Quarterly Release for the first nine months of **2023**

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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

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1 Business development and key events

Russia’s war on Ukraine continues to determine the security policy environment in Germany, the EU and NATO. This upheaval in the global order has already left a lasting mark – on the worlds of politics, business and on the people. The so called “Zeitenwende” (turning point) in security policy proclaimed by the Federal Republic of Germany (“Federal Republic”), the main customer of the HENSOLDT Group (hereinafter also referred to as “HENSOLDT” or “the Group”) holds extensive opportunities for HENSOLDT. Thus, in the first nine months of the year 2023, several orders of TRML-4D radars, amongst other things for the IRIS-T SLM air defence system, were recorded.

Overall, HENSOLDT`s operating business continued its positive development in the first nine months of the year 2023 and strong order intake could be recorded again. However, with a contract volume of € 1,281 million, the high order intake of the previous year’s period of € 1,377 million could not quite be achieved. The main drivers in the current year were in particular orders for TRML-4D radars and orders for equipping the PUMA and Leopard 2 platforms. The high previous year's figure included several key orders for the Eurofighter (service contract C3 and Halcon program) as well as for the equipment of the multi-purpose frigates F126. Revenue increased by 3.2 % (€ 1,136 million; previous year: € 1,100 million) compared to the previous year period. Significant growth was recorded in the core business while revenue from pass-through business was significantly below the previous year's figure. The most important key projects developed as expected. The strong increase in adjusted EBITDA by 19.6 % (€ 151 million; previous year: € 126 million) mainly resulted from an increased revenue volume, driven primarily by the core business, and a slower increase in costs in relation to the increase of revenues.

In the context of an early and long-term succession plan, the Supervisory Board of HENSOLDT AG appointed Oliver Dörre as successor of Thomas Müller as the Chairman of the Management Board of HENSOLDT AG in its meeting on 21 March 2023. Oliver Dörre is currently CEO and Chairman of the Executive Board at Thales Deutschland and will initially join the Management Board of HENSOLDT as an additional member no later than 1 January 2024. Upon resignation of Thomas Müller, expected on 1 April 2024, a few months before the regular end of his appointment, Oliver Dörre will take over as Chairman of the Management Board. Until then, Thomas Müller and Oliver Dörre will collaborate closely to ensure a smooth transition.

In the course of the regular review of the composition of the DAX index family, Deutsche Börse AG announced in March 2023 the inclusion of the share of HENSOLDT AG in the MDAX. With effect from 20 March 2023, the share of HENSOLDT AG is listed in the MDAX.

HENSOLDT AG held its annual general meeting in presence on 12 May 2023. Based on the decision of the annual general meeting, a total amount of € 31.5 million (€ 0.30 per share) was distributed as dividend to the shareholders of HENSOLDT AG. Likewise, based on a resolution of the annual general meeting, Marco R. Fuchs (CEO of OHB SE) was elected to the Supervisory Board. The Supervisory Board elected Reiner Winkler as its new chairman. He succeeds the previous chairman Johannes P. Huth, who resigned from his mandate at the end of the general meeting on 12 May 2023.

2 Economic conditions

General economic conditions

As in the World Bank’s view the USA, China and other major economies turned out to be more resilient than forecasted, the World Bank in its most recent global economic outlook from June 2023 expected the global economy to grow by 2.1 % in 2023. The International Monetary Fund (“IMF”) was significantly more confident in its last outlook published in October 2023 and left the growth rate forecast for the current year at 3.0 %. For 2024, the World Bank anticipated a 2.4 % increase in world economic growth, which was also significantly below the latest IMF forecast of 2.9 %. As a reason for the continued decelerated growth, the World Bank particularly states risks related to high inflation, tightened monetary policy of the central banks and more restrictive credit conditions.

The EU Commission, which was still optimistic in its spring outlook for 2023 that the effects of high energy prices and supply bottlenecks as a result of the Ukraine war had largely been overcome, corrected its growth forecast for the Eurozone downwards to 0.8 % in its latest summer forecast and is thus clearly more sceptical about the economic situation of the Euro countries. The Commission sees the reasons for the correction in particular in the consequences of the Ukraine, rising interest rates, continuing high inflation and weakening consumption in view of high and rising consumer prices. This applies regardless of falling energy costs and a strong labour market in the Euro countries. For the coming year 2024, the Brussels-based authority expects a mild upturn in economic growth to 1.4 % in all EU countries.

According to the EU Commission, economic growth in the Eurozone in 2023 will be slowed down, among other things, by the decline in German gross domestic product, which, according to several leading economic research institutes, will decline by 0.4 % in 2023 or even by 0.5 % according to the IMF forecast. With growth rates around 1.0 % for 2024, the institutes are forecasting a recovery of the German economy, which is suffering particularly from high energy costs and weak global trade in the current year.

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. To this end, a revision of the procurement process in the Federal Ministry of Defence has been completed and the results shall be presented in the coming months. The Ministry of Defence is still planning to conclude numerous contracts and procurement orders in 2023.

The cabinet's draft for the 2024 German federal budget provides for an increase in section 14 by approx. € 1.7 billion to € 51.8 billion. The objective of the government of the Federal Republic of Germany is to achieve the NATO's 2 % goal using the regular budget as well as the special fund for the German Military ("German Bundeswehr"). In order to reflect the time factor and the achievement of the 2 % goal, the German Military and Special Funds Act ("Bundeswehrfinanzierungs- und Sondervermögensgesetz") was revised. The purpose of the special fund was expanded to include "significant measures in the area of armament investments including related research, spending for ammunition, infrastructure projects as well as projects in the fields of information technology to protect and ensure access to key technology and logistics for the German Military".

As part of the European Sky Shield Initiative (ESSI) for air defence, Estonia and Latvia became in September 2023 the first ESSI member states besides Germany to sign a framework agreement for the procurement of the IRIS-T SLM ground-based medium-range air defence system, in which HENSOLDT is participating with the TRML -4D radar. In the meantime, 19 European countries have declared their intention to join ESSI.

At a meeting of defence ministers in France in September 2023, Germany and France decided on further steps in the Main Ground Combat System (MGCS) cooperation project. The inspectors from the German and French armed forces signed a "High Level Common Operational Requirements" document by recording the jointly defined requirements of the two armed forces for the future ground combat system. By December, the individual technical development pillars are to be defined in order to assign them to either Germany or France.

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 business opportunities in all military dimensions and numerous future technologies.

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	2023	2022	% Delta	2023	2022	% Delta	2023	2022	Delta	2023	2022	% Delta
Sensors	964	1,198	-19.5 %	952	919	3.6 %	1.0x	1.3x	-0.3x	4,681	4,688	-0.1 %
Optronics	322	185	74.7 %	188	184	2.2 %	1.7x	1.0x	0.7x	806	692	16.6 %
Elimination/ Transversal/ Others	-6	-6		-4	-3					-15	-13	
HENSOLDT	**1,281**	**1,377**	**-7.0 %**	**1,136**	**1,100**	**3.2 %**	**1.1x**	**1.3x**	**-0.2x**	**5,472**	**5,366**	**2.0 %**

Order intake

- *Sensors*: Order intake during the first nine months of the year 2023 was again at a high level but could not quite reach the high order intake in the previous year’s period. Order intake in the first nine months of the year 2023 was driven by orders for the TRML-4D radars in the Radar & Naval Solutions division to support Ukraine and the German Bundeswehr. The Spectrum Dominance & Airborne Solutions division was also able to increase its order intake. Here, an order for the MUSS self-protection system for the PUMA infantry fighting vehicle of the German Bundeswehr was the main driver. The previous year period included large orders in connection with the service contract C3 for the Eurofighter in the Services & Aerospace Solutions division, orders for the equipment of the Frigate 126 in the Radar & Naval Solutions division as well as orders in the context of the Eurofighter Halcon program in the Radar & Naval Solutions and Spectrum Dominance & Airborne Solutions divisions.

- *Optronics*: In the first nine months of the year 2023, order intake significantly increased compared to the previous year period. The first nine months of the year 2023 were characterised by order intakes for the PUMA and Leopard 2 platforms in the Ground Based Systems product line as well as an order intake for the submarines of the Norwegian Ula class in the Naval product line.

Revenue

- *Sensors*: Significant growth in the core business was recorded in the first nine months of the year 2023. Revenue from pass-through business was significantly below the previous year's figure. The growth in revenue compared to the previous year period was achieved mainly by the Radar & Naval Solutions division. Apart from the two key projects PEGASUS in the Spectrum Dominance & Airborne Solutions division and Eurofighter radars in the Radar & Naval Solutions division, main drivers of revenue in the first nine months of the year 2023 were also TRML-4D radars in the Radar & Naval Solutions division.

- *Optronics*: The slight increase in revenue could mainly be achieved in the Ground Based Systems and Airborne product lines as well as in the South African unit which is benefiting from the investments in capacity expansions made in previous years. Main drivers of revenue were the Ground Based Systems and Industrial Commercial Solutions product lines.

Book-to-bill ratio[1]

The book-to-bill ratio remained at a high level but was below the previous year period.

- *Sensors*: In the Sensors segment, a book-to-bill ratio of 1.0 was achieved. A decrease in the Services & Aerospace Solutions division and in the Radar & Naval Solutions division was partially compensated by an increase in the Spectrum Dominance & Airborne Solutions division. The decrease in the Services & Aerospace Solutions division was mainly the result of the high order intake for the service contract C3 for the Eurofighter in the previous year period.

- *Optronics*: The book-to-bill ratio of 1.7 was substantially above the previous year period. The increase mainly resulted from the Ground Based Systems and Naval product lines in which high order intake was recorded in the first nine months of the year 2023.

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

Order backlog

- *Sensors:* The order backlog of € 4,681 million is almost unchanged compared to year-end 2022.

- *Optronics:* The increase in order backlog compared to year-end 2022 to € 806 million was primarily achieved in the Ground Based Systems and Navel product lines.

Income[2]

	Profit			Profit margin	
	First nine months			First nine months	
in € million	2023	2022	% Delta	2023	2022
Sensors	155	105	47.0 %	16.3 %	11.4 %
Optronics	-4	21	-117.6 %	-2.0 %	11.4 %
Elimination/Transversal/Others	–	–			
Adjusted EBITDA	**151**	**126**	**19.6 %**	**13.3 %**	**11.5 %**
Depreciation and amortisation	-80	-78	-2.7 %		
Non-recurring effects	-22	-13	-70.4 %		
Earnings before finance result and income taxes (EBIT)	**49**	**35**	**37.7 %**	**4.3 %**	**3.2 %**
Finance result	-38	-21	-78.8 %		
Income taxes	-16	-15	-5.8 %		
Group result	**-5**	**-1**	**>-200 %**	**-0.4 %**	**-0.1 %**
Earnings per share (in €; basic/diluted)	**-0.04**	**0.00**	**>-200 %**		

Adjusted EBITDA

- *Sensors*: The strong increase compared to the previous year period was mainly due to an increased revenue volume which included significantly higher revenue in the core business and less revenue from pass-through business compared to the previous year period. A further positive effect resulted from a slower increase in costs in relation to the increase of revenues.

- *Optronics*: There was a significant decline compared to the previous year period. The slight increase in revenue was overcompensated by project mix effects and higher functional costs in connection with investments in new business segments and in future growth.

Earnings before finance result and income taxes (EBIT)

- *Depreciation and amortisation:* Depreciation and amortisation were nearly unchanged compared to the previous year period.

- *Non-recurring effects*[3]: The increase compared to the previous year period mainly related to impairments of acquired intangible assets from the purchase price allocation of HENSOLDT Cyber GmbH, from OneSAPnow-related expenses in connection with the business transformation for SAP S/4HANA as well as expenses in connection with the strategic transformation program HENSOLDT GO!.

Group result

- *Finance result*: The increase in the negative finance result mainly resulted from higher interest expenses for the loan (term loan) renewed in the previous year as well as from foreign exchange effects including the results from foreign currency derivatives. A positive effect resulted from higher interest income on bank deposits and from the valuation of interest rate hedging transactions.

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 non-recurring effects as well as other non-recurring effects”.

- *Income taxes*: The income taxes comprising a net current tax expense and an income from deferred taxes remained on a comparable level overall compared to the previous year period.

Earnings per share

- The group result is reflected accordingly in the earnings per share of € -0.04 (previous year: € 0.00).

4 Assets, liabilities and financial position

Assets and capital structure[4]

in € million	30 Sep. 2023	31 Dec. 2022	% Delta
Non-current assets	1,395	1,335	4.5 %
therein: Right-of-use assets	*181*	*140*	*28.8 %*
Current assets	1,738	1,644	5.7 %
therein: Inventories	*687*	*516*	*33.1 %*
therein: Contract assets	*304*	*182*	*66.8 %*
therein: Trade receivables	*265*	*323*	*-18.1 %*
therein: Cash and cash equivalents	*333*	*460*	*-27.5 %*
Total assets	**3,133**	**2,979**	**5.2 %**
Equity	592	616	-4.0 %
therein: Other reserves	*96*	*82*	*17.3 %*
therein: Retained earnings	*-95*	*-55*	*-71.6 %*
Non-current liabilities	1,205	1,160	3.9 %
therein: Non-current lease liabilities	*183*	*140*	*31.1 %*
Current liabilities	1,337	1,203	11.1 %
therein: Current financing liabilities	*123*	*12*	*> 200,0 %*
therein: Trade payables	*423*	*379*	*11.5 %*
Total equity and liabilities	**3,133**	**2,979**	**5.2 %**

Total assets

- *Non-current assets*: The increase was essentially due to the recognition of right-of-use assets. These resulted primarily from the letter of intent issued in the second quarter of 2023 to exercise an extension option on significant parts of the real estate lease contracts at HENSOLDT locations in Germany in order to secure the planned growth of the Group.

- *Current assets*: The increase resulted primarily from an increase in inventories and contract assets in the context of the planned realisation of significant business volumes in the fourth quarter. In the build-up of inventories, the investments for securing and increasing the production of e.g. TRML-4D radars played a role as well. Contract assets increased particularly due to key projects in the first nine months of the year 2023. This was partially offset by a reduction in cash and cash equivalents. Main reasons were the negative free cash flow and payment of dividends which was offset by the drawdown of the revolving credit facility in the amount of € 100 million. Moreover, following the usual seasonal pattern, trade receivables decreased.

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

Total equity and liabilities

- *Equity*: The decrease mainly resulted from the decline of retained earnings due to the dividend payment as well as from the net loss for the period. In addition, other reserves increased mainly due to adjustments of provisions for pension obligations according to the actuarial calculations on the reporting date.

- *Non-current liabilities*: The increase was primarily due to the increase in lease liabilities as a consequence of the letter of intent issued regarding the right-of-use assets.

- *Current liabilities*: The increase primarily resulted from an increase in current financing liabilities due to the drawdown of the revolving credit facility in the amount of € 100 million to secure the planned growth of the group as well as from higher trade payables due to investments in working capital.

Financial position

	First nine months		
in € million	2023	2022	Delta
Cash flows from operating activities	-113	-15	-98
Cash flows from investing activities	-76	-70	-6
Free cash flow	**-189**	**-85**	**-104**
Non-recurring effects	21	9	12
Interest, income taxes and M&A activities	41	27	14
Adjusted pre-tax unlevered free cash flow	**-126**	**-49**	**-77**
Cash flows from financing activities	**62**	**-62**	**125**

Free cash flow

- *Cash flows from operating activities*: The negative cash flows from operating activities were below the previous year's figure and mainly reflected the investments in working capital in order to manage the planned business volume in the fourth quarter. In addition to the investments in inventories, the change in contract balances also led to negative cash flows. The key projects were the main drivers and developed as planned. Furthermore, in the same period of the previous year, significant payment milestones were already achieved in the third quarter. Higher non-recurring effects as well as higher interest and income tax payments also contributed to the negative cash flows from operating activities.

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

Adjusted pre-tax unlevered free cash flow

- *Non-recurring effects*[5]: The increase in non-recurring effects compared to the previous year period was mainly due to OneSAPnow-related expenses associated with the business transformation for SAP S/4HANA and payments in the context of the "HENSOLDT GO!" strategic transformation program.

- *Interest*[6]*, income taxes*[7] *and M&A activities*[8]: In the first nine months of the year 2023, an increase in cash outflows for interest payments as well as payments for income taxes and M&A activities occurred in comparison to the previous year period.

[5] Defined as"Transaction costs, OneSAPnow-related non-recurring effects as well as other non-recurring effects".
[6] Defined as "Interest paid" (including interest on lease liabilities) and "Interest received" as reported in the Consolidated Statement of Cash Flows
[7] Defined as "Income tax payments / refunds" as reported in the Consolidated Statement of Cash Flows
[8] Defined as sum of "Proceeds from sale of intangible assets and property, plant and equipment", "Proceeds from disposals 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" and "Other cash flows from investing activities" as reported in the Consolidated Statement of Cash Flows

Cash flows from financing activities

The cash flows from financing activities improved compared to the previous year period, which was mainly due to the drawdown of the € 100 million revolving credit facility. In the previous year period transaction costs in the course of adjustments to the financing conditions led to cash outflows. In addition, the dividend payment to the shareholders of HENSOLDT AG in 2023 in the amount of € 31.5 million exceeded the dividend payment of the previous year period with € 26.3 million.

5 Outlook

For the fiscal year 2023, the management expects moderate growth in order intake in comparison to the previous year due to budget increases and initial orders from the special fund.

In the business planning for the Group, the management expects a moderate organic growth in revenue for the fiscal year 2023 to about € 1.850 million mainly due to the order backlog which still remains on a high level.

Overall, the management expects a book-to-bill ratio on the previous year’s level of between 1.1 and 1.2.

Adjusted EBITDA is expected by the management to increase moderately in the fiscal year 2023.

These expectations assume unchanged underlying conditions compared to year-end 2022.

The outlook depends heavily on the circumstances mentioned in the opportunities and risks report and is based on the Group's multi-year business plan in addition to the macroeconomic developments described. This was described in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2022.

Overall, the Management Board is confident that HENSOLDT can build on the successful fiscal year 2022 and expects another positive development for 2023.

Apart from the specification of the expected revenue growth in the first half year of 2023, the outlook remains unchanged compared to the year-end 2022.

6 Opportunities and risks

The combined management report of HENSOLDT AG for the fiscal year ended 31 December 2022 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 2022 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, however, remains essentially unchanged compared to year-end 2022.

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 2022 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 further effects of the war in Ukraine. The still existing consequences thereof particularly include delivery bottlenecks of materials, increasing prices of energy products, but also of other goods and services and, not least, inflation. These consequences constitute increasing influential factors for HENSOLDT's risk situation in the functional and operating area, leave their marks on the supply chains and result in rising cost of production. Since the start of the changed situation, HENSOLDT's established task forces consistently analyse the impact on costs of production, supply chains and contracts with customers at HENSOLDT and reduce or avoid effects as early as possible by concrete and detailed measures. These task forces are continuously analysing and monitoring, in detail, potential further effects from the risks mentioned above. This includes also the still tense geopolitical situation and possible other consequences for HENSOLDT.

The consequences of inflation and the risks from the supply chain situation have been stable for companies in the Sensors segment since the year-end 2022. In the Optronics segment, the possible effects of inflation were reduced due to globally stabilizing inflation values. In order to counteract the effects of the supply chain situation in the Optronics segment and to monitor the remaining and essentially stable risks, close monitoring is carried out so that appropriate measures can be taken.

Opportunities arising from the special fund for the German Bundeswehr, increases in defence budgets and increasing military investments worldwide oppose these risks.

The effects on HENSOLDT of the resolution passed by the German Bundestag to establish a special fund for the German Bundeswehr in the amount of € 100 billion and of the increase in German defence spending to 2 % of the gross domestic product are being continuously examined. For 2023 and 2024, the Ministry of Defence is planning numerous contracts and assignments. Through Germany's National Security Strategy of 21 June 2023, the design and implementation of procurement programs as well as the focal points in procurement are becoming increasingly more concrete.

Drawings from the war in Ukraine, 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 increasing military investments worldwide are creating significant opportunities for HENSOLDT and the chance to make a contribution to security and sustainability. What remains is the opportunity of the diversification of the product range and the expansion of the service business as well as HENSOLDT's ability to act as a leading innovator within its industry.

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.

The Management Board currently assesses the overall opportunity and risk situation of HENSOLDT mainly as stable, and thus unchanged compared to year-end 2022.

B Financial results

1 Consolidated Income Statement

	First nine months	
in € million	2023	2022
Revenue	1,136	1,100
Cost of sales	-916	-896
Gross profit	**220**	**205**
Selling and distribution expenses	-83	-80
General administrative expenses	-76	-66
Research and development costs	-20	-25
Other operating income	17	15
Other operating expenses	-14	-14
Other result from investments	5	–
Earnings before finance result and income taxes (EBIT)	**49**	**35**
Interest income	17	4
Interest expense	-48	-32
Other finance income / costs	-7	6
Finance result	**-38**	**-21**
Earnings before income taxes (EBT)	**11**	**14**
Income taxes	-16	-15
Group result	**-5**	**-1**
thereof attributable to the owners of HENSOLDT AG	*-4*	*0*
thereof attributable to non-controlling interests	*-1*	*-1*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.04	0.00

2 Consolidated Statement of Comprehensive Income

	First nine months	
in € million	2023	2022
Group result	**-5**	**-1**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of defined benefit plans / plan assets	28	247
Tax on items that will not be reclassified to profit or loss	-8	-70
Subtotal	**20**	**177**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements	-7	4
Subtotal	**-7**	**4**
Other comprehensive income net of tax	**13**	**181**
Total comprehensive income	**8**	**181**
thereof attributable to the owners of HENSOLDT AG	*10*	*181*
thereof attributable to non-controlling interests	*-2*	*-0*

3 Consolidated Statement of Financial Position

ASSETS	30 Sep.	31 Dec.
in € million	2023	2022
Non-current assets	**1,395**	**1,335**
Goodwill	658	658
Intangible assets	376	384
Property, plant and equipment	129	121
Right-of-use assets	181	140
Other investments and other non-current financial assets	24	22
Non-current other financial assets	11	1
Other non-current assets	2	2
Deferred tax assets	14	6
Current assets	**1,738**	**1,644**
Other non-current financial assets, due on short-notice	0	0
Inventories	687	516
Contract assets	304	182
Trade receivables	265	323
Other current financial assets	18	20
Other current assets	122	133
Income tax receivables	10	10
Cash and cash equivalents	333	460
Total assets	**3,133**	**2,979**

EQUITY AND LIABILITIES	30 Sep.	31 Dec.
in € million	2023	2022
Share capital	105	105
Capital reserve	472	472
Other reserves	96	82
Retained earnings	-95	-55
Equity held by shareholders of HENSOLDT AG	**579**	**604**
Non-controlling interests	13	13
Equity, total	**592**	**616**
Non-current liabilities	**1,205**	**1,160**
Non-current provisions	287	282
Non-current financing liabilities	620	619
Non-current contract liabilities	–	11
Non-current lease liabilities	183	140
Other non-current financial liabilities	0	3
Other non-current liabilities	9	11
Deferred tax liabilities	105	94
Current liabilities	**1,337**	**1,203**
Current provisions	174	181
Current financing liabilities	123	12
Current contract liabilities	488	488
Current lease liabilities	18	18
Trade payables	423	379
Other current financial liabilities	6	4
Other current liabilities	85	101
Tax liabilities	18	19
Total equity and liabilities	**3,133**	**2,979**

4 Consolidated Statement of Cash Flows

	First nine months	
in € million	2023	2022
Group result	**-5**	**-1**
Depreciation, amortisation and impairments of non-current assets	86	78
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	2	1
Financial expenses (net)	25	23
Other non-cash expense / income	1	-7
Change in		
Provisions	-2	4
Inventories	-176	-122
Contract balances	-133	-84
Trade receivables	55	59
Trade payables	45	44
Other assets and liabilities	10	1
Interest paid	-30	-19
Interest received	5	0
Income tax expense (+) / income (-)	16	15
Income tax payments (-) / refunds (+)	-10	-6
Cash flows from operating activities	**-113**	**-15**
Acquisition / addition of intangible assets and property, plant and equipment	-71	-68
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Proceeds from disposals of associates, other investments and non-current financial assets	1	–
Acquisition of associates, other investments and other non-current financial assets	-6	-2
Acquisition of subsidiaries net of cash acquired	-1	-1
Other	–	0
Cash flows from investing activities	**-76**	**-70**
Proceeds from financing liabilities to banks	100	–
Change in other financing liabilities	8	-22
Payment of lease liabilities	-14	-14
Dividend payments	-32	-26
Dividends on non-controlling interests	–	-0
Other	–	0
Cash flows from financing activities	**62**	**-62**
Effects of changes in exchange rates on cash and cash equivalents	-0	2
Net changes in cash and cash equivalents	**-127**	**-145**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**460**	**529**
Cash and cash equivalents on 30 September	**333**	**385**

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 2023	**105**	**472**	**-55**	**96**	**-14**	**604**	**13**	**616**
Group Result	–	–	-4	–	–	**-4**	-1	**-5**
Other comprehensive income	–	–	–	20	-6	**14**	-1	**13**
Total comprehensive income	**–**	**–**	**-4**	**20**	**-6**	**10**	**-2**	**8**
Dividend payments	–	–	-32	–	–	**-32**	–	**-32**
Other	–	–	-4	–	–	**-4**	3	**-1**
As of 30 September 2023	**105**	**472**	**-95**	**116**	**-19**	**579**	**13**	**592**

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 2022	**105**	**537**	**-171**	**-51**	**-14**	**406**	**11**	**417**
Group Result	–	–	0	–	–	**0**	-1	**-1**
Other comprehensive income	–	–	–	177	4	**181**	0	**181**
Total comprehensive income	**–**	**–**	**0**	**177**	**4**	**181**	**-0**	**181**
Transactions with non-controlling interests and acquisitions through business combinations	–	–	–	–	–	**–**	-0	**-0**
Dividend payments	–	–	-26	–	–	**-26**	–	**-26**
Dividends on non-controlling interests	–	–	–	–	–	**–**	-0	**-0**
Other	–	–	-2	–	–	**-2**	0	**-2**
As of 30 September 2022	**105**	**537**	**-198**	**126**	**-10**	**559**	**10**	**569**

6 Segment information

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

				First nine months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	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**
Revenue from external customers	950	186	–	**1,136**
Intersegment revenue	2	2	-4	**–**
Segment revenue	**952**	**188**	**-4**	**1,136**

				First nine months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
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**

				First nine months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**147**	**-4**	**-15**	**129**
Effects on earnings from purchase price allocations	6	–	–	**6**
OneSAPnow-related non-recurring effects[1]	–	0	5	**5**
Other non-recurring effects	1	–	10	**12**
Adjusted EBITDA	**155**	**-4**	**–**	**151**
Adjusted EBITDA margin[2]	*16.3 %*	*-2.0 %*		***13.3 %***
Depreciation and amortisation	-66	-14	-0	**-80**
EBIT	**82**	**-18**	**-15**	**49**
Effects on earnings from purchase price allocations	27	2	–	**29**
OneSAPnow-related non-recurring effects[1]	–	0	5	**5**
Other non-recurring effects	1	–	10	**12**
Adjusted EBIT	**110**	**-15**	**–**	**94**
Adjusted EBIT margin[2]	*11.5 %*	*-8.2 %*		***8.3 %***

1 OneSAPnow-related non-recurring effects comprise expenses in connection with the business-transformation for SAP S/4HANA
2 Based on segment revenues

				First nine months
				2023
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBIT	**82**	**-18**	**-15**	**49**
Finance result				**-38**
EBT				**11**

				First nine months
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Order intake	1,198	185	-6	**1,377**
Order backlog	4,699	681	-7	**5,372**
Book-to-bill-ratio	1.3x	1.0x		**1.3x**
Revenue from external customers	918	182	–	**1,100**
Intersegment revenue	1	1	-3	**–**
Segment revenue	**919**	**184**	**-3**	**1,100**

				First nine months
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-54	-34	–	**-88**
Reversals of other provisions	8	4	0	**12**

				First nine months
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**104**	**21**	**-12**	**113**
Transaction cost	0	–	–	**0**
Other non-recurring effects	1	–	12	**13**
Adjusted EBITDA	**105**	**21**	**–**	**126**
Adjusted EBITDA margin[1]	*11.4 %*	*11.4 %*		***11.5 %***
Depreciation and amortisation	-61	-17	0	**-78**
EBIT	**43**	**5**	**-12**	**35**
Effects on earnings from purchase price allocations	24	3	–	**27**
Transaction cost	0	–	–	**0**
Other non-recurring effects	1	–	12	**13**
Adjusted EBIT	**68**	**8**	**–**	**76**
Adjusted EBIT margin[1]	*7.4 %*	*4.1 %*		***6.9 %***

[1] Based on segment revenues

				First nine months
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	**Group**
EBIT	**43**	**5**	**-12**	**35**
Finance result				**-21**
EBT				**14**

7 Revenue

The Group's operations and major categories for revenue recognition are described in the Consolidated Financial Statements 2022.

During the first nine months of 2023, revenue increased overall by nearly € 35 million to € 1,136 million compared to € 1,100 million in the in the previous year's period.

Revenue (geographical information)

	First nine months	
in € million	2023	2022
Europe	1,003	935
thereof Germany	*663*	*694*
Middle East	77	75
APAC	37	34
North America	30	27
Africa	11	36
LATAM	1	4
Other regions / consolidation	-24	-10
Total	**1,136**	**1,100**

C Legal information and contact

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The report is denominated in Euro (€). All amounts in this report are rounded to million or billion Euros. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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

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