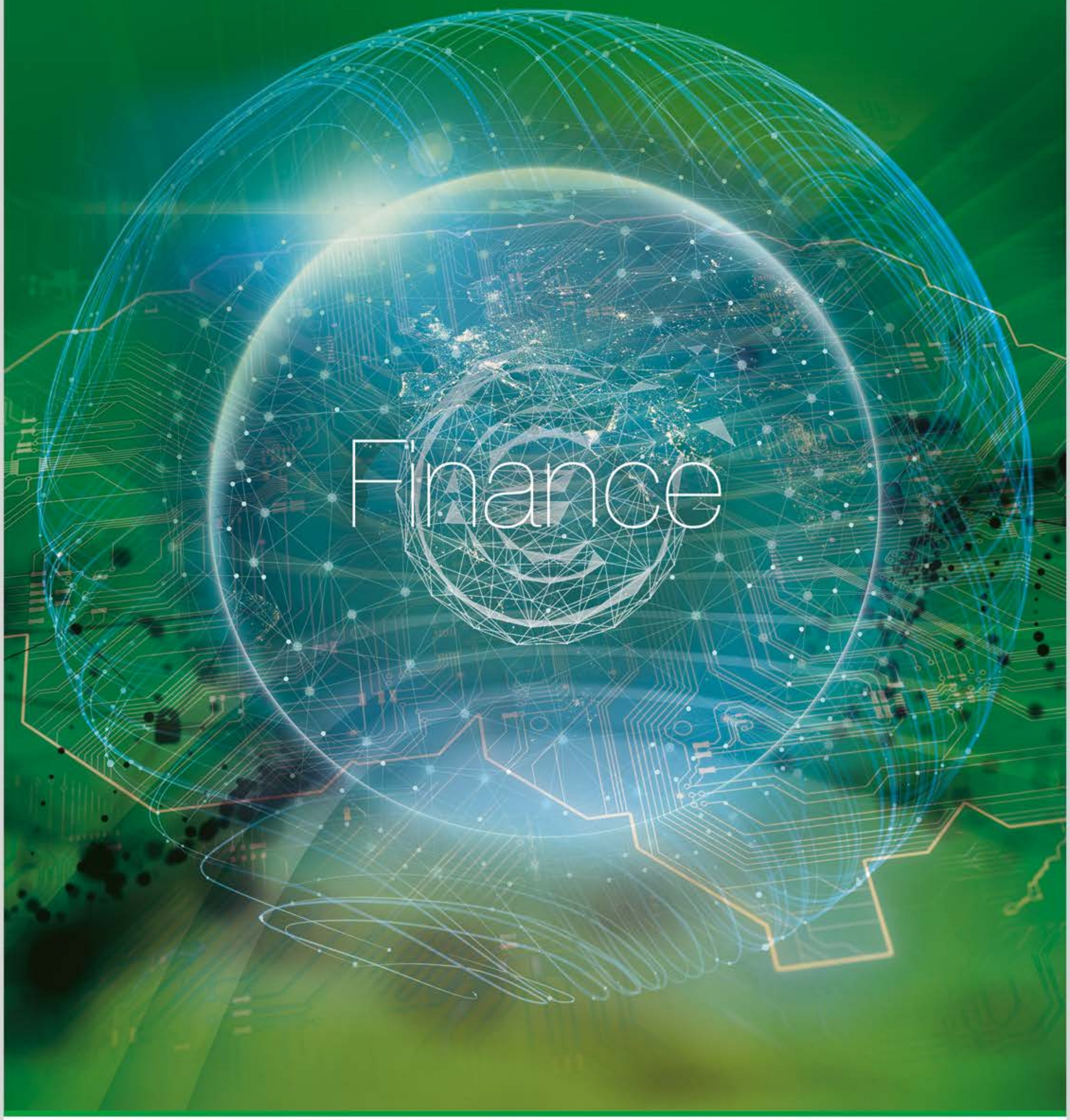
Quarterly Release for the first three months of **2023**



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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

Russia’s war on Ukraine represents a turning point the likes that has not be seen in Europe since the Cold War. 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, the main customer of the HENSOLDT Group (hereinafter also referred to as “HENSOLDT” or “the Group”) holds extensive opportunities for HENSOLDT.

Out of the “focus areas”[1] defined by HENSOLDT and based on initiatives of the German Federal Government, orders from Ukraine from "focus area 1", amongst other things, TRML-4D radars for the IRIS-T SLM air defence system, were recorded in the first three months of 2023. Further orders and short-term deliveries are already planned.

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 such time, Thomas Müller and Oliver Dörre will collaborate closely to ensure a smooth succession.

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.

Overall, HENSOLDT`s operating business continued its positive development in the first three months of 2023. Revenue increased significantly by 18.1 % (€ 338 million; previous year: € 286 million). The most important key projects, as the main drivers of this increase, developed as expected. The strong increase in adjusted EBITDA by 81.2 % (€ 30 million; previous year: € 17 million) mainly resulted from an increased revenue volume, which was partly offset by project mix effects compared to the previous year period. The main drivers for order intake in the first three months of 2023 were in particular orders for TRML-4D radars to support Ukraine and orders for equipping the PUMA and Leopard 2 platforms. Due to the record order intakes included in the previous year period, particularly the major order relating to the Eurofighter (service contract C3) and the order for equipping the multi-purpose frigate 126, the order intake of HENSOLDT Group in the current reporting period (€ 347 million) was behind the order intake of the previous year period (€ 681 million), as planned.

In order to secure the planned growth, HENSOLDT will, among other things, submit a letter of intent to exercise an extension option on significant parts of the real estate lease contracts of HENSOLDT´s sites in Germany in the second quarter of 2023. This results in additional right-of-use assets as well as leasing liabilities to be recognised in the mid double-digit million range.

2 Economic conditions

General economic conditions

According to the latest outlook of the International Monetary Fund ("IMF") published in April 2023, the global economy is recovering slowly, given Russia's ongoing war against Ukraine, high inflation and also the consequences of the COVID-19 pandemic.

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[1] ”focus area 1”: Ongoing support for Ukraine by German Federal Government in alignment with EU initiatives and Ukraine Defence Contact Group
”focus area 2”: Special procurement projects and upcoming NATO/European initiatives
”focus area 3”: Special fund (“Sondervermögen Bundeswehr”)

In January 2023, the IMF had assumed a global growth for 2023 of 2.9 % compared to 2022. This forecast has now been slightly revised downwards by 0.1 % to 2.8 %. In 2024, the IMF expects the global economy to grow at a rate of

3.0 %. According to the forecast, the economy in industrialised countries will grow only slowly at 1.3%, while a growth rate of 3.9 % is expected for the emerging and developing countries.

On the positive side, the IMF noted that the economy was slowly recovering from Russia's invasion of Ukraine and overcoming the consequences of the pandemic. The decisive factors here were the decline in "war-related distortions" on the energy and food markets and the end of COVID-19-related closures of China. However, the IMF sees considerable risks, for example in relation with the fight against inflation or the recent instability in the banking sector, which might jeopardise an economic recovery.

For Germany, the IMF has revised its forecast for the current year downwards by 0.2 % compared to January 2023. It now expects the economy to decline by 0.1 %. The IMF only forecasts a growth by 1.1 % not before 2024.

At the end of March 2023, the German Council of Economic Experts as well as other leading German economic institutes had been slightly more optimistic and expected German gross domestic product (“GDP”) to grow by 0.2 % in the current year and by 1.3 % next year. In autumn 2022, they had still expected a decline of 0.4 % and a looming recession.

Conditions in the defence and security sector

Russia’s war of aggression against Ukraine continues to determine the security policy environment in Germany, the EU and NATO. Boris Pistorius, the new German Minister of Defence, continues to focus on the German armed forces’ readiness to act in defence of Germany and the Alliance. The same applies to the optimisation of procurement. He has implemented changes in leading positions in the German Armed Forces, BMVg[2] and BAAINBw[3], which should lead to a rapid implementation of the “Zeitenwende” in the military, political and organisational areas. He already started to intensify his exchange with the security and defence industries.

For the military support of Ukraine, the budget committee of the German Bundestag has approved a proposal for € 12 billion for the period up to 2032. The funds are included in the budget of the General Finance Administration (section 60). It includes funding for the military support of Ukraine as well as funding for replenishments of material for the German Armed Forces which had been transferred to Ukraine.

The “European Sky Shield Initiative” was established under German coordination on 13 October 2022 for the area of ground-based air defence. With the accession of Denmark and Sweden in February 2023, 17 countries have joined the group so far. They want to procure, use and maintain the corresponding systems together. At the same time, Germany wants to close the capability gap in the area of air defence with quick assignments.

The European Commission published the work programme for 2023 for the European Defence Fund on 30 March 2023. HENSOLDT intends to further expand its strong position as a European cooperation partner in this work programme by numerous targeted participations in research and development programmes.

The security policy situation opens up business opportunities in all military dimensions for HENSOLDT. The Ministry of Defence is planning numerous contracts and assignments for procurements from the special fund, the defence budget (section 14) as well as from the budget of the General Finance Administration (section 60) in the years 2023 and 2024.

[2] German Federal Ministry of Defence
[3] Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support

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	2023	2022	% Delta	2023	2022	% Delta	2023	2022	Delta	2023	2022	% Delta
Sensors	214	627	-65.9 %	288	242	18.6 %	0.7x	2.6x	-1.8x	4,609	4,688	-1.7 %
Optronics	133	55	140.6 %	51	45	14.1 %	2.6x	1.2x	1.4x	767	692	11.0 %
Elimination/ Transversal/ Others	-1	-2		-1	-1					-14	-13	
HENSOLDT	**347**	**681**	**-49.1 %**	**338**	**286**	**18.1 %**	**1.0x**	**2.4x**	**-1.4x**	**5,362**	**5,366**	**-0.1 %**

Order intake

- *Sensors:* The order intake during the first three months of 2023 was significantly lower than in the previous year period. The latter had been characterised by the service contract C3 for the Eurofighter in the Services & Aerospace Solutions division and by orders for the equipment of the frigate 126 in the Radar & Naval Solutions division. Main drivers for the order intake during the current period were orders for TRML-4D radars to support Ukraine.

- *Optronics:* The first three months of 2023 were characterised by new orders for the PUMA and Leopard 2 platforms in the Ground Based Systems product line which were partially offset by a decline in the South African entity.

Revenue

- *Sensors:* The growth compared to the previous year period was mainly achieved by the Radar & Naval Solutions and Spectrum Dominance & Airborne Solutions divisions. The main drivers were once again the PEGASUS airborne electronic signals intelligence system in the Spectrum Dominance & Airborne Solutions division and the Eurofighter radars in the Radar & Naval Solutions division. In addition to the two key projects, the TRML-4D radars to support Ukraine also made a significant contribution to this growth in revenue.

- *Optronics:* The increase in revenue was mainly achieved in the South African entity, which is now benefiting from the investments in capacity expansions made in recent years. The other product lines remained at the level of the previous year. The main driver of revenue was the Industrial Commercial Solutions product line.

Book-to-bill ratio[4]

In the current year period, a book-to-bill ratio of 1.0 was achieved, which was, however, below the previous year period due to the high order intake in the first three months of 2022 in the Sensors segment.

- *Sensors:* The high book-to-bill ratio in the previous year period was characterised by the service contract C3 for the Eurofighter in the Services & Aerospace Solutions division and by orders for the equipment of the frigate 126 in the Radar & Naval Solutions division. This resulted in a decline in the divisions mentioned, while the Spectrum Dominance & Airborne Solutions division was only slightly below the previous year's level.

- *Optronics:* The increase in the book-to-bill ratio was mainly due to the high order intake in the Ground Based Systems product line.

Order backlog

- *Sensors:* The slight decline compared to year-end 2022 was mainly due to lower order intakes in the Services & Aerospace Solutions and Radar & Naval Solutions divisions.

- *Optronics:* The increase compared to the year-end 2022 resulted primarily from the order intakes in the Ground Based Systems product line.

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

Income[5]

	Profit			Profit margin	
	First three months			First three months	
in € million	2023	2022	% Delta	2023	2022
Sensors	35	20	78.1 %	12.2 %	8.1 %
Optronics	-5	-3	-60.7 %	-9.5 %	-6.7 %
Elimination/Transversal/Others	–	0			
Adjusted EBITDA	**30**	**17**	**81.2 %**	**9.0 %**	**5.8 %**
Depreciation and amortisation	-25	-25	-2.0 %		
Non-recurring effects	-3	-2	-50.3 %		
Earnings before finance result and income taxes (EBIT)	**2**	**-10**	**122.8 %**	**0.7 %**	**-3.4 %**
Finance result	-20	-7	>-200 %		
Income taxes	-3	-0	>-200 %		
Group result	**-20**	**-17**	**-21.3 %**	**-6.0 %**	**-5.8 %**
Earnings per share (in €; basic/diluted)	**-0.19**	**-0.15**	**-24.4 %**		

Adjusted EBITDA

- *Sensors:* The significant increase compared to the previous year period was mainly due to an increase in revenue volume. Another positive effect compared to the previous year period resulted from a slower increase in costs in relation to revenue. Revenue from pass-through business with low project margins were on a comparable level to the previous year period.

- *Optronics:* The increase in revenue volume compared to the previous year period was overcompensated by project mix effects and higher functional costs in connection with the development of new business fields.

Earnings before finance result and income taxes (EBIT)

- *Depreciation and amortisation:* Depreciation and amortisation remained at the same level as in the previous year period. The decrease in amortisation of acquired intangible assets was offset mainly by higher amortisation of capitalised development costs.

- *Non-recurring effects*[6]: The slight increase resulted mainly from OneSAPnow-related expenses in connection with the business transformation for SAP S/4HANA.

Group result

- *Finance result*: The increase in the negative finance result was mainly due to foreign exchange effects, the valuation of derivatives and interest rate hedge transactions.

- *Income taxes:* The change in tax expense compared to the previous year period was mainly due to the different development of the pre-tax results of the companies of the HENSOLDT Group.

Earnings per share

- Despite the improvement in earnings before finance result and income taxes (EBIT), earnings per share fell slightly from €-0.15 to €-0.19 compared to the previous year period. This is mainly due to the increase in the negative finance result.

[5] The profit margins are calculated in relation to the corresponding revenue.
[6] Defined as “Transaction costs, OneSAPnow-related non-recurring effects as well as other non-recurring effects”.

4 Assets, liabilities and financial position

Assets and capital structure

in € million	31 Mar. 2023	31 Dec. 2022	% Delta
Non-current assets	1,338	1,335	0.2 %
therein: Property, plant and equipment	*125*	*121*	*2.7 %*
therein: Right-of-use assets	*136*	*140*	*-2.8 %*
therein: Deferred tax assets	*8*	*6*	*26.7 %*
Current assets	1,537	1,644	-6.5 %
therein: Inventories	*579*	*516*	*12.2 %*
therein: Contract assets	*218*	*182*	*19.6 %*
therein: Trade receivables	*282*	*323*	*-12.8 %*
therein: Cash and cash equivalents	*310*	*460*	-32.6 %
Total assets	**2,875**	**2,979**	**-3.5 %**
Equity	585	616	-5.1 %
therein: Other reserves	*72*	*82*	*-12.8 %*
therein: Retained earnings	*-75*	*-55*	*-35.8 %*
Non-current liabilities	1,175	1,160	1.3 %
therein: Non-current provisions	*302*	*282*	*7.1 %*
therein: Non-current contract liabilities	*14*	*11*	*22.2 %*
therein: Non-current lease liabilities	*136*	*140*	*-2.6 %*
Current liabilities	1,115	1,203	-7.3 %
therein: Current contract liabilities	*427*	*488*	*-12.5 %*
therein: Trade payables	*361*	*379*	*-4.8 %*
therein: Other current liabilities	*85*	*101*	-15.9 %
Total equity and liabilities	**2,875**	**2,979**	**-3.5 %**

Total assets

- *Non-current assets:* The slight increase was mainly due to a slight increase in property, plant and equipment due to further investments in test, simulation and demonstration equipment and deferred tax assets. This increase was partially offset by a decrease in the right-of-use assets.

- *Current assets*: The decrease primarily resulted from a decrease in cash and cash equivalents, which was mainly caused by the negative free cash flow. As a result of the usual seasonal trend, trade receivables decreased, while inventories and contract assets increased in the first three months of 2023. In the build-up of inventories, investments to secure and increase the production of, for example, TRML-4D radars, as well as other upfront expenditures in connection with expected procurements in the context of the proclaimed "Zeitenwende" played a role.

Total equity and liabilities

- *Equity:* The decrease in equity was mainly due to the net loss for the reporting period as well as the decrease in other reserves, which primarily resulted from the adjustment in provisions for pension obligations according to the actuarial calculations on the reporting date.

- *Non-current liabilities:* The slight increase was primarily due to the build-up of non-current contract liabilities and non-current provisions. The main driver for the build-up of the non-current provisions was the build-up of provisions for pension obligations caused by a slightly lower interest rates. The decline in non-current lease liabilities had a slightly compensating effect.

- *Current liabilities:* The decrease in current liabilities mainly resulted from the reduction in current contract liabilities primarily in relation to revenue recognition in key projects. The decrease in trade payables and other current liabilities follows the usual seasonal pattern and is related to the high business volume in the fourth quarter of the fiscal year 2022.

Financial position

	First three months		
in € million	2023	2022	Delta
Cash flows from operating activities	-118	-104	-14
Cash flows from investing activities	-27	-23	-4
Free cash flow	**-145**	**-127**	**-18**
Non-recurring effects	6	2	4
Interest, income taxes and M&A activities	13	12	1
Adjusted pre-tax unlevered free cash flow	**-126**	**-114**	**-12**
Cash flows from financing activities	**-5**	**-5**	**-0**

Free cash flow

- *Cash flows from operating activities*: The cash flows from operating activities was below the previous year's level and reflects the investments in working capital in order to cope with the expected business volume in the following quarters.

- *Cash flows from investing activities:* The increase in cash outflows resulted from the higher investments in property, plant and equipment and higher payments for M&A activities.

Adjusted pre-tax unlevered free cash flow

- *Non-recurring effects[7]:* The increase in non-recurring effects compared to the previous year period was mainly due to OneSAPnow-related expenses in connection with the business-transformation for SAP S/4HANA and payments in the context of the long-term succession plan for the appointment of the members of the Management Board.

- *Interest[8], income taxes[9] and M&A activities[10]:* Higher cash outflows for income taxes and M&A activities were partially offset by lower interest payments.

Cash flows from financing activities

The cash flows from financing activities was at the same level as in the previous year and is characterised by payments from lease liabilities as in the previous year period.

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

5 Outlook

For the fiscal year 2023, the management expects moderate growth in order intake 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 between 7 % and 10 % mainly due to the order backlog which remains still 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.

For the Optronics segment, the management expects stronger percentage growth in revenue, order intake and adjusted EBITDA in relation to the Sensors segment due to catch-up effects resulting from temporary supply chain disruptions in the fiscal year 2022.

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.

The outlook thus remains unchanged compared to the end of 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 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.

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 United States, 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 task force was set up in 2022 to define and implement appropriate measures. Furthermore, the HENSOLDT Group expanded its cybersecurity measures, including by expanding its cybersecurity team and their budget, by security monitoring, a Group-wide security operations 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 impact of the subsequent effects of the COVID-19 pandemic and the COVID-19-related closure of China plays only a subordinate role for the procurement risk for HENSOLDT at the moment and is steadily decreasing. With the end of the nationwide COVID-19-related measures and regulations, HENSOLDT has also ended the measures to protect the health and well-being of employees, customers and partners in this context.

The risks from the supply chain situation and the consequences of inflation have been stable since the end of 2022 for the companies in the Sensors and Optronics segment with slightly declining trends.

The risks are opposed by opportunities arising from the special fund for the German Bundeswehr, increases in defence budgets and increasing military investments worldwide.

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. The special fund is to be used in particular to finance significant and complex multi-year equipment projects of the German Bundeswehr. The design and implementation of the procurement programmes as well as the focal points in procurement are becoming increasingly 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 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 three months	
in € million	2023	2022
Revenue	338	286
Cost of sales	-278	-241
Gross profit	**60**	**45**
Selling and distribution expenses	-27	-26
General administrative expenses	-23	-20
Research and development costs	-8	-8
Other operating income	3	4
Other operating expenses	-4	-4
Earnings before finance result and income taxes (EBIT)	**2**	**-10**
Interest income	4	2
Interest expense	-19	-12
Other finance income / costs	-5	3
Finance result	**-20**	**-7**
Earnings before income taxes (EBT)	**-17**	**-16**
Income taxes	-3	-0
Group result	**-20**	**-17**
thereof attributable to the owners of HENSOLDT AG	*-20*	*-16*
thereof attributable to non-controlling interests	*-0*	*-1*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.19	-0.15

2 Consolidated Statement of Comprehensive Income

	First three months	
in € million	2023	2022
Group result	**-20**	**-17**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of defined benefit plans / plan assets	-10	89
Tax on items that will not be reclassified to profit or loss	3	-25
Subtotal	**-7**	**64**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements	-4	8
Cash flow-hedge - unrealised gains / losses	–	0
Cash flow-hedge - reclassification to profit or loss	–	-0
Subtotal	**-4**	**8**
Other comprehensive income net of tax	**-11**	**72**
Total comprehensive income	**-32**	**55**
thereof attributable to the owners of HENSOLDT AG	*-30*	*55*
thereof attributable to non-controlling interests	*-1*	*1*

3 Consolidated Statement of Financial Position

ASSETS	31 Mar.	31 Dec.
in € million	2023	2022
Non-current assets	**1,338**	**1,335**
Goodwill	658	658
Intangible assets	385	384
Property, plant and equipment	125	121
Right-of-use assets	136	140
Other investments and other non-current financial assets	23	22
Non-current other financial assets	1	1
Other non-current assets	2	2
Deferred tax assets	8	6
Current assets	**1,537**	**1,644**
Other non-current financial assets, due on short-notice	0	0
Inventories	579	516
Contract assets	218	182
Trade receivables	282	323
Other current financial assets	14	20
Other current assets	124	133
Income tax receivables	10	10
Cash and cash equivalents	310	460
Total assets	**2,875**	**2,979**

EQUITY AND LIABILITIES	31 Mar.	31 Dec.
in € million	2023	2022
Share capital	105	105
Capital reserve	472	472
Other reserves	72	82
Retained earnings	-75	-55
Equity held by shareholders of HENSOLDT AG	**574**	**604**
Non-controlling interests	11	13
Equity, total	**585**	**616**
Non-current liabilities	**1,175**	**1,160**
Non-current provisions	302	282
Non-current financing liabilities	619	619
Non-current contract liabilities	14	11
Non-current lease liabilities	136	140
Other non-current financial liabilities	1	3
Other non-current liabilities	10	11
Deferred tax liabilities	94	94
Current liabilities	**1,115**	**1,203**
Current provisions	187	181
Current financing liabilities	13	12
Current contract liabilities	427	488
Current lease liabilities	19	18
Trade payables	361	379
Other current financial liabilities	5	4
Other current liabilities	85	101
Tax liabilities	17	19
Total equity and liabilities	**2,875**	**2,979**

4 Consolidated Statement of Cash Flows

	First three months	
in € million	2023	2022
Group result	**-20**	**-17**
Depreciation and amortisation	25	25
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	-6	1
Financial expenses (net)	13	8
Other non-cash expense (+) / income (-)	1	-4
Change in		
Provisions	26	8
Inventories	-60	-50
Contract balances	-94	-74
Trade receivables	39	56
Trade payables	-18	-15
Other assets and liabilities	-17	-31
Interest paid	-7	-9
Income tax expense (+) / income (-)	3	0
Income tax payments (-) / refunds (+)	-4	-2
Cash flows from operating activities	**-118**	**-104**
Acquisition / addition of intangible assets and property, plant and equipment	-25	-22
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Acquisition of associates, other investments and other non-current financial assets	-3	-1
Acquisition of subsidiaries net of cash acquired	0	–
Other	0	-1
Cash flows from investing activities	**-27**	**-23**
Change in other financing liabilities	-0	-0
Payment of lease liabilities	-5	-5
Cash flows from financing activities	**-5**	**-5**
Effects of movements in exchange rates on cash and cash equivalents	0	1
Net changes in cash and cash equivalents	**-150**	**-131**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**460**	**529**
Cash and cash equivalents on 31 March	**310**	**398**

5 Consolidated Statement of Changes in Equity

	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
in € million	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**

	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
in € million	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	–	–	-16	–	–	**-16**	-1	**-17**
Other comprehensive income	–	–	–	64	7	**71**	2	**72**
Total comprehensive income	**–**	**–**	**-16**	**64**	**7**	**55**	**1**	**55**
As of 31 March 2022	**105**	**537**	**-187**	**12**	**-7**	**460**	**12**	**472**

6 Segment information

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

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First three months 2023 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**
Revenue from external customers	287	51	–	**338**
Intersegment revenue	0	0	-1	**–**
Segment revenue	**288**	**51**	**-1**	**338**

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

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

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

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

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First three months 2022 Group
Order intake	627	55	-2	**681**
Order backlog	4,814	700	-5	**5,509**
Book-to-bill ratio	2.6x	1.2x		**2.4x**
Revenue from external customers	242	44	0	**286**
Intersegment revenue	1	0	-1	**–**
Segment revenue	**242**	**45**	**-1**	**286**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First three months 2022 Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-15	-8	–	**-23**
Reversals of other provisions	2	2	0	**5**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First three months 2022 Group
EBITDA	**20**	**-3**	**-2**	**15**
Other non-recurring effects	–	–	2	**2**
Adjusted EBITDA	**20**	**-3**	**0**	**17**
Adjusted EBITDA margin[1]	*8.1 %*	*-6.7 %*		***5.8 %***
Depreciation and amortisation	-19	-5	-0	**-25**
EBIT	**0**	**-8**	**-2**	**-10**
Effects on earnings from purchase price allocation	8	1	–	**9**
Other non-recurring effects	–	–	2	**2**
Adjusted EBIT	**8**	**-7**	**0**	**1**
Adjusted EBIT margin[1]	*3.5 %*	*-16.1 %*		***0.4 %***

[1] Based on segment revenues

				First three months
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBIT	**0**	**-8**	**-2**	**-10**
Finance result				**-7**
EBT				**-16**

7 Revenue

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

During the first three months of 2023, revenue increased overall by nearly €52 million to €338 million compared to €286 million in the in the first three months of 2022.

Revenue (geographical information)

	First three months	
in € million	2023	2022
Europe	302	235
thereof Germany	*197*	*164*
Middle East	24	17
APAC	7	9
North America	4	9
Africa	4	17
LATAM	0	1
Other regions / consolidation	-3	-2
Total	**338**	**286**

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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