Semi-annual financial report for the **First Half Year 2022**

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

HENSOLDT
Detect and Protect.

A Interim Group Management Report

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1 Business development

Russia's war on Ukraine represents a turning point the likes of which we have not seen in Europe since the Cold War. This upheaval in the global order will leave a lasting mark – on the worlds of politics and business but especially on the people in the affected regions. The "watershed" in security policy proclaimed by the German Chancellor Scholz holds extensive opportunities for HENSOLDT. The medium and long-term consequences are not yet assessable and are being analysed by the HENSOLDT Group (hereinafter also referred to as "HENSOLDT" or "the Group") on an ongoing basis. During the first six months of 2022, there were no significant effects on HENSOLDT's project business.

We continued to monitor the situation around the COVID-19 pandemic at all our sites to protect the health and well-being of all our employees, customers and partners as well as our business. The COVID-19 pandemic has still not significantly influenced the business of HENSOLDT as a provider of defence and security electronic solutions.

In the previous year, the Italian aerospace and defence group Leonardo S.p.A., Italy, ("Leonardo") and the company Square Lux Holding II S.à r.l., Luxembourg, ("Square Lux"), a portfolio company controlled by funds advised by Kohlberg Kravis & Roberts & Co. L.P. or their affiliated companies ("KKR"), concluded a share purchase agreement to acquire 25.1 % of the shares of HENSOLDT AG (hereinafter also referred to as "the Company"). The share purchase agreement dated 24 April 2021 was executed on 3 January 2022 after the conditions precedent had been fulfilled. The corresponding voting rights notifications were published on 4 January 2022.

After the complete withdrawal of Square Lux as a major shareholder at the beginning of April 2022, HENSOLDT now has two strong and long-term major shareholders on its side, the Federal Republic of Germany ("Bund") and Leonardo, each holding 25.1 % of the shares. HENSOLDT and Leonardo are exploring a collaboration or respectively an expansion of the existing collaborations in the joint development and production of radars and self-protection systems for the Eurofighter, combat command systems for next-generation frigates, networked sensor solutions for ground systems and next-generation air defence systems including hypersonic missile defence. For information on transactions with related parties, please refer to note 4.

In a voting rights notification dated 5 April 2022, the institutional investor Lazard Asset Management LLC reported that it had exceeded the 5 % threshold on 1 April 2022 and was thus also one of the Company's major shareholders with a share of 5.5 %. Hence, free float was around 44.3 %.

HENSOLDT AG held its annual general meeting on 13 May 2022. Due to the pandemic, the meeting was again held virtually. Based on the decision of the annual general meeting, a total amount of €26.25 million was distributed as dividend to the shareholders of HENSOLDT AG. Likewise, based on a resolution of the annual general meeting, Giovanni Soccodato (Chief Strategic Equity Officer of Leonardo S.p.A.), Letizia Colucci (General Manager of the Med-Or Leonardo Foundation) and Reiner Winkler (CEO of MTU Aero Engines AG until the end of 2022) were elected to the Supervisory Board. They immediately succeed the previous Supervisory Board members Prof. Wolfgang Ischinger, Christian Ollig and Claire Wellby who each resigned from their mandates at the end of the annual general meeting on 13 May 2022.

As part of a long-term succession planning, the Supervisory Board approved the early consensual termination of the appointment of Axel Salzmann (CFO) and Peter Fieser (CHRO) as members of the Management Board. Axel Salzmann left the Management Board on 30 June 2022. Christian Ladurner, formerly Head of Group Controlling & Investor Relations has taken over as CFO on 1 July 2022. Peter Fieser will leave the Management Board on 30 September 2022. Dr. Lars Immisch, currently Executive Vice President HR of Airbus Defence and Space will take over as CHRO on 1 October 2022.

Overall, HENSOLDT's operating business continued its positive development in the first half year 2022 and strong order intakes were recorded. These include in particular a major order for the Eurofighter (service contract C3) with a contract value of €270 million as well as orders for the equipment of the multi-purpose frigates F126 with four TRS 4D radars in the Sensors segment. Revenue increased by 40.3 % (€682 million; previous year: €486 million). The ramp up of key programmes developed as expected. The increase in adjusted EBITDA (€61 million; previous year: €44 million) resulted mainly from volume effects. Despite increased revenues from pass-through business, the adjusted EBITDA margin was at the same level of the previous year period.

2 Conditions in the defence and security sector

General economic conditions

The latest forecasts of the World Bank indicate that world trade will weaken significantly. Accordingly, international trade is expected to grow by only 2.9 % this year. In October 2021, the World Trade Organisation (“WTO”) had still expected world trade to grow by 4.7 %. The WTO cites further increases in energy prices, higher food prices and lower exports by Russia and Ukraine as the main reasons for this development. In addition, there are numerous other problems for exporters, such as e.g. supply bottlenecks and strongly increased transport costs and times. The latter result in particular from the necessary detours and port closures due to the war as well as the current lockdowns in China, the world’s second largest economy, as a result of which many supply chains continue to be disrupted.

The EU Commission adjusted the economic forecast for Germany significantly downwards due to the war in Ukraine and the ongoing COVID-19 pandemic. For this year, researchers expect only a growth of 1.4 % in the gross domestic product, while a growth of 3.6 % had still been predicted in January 2022. Inflation in OECD countries will rise to 8.5 % this year.

Conditions in the defence and security sector

Russia’s war on Ukraine is proving to be a catalyst for a realignment of the European security order and defence policy. At the same time, the war consolidates existing tensions and political system competition, affects the global balance of power with China and has a significant negative impact on energy and food security.

Many European states have announced that they will significantly increase their national defence budget and have already declared numerous armament procurements. Germany published in the context of the decision on the special fund for the German military (“German Bundeswehr”) which is part of the “watershed” announced by Chancellor Olaf Scholz, a list of more than 40 projects to be financed from the funds of the special fund. In addition, a law for the acceleration of the procurement process was passed by the German Bundestag. The joint procurement with other EU member states should play an even greater role. Support of the Ukraine with military equipment is maintained or strengthened in many EU member states and thus also influences potential replenishment or modernisation decisions for equipment in the respective countries.

The European Union provides military support to Ukraine from the European Peace Facility. The Work Programme 2022 was presented in May 2022 for the European Defence Fund (“EDF”). A total of up to €924 million will be made available in the context of the EDF Work Programme for 2022. Following the summit decisions of March 2022, concrete proposals were made by the EU Commission in May 2022 to further strengthen the common defence capabilities and the industrial and technological base. These include the establishment of a Joint Procurement Task Force that cooperates with the member states. Based on such, €500 million should be made available from the EU budget over a period of two years for joint procurement projects. For the third quarter of 2022, the Commission intends to propose a regulation on a Programme for European Defence Investment (“EDIP”[1]).

The shaping of a new European security environment also relates to the transatlantic relationships. The NATO is significantly strengthening its alliance defence on its eastern flank, Finland and Sweden want to join NATO and the strengthening of the EU pillar within NATO is being driven by the investment measures.

[1] European Defence Investment Programme

3 Results of operations

Order intake, Revenue, Book-to-Bill ratio and Order backlog

	Order intake			Revenue			Book-to-Bill			Order backlog		
	First half year			First half year			First half year			30 Jun.	31 Dec.	
in € million	2022	2021	% Delta	2022	2021	% Delta	2022	2021	% Delta	2022	2021	% Delta
Sensors	810	1,905	-57.5%	575	376	53.1%	1.4	5.1	<-200%	4,658	4,420	5.4%
Optronics	144	210	-31.2%	109	111	-2.1%	1.3	1.9	-55.9%	714	676	5.6%
Elimination/ Transversal/ Others	-5	-3		-2	-1					-8	-4	
HENSOLDT	**948**	**2,112**	**-55.1%**	**682**	**486**	**40.3%**	**1.4**	**4.3**	**<-200%**	**5,364**	**5,092**	**5.3%**

Order intake

- *Sensors:* Order intake during the first half year 2022 was driven by the C3 service contract for the Eurofighter in the Services & Aerospace Solutions division. The Radar & Naval Solutions division also made a significant contribution with orders for the equipment of the frigate 126. The previous year period included record orders relating to the airborne electronic signals intelligence system PEGASUS with a contract value of €1.25 billion in the Spectrum Dominance & Airborne Solutions division and the Eurofighter Quadriga programme in the Radar & Naval Solutions and the Spectrum Dominance & Airborne Solutions divisions.

- *Optronics:* The Industrial Commercial Solutions and Naval product lines as well as the South African unit continued to experience a positive development in order intake in the first half of 2022. The previous year period was characterised especially by high order intakes in the Ground Based Systems, Industrial Commercial Solutions product lines and in the South African unit.

Revenue

- *Sensors:* The significant increase compared to the previous year period was achieved in all divisions. The main drivers were the airborne electronic signals intelligence system PEGASUS in the Spectrum Dominance & Airborne Solutions division and the Eurofighter Radars in the Radar & Naval Solutions division.

- *Optronics*: The decrease in the Ground Based Systems product line was almost compensated by the South African unit. The other product lines remained at the previous year's level.

Book-to-Bill ratio[2]

The book-to-bill ratio remained at a high level, but was below the previous year period due to the outstanding order intake in the first half of 2021.

- *Sensors*: In the Sensors segment, a book-to-bill ratio of significantly above 1.0 was achieved once again. A decrease in the Spectrum Dominance & Airborne Solutions and Radar & Naval Solutions divisions was partly compensated by increases in the Services & Aerospace Solutions division. The high book-to-bill ratio in the previous year period was characterised by orders relating to the airborne electronic signals intelligence system PEGASUS in the Spectrum Dominance & Airborne Solutions division.

- *Optronics*: The book-to-bill ratio was also at a high level at well above 1.0, but was declining compared to the previous year period. That resulted mainly from high order intakes in the first half year 2021 in the Ground Based Systems and Industrial Commercial Solutions product lines and in the South African unit.

Order backlog

- *Sensors:* The increase compared to year-end 2021 was mainly driven by the order intakes in the Services & Aerospace Solutions and Radar & Naval Solutions divisions.

- *Optronics:* The increase compared to year-end 2021 primarily resulted from the order intake in the Industrial Commercial Solutions and Navel product lines as well as in the South African unit.

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

Income

	Profit			Profit margin	
	First half year			First half year	
in € million	2022	2021	% Delta	2022	2021
Sensors	52	36	46.1%	9.1%	9.5%
Optronics	9	11	-18.7%	8.0%	9.6%
Elimination/Transversal/Others	—	-2			
Adjusted EBITDA	**61**	**44**	**37.7%**	**8.9%**	**9.1%**
Depreciation and amortisation	-52	-60	14.0%		
Non-recurring effects	-7	-6	27.4%		
Earnings before finance result and income taxes (EBIT)	**2**	**-22**	**107.1%**	**0.2%**	**-4.5%**
Finance result	-15	-16	10.7%		
Income taxes	-3	10	-131.1%		
Group result	**-16**	**-28**	**43.9%**	**-2.3%**	**-5.9%**
Earnings per share (in €; basic/diluted)	**-0.15**	**-0.26**	**42.6%**		

Adjusted EBITDA

- *Sensors:* The significant increase compared to the previous year period was mainly due to volume and project mix effects. These effects were partly compensated by lower project margins for higher revenue from pass-through business and from projects in an early stage of their life-cycle.

- *Optronics*: Decrease compared to the previous year period. This was due to the ramp-up of the production line in the South African unit as well as the development of new business fields such as e.g. security solutions and corresponding higher functional costs.

Earnings before finance result and income taxes (EBIT)

- *Depreciation and amortisation:* The decrease compared to the previous year period was mainly related to lower amortisation of acquired intangible assets compared to the previous year. This decrease was partly offset by higher amortisation of capitalised development costs.

- *Non-recurring effects*[3]: The slight increase resulted mainly from expenses in the context of long-term succession planning for the Management Board.

Group result

- *Finance result:* The finance result was almost at the same level as in the previous year period. The slightly lower interest expenses were due to an improved capital structure.

- *Income taxes:* The change compared to the previous year period reflects the positive development of the result of HENSOLDT Group.

Earnings per share

- Earnings per share improved from €-0.26 to €-0.15 compared to the previous year period mainly due to improved earnings before finance result and income taxes (EBIT).

[3] Defined as transaction costs, expenses for the IPO and other non-recurring effects

4 Assets, liabilities and financial position

Assets and capital structure

	30 Jun.	31 Dec.	
in € million	2022	2021	% Delta
Non-current assets	1,315	1,320	-0.4%
therein: Intangible assets	*387*	*385*	*0.5%*
therein: Property, plant and equipment	*110*	*108*	*2.1%*
therein: Deferred tax assets	*5*	*11*	*-53.4%*
Current assets	1,499	1,629	-8.0%
therein: Inventories	*528*	*444*	*18.8%*
therein: Contract assets	*225*	*170*	*32.6%*
therein: Trade receivables	*267*	*309*	*-13.5%*
therein: Cash and cash equivalents	*302*	*529*	-43.0%
Total assets	**2,814**	**2,950**	**-4.6%**
Equity	517	410	26.0%
therein: Capital reserve	*557*	*583*	*-4.5%*
therein: Other reserves	*77*	*-70*	*>200%*
therein: Retained earnings	*-234*	*-218*	*-7.2%*
Non-current liabilities	1,163	1,284	-9.5%
therein: Non-current provisions	*313*	*497*	*-36.9%*
therein: Non-current contract liabilities	*33*	*12*	*172.2%*
therein: Deferred tax liabilities	*55*	*4*	*>200%*
Current liabilities	1,134	1,255	-9.6%
therein: Current provisions	*163*	*188*	*-13.3%*
therein: Current contract liabilities	*387*	*500*	*-22.6%*
therein: Trade payables	*307*	*269*	*14.1%*
Total equity and liabilities	**2,814**	**2,950**	**-4.6%**

Total assets

- *Non-current assets*: The slight increase in property, plant and equipment and intangible assets due to capitalised development costs was over-compensated by the decrease of deferred tax assets.

- *Current assets*: The decrease resulted primarily from the reduction in cash and cash equivalents. This was mainly due to the negative free cash flow. Following the usual seasonal pattern, trade receivables decreased, while inventories and contract assets increased mainly on account of major projects in the first half of the year.

Total equity and liabilities

- *Equity*: The increase in equity was primarily related to the increase of other reserves which was mainly due to the valuation of pension obligations. This effect was partially offset by the reduction of the capital reserve due to the dividend payment and the net loss of the reporting period.

- *Non-current liabilities:* The decrease was primarily due to the reduction of non-current provisions. Main driver was the reduction in pension provisions caused by higher interest rates which was offset by a corresponding increase in deferred tax liabilities and the increase in non-current contract liabilities.

- *Current liabilities:* The decrease mainly resulted from the reduction of current contract liabilities relating to major projects and a decrease in current provisions. The latter decreased mainly due to seasonality of personnel provisions and due to changes in project-related provisions within the usual project lifecycles. These decreases were partly offset by an increase in trade payables.

Financial position

	First half year		
in € million	2022	2021	€ Delta
Cash flow from operating activities	-134	-39	-95
Cash flow from investing activities	-46	-61	15
Free cash flow	**-180**	**-100**	**-81**
Non-recurring effects	5	8	-4
Interest, income taxes and M&A activities	19	34	-15
Adjusted pre-tax unlevered free cash flow	**-157**	**-57**	**-100**
Cash flow from financing activities	**-49**	**-264**	**216**

Free cash flow

- *Cash flow from operating activities:* The decrease compared to the previous year period resulted primarily from an increase (previous year: decrease) of contractual balances in the context of the execution of major projects as planned. These effects were partly offset by lower advance payments made.

- *Cash flow from investing activities*: The decrease of cash outflows was primarily a result of lower payments for M&A activities.

Adjusted pre-tax unlevered free cash flow

- *Non-recurring effects*[4]: The decrease compared to the previous year period was mainly due to lower deferred other non-recurring effects in connection with the IPO of HENSOLDT AG.

- *Interest*[5]*, income taxes*[6] *and M&A activities*[7]: The decrease was mainly caused by lower cash outflows from M&A activities and lower interest payments.

Cash flow from financing activities

The cash flow from financing activities improved compared to the previous year period. The previous year period was characterised by a partial repayment of the revolving credit facility and from cash outflows due to the reduction of other financing liabilities. The latter related mainly to scheduled payments in the first half of 2021 to a factoring company for payments received from factoring contracts that were not yet due for forwarding to the factor as of 31 December 2020. Furthermore, the dividend payment to the shareholders of HENSOLDT AG in the first half of 2022 exceeded the dividend payment of the previous year period.

[4] Defined as transaction costs, expenses for the IPO and other non-recurring effects
[5] Defined as “Interest paid” (including interest on lease liabilities) as reported in the Consolidated Statement of Cash Flow
[6] Defined as “Income tax payments / refunds” as reported in the Consolidated Statement of Cash Flow
[7] Defined as sum of “Share of profit in entities recognised for using the equity method”, “Acquisition of associates, other investments and other non-current financial assets”, “Proceeds from the sale of intangible assets and property, plant and equipment”, “Acquisition of subsidiaries net of cash acquired” and “Other cash flow from investment activities” as disclosed in the Consolidated Statement of Cash Flow

5 Outlook

The Management Board expects a strong growth in revenue for the fiscal year 2022. For order intake in the fiscal year 2022, the management expects a strong decline due to the very high order intake in the previous year. The management expects a total book-to-bill ratio between 1.1 and 1.2. For the adjusted EBITDA a strong increase in the fiscal year 2022 is expected.

Our outlook is subject to the assumption that there will be no significant further waves and lockdowns in the context of the global COVID-19 pandemic.

Furthermore, we are currently unable to conclusively estimate the impact of the war in Ukraine for HENSOLDT. It is assumed that the war in Ukraine will not have any significant impact on HENSOLDT in the fiscal year 2022. The special fund of €100 billion is to be used in particular to finance significant and complex multi-year equipment projects of the German Bundeswehr. The concrete design and implementation of possible procurement programmes as well as focal points in procurement are still open so that HENSOLDT expects only minor effects on the order intake. Inflation, higher energy costs and supply shortages currently have no material effects on the business of HENSOLDT as a specialised provider of defence and security electronics solutions.

Apart from the concretisation of the expectation regarding the book-to-bill ratio, the outlook remains unchanged compared to the year-end of 2021.

6 Opportunities and risks

In HENSOLDT's combined management report for the year ended 31 December 2021, we described the principles of the HENSOLDT risk management system, certain risks which could have an adverse impact on HENSOLDT as well as our most significant opportunities.

In the last months, HENSOLDT continued to track the situation around the COVID-19 pandemic at all sites to protect the health and well-being of all employees, customers, partners as well as the business itself. The measures that have been consistently implemented so far have been lifted in consideration of the current situation. However, preparations are already being made to be able to react to possible changes in the situation in the coming autumn and winter.

In addition to the COVID-19 pandemic, HENSOLDT is tracking the impact of the war on Ukraine. The latter has a significant exacerbating effect on the already elevated inflation rate in Germany, especially due to supply bottlenecks of materials and price increases for energy products, but also for other goods and services. HENSOLDT's established task forces continue to analyse the impact on supply chains and customer contracts at HENSOLDT and, if required, take the necessary measures to mitigate risks at an early stage. In order to deal with the increased risk of cyber-attacks worldwide due to the war on Ukraine and the associated sanctions against Russia, a task force has been set up and is preparing and implementing more measures since the first quarter to prevent such attacks and their effects.

Furthermore, 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 examined. The special fund is to be used in particular to finance significant and complex multi-year equipment projects of the German Bundeswehr. The concrete design and implementation of possible procurement programmes as well as the focal points in procurement are still open.

Therefore, the Management Board currently assesses the overall opportunity and risk situation of HENSOLDT as mainly unchanged compared to the year-end 2021. Although there is currently a moderate increase in procurement risk and possible consequences due to the changed situation and the tense environment, in particular due to price increases for energy products as well as material availability on the world market, this does not represent a material risk for HENSOLDT. Slightly increasing trends in risk probability and in the effects are only expected in isolated cases; these are only assumed in a few circumstances arising from the acute geopolitical situation and its consequences. This is offset by further opportunities arising from the special fund for the German Bundeswehr and HENSOLDT's contribution to security and sustainability. Specially established task forces are currently analysing and monitoring in detail possible further effects from the risks mentioned above.

B Condensed Consolidated Interim Financial Statements

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1 Consolidated Income Statement

	First half year	
in € million	2022	2021
Revenue	682	486
Cost of sales	-568	-414
Gross profit	**114**	**72**
Selling and distribution expenses	-53	-49
General administrative expenses	-43	-39
Research and development costs	-17	-15
Other operating income	10	19
Other operating expenses	-9	-8
Share of profit/loss from investment accounted for using the equity method	—	-2
Earnings before finance result and income taxes (EBIT)	**2**	**-22**
Interest income	3	4
Interest expense	-22	-24
Other finance income/costs	5	3
Finance result	**-15**	**-16**
Earnings before income taxes (EBT)	**-13**	**-38**
Income taxes	-3	10
Group result	**-16**	**-28**
thereof attributable to the owners of HENSOLDT AG	*-16*	*-27*
thereof attributable to non-controlling interests	*-0*	*-1*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.15	-0.26

2 Consolidated Statement of Comprehensive Income

	First half year	
in € million	2022	2021
Group result	**-16**	**-28**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of defined benefit plans	201	51
Tax on items that will not be reclassified to profit or loss	-57	-14
Subtotal	**144**	**36**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements	5	4
Cash flow hedge - unrealised gains/losses	-0	0
Cash flow hedge - reclassification to profit or loss	-0	—
Tax effect on unrealised gains/losses	—	0
Subtotal	**5**	**5**
Other comprehensive income net of tax	**149**	**41**
Total comprehensive income	**133**	**13**
thereof attributable to the owners of HENSOLDT AG	*132*	*14*
thereof attributable to non-controlling interests	*1*	*-1*

3 Consolidated Statement of Financial Position

ASSETS	30 Jun.	31 Dec.
in € million	2022	2021
Non-current assets	**1,315**	**1,320**
Goodwill	652	651
Intangible assets	387	385
Property, plant and equipment	110	108
Right-of-use assets	136	141
Other investments and other non-current financial assets	21	21
Non-current other financial assets	1	1
Other non-current assets	3	3
Deferred tax assets	5	11
Current assets	**1,499**	**1,629**
Other non-current financial assets, due on short-notice	1	1
Inventories	528	444
Contract assets	225	170
Trade receivables	267	309
Other current financial assets	15	7
Other current assets	157	167
Income tax receivables	3	2
Cash and cash equivalents	302	529
Total assets	**2,814**	**2,950**

EQUITY AND LIABILITIES	30 Jun.	31 Dec.
in € million	2022	2021
Share capital	105	105
Capital reserve	557	583
Other reserves	77	-70
Retained earnings	-234	-218
Equity held by shareholders of HENSOLDT AG	**505**	**399**
Non-controlling interests	12	11
Equity, total	**517**	**410**
Non-current liabilities	**1,163**	**1,284**
Non-current provisions	313	497
Non-current financing liabilities	618	622
Non-current contract liabilities	33	12
Non-current lease liabilities	135	139
Other non-current financial liabilities	0	0
Other non-current liabilities	8	10
Deferred tax liabilities	55	4
Current liabilities	**1,134**	**1,255**
Current provisions	163	188
Current financing liabilities	167	166
Current contract liabilities	387	500
Current lease liabilities	18	16
Trade payables	307	269
Other current financial liabilities	4	10
Other current liabilities	80	94
Tax liabilities	9	11
Total equity and liabilities	**2,814**	**2,950**

4 Consolidated Statement of Cash Flow

	First half year	
in € million	2022	2021
Group result	**-16**	**-28**
Depreciation and amortisation	52	60
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	1	-3
Share of profit in entities recognized according to the equity method	—	2
Financial expenses (net)	16	17
Other non-cash expense / income	-5	-9
Change in		
Provisions	-9	-11
Inventories	-83	-93
Contract balances	-148	49
Trade receivables	45	47
Trade payables	37	25
Other assets and liabilities	-10	-62
Interest paid	-13	-19
Income tax expense (+) / income (-)	3	-10
Income tax payments (-) / refunds (+)	-4	-5
Cash flow from operating activities	**-134**	**-39**
Acquisition / addition of intangible assets and property, plant and equipment	-44	-48
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Acquisition of associates, other investments and other non-current financial assets	-2	-5
Acquisition of subsidiaries net of cash acquired	-0	-8
Other	-0	-0
Cash flow from investing activities	**-46**	**-61**
Repayment from financing liabilities to banks	—	-150
Change in other financing liabilities	-13	-90
Payment of lease liabilities	-9	-8
Dividend payments	-26	-14
Transaction costs paid on issue of equity	—	-3
Other	0	0
Cash flow from financing activities	**-49**	**-264**
Effects of movements in exchange rates on cash and cash equivalents	2	0
Net changes in cash and cash equivalents	**-227**	**-364**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**529**	**645**
Cash and cash equivalents on 30 June	**302**	**282**

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	Cash flow hedge	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2022	**105**	**583**	**-218**	**-51**	**-5**	**-14**	**399**	**11**	**410**
Group Result	—	—	-16	—	—	—	**-16**	-0	**-16**
Other comprehensive income	—	—	—	144	0	4	**148**	1	**149**
Total comprehensive income	**—**	**—**	**-16**	**144**	**0**	**4**	**132**	**1**	**133**
Transactions with non-controlling interests and acquisitions through business combinations	—	—	—	—	—	—	**—**	0	**0**
Dividend payments	—	-26	—	—	—	—	**-26**	—	**-26**
As of 30 June 2022	**105**	**557**	**-234**	**93**	**-5**	**-10**	**505**	**12**	**517**

	Attributable to the owners of the HENSOLDT AG								
				Other reserves					
in € million	Share capital	Capital reserve	Retained earnings	Remea-surement of pensions	Cash flow hedge	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2021	**105**	**597**	**-282**	**-67**	**-5**	**-15**	**334**	**13**	**347**
Group Result	—	—	-27	—	—	—	**-27**	-1	**-28**
Other comprehensive income	—	—	—	36	1	4	**41**	1	**41**
Total comprehensive income	**—**	**—**	**-27**	**36**	**1**	**4**	**14**	**-1**	**13**
Transactions with non-controlling interests and acquisitions through business combinations	—	—	—	—	—	—	**—**	-1	**-1**
Dividend payments	—	-14	—	—	—	—	**-14**	—	**-14**
Others	—	0	—	—	—	—	**0**	—	**0**
As of 30 June 2021	**105**	**583**	**-309**	**-30**	**-4**	**-11**	**334**	**11**	**345**

C Notes to the Condensed Consolidated Interim Financial Statements

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1 The Company

HENSOLDT is a platform-independent provider of defence and security sensor solutions based in Taufkirchen, Germany.

The Condensed Consolidated Interim Financial Statements of HENSOLDT AG and its subsidiaries include the period from 1 January to 30 June 2022.

2 Accounting policies

The Condensed Consolidated Interim Financial Statements for the first half year 2022 were prepared in accordance with IAS 34 and related interpretations issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU") for interim financial reporting as at 30 June 2022.

The Condensed Consolidated Interim Financial Statements were authorised for issue by HENSOLDT AG's Management Board on 2 August 2022.

These Condensed Consolidated Interim Financial Statements include all information and disclosures required by the International Financial Reporting Standards ("IFRS") to be presented in Condensed Consolidated Interim Financial Statements and should be read in conjunction with the IFRS Consolidated Financial Statements for the fiscal year ended 31 December 2021.

The accounting policies applied to the Condensed Consolidated Interim Financial Statements are generally based upon the same accounting policies and same methods of computation used in the Consolidated Financial Statements 2021. Exceptions are new or revised standards required to be applied for the first time in the fiscal year 2022. They had no material influence on the Condensed Consolidated Interim Financial Statements.

3 Judgements and estimates

The preparation of the Condensed Consolidated Interim Financial Statements in accordance with IAS 34 requires the management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of its assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained in the first half year 2022 are not necessarily an indication of how the Group will develop in the future.

In the first half year 2022, HENSOLDT's business and, in particular, the economic environment is still affected by the COVID-19 pandemic, though certain mitigating effects may arise due to the various measures taken by governments or states globally such as e.g. favourable financial support to the economies.

Russia's war on Ukraine has significant impacts on the geopolitical situation and thus on the future development of the defence and security industry, alongside global effects on energy prices and foreign trade. At present, it is not yet possible to reliably estimate the extent of the effects, in particular with regard to the design of possible procurement programmes, and how they will be reflected in detail.

4 Transactions with related parties

Transactions with related entities

The Company has entered into various transactions with related entities carried out in the normal course of business.

Revenue and other income, purchases of goods and services and other expenses with related parties for the period ended on 30 June:

	First half year	
in € million	2022	2021
Revenue and other income	322	47
thereof with companies with significant influence	*288*	*10*
Purchases of goods and services and other expenses	45	14
thereof from companies with control	*0*	*3*
thereof from companies with significant influence	*34*	*1*

Receivables and liabilities with related parties as per the reporting date:

	30 Jun.	31 Dec.
in € million	2022	2021
Receivables	153	167
thereof from companies with significant influence	*49*	*54*
Liabilities	19	22
thereof to companies with significant influence	*4*	*4*
thereof to non-consolidated companies	*5*	*6*

The share purchase agreement concluded in the previous year to purchase 25.1 % of the shares in HENSOLDT AG by the Italian aerospace and defence group Leonardo S.p.a., Italy, was executed on 3 January 2022 after the fulfilment of the conditions precedent. That means that Leonardo and the companies controlled by Leonardo are related parties of HENSOLDT AG with significant influence. HENSOLDT and Leonardo as well as the companies controlled by Leonardo have various business relationships and collaborate in a series of programmes. Leonardo and the companies controlled by Leonardo are, on the one hand, customers of HENSOLDT who purchase or use products and services of HENSOLDT. HENSOLDT is, on the other hand, in a customer relationship with Leonardo and the companies controlled by Leonardo.

On 26 May 2021, the Federal Republic of Germany indirectly acquired a total of 26,355,000 shares in HENSOLDT AG via the Kreditanstalt für Wiederaufbau (“KfW”), a public law institution controlled by the Federal Government. This corresponds to a shareholding of 25.1 %. Therefore, the Federal Government is thus a related party of HENSOLDT AG with significant influence. HENSOLDT maintains diverse relationships with the Federal Government and with other companies controlled by the latter. The Federal Government, related government agencies and offices as well as other companies controlled by the Federal Government are customers of HENSOLDT and as such purchase and use many of HENSOLDT’s products and services.

Transactions with key management personnel

The relationships with related parties are presented in the Remuneration Report 2021. The changes which will occur in the Management Board and Supervisory Board mainly in the second half of the year, are described in the Interim Group Management Report.

5 Segment information

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

				First half year
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Order Intake	810	144	-5	948
Order Backlog	4,658	714	-8	5,364
Book-to-bill-ratio	1.4	1.3		1.4
Revenues from external customers	574	108	—	682
Intersegment revenues	1	1	-2	—
Segment revenues	**575**	**109**	**-2**	**682**

				First half year
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-36	-16	—	-53
Reversals of other provisions	3	11	0	13

				First half year
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**52**	**9**	**-7**	**53**
Transaction cost	0	—	—	0
Other non-recurring effects	—	—	7	7
Adjusted EBITDA	**52**	**9**	**—**	**61**
Adjusted EBITDA margin	*9.1%*	*8.0%*		*8.9%*
Depreciation and amortisation	-41	-11	0	-52
EBIT	**11**	**-2**	**-7**	**2**
Effects on earnings from purchase price allocations	16	2	—	18
Transaction cost	0	—	—	0
Other non-recurring effects	—	—	7	7
Adjusted EBIT	**27**	**0**	**—**	**27**
Adjusted EBIT margin	*4.7%*	*0.0%*		*4.0%*

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2022 Group
EBIT	**11**	**-2**	**-7**	**2**
Finance result				-15
EBT				**-13**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2021 Group
Order Intake	1,905	210	-3	2,112
Order Backlog	4,324	703	-3	5,024
Book-to-bill-ratio	5.1	1.9		4.3
Revenues from external customers	375	111	—	486
Intersegment revenues	1	0	-1	—
Segment revenues	**376**	**111**	**-1**	**486**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2021 Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-35	-14	0	-48
Reversals of other provisions	5	7	0	12
Adjustments to the fair value of existing shares in entities now subject to consolidation	10	—	—	10
Interest in the profit or loss of associated entities and joint ventures accounted for using the equity method	—	—	-2	-2

				First half year
				2021
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBITDA	**36**	**11**	**-8**	**38**
Transaction cost	—	—	0	0
IPO related cost	—	—	1	1
Other non-recurring effects	0	—	5	5
Adjusted EBITDA	**36**	**11**	**-2**	**44**
Adjusted EBITDA margin	*9.5%*	*9.6%*		*9.1%*
Depreciation and amortisation	-48	-13	—	-60
EBIT	**-12**	**-2**	**-8**	**-22**
Effects on earnings from purchase price allocations	27	5	—	32
Transaction cost	—	—	0	0
IPO related cost	—	—	1	1
Other non-recurring effects	0	—	5	5
Adjusted EBIT	**15**	**3**	**-2**	**16**
Adjusted EBIT margin	*3.9%*	*3.0%*		*3.2%*

				First half year
				2021
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
EBIT	**-12**	**-2**	**-8**	**-22**
Finance result				-16
EBT				**-38**

6 Revenue

The Group’s operations and major categories for revenue recognition are described in the Consolidated Financial Statements 2021.

During the first half year 2022, revenue increased overall by €196 million to €682 million compared to €486 million in the first half year 2021.

Revenue (sales / aftersales)

				First half year
in € million	Sensors	Optronics	Other	2022
Revenue from contracts with customers				
Sales	446	95	—	540
Aftersales	133	14	—	147
Exchange rate differences	-5	-0	-0	-5
Total	**574**	**108**	**-0**	**682**

				First half year
in € million	Sensors	Optronics	Other	2021
Revenue from contracts with customers				
Sales	262	101	—	363
Aftersales	114	12	—	126
Exchange rate differences	-1	-1	-0	-2
Total	**375**	**111**	**-0**	**486**

Revenue (geographical information)

	First half year	
in € million	2022	2021
Europe	577	398
(thereof Germany)	*419*	*272*
Middle East	50	36
APAC	15	18
North America	19	16
Africa	25	20
LATAM	2	8
Other regions / Consolidation	-5	-10
Total	**682**	**486**

Revenue (point of time of revenue recognition)

				First half year
in € million	Sensors	Optronics	Other	2022
Point of time of revenue recognition				
Revenue recognition at a point in time	201	106	—	307
Revenue recognition over time	378	3	—	380
Exchange rate differences	-5	-0	-0	-5
Total	**574**	**108**	**-0**	**682**

				First half year
in € million	Sensors	Optronics	Other	2021
Point of time of revenue recognition				
Revenue recognition at a point in time	169	113	—	282
Revenue recognition over time	207	-1	—	207
Exchange rate differences	-1	-1	-0	-2
Total	**375**	**111**	**-0**	**486**

Seasonality and cyclicality of operations

A significant volume of the regular annual revenue for both reporting segments, Sensors and Optronics, is typically recorded in the last months of the year - apart from ongoing major projects - due to the timing of many budgetary decisions by the governmental customers. The first half of our fiscal year is usually characterised by a reduction in trade receivables and corresponding cash inflows due to customer payments. This is offset by a build-up of unfinished services and products disclosed under inventories and corresponding cash outflows.

7 Share of profit / loss from investments accounted for using the equity method

No investments were accounted for using the equity method in the first half year 2022. The share of loss in HENSOLDT Cyber GmbH, an investment accounted for using the equity method until May 2021, was €-2 million in the first half year 2021.

8 Other operating income / expenses

Other operating income decreased by €9 million to €10 million compared to €19 million in the first half year 2021. Main reason for this was the adjustment to the fair value of existing shares in HENSOLDT Cyber GmbH in the Sensors segment in the first half of 2021 as part of the first-time consolidation which led to an income of €10 million.

Other operating expenses rose to €-9 million compared to €-8 million in the first half year 2021. This resulted from higher project costs that were recharged to other companies.

9 Finance result

The finance result improved slightly to €-15 million in the first half year 2022. The slightly lower interest expenses were due to an improved capital structure.

10 Group result

The group result improved by €13 million to €-16 million compared to €-28 million in the first half 2021.

11 Income taxes

The recognised income tax expense was calculated by multiplying the profit or loss for the interim reporting period by the management's best estimate of the weighted average annual income tax expected for the full fiscal year. It was adjusted for the tax effect of certain items recognised, in full, in the interim financial period. As such, the effective tax rate in the reporting period may differ from the estimate of the effective tax rate for the entire fiscal year.

The reversal in income taxes from a tax income of €10 million in the first half 2021 by €-13 million to tax expenses of €-3 million reflects the positive earnings development of the HENSOLDT Group.

12 Intangible assets, Goodwill, Property, plant and equipment and Right-of-use assets

Intangible assets remained almost unchanged compared to the previous year. Slight deviations resulted from a net increase in capitalised development costs.

The first-time consolidation of HENSOLDT Cyber GmbH in the previous year resulted in a goodwill of €14 million that was allocated to the Sensors segment.

13 Other investments and other financial assets

	30 Jun.	31 Dec.
in € million	2022	2021
Other investments	21	21
Other non-current financial assets	0	0
Other investments and other non-current financial assets	**21**	**21**
Other non-current financial assets, due on short-notice	**1**	**1**
Total	**21**	**21**

14 Inventories

Inventories increased by €83 million to €528 million compared to €444 million as of 31 December 2021, mainly due to an increase in unfinished deliveries and products following the usual seasonal pattern.

15 Contract assets and Trade receivables

The contract assets increased by a total of €55 million to €225 million mainly due to major projects.

Following the usual seasonal pattern, trade receivables decreased in the first half year by €-42 million to €267 million.

16 Provisions

	30 Jun.	31 Dec.
in € million	2022	2021
Provisions for pensions	263	444
Other provisions	214	240
Total	**476**	**685**
thereof non-current	*313*	*497*
thereof current	*163*	*188*

Provisions for pensions decreased by €-182 million to €263 million mainly due to a significant increase in interest rates.

Other provisions decreased by €-27 million to €214 million mainly for personnel-related provisions due to seasonal patterns.

17 Other financial assets and Other financial liabilities

Other financial assets

	30 Jun.	31 Dec.
in € million	2022	2021
Positive fair values of derivative financial instruments	0	0
Miscellaneous other non-current financial assets	1	1
Other non-current financial assets	**1**	**1**
Positive fair values of derivative financial instruments	8	2
Receivables from employees	2	1
Miscellaneous other current financial assets	6	4
Other current financial assets	**15**	**7**
Total	**16**	**8**

Other financial liabilities

	30 Jun.	31 Dec.
in € million	2022	2021
Miscellaneous other non-current financial liabilities	0	0
Other non-current financial liabilities	**0**	**0**
Negative fair values of derivative financial instruments	4	4
Liabilities from factoring contracts[1]	0	6
Other current financial liabilities	**4**	**10**
Total	**4**	**10**

[1] The liabilities from factoring agreements result from the fact that the collection of payments by the factoring party was not yet due as of the balance sheet date.

18 Other assets and Other liabilities

Other financial liabilities

	30 Jun.	31 Dec.
in Mio. €	2022	2021
Other	3	3
Total other non-current assets	**3**	**3**
Advance payments	133	147
VAT	20	17
Miscellaneous other current assets	**5**	**3**
Total other current assets	**157**	**167**
Total	**160**	**169**

Other liabilities

	30 Jun.	31 Dec.
in € million	2022	2021
Liabilities to employees	8	10
Other	1	—
Total other non-current liabilities	**8**	**10**
Tax liabilities (not incl. income tax)	21	47
Liabilities to employees	40	32
Liabilities to social security agencies	6	7
Other	12	9
Total other current liabilities	**80**	**94**
Total	**88**	**104**

19 Financial instruments

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. For some current financial assets and liabilities, the carrying amount is a reasonable approximation of the fair value.

30 June 2022				
in € million	Category	Carrying amount	Fair value	Level
Assets				
Other investments and other non-current financial assets[1]	FVtOCI	21	21	—
Other non-current financial assets, due on short-notice	AC	1	1	—
Trade receivables	AC	224	224	—
Trade receivables (designated for factoring)[1]	FVtOCI	44	44	—
Other financial assets				
Other derivative instruments	FVtPL	8	8	2
Non-derivative instruments[1]	AC	8	8	—
Cash and cash equivalents	AC	302	302	1
Total financial assets		**607**	**607**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	785	774	2
Trade payables	FLAC	307	307	—
Other financial liabilities				
Derivative instruments for cash flow hedges	FVtOCI	0	0	2
Other derivative instruments	FVtPL	3	3	2
Other miscellanous financial liabilities	FLAC	0	0	—
Total financial liabilities		**1,096**	**1,085**	

[1] The fair value corresponds to amortised cost due to materiality considerations.

Dec., 31 2021				
in € million	Category	Carrying amount	Fair value	Level
Assets				
Other investments and other non-current financial assets[1]	FVtOCI	21	21	—
Other non-current financial assets, due on short-notice	AC	1	1	—
Trade receivables	AC	257	257	—
Trade receivables (designated for factoring)[1]	FVtOCI	52	52	—
Other financial assets				
Other derivative instruments	FVtPL	3	3	2
Non-derivative instruments[1]	AC	6	6	—
Cash and cash equivalents	AC	529	529	1
Total financial assets		**868**	**868**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	788	791	2
Trade payables	FLAC	269	269	—
Other financial liabilities				
Derivative instruments for cash flow hedges	FVtOCI	0	0	2
Other derivative instruments	FVtPL	4	4	2
Liability from put option	FVtPL	—	—	3
Other miscellaneous financial liabilities	FLAC	6	6	—
Total financial liabilities		**1,067**	**1,070**	

[1] Fair value corresponds to amortised cost due to materiality considerations

Fair value measurement

The input factors used and the measurement methods applied are described in the Consolidated Financial Statements as at 31 December 2021.

20 Litigation and claims

The companies of the Group are, from time to time, involved in various legal and arbitration proceedings in the ordinary course of their business, the most significant of which are described below. Beyond that, the Group is not aware of any essential official, judicial or arbitration proceedings (including pending and threatened proceedings) that might have or have had in the reporting period a significant impact on the Group's financial position or profitability and financial performance.

The arbitration proceedings mentioned in previous publications were terminated in June 2022 by a confidential arbitration award without further material effects.

21 Number of employees

	First half year	
	2022	2021
Production, research and development, service	4,710	4,637
Sales and distribution	197	210
Administration and general services	871	686
Apprentices, trainees, etc.	586	546
Total[1]	**6,364**	**6,078**

[1] Average figures on a per capita basis will be reported beginning with the end of the fiscal year 2021. The previous year was adapted accordingly.

22 Events after the reporting date

There are no significant events after the reporting date.

D Review Report

To HENSOLDT AG, Taufkirchen, District of Munich,

We have reviewed the condensed interim consolidated financial statements of HENSOLDT AG, Taufkirchen, District of Munich – comprising the Consolidated Income Statement, Consolidated Statement Of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement Of Cash Flow, Consolidated Statement of Changes in Equity and the Notes to the Condensed Consolidated Interim Financial Statements – together with the interim group management report of HENSOLDT AG, Taufkirchen, District of Munich for the period from 1 January to 30 June 2022 that are part of the semi annual report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 3 August 2022

KPMG AG Wirtschaftsprüfungsgesellschaft

Koeplin	Schieler
Wirtschaftsprüfer	Wirtschaftsprüfer

E Responsibility Statement

The Management Board of HENSOLDT AG hereby declares that, to the best of their knowledge:

the Condensed Interim Financial Statements provide, according to the accounting principles to be applied to semi-annual financial reports, a true and fair view of the net assets, financial position and result of operations of the Group and that the course of operations, including the business results and the position of the Group, are presented in the Interim Group Management Report such that it presents a true and fair view of the position and that it describes the essential risks and opportunities of the Group’s probable development in the remaining fiscal year.

Taufkirchen, 2 August 2022

HENSOLDT AG

Management Board

Thomas Müller	Christian Ladurner	Peter Fieser	Celia Pelaz Perez

F Legal information and contact

HENSOLDT AG

Investor Relations
Willy-Messerschmitt-Strasse 3
82024 Taufkirchen
Germany
Phone: +49 89 51518-2499
E-Mail: investorrelations@hensoldt.net

Management Board: Thomas Müller (Chairman), Christian Ladurner, Peter Fieser and Celia Pelaz Perez
Registry court: District court of Munich, HRB 258711

Disclaimer

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

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

The semi-annual financial 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 semi-annual financial report according to Sec. 52 of the Exchange Rules for the Frankfurter Wertpapierbörse.

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