

**Joint Report on the Agreement pursuant to Section 293a AktG  
of the Management Board of HENSOLDT AG  
and the Managing Directors of HENSOLDT Holding GmbH**

HENSOLDT AG, having its registered office in Taufkirchen, in the administrative district (*Landkreis*) of Munich, Germany, and registered with the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Munich under HRB 258711, (the "**Parent**") intends to conclude a profit and loss pooling agreement (the "**Agreement**") with HENSOLDT Holding GmbH, having its registered office in Taufkirchen, in the administrative district of Munich, Germany, and registered with the commercial register of the Local Court of Munich under HRB 232418 (the "**Subsidiary**"). The Agreement will be presented to the annual general meeting of HENSOLDT AG on May 17, 2024, and then to the shareholder meeting of HENSOLDT Holding GmbH for approval. For the purpose of informing both involved entities' shareholders and of preparing for the adoption of resolutions, the following report about the conclusion and terms of the inter-company agreement is given in accordance with Section 293a of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**):

**I. The Parties**

The Parent is a stock corporation under German law and the ultimate parent company of the HENSOLDT Group. The object of the Company is, directly or indirectly (through other holding companies), to acquire, hold, divest and manage interests in entities engaged in the development, manufacturing, operation and distribution of electro-technical systems, optronic devices and software solutions for military and non-military use and in the rendering of any services related thereto worldwide and to manage the group of such companies. The object of the Company also includes the rendering of administrative, consulting and other services to subsidiaries and affiliated companies. The Parent's fiscal year is the calendar year. The Parent is subject to unlimited corporate income and trade tax liability in Germany.

The Subsidiary is a limited liability company under German law (*Gesellschaft mit beschränkter Haftung*).

The object of the Company is, directly or indirectly (through other holding companies), to acquire, hold, divest and manage interests in HENSOLDT Sensors GmbH, HENSOLDT Optronics GmbH and other entities engaged in the development, manufacturing and distribution of electro-technical systems and optronic devices for military and non-military use and in the rendering of any services related thereto. The object of the Company also includes the involvement in the management of subsidiaries and affiliated companies and the rendering of administrative, consulting and other services to subsidiaries and affiliated companies. The Subsidiary's fiscal year is the calendar year. The Subsidiary is subject to unlimited corporate income and trade tax liability in Germany.

HENSOLDT AG holds 18,724 of the 18,725 shares in HENSOLDT Holding GmbH. The Federal Republic of Germany holds a single share, bearing serial no. 25,000, in HENSOLDT

Holding GmbH, which pursuant to § 5(5) of HENSOLDT Holding GmbH's articles of association does not entitle the Federal Republic of Germany to participate in profits.

## II. Legal and Economic Reasons for the Conclusion of the Agreement

The Agreement provides for the transfer of profit and loss by HENSOLDT Holding GmbH to HENSOLDT AG. Pursuant to the provisions set out in Section 14 (1) and Section 17 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**"), a **profit and loss transfer agreement** is a necessary requirement for the creation of a tax group for corporate income tax and trade tax purposes between HENSOLDT AG and HENSOLDT Holding GmbH. In a tax group, HENSOLDT Holding GmbH's income will be attributed directly to HENSOLDT AG for purposes of corporate income tax and trade tax. This enables profit and losses of different entities within the tax group to be set off against each other for tax purposes. Depending on the involved entities' income situation from a tax perspective, this can result in tax advantages. Without a profit and loss transfer agreement, such setting off of profit and losses for tax purposes is not possible; profits of HENSOLDT Holding GmbH could be distributed to HENSOLDT AG by way of a distribution of profits. In this case, according to the current legal situation, 5% of the profits distributed to HENSOLDT AG would be subject to corporate income tax and trade tax.

Currently, it is not certain yet whether or not the establishment of a tax group in fiscal year 2024 will have a positive effect for the HENSOLDT Group. It is intended, in the best interests of the Parent and the Subsidiary, to conclude the Agreement during the fiscal year provided that it is foreseeable that the conclusion of the profit and loss transfer agreement will have a positive tax effect in fiscal year 2024.

There are no alternatives of equal or better economic feasibility to the conclusion of a profit and loss transfer agreement. In particular, a transformation of HENSOLDT Holding GmbH into the legal form of a partnership does not result in any comparable outcome from a tax perspective since, for purposes of trade tax, HENSOLDT Holding GmbH's income would be subject to taxation at the level of the partnership, whereas, in the case of a tax group, the income will be taxed at the level of HENSOLDT AG and can be set off against HENSOLDT AG's losses. A merger of HENSOLDT Holding GmbH into HENSOLDT AG is not a preferable alternative, either, since HENSOLDT Holding GmbH would then lose its legal independence. Such an alteration of the legal organization of the HENSOLDT Group is not currently intended.

## III. Key Details of the Agreement

The key details of the Agreement are the following:

- HENSOLDT Holding GmbH is obligated during the term of the Agreement to transfer to HENSOLDT AG its entire profit in accordance with the provisions of Section 301 AktG, as amended from time to time. HENSOLDT Holding GmbH may, subject to HENSOLDT AG's approval, allocate amounts from net income to revenue reserves (Section 272 (3) of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**")) if and to the extent that this is permissible under commercial law and there are reasonable commercial reasons for the allocation; if revenue reserves have been formed pursuant to Section 272 (3)

HGB during the term of this Agreement, HENSOLDT AG may, to the extent legally permitted, demand that the reserves be reversed and transferred as profit. The transfer of amounts of other reserves and of profit carried forward established prior to the term of the Agreement is not permissible.

- HENSOLDT AG may demand from HENSOLDT Holding GmbH an advance transfer of profits during a year if and to the extent this is permitted by statutory law.
- HENSOLDT AG is obligated during the term of the Agreement to assume any losses of HENSOLDT Holding GmbH in analogous application of Section 302 AktG, as amended from time to time. Accordingly, HENSOLDT AG must offset any annual net loss that otherwise occurs – i.e., not taking into account the loss offset obligation – during the term of the Agreement provided that the loss will not be offset by using amounts that were allocated to other revenue reserves during the term of the Agreement. In order for the tax group between HENSOLDT AG and HENSOLDT Holding GmbH to be effective, it is absolutely necessary for tax purposes that HENSOLDT AG, as the Parent, undertakes to offset any loss of the Subsidiary (Section 17 KStG).
- The entitlement to the transfer of profit or, as applicable, to the assumption of losses arises and becomes due at the end of each fiscal year of HENSOLDT Holding GmbH. The transfer of profit or, as the case may be, the assumption of losses will occur for the first time at the end of the fiscal year in which the Agreement becomes effective, i.e., presumably December 31, 2024.
- The Agreement will apply with retroactive effect to the period starting at the beginning of HENSOLDT Holding GmbH's fiscal year (i.e., presumably as of January 1, 2024) in which the Agreement is registered with the commercial register of HENSOLDT Holding GmbH. The Agreement may be terminated by giving three months' notice, at the earliest as at the end of a period of five full years after the beginning of the first fiscal year of HENSOLDT Holding GmbH to which the Agreement applies provided that the fiscal year of HENSOLDT Holding GmbH ends on that date; otherwise termination of the Agreement is permitted, subject to the same notice period, at the earliest at the end of HENSOLDT Holding GmbH's fiscal year that is ongoing on that date. If the Agreement is not terminated in writing, it will be renewed, subject to the same notice period, until the end of HENSOLDT Holding GmbH's subsequent fiscal year. In addition, it is possible to terminate the Agreement for good cause (*wichtiger Grund*). There is deemed to be good cause if (i) the Parent no longer directly or indirectly holds the majority of the voting rights in the Subsidiary as a result of a sale or contribution, (ii) the Parent or the Subsidiary is converted by way of a merger or division as the transferring entity, (iii) the legal form of the Subsidiary is changed to a partnership or (iv) the Subsidiary or the Parent are liquidated.

#### **IV. Compensation pursuant to Section 304 AktG and Settlement pursuant to Section 305 AktG; Audit of the Agreement pursuant to Section 293b (1) AktG**

With the exception of the single share held by the Federal Republic of Germany, HENSOLDT AG holds all of the shares of HENSOLDT Holding GmbH and will also be holding them on the date of the annual general meeting on May 17, 2024. Pursuant to § 5(5) of HENSOLDT Holding GmbH's articles of association, the single share held by the Federal Republic of Germany does not entitle it to participate in profits.

The Agreement does not provide for any settlement pursuant to Section 305 AktG; additionally, the Agreement is subject to the condition precedent that the Federal Republic of Germany, as the outside shareholder of HENSOLDT Holding GmbH, waives that entitlement. To comply with the statutory requirements set down in Section 304 AktG (applied analogously), the Agreement provides for a recurring compensation payment in accordance with Section 304 (1) AktG (applied analogously). In light of the Federal Republic of Germany's economic stake of 0.005% of HENSOLDT Holding GmbH's share capital, that payment has no relevance in economic terms. HENSOLDT AG expects that the Federal Republic of Germany will also waive its entitlement to compensation pursuant to Section 304 AktG (applied analogously) provided that it intends to satisfy the effectiveness condition of this Agreement by waiving its settlement entitlement in analogous application of Section 305 AktG. The Federal Republic of Germany's right to participate in profits has already been excluded to date by HENSOLDT Holding GmbH's instrument of incorporation. In light of the foregoing, an audit of the Agreement by an expert auditor (a contract auditor) pursuant to Section 293b (1) AktG is not required.

#### **V. Miscellaneous**

The Agreement will take effect only with the approval of the general meeting of HENSOLDT AG and with the approval of the shareholder meeting of HENSOLDT Holding GmbH and only after the Agreement has been registered with the commercial register kept with the local court having jurisdiction over the registered office of HENSOLDT Holding GmbH. Furthermore, the Agreement will be subject to the condition precedent that the Federal Government of Germany declares to HENSOLDT AG that it waives its right to demand that the Parent acquire its shares in the Subsidiary in return for a settlement payment in analogous application of Section 305 AktG under the agreement. This respects the rights of the Federal Republic of Germany as the outside shareholder of HENSOLDT Holding GmbH.

Apart from any losses of HENSOLDT Holding GmbH to be assumed by HENSOLDT AG, the Agreement entails no particular consequences for the shareholders of HENSOLDT AG, in particular because no settlement payment for outside shareholders is provided for and the outside shareholder has a claim to compensation of at most EUR 1.00 per year.

In a summary assessment, the Agreement is beneficial both for HENSOLDT AG and HENSOLDT Holding GmbH.

Munich, March 2024

**HENSOLDT AG**

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**HENSOLDT Holding GmbH**

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