

[4] Only significant changes to the Consolidated Statement of Financial Position are explained.

Financial position

	First nine months		
in € million	2024	2023	Delta
Cash flows from operating activities	-138	-113	-25
Cash flows from investing activities	-676	-76	-600
Free cash flow	**-814**	**-189**	**-625**
Transaction costs	11	–	11
OneSAPnow-related special items	28	6	22
M&A activities	574	5	568
Other special items[1]	44	15	28
Adjusted free cash flow	**-157**	**-162**	**5**
Cash flows from financing activities	**376**	**62**	**313**

[1] Other special items are “non-regularly recurring and exceptional” effects.

Free cash flow

- *Cash flows from operating activities*: The negative cash flows from operating activities mainly included high cash outflows due to investments in working capital in order to cope with the expected business volume in the following quarters as well as changes in contract balances and other assets and liabilities. In particular, the realisation of key projects had an increasing effect on contract assets, which were only partly offset by advance payments received for TRML-4D radars, reported in contract liabilities.

- *Cash flows from investing activities*: The significant increase in cash outflows primarily resulted from the purchase price payment for the acquisition of the shares in the ESG Group. In addition, investments were made in property plant and equipment, in development services as well as for the business transformation for SAP S/4HANA.

Adjusted free cash flow

- *Transaction costs*: The cash outflows for transaction costs in the first nine months of 2024 were mainly incurred in connection with the acquisition of the shares in the ESG Group.

- *OneSAPnow-related special items:* The increased cash outflows reflect increased investments due to the progress of the business transformation within the framework of SAP S/4HANA.

- *M&A activities*[5]: In the first nine months of 2024, cash outflows particularly in connection with the payment of the purchase price for the acquisition of the shares in the ESG Group are included.

- *Other special items*: The increase in other special items compared to the previous year period was mainly due to cash outflows 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.

Cash flows from financing activities

The strong increase in cash flows from financing activities was due to 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 ESG Group. This increase was offset by the cash outflows for the dividend payment of € 46.2 million to the shareholders of HENSOLDT AG in the first nine months of 2024.

[5] 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. In addition, a compensation obligation paid in connection with the acquisition of the ESG Group is recognised in operating cash flow in the first nine months of of 2024.

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 specifies its expectation regarding the book-to-bill ratio at around 1.2x. This specification corresponds to the upper end of the previously forecast range between 1.1x and 1.2x.

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

The outlook is heavily dependent on the circumstances described in the opportunities and risks report and is based on the Group’s multi-year business plan as well as the aforementioned macroeconomic developments. 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 further positive development for 2024.

Apart from the specification of the expected book-to-bill-ratio, the outlook remains unchanged compared to 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 key elements 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.

The acquisition of the shares in ESG GmbH is associated with various risks that may arise from both the integration as well as from the operational business. Possible risks such as the loss of expertise in the ESG Group or lower synergy effects in combination with reduced operational business are countered by a structured integration process as part of an Integration Management Office with various functional and operational workstreams involving both sides.

HENSOLDT has to manage complex and long-running projects with high technical requirements and large volumes. The corresponding operational risks reported in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2023 remained essentially unchanged. 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 reduction for the Sensors segment whereas the risk in the Optronics segment increased compared to year-end 2023.

Based on the expected increased frequency in attempted attacks on IT networks due to the continued deterioration of the 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, appropriate measures are defined and implemented. Furthermore, the HENSOLDT Group is constantly expanding its cyber security measures. This includes the expansion of its cybersecurity team, the expansion of the budget, security monitoring, 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 and in the Middle East, such as possible supply bottlenecks of materials and rising prices for specific components. These consequences constitute influential factors for HENSOLDT’s risk situation from a functional and operating aspect, can impact the supply chains and result in rising cost of production. The procurement risk and possible consequences due to the changed situation and the availability of materials on the world market still exist, but are on a downward trend. The consequences of inflation have been declining in both segments since the end of 2023 and are now at a low level. The risks from the supply chain situation have also been declining in both segments since the end of 2023. Nevertheless, 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 continuously analyse and monitor in detail both potential further effects of the continuing deterioration in the geopolitical situation as well as the opportunities that could arise for HENSOLDT.

For HENSOLDT, opportunities in all military dimensions and numerous future technologies arise from increasing military investments worldwide and from a growing and continuously improving European market environment. The implications of geopolitical developments, increases in defence budgets and increasing military investments worldwide, NATO's priorities in its strategic concept and changes in the operational doctrines of armed forces, in conjunction with defence technology developments, further strengthen HENSOLDT’s opportunities. The rapid creation of a comprehensive situation report, the mission-oriented distribution of information in a network of connected sensors and effectors, and the control of the electromagnetic spectrum are highly sought-after skills for which HENSOLDT is extremely well positioned with its portfolio. The opportunity to diversify its product range, the expansion of its service business as well as HENSOLDT’s ability to act as an 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

1 Consolidated Income Statement

	First nine months	
in € million	2024	2023[1]
Revenue	1,377	1,136
Cost of sales	-1,105	-913
Gross profit	**272**	**222**
Selling and distribution expenses	-95	-83
General administrative expenses	-112	-76
Research and development costs	-26	-20
Other operating income	13	17
Other operating expenses	-14	-14
Share of profit / loss from investments accounted for using the equity method	3	–
Other result from investments	-1	5
Earnings before financial result and income taxes (EBIT)	**41**	**52**
Interest income	24	17
Interest expense	-74	-48
Other finance income / costs	2	-7
Financial result	**-48**	**-38**
Earnings before income taxes (EBT)	**-8**	**13**
Income taxes	-40	-16
Group result	**-48**	**-3**
thereof attributable to the owners of HENSOLDT AG	*-46*	*-2*
thereof attributable to non-controlling interests	*-2*	*-1*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.40	-0.02

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

2 Consolidated Statement of Comprehensive Income

	First nine months	
in € million	2024	2023[1]
Group result	**-48**	**-3**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of post-employment benefit plans / plan assets	-3	28
Tax on items that will not be reclassified to profit or loss	1	-8
Subtotal	**-2**	**20**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements of foreign companies	3	-7
Subtotal	**3**	**-7**
Other comprehensive income net of tax	**–**	**13**
Total comprehensive income	**-47**	**10**
thereof attributable to the owners of HENSOLDT AG	*-47*	*12*
thereof attributable to non-controlling interests	*-1*	*-2*

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

3 Consolidated Statement of Financial Position

ASSETS	30 Sep.	31 Dec.
in € million	2024	2023[1]
Non-current assets	**2,277**	**1,424**
Goodwill	1,128	658
Intangible assets	662	399
Property, plant and equipment	182	140
Right-of-use assets	261	189
Investments accounted for using the equity method	4	–
Other investments and other non-current financial assets	29	25
Non-current other financial assets	2	1
Other non-current assets	4	3
Deferred tax assets	6	9
Current assets	**2,090**	**2,155**
Other non-current financial assets, due on short-notice	1	0
Inventories	816	625
Contract assets	374	196
Trade receivables	396	382
Other current financial assets	6	19
Other current assets	131	116
Income tax receivables	6	15
Cash and cash equivalents	360	802
Total assets	**4,368**	**3,579**

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

EQUITY AND LIABILITIES	30 Sep.	31 Dec.
in € million	2024	2023[1]
Share capital	116	116
Capital reserve	473	613
Other reserves	31	32
Retained earnings	92	62
Equity held by shareholders of HENSOLDT AG	**711**	**822**
Non-controlling interests	15	16
Equity, total	**726**	**838**
Non-current liabilities	**1,979**	**1,271**
Non-current provisions	452	357
Non-current financing liabilities	1,073	621
Non-current contract liabilities	12	–
Non-current lease liabilities	262	191
Other non-current financial liabilities	12	10
Other non-current liabilities	13	14
Deferred tax liabilities	155	79
Current liabilities	**1,662**	**1,470**
Current provisions	233	211
Current financing liabilities	20	23
Current contract liabilities	679	578
Current lease liabilities	24	20
Trade payables	524	457
Other current financial liabilities	16	7
Other current liabilities	130	136
Tax liabilities	35	39
Total equity and liabilities	**4,368**	**3,579**

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

4 Consolidated Statement of Cash Flows

	First nine months	
in € million	2024	2023[1]
Group result	**-48**	**-3**
Depreciation, amortisation and impairments of non-current assets	109	83
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	6	2
Share of profits in investments accounted for using the equity method	-3	–
Financial expenses (net)	41	25
Other non-cash expense / income	–	1
Change in		
Provisions	-7	-2
Inventories	-187	-176
Contract balances	-47	-133
Trade receivables	17	55
Trade payables	47	45
Other assets and liabilities	-58	10
Interest paid	-48	-30
Interest received	17	5
Income tax expense (+) / income (-)	40	16
Income tax payments (-) / refunds (+)	-17	-10
Cash flows from operating activities	**-138**	**-113**
Acquisition / addition of intangible assets and property, plant and equipment	-131	-71
Proceeds from sale of intangible assets and property, plant and equipment	2	0
Proceeds from disposals of associates, other investments and non-current financial assets	-1	1
Acquisition of associates, other investments and other non-current financial assets	-3	-6
Acquisition of subsidiaries net of cash acquired	-543	-1
Other	-0	–
Cash flows from investing activities	**-676**	**-76**
Proceeds from financing liabilities to banks	450	100
Transaction costs paid from refinancing	-2	–
Change in other financing liabilities	-5	8
Payment of lease liabilities	-20	-14
Dividend payments	-46	-32
Transaction costs paid on issue of equity	-1	–
Other	-0	–
Cash flows from financing activities	**376**	**62**
Effects of changes in exchange rates on cash and cash equivalents	-3	0
Net changes in cash and cash equivalents	**-442**	**-127**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**802**	**460**
Cash and cash equivalents on 30 September	**360**	**333**

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

5 Consolidated Statement of Changes in Equity

in € million	Attributable to the owners of HENSOLDT AG						Non-controlling interests	Total
				Other reserves				
	Share capital	Capital reserve	Retained earnings	Remeasurement of pensions	Currency translation	**Subtotal**		
As of 1 Jan. 2024, as previously reported	**116**	**613**	**48**	**52**	**-21**	**808**	**16**	**824**
Impact of adjustment of previous year's figures	–	–	14	–	–	**14**	–	**14**
As of 1 Jan. 2024, restated	**116**	**613**	**62**	**52**	**-21**	**822**	**16**	**838**
Group result	–	–	-46	–	–	**-46**	-2	**-48**
Other comprehensive income	–	–	–	-2	2	**-1**	1	**–**
Total comprehensive income	**–**	**–**	**-46**	**-2**	**2**	**-47**	**-1**	**-47**
Release capital reserve	–	-140	140	–	–	**–**	–	**–**
Dividend payments	–	–	-46	–	–	**-46**	–	**-46**
Changes in the scope of consolidation	–	–	-15	–	–	**-15**	–	**-15**
Other	–	–	-3	–	–	**-3**	–	**-3**
As of 30 Sept. 2024	**116**	**473**	**92**	**50**	**-19**	**711**	**15**	**726**

in € million	Attributable to the owners of HENSOLDT AG						Non-controlling interests	Total
				Other reserves				
	Share capital	Capital reserve	Retained earnings	Remeasurement of pensions	Currency translation	**Subtotal**		
As of 1 Jan. 2023, as previously reported	**105**	**472**	**-55**	**96**	**-14**	**604**	**13**	**616**
Impact of adjustment of previous year's figures	–	–	11	–	–	11	–	11
As of 1 Jan. 2023, restated	**105**	**472**	**-44**	**96**	**-14**	**615**	**13**	**628**
Group result[1]	–	–	-2	–	–	-2	-1	-3
Other comprehensive income	–	–	–	20	-6	14	-1	13
Total comprehensive income	**–**	**–**	**-2**	**20**	**-6**	**12**	**-2**	**10**
Dividend payments	–	–	-32	–	–	-32	–	-32
Other	–	–	-4	–	–	-4	3	-1
As of 30 Sept. 2023	**105**	**472**	**-81**	**116**	**-19**	**592**	**13**	**605**

[1] Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

6 Segment information

The Group comprises two operating segments, Sensors and Optronics. From the second quarter onwards, the activities of the ESG Group will be reported as a separate division within the Sensors segment.

				First nine months 2024
in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
Order intake	1,603	297	-44	**1,856**
Order backlog	5,588	963	-38	**6,513**
Book-to-bill-ratio	1.3x	1.6x		**1.3x**
Segment revenue	1,205	182	-10	**1,377**
Revenue from external customers	*1,204*	*173*	–	***1,377***
Intersegment revenue	*1*	*9*	*-10*	**–**

				First nine months 2024
in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-76	-32	–	**-108**
Reversals of other provisions	15	6	–	**21**
Share of profits in investments accounted for using the equity method	–	3	–	**3**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First nine months 2024 Group
EBITDA	**180**	**-8**	**-22**	**150**
Transaction costs	–	–	3	**3**
OneSAPnow-related special items[1]	0	0	7	**6**
Other special items[2]	14	1	12	**28**
Adjusted EBITDA	**194**	**-7**	**–**	**187**
Adjusted EBITDA margin[3]	*16.1 %*	*-3.7 %*		***13.6 %***
EBITDA	**180**	**-8**	**-22**	**150**
Depreciation and amortisation	-95	-13	-1	**-109**
EBIT	**85**	**-22**	**-22**	**41**
Effects on earnings from purchase price allocations	28	3	–	**32**
Transaction costs	–	–	3	**3**
OneSAPnow-related special items[1]	0	0	7	**7**
Other special items[2]	15	1	12	**29**
Adjusted EBIT	**128**	**-17**	**–**	**111**
Adjusted EBIT margin[3]	*10.6 %*	*-9.2 %*		***8.1 %***

[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

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First nine months 2024 Group
EBIT	**85**	**-22**	**-22**	**41**
Financial result				**-48**
EBT				**-8**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First nine months 2023 Group
Order intake	964	322	-6	**1,281**
Order backlog	4,681	806	-15	**5,472**
Book-to-bill-ratio	1.0x	1.7x		**1.1x**
Segment revenue	952	188	-4	**1,136**
Revenue from external customers	*950*	*186*	–	***1,136***
Intersegment revenue	*2*	*2*	*-4*	**–**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
				First nine months 2023
Material non-cash items other than depreciation and amortisation:				
Impairments	-6	–	–	**-6**
Additions to other provisions	-61	-31	–	**-92**
Reversals of other provisions	5	1	–	**6**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
				First nine months 2023[1]
EBITDA	**147**	**-4**	**-15**	**129**
Effects on earnings from purchase price allocations	6	–	–	**6**
OneSAPnow-related special items[2]	–	–	5	**5**
Other special items	1	–	10	**12**
Adjusted EBITDA	**155**	**-4**	**–**	**151**
Adjusted EBITDA margin[3]	*16.3 %*	*-2.0 %*		***13.3 %***
EBITDA	**147**	**-4**	**-15**	**129**
Depreciation and amortisation	-63	-14	-0	**-77**
EBIT	**84**	**-18**	**-15**	**52**
Effects on earnings from purchase price allocations	24	2	–	**26**
OneSAPnow-related special items[2]	–	–	5	**5**
Other special items	1	–	10	**12**
Adjusted EBIT	**110**	**-15**	**–**	**94**
Adjusted EBIT margin[3]	*11.5 %*	*-8.2 %*		***8.3 %***

1 Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.
2 OneSAPnow-related special items include expenses associated with the business transformation for SAP S/4HANA.
3 Based on segment revenues

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	**Group**
				First nine months 2023[1]
EBIT	**84**	**-18**	**-15**	**52**
Financial result				**-38**
EBT				**13**

1 Adjustment of previous year's figures; refer to chapter 8 in section B - Financial Information.

7 Revenue

The Group's operations and major categories for revenue recognition are described in the Consolidated Financial Statements as of 31 December 2023.

During the first nine months of 2024, revenue increased overall by € 242 million to € 1,377 million, compared to € 1,136 million in the previous year's period.

Revenue (geographical information)

	First nine months	
in € million	2024	2023
Europe	1,230	1,003
thereof Germany	*829*	*663*
Middle East	29	77
APAC	36	37
North America	32	30
Africa	71	11
LATAM	5	1
Other regions / consolidation	-26	-24
Total	**1,377**	**1,136**

8 Adjustment of previous year's figures

In the third quarter of 2024, HENSOLDT discovered that depreciation and amortisation on purchase price allocations had not been recorded correctly. As a result, the intangible assets and related deferred tax liabilities were undervalued.

The affected items in the financial statements have been adjusted accordingly for previous year's figures in accordance with IAS 8.41ff.

As of 1 January 2023, intangible assets were increased by € 15 million and deferred tax liabilities were increased by € 4 million. The resulting net effect of € 11 million was recorded in retained earnings.

As of 31 December 2023, intangible assets were increased by € 4 million and deferred tax liabilities were increased by € 1 million. The net effect of € 3 million was recorded in cost of sales and income taxes.

In the consolidated income statement for the first nine months of 2023, the cost of sales was reduced by € 3 million and income tax increased by € 1 million. The group result thus increased by € 2 million.

C Legal information and contact

HENSOLDT AG

Investor Relations
Willy-Messerschmitt-Strasse 3
82024 Taufkirchen
Germany
Phone: +49 89 51518-2057
E-mail: investorrelations@hensoldt.net

Management Board: Oliver Dörre (Chairman), Christian Ladurner and Dr. Lars Immisch

Registry court: District court of Munich, HRB 258711

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, nor for the assumptions and estimates expressed in this 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 presented in euros (“€”), which is the Group’s functional currency. Unless otherwise stated, all financial figures presented herein are rounded to the nearest million euros 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 euros are represented as 0 or -0, as indicated by the sign. In contrast, items that have no value are indicated as missing by using a “-”.

This report is a quarterly statement in accordance with Sec. 53 of the Exchange Rules for the Frankfurt Stock Exchange (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.