

REPORT OF THE SUPERVISORY BOARD

on the consolidated financial statements
and the financial statements of

HENSOLDT AG

for the fiscal year 2023

Dear shareholders,

The intensification of geopolitical tensions in 2023 is a greater concern for global security policy than ever before. These events highlight the importance of maintaining defense capabilities. HENSOLDT technology plays a decisive role in this. Both the visit by German Chancellor Olaf Scholz and the company's promotion to the MDAX are clear indications of this.

The past year has shown how well HENSOLDT is now positioned in the market. In the 2023 fiscal year, the targets for all relevant key figures were once again achieved and the growth trajectory continued. An important strategic step in this direction is the transformation from a device provider to a solutions provider. We received regular reports on this from the individual divisions and gained an overview of the progress made as well as the opportunities and risks for the company.

The selection of the new CEO Oliver Dörre marks the end of the generational change in the HENSOLDT Management Board that was initiated in 2022. With his deep understanding of the industry and the customer, combined with his diverse experience in corporate management, the Supervisory Board believes that he brings precisely the qualities that the company needs for the challenges ahead in order to continue the HENSOLDT success story initiated by Thomas Müller.

The Supervisory Board sets the course for the future in its area of responsibility. An intensive debate on strategy, regular reviews and clear working structures were further measures to actively shape the responsibility of the Supervisory Board. The involvement of all stakeholders, open dialog and a clear focus on common goals are the top priorities.

The turnaround has also led to the company HENSOLDT being in the public eye more than before. The scope and reach of media coverage of the company has increased. The Supervisory Board therefore also dealt in depth with the public relations work of the HENSOLDT Group and, by adjusting its competence profile, ensured that it also has the skills in this area to ensure qualified supervision and advice for the Management Board.

The Supervisory Board is aware that the coming years will bring major changes not only for HENSOLDT, but for the entire European defense industry. We have therefore discussed the company's strategy intensively with the Management Board. In particular, we have thoroughly discussed the decision to acquire ESG Elektroniksystem- und Logistik-GmbH with the Management Board and are fully supportive of this decision. In the view of the Supervisory Board, the company is thus well prepared for the discussions on the potential impact of a common, strategic European armaments policy.

Cooperation with the Management Board

In 2023, the Supervisory Board of HENSOLDT AG diligently and dutifully fulfilled its duties in accordance with the law, the Articles of Association and the rules of procedure. We advised the Management Board on the management of the company on an ongoing basis and continuously monitored its activities. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance to the company. The Management Board informed us regularly, both verbally and in writing, promptly and comprehensively about all significant events: the focus was on corporate planning, the course of business, strategic development and the current situation of the Group. The cooperation between the Supervisory Board and the Management Board was constructive, open and trusting at all times.

The Management Board agreed the strategic direction of the company with us. We discussed business transactions of importance to the company in detail on the basis of the Management Board's reports.

The Supervisory Board, in particular the Chairman of the Supervisory Board, was in regular contact with the Management Board beyond the Supervisory Board meetings and was informed about the current development of the business situation and significant business transactions. In this way, the Supervisory Board was always aware of the intended business policy, corporate planning including financial, investment and personnel planning, the course of business, profitability and the situation of the Group.

Ms. Ingrid Jägering, as Chairwoman of the Audit Committee, also regularly discussed current developments with the Chief Financial Officer, the auditor and selected central Group functions.

As Chairwoman of the Compliance Committee, Ms. Hiltrud Werner regularly discussed current issues, important processes and compliance-relevant structures of the company with the heads of the risk-mitigating functions.

Corporate governance and working methods of the Supervisory Board

Further information on corporate governance can be found in the corporate governance statement, which is part of the combined management report for HENSOLDT AG and the HENSOLDT Group. It contains a detailed report on the working methods of the Supervisory Board and its committees. It also contains explanations of the current declaration by the Management Board and Supervisory Board pursuant to Section 161 AktG, which the Supervisory Board adopted on December 5, 2023. The current declaration by the Management Board and Supervisory Board pursuant to Section 161 AktG is also permanently available to shareholders on the HENSOLDT website at <https://investors.hensoldt.net> in the Corporate Governance section.

The members of the Supervisory Board are responsible for their own training and development measures. The company supports the Supervisory Board in this to an appropriate extent. In the previous fiscal year, the members of the Supervisory Board underwent training according to their individual needs on the topics of new developments in Supervisory Board law and sustainability criteria in corporate financing.

Discussions and resolutions in the full Supervisory Board

The Supervisory Board of HENSOLDT AG held eight meetings in the previous fiscal year.

At its meeting on March 21, 2023, the Supervisory Board resolved to appoint Mr. Oliver Dörre as a member of the Management Board for a term of office of three years with effect from January 1, 2024 at the latest and, following the departure of the current Chairman of the Management Board, as Chairman of the Management Board. At this meeting, the Supervisory Board also dealt with the annual financial statements of HENSOLDT AG and the consolidated financial statements as of December 31, 2022, the combined management and Group management report including the non-financial Group statement and the sustainability report. The Supervisory Board also resolved on the preparation of the remuneration report for 2022 and, following a report from the Executive Committee, on the target values achieved for the 2022 fiscal year and the determination of the target values for 2023 for the variable remuneration of the Management Board. Another focus of the meeting was the resolution on the preparation and implementation of the third Annual General Meeting of HENSOLDT AG. As part of the Management Board's report, the Supervisory Board received reports on key topics, important campaigns, key projects and product developments in the Optronics division. The topic of cyber security was discussed by the Supervisory Board, as was the progress made with the Group-wide introduction of the S/4HANA software solution.

At its meeting on April 5, 2023, the Supervisory Board approved the submission of a large-volume offer by HENSOLDT Sensors GmbH and the provision of corresponding collateral by the company. In addition, the Supervisory Board dealt with the mutually agreed termination of the Management Board service contract of Mr. Thomas Müller.

Mr. Johannes Huth stepped down as a member of the Supervisory Board and Chairman of the Supervisory Board with effect from the end of the Annual General Meeting on 12 May 2023. The Supervisory Board therefore met following the Annual General Meeting to decide on the election of a new Chairman of the Supervisory Board. At this meeting, Mr. Reiner Winkler was elected as the new Chairman of the Supervisory Board. In addition, the seats previously held by Mr. Huth on the Presiding Committee, the Nomination Committee and the Mediation Committee were filled.

Reporting on key topics, important campaigns, key projects and product developments of the Services & Space Solutions division was the subject of the meeting on July 28, 2023. In addition, the Supervisory Board dealt with the risk management system of the HENSOLDT Group in an intensive, thorough analysis. The Supervisory Board dealt intensively with the public relations work of the HENSOLDT Group. The provision of collateral by HENSOLDT AG as part of the development of an air defense system for close and short-range protection together with a partner company was also discussed. After dealing with the reports from the Executive Committee, the Supervisory Board resolved on the remuneration of the ordinary members of the Management Board with effect from January 1, 2024 and on the extension of the appointment of Ms. Celia Pelaz Perez as a member of the Management Board of HENSOLDT AG for a further five years. Furthermore, the Supervisory Board resolved to increase the remuneration of the members of the Supervisory Board and the members of the Supervisory Board committees with effect from January 1, 2024, subject to the approval of the Annual General Meeting, and to propose this increase to the Annual General Meeting in 2024. With regard to the assumption of functions by Supervisory Board member Giovanni Soccodato at MBDA, the Supervisory Board ensured that the Corporate Governance Code will continue to be complied with.

At its meeting on September 19, 2023, the Supervisory Board was informed about the core topics of the Spectrum Dominance & Airborne Solutions division. Other focal points of this meeting were the strategy update by the Chief Strategy Officer, Celia Pelaz Perez, the report on the HR potential process and diversity by the Chief Human Resources Officer, Dr. Immisch, and the efficiency program "HENSOLDT Go! Wave 3" efficiency program.

In two meetings on December 4 and 5, 2023, the Supervisory Board dealt in detail with the acquisition of all shares in ESG Elektroniksystem- und Logistik GmbH by the HENSOLDT Group and the financing required in this context. The

Supervisory Board decided to approve the financing measures, including the conclusion of corresponding loan agreements and the provision of corresponding guarantees by the HENSOLDT Group. It also approved the preparation of a capital increase from authorized capital and decided to set up a special committee of the Supervisory Board for the further implementation of this capital increase.

In addition to the Management Board's report on the company's situation, the Supervisory Board was presented with the HENSOLDT Group's business plan and the provision of a security as part of a major project for approval at a further meeting on December 5, 2023. The Supervisory Board instructed the Executive Committee to prepare the targets for the variable remuneration of the Management Board in 2024. The Supervisory Board also resolved to issue the declaration of compliance with the German Corporate Governance Code. The meeting also included a discussion of the Supervisory Board's profile of skills and expertise and the results of the Supervisory Board's self-assessment. The Supervisory Board decided to expand its skills profile to include expertise in the area of media relations, among other things. In the self-assessment, the Supervisory Board focused on the evaluation of the Supervisory Board's cooperation with the Management Board and the provision of information to the Supervisory Board by the Management Board, with very positive results overall. Due to the resignation of Mr. Soccodato as a member of the Supervisory Board and the court appointment of Mr. Giuseppe Panizzardi to the Supervisory Board, the Supervisory Board decided on the appointment of Mr. Panizzardi to the Audit Committee, the Presiding Committee and the Nomination Committee.

Where necessary, the Supervisory Board also passed resolutions by written procedure. This concerned the mutually agreed premature termination of Mr. Thomas Müller's Management Board service contract, the provision of collateral for an offer of optronic systems and the submission of an application for the appointment of Mr. Panizzardi as successor by the court of registration.

The members of the Management Board regularly attended Supervisory Board and committee meetings. Consultations between the Audit Committee and the auditor and discussions on internal Supervisory Board matters took place without the presence of the Management Board.

Measures that require the approval of the Supervisory Board in accordance with the articles of association, the rules of procedure for the Supervisory Board or the rules of procedure for the Management Board were submitted to the Supervisory Board for a decision in good time. The Supervisory Board approved the resolutions proposed by the Management Board in each case after thorough examination and consultation. Apart from the individual measures already explained, there are no other transactions requiring approval to report in the past fiscal year.

Committees of the Supervisory Board

The Supervisory Board has set up a Presiding Committee and five other committees to perform its duties efficiently. These committees prepare the resolutions of the Supervisory Board and the topics to be dealt with by the full Supervisory Board. To the extent permitted by law, decision-making powers of the Supervisory Board have been transferred to the relevant committees.

Three meetings of the Presiding Committee were held in the past fiscal year.

At its meeting on 21 March 2023, the Presiding Committee assessed the target values achieved for the 2022 fiscal year and prepared a proposal to the Supervisory Board regarding the bonus for the Management Board for the 2022 fiscal year and the determination of the and prepared a proposal to the Supervisory Board on the bonus for the Management Board for the 2022 fiscal year and on setting targets for the Management Board for 2023. The Executive Committee also dealt with personnel planning for the Management Board and proposed to the Supervisory Board that Mr Oliver Dörre be appointed to the Management Board for a period of three years from 1 January 2024.

At the meeting on 4 April 2023, the Presiding Committee prepared the Supervisory Board's resolution on the mutually agreed premature termination of Mr Thomas Müller's Management Board service contract.

At the meeting on 28 July 2023, the Presiding Committee discussed the proposal to the Supervisory Board to adjust the remuneration of the Management Board and the extension of the mandate of Ms Celia Pelaz Perez as a member of the Management Board.

The **Audit Committee** held eight meetings.

A key part of its work was the discussion of the preliminary key financial figures for the 2022 fiscal year, the dividend proposal and the key financial figures for the year (quarterly statement 3M2023, half-year financial report 6M2023 and quarterly statement 9M2023). The Audit Committee consulted with the Chief Financial Officer on the key financial figures and, with regard to the half-year financial report, with the auditor to discuss the results of the audit review.

The representatives of the auditor KPMG also took part in the discussion of the annual and consolidated financial statements.

The Audit Committee also made recommendations to the Supervisory Board regarding the choice of auditor.

At each meeting of the Audit Committee, the Chairwoman of the Audit Committee reported on her regular exchanges with the Management Board, the auditor and key functions within the company. The Chief Financial Officer also reported on current issues in the finance department and other areas of responsibility.

The committee received regular reports from those responsible for the key control functions on current developments and the effectiveness and further development of the control systems.

The committee also discussed the audit results for 2023 and the audit planning for the 2024 fiscal year in the presence of the Head of Internal Audit.

The contents of the meetings were presented to the Supervisory Board as part of the oral reports from the committee meetings and - where necessary - submitted for decision.

In addition, the Chairwoman of the Audit Committee is in regular contact with the auditor - also outside of meetings. The auditor informs the Audit Committee without delay of all findings and occurrences of significance to its tasks that come to its attention during the audit. The auditor has declared to the Audit Committee that there are no circumstances that would give rise to the assumption that the auditor is biased. The Audit Committee obtained the required independence agreement from the auditor and reviewed the auditor's qualifications. Two proven financial experts, Ms. Ingrid Jägering and Mr. Giovanni Soccodato (replaced by Mr. Giuseppe Panizzardi in December 2023) respectively, are permanently represented on the Audit Committee. Expertise in sustainability issues is also ensured in the Audit Committee and is continuously developed.

On February 14, 2023, the Audit Committee discussed the results of the self-assessment of the Audit Committee's work.

At the meeting on February 22, 2024, the Audit Committee discussed the preliminary key financial figures for the 2022 fiscal year together with the Chief Financial Officer and the auditor.

With a view to the Annual General Meeting of HENSOLDT AG, the Audit Committee prepared the Supervisory Board's resolution on the annual financial statements, combined management report and other reporting, including non-financial reporting, at its meeting on March 20, 2023 and made a recommendation to the Supervisory Board on the appropriation of net retained profits. In particular, the Audit Committee satisfied itself that, in the opinion of the auditor, the Management Board had taken the measures required by Section 91 para. 2 AktG to set up a risk monitoring system in an appropriate form in the 2022 fiscal year and that the monitoring system is suitable in all material respects for identifying developments that could jeopardize the company's continued existence at an early stage and with sufficient certainty.

On May 8, 2023, the Audit Committee discussed the quarterly statement for the first three months of the 2023 fiscal year and discussed the review and further design of the investment management function with the Chief Financial Officer.

On July 27, 2023, the Audit Committee assured itself of the quality of the audit and discussed the report for the first half of the 2023 fiscal year.

On September 18, 2023, the Audit Committee defined the audit plan for the consolidated financial statements and the annual financial statements for 2023 and discussed the schedule and processes for complying with future sustainability reporting requirements and the EU taxonomy. The Audit Committee also assured itself of the appropriateness of segment reporting.

The discussion of the interim financial information for the first nine quarters was the subject of the Audit Committee meeting on November 8, 2023.

On December 4, 2023, the Audit Committee discussed the current status of the audit of the annual and consolidated financial statements for 2023 with the auditor and ensured that the requirements of the German Corporate Governance Code were carefully examined before the Supervisory Board issued its declaration of compliance.

At its regular meetings throughout the year, the Audit Committee also received regular reports from senior employees and the Head of Internal Audit on audit activities and investigations as well as on current risk management issues. The Audit Committee ensured that all identified potential risks were addressed appropriately. The committee also focused on financial and non-financial reporting, the status of the introduction of CSRD reporting and financing and refinancing issues, including in connection with the capital increase.

There were regular consultations between the Audit Committee and the auditor without the presence of the Management Board and consultations between the Audit Committee and the Management Board without the presence of the auditor.

The **Compliance Committee** held five meetings in the past fiscal year.

At its meetings, the Compliance Committee received regular reports from the Head of Compliance, the General Counsel and the Head of Internal Audit on the compliance dashboard, the status of e-learning, the compliance risk assessment and the open line cases and discussed the results with the specialist functions and the Management Board. There was also a regular exchange with the Head of Internal Audit and the HENSOLDT Group's Data Protection Officer. The Compliance Committee also dealt with the compliance requirements for reviewing business partners and media coverage of the company.

The Chairwoman of the Compliance Committee also held regular individual discussions with the heads of the company's risk-mitigating functions and reported on this at the meetings.

The **Nomination Committee** held two meetings in the past fiscal year.

On 21 March 2023, the Nomination Committee evaluated the proposal to propose Mr Marco Fuchs to the Annual General Meeting for election to the Supervisory Board. In this context, the Nomination Committee also dealt in particular with the recommendations of the German Corporate Governance Code and resolved to propose to the Supervisory Board that it propose to the Annual General Meeting that Mr. Fuchs be elected to the Supervisory Board.

On 24 October 2023, the Nomination Committee satisfied itself that, with regard to the application for the appointment of Mr. Giuseppe Panizzardì by the register court, there were no legal impediments to his holding office as a member of the Supervisory Board and that Mr. Panizzardì's appointment was in line with the requirements of the German Corporate Governance Code and the objectives adopted by the Supervisory Board for its composition. The Nomination Committee therefore decided to support the Management Board's proposal to appoint Mr. Panizzardì as a shareholder representative until the end of the Annual General Meeting in 2024.

On 5 December 2023, the Supervisory Board resolved to set up a **special committee for the implementation of a capital increase from authorized capital**. This special committee met twice on December 5, 2023 to decide on the approval of the Management Board's resolutions on the launch and implementation of the capital increase as part of the financing of the acquisition of ESG Elektroniksystem- und Logistik-GmbH.

The Mediation Committee and the Committee for Related Party Transactions were not convened in the fiscal year.

Attendance of Supervisory Board members at meetings

Information on the attendance of Supervisory Board members at Supervisory Board meetings and committee meetings held in the reporting year is provided below. The majority of meetings were held in hybrid form as face-to-face meetings with the participation of individual or several Supervisory Board members via video conference, while other meetings of the Supervisory Board and its committees were held purely as face-to-face meetings.

(Number of meetings / Attendance in %)	Supervisory Board plenary		Audit Committee		Compliance Committee		Presidial Committee		Nomination Committee	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
Johannes P. Huth (Chairman, until 12 May 2023)	1/2	50.0%	–	–%	–	–%	2/2	100.0%	1/1	100.0%
Reiner Winkler (Chairman, since 12 May 2023)	7/8	87.5%	–	–%	–	–%	2/3	66.7%	2/2	100.0%
Armin Maier-Junker ¹ (Vice Chairman)	5/8	62.5%	–	–%	–	–%	2/3	66.7%	0	–%
Dr. Jürgen Bestle ¹	8/8	100.0%	–	–%	5/5	100.0%	1/1	100.0%	0	–%
Jürgen Bühl ¹	8/8	100.0%	–	–%	–	–%	3/3	100.0%	0	–%
Letizia Colucci	8/8	100.0%	–	–%	5/5	100.0%	0	–%	0	–%
Marco R. Fuchs (since 12 May 2023)	6/6	100.0%	–	–%	–	–%	0	–%	1/1	100.0%
Achim Gruber ¹	8/8	100.0%	–	–%	5/5	100.0%	0	–%	0	–%
Ingrid Jägering	8/8	100.0%	8/8	100.0%	–	–%	0	–%	2/2	100.0%
Marion Koch ¹	8/8	100.0%	8/8	100.0%	–	–%	0	–%	0	–%
Giuseppe Panizzardi (since 1 December 2023)	3/3	100.0%	–	–%	–	–%	0	–%	0	–%
Giovanni Soccodato (until 31 October 2023)	5/5	100.0%	6/6	100.0%	–	–%	1/1	100.0%	2/2	100.0%
Julia Wahl ¹	8/8	100.0%	8/8	100.0%	–	–%	0	–%	0	–%
Hiltrud D. Werner	8/8	100.0%	–	–%	5/5	100.0%	1/1	100.0%	–	–%

Attendance at the meetings of the Supervisory Board was therefore 94.8 % in the past fiscal year.

¹ Representative of the employees

Conflict of interest in the Supervisory Board

No conflicts of interest of members of the Management Board or Supervisory Board that should have been disclosed to the Supervisory Board were reported in the past fiscal year.

Changes in the Management Board and Supervisory Board

The mandate of Ms Celia Pelaz Perez as a member of the Management Board was extended on July 28, 2023 for a further five years, i.e. until June 30, 2029, with effect from July 1, 2024. The mandate of Mr. Thomas Müller as a member of the Management Board and Chairman of the Management Board was terminated by mutual agreement by resolution of the Supervisory Board on 5 April 2023 with effect from 31 March 2024. At its meeting on 21 March 2023, the Supervisory Board resolved to appoint Mr Oliver Dörre as a member of the Management Board for a term of office of three years with effect from 1 January 2024 at the latest and, following the departure of the current Chairman of the Management Board, as Chairman of the Management Board.

With effect from the end of the Annual General Meeting on 12 May 2023, Mr. Johannes Huth resigned from his position as shareholder representative on the Supervisory Board. In his place, Mr. Marco Fuchs was elected to the Supervisory Board as a shareholder representative by the Annual General Meeting on 12 May 2023. Mr. Giovanni Soccodato resigned from his position as a member of the Supervisory Board with effect from the end of 31 October 2023. Mr. Giuseppe Panizzardi was appointed to the Supervisory Board in his place by the register court with effect from 1 December 2023.

Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft was appointed as auditor for the 2023 fiscal year by resolution of the Annual General Meeting on May 12, 2023. KPMG AG Wirtschaftsprüfungsgesellschaft had previously confirmed that there were no circumstances that could impair its independence as auditor or give rise to doubts about its independence. KPMG AG Wirtschaftsprüfungsgesellschaft also explained the extent to which non-audit services were provided to all companies of the HENSOLDT Group in the previous fiscal year.

The Management Board of HENSOLDT AG has prepared the annual financial statements, the combined management report of HENSOLDT AG and Group and the consolidated financial statements for the fiscal year 2023.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements, the combined management report of the HENSOLDT Group and the consolidated financial statements for the fiscal year 2023 and issued an unqualified audit opinion on March 19, 2024. The consolidated financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB. The annual financial statements and the combined management report were prepared in accordance with German commercial law.

The annual financial statements and the combined management report were prepared in accordance with German commercial law.

The auditor conducted the audit of the annual and consolidated financial statements in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

The aforementioned documents were distributed to us by the Management Board in good time or were available at the balance sheet meeting. They were discussed in detail by the Audit Committee on March 19, 2024. The members of the Audit Committee reported in detail on these discussions to the full Supervisory Board at the balance sheet meeting on March 21, 2024. The full Supervisory Board discussed the financial statements and reports in detail - also in the presence of the Management Board. Both meetings were attended by the auditor, who reported on the key findings of his audit. The scope, focus and costs of the audit were also presented.

We approved the results of the audit. Following the final results of the audit by the Audit Committee and our own audit, there were no objections to be raised. The Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements prepared by the Management Board. The annual financial statements are thus adopted. The Management Board proposes that the distributable profit totaling EUR 57,198,987.42 in the amount of EUR 46,200,000 be used to pay a dividend of EUR 0.40 per dividend-bearing share. We approved this proposal.

As part of its review, the Supervisory Board also examined the non-financial Group statement as part of the sustainability report, which had to be prepared in accordance with Section 315b of the German Commercial Code (HGB), and came to the conclusion that it meets the existing requirements and that there are no objections to be raised. An external review by KPMG AG Wirtschaftsprüfungsgesellschaft had previously confirmed that no matters had come to the auditors' attention that would lead them to conclude that the non-financial Group statement has not been prepared, in all material respects, in accordance with Section 315c HGB.

Thanks to the Management Board and employees

The Supervisory Board would like to thank the members of the Management Board, the employees and the employee representatives of all Group companies for their work. They all have contributed to a very successful year for the HENSOLDT Group.

On behalf of the Supervisory Board

The Chairman of the Supervisory Board