

Remuneration Report

HENSOLDT AG

for the year ended

31 December 2023

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

Remuneration report 2023

The remuneration report provides an overview of the structure and system of remuneration for the Management Board and Supervisory Board of HENSOLDT AG and contains detailed information on the respective remuneration granted and owed¹ to the current and former members of the Management Board and Supervisory Board.

The remuneration report was prepared jointly by the Management Board and the Supervisory Board.

The contents of this remuneration report comply with the regulatory requirements of the German Stock Corporation Act (section 162 AktG). The remuneration report 2022 was adopted with a majority of 70.00 % of the valid votes cast at the annual general meeting in 2023.

This remuneration report will be submitted to the annual general meeting on 17 May 2024 for approval.

The remuneration report 2023 was audited by KPMG AG Wirtschaftsprüfungsgesellschaft beyond the requirements of section 162 (3) of the German Stock Corporation Act (AktG) according to both formal and content criteria. The audit certificate is attached to the remuneration report 2023.

The remuneration report of HENSOLDT AG is made available on the website of HENSOLDT at <https://investors.hensoldt.net>.

The current remuneration systems for the members of the Management Board and the Supervisory Board are available on the website of HENSOLDT at <https://investors.hensoldt.net>.

1 Remuneration of the members of the Management Board in the fiscal year 2023

The structure of the remuneration and the amounts paid to the members of the Management Board are determined and regularly reviewed by the Supervisory Board. The review applies the recommendations of the German Corporate Governance Code in the version adopted by the Government Commission on 28 April 2022 ("GCGC"), unless a deviation was or is declared in individual cases, and implements the requirements pursuant to section 87 and section 87a AktG.

1.1 Overview of the remuneration system

The current remuneration system for the members of the Management Board was adapted in the first quarter of the fiscal year 2023 with effect for the current fiscal year and submitted to the annual general meeting on 12 May 2023 for voting in accordance with section 120a (1) AktG and approved with a majority of 76.62 % of the valid votes cast.

The adaptations to the remuneration system mainly concern the option of an alternative payment to build up a private pension (instead of participating in the occupational pension scheme) and the option of taking into account multi-annual special projects as LTI bonus components with a weighting of up to 15 %.

The remuneration of the members of the Management Board is based on their area of responsibility, individual performance, the performance of the Management Board as a whole, the economic and financial situation as well as the success of the HENSOLDT Group. The compensation paid to the members of the Management Board is appropriate, performance-related and in line with market conditions.

¹ In order to improve clarity and transparency, in contrast to the previous year, the report shows the granted remuneration for which the underlying activity was fully performed in the reported fiscal year. It is therefore shown when it is earned and is independent of whether the remuneration has already been paid during the fiscal year.

An external independent expert is regularly consulted, most recently in the fiscal year 2023, to review the appropriateness of the Management Board remuneration in terms of amount and structure. In addition, the proportion of the Management Board remuneration to the remuneration of the senior management and the workforce is considered. The benchmark used for a market comparison is based on a German peer group of listed companies of comparable size with a focus on industrial, mechanical engineering and automotive suppliers, as well as listed companies of comparable size from the information technology sector which is explained, in detail, in the remuneration report for members of the Management Board.

The remuneration for the members of the Management Board consists of a fixed remuneration, a short-term variable remuneration component (Short-Term Incentive, "STI annual bonus" or "STI") and a long-term variable remuneration component (Long-Term Incentive, "LTI bonus" or "LTI"). The variable remuneration resulting from the achievement of long-term targets exceeds the share of short-term targets (under the assumption of a target-achievement of 100 %). The criteria for the assessment of the performance-based remuneration and the annual targets set by the Supervisory Board at the beginning of the fiscal year are not subject to change in the course of a fiscal year. Subsequent changes to the target values or reference parameters for the STI bonus and the LTI bonus are generally excluded. The Supervisory Board does, however, have the option of taking appropriate account of extraordinary developments when assessing target achievement.

The remuneration system for the Management Board members contributes to the promotion of the business strategy and the long-term development of the company and its affiliated companies, namely through a simple design of the Management Board remuneration with a clear incentive structure for the members of the Management Board. The remuneration system is structured in such a way that it appropriately rewards the performance of the Management Board members while complying with all regulatory requirements, the recommendations of the GCGC and market practice. The variable remuneration is designed to reward the achievement of both short-term annual targets and long-term targets measured over multi-year periods. That way, it should be avoided that the Management Board makes decisions for reasons of short-term optimisation of its remuneration that do not promise sustainable business success. Furthermore, the members of the Management Board are incentivised by a share acquisition and shareholding obligation.

Fixed remuneration components

The members of the Management Board receive a fixed annual base salary for their services and fringe benefits from the Company. These mainly comprise a company car, employer contributions to private and statutory health insurance, continued payment of wages in the event of incapacity for work due to illness or death, preventive health checks at the company's expense, a group accident insurance, a term life insurance, reimbursement of home travel expenses, and a housing cost subsidy for a secondary residence² as well as security expenses, e.g. for constructional measures at private apartments to protect the members of the Management Board. The scope may be determined by the Supervisory Board at its reasonable discretion. Fringe benefits are restricted to a maximum amount specified by the Supervisory Board for the fiscal year.

The Management Board members participate in the company pension scheme for the duration of the Management Board service contract in accordance with the pension commitment regulations applicable to senior executives and executives. The corporate pension is granted in the form of a direct commitment. Alternatively, a fixed amount is granted for establishing a private pension. The company does not grant any retirement, survivors or disability benefits, in particular no other defined benefit pension commitments for which provisions would have to be recognised. No bridging allowance or other forms of early retirement are provided for in the remuneration system.

STI annual bonus

The members of the Management Board have the opportunity to receive an STI annual bonus depending on the annual performance of the HENSOLDT Group. The basis for determining the amount of the STI annual bonus is the target amount ("STI target amount"), i.e. the amount to which a Management Board member is entitled if it achieves exactly 100 % of the STI annual targets. The STI annual bonus might amount to a maximum of 150 % of the STI target amount (cap). The STI annual bonus serves as reward for the achievement of the HENSOLDT Group's short-term business targets and depends on the achievement of the target values for the three current STI bonus components which are free cash flow, EBITDA and revenue – each on a consolidated basis for the HENSOLDT Group. The three STI bonus components are basically each equally weighted, i.e. one third of each is included in the calculation of the target achievement for the STI annual bonus. The Supervisory Board may determine a different weighting on a case-by-case basis and decide on other STI bonus components, including non-financial ones, at its reasonable discretion. Details on the definition of the target values can be found in the remuneration system on the website of HENSOLDT at <https://investors.hensoldt.net>.

² This concerns the Management Board members Celia Pelaz Perez and Dr. Lars Immisch

The corresponding target values are approved by the Supervisory Board as part of the determination of the annual budget. The STI annual bonus is payable within thirty workdays after the approval of the consolidated financial statements for the past fiscal year.

The target setting for the STI annual bonus follows the following logic:

Disbursement % of target bonus						
Bonus component	weighting	<80 % of target value	>80 % and <100 % of target value ¹	target value	>100 % and <120 % of target value ¹	>120 % of target value ²
Free Cash Flow	1/3	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 %
EBITDA	1/3	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 %
Consolidated revenue	1/3	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 %

¹ If the respective target value for an STI bonus component is not reached, the respective bonus component is reduced on a straight-line basis in the ratio 1:5. If one target value for an STI bonus component is exceeded, the respective bonus component increases on a straight-line basis in the ratio 1:2.5.

² The linear increase in the bonus component only occurs if a target value of more than 80 % for all three STI bonus components has been achieved.

LTI bonus

All members of the Management Board are entitled to a multi-year performance-related remuneration (“LTI bonus”). The basis for determining the amount of the LTI bonus is the target amount (“LTI target amount”), i.e. the amount to which a Management Board member is entitled if they achieve 100 % of the multi-year targets. The LTI bonus might amount to a maximum of 200 % of the LTI target amount (cap). The performance period for the LTI bonus is four years.

At the beginning of the respective four-year evaluation period of an LTI bonus tranche, the Supervisory Board shall determine at its reasonable discretion the terms and conditions for each LTI bonus component, including the weighting, and the corresponding target values of the relevant bonus tranche.

The LTI bonus is generally measured according to the following LTI bonus components from the remuneration system:

- 30-40 % based on the relative total shareholder return³ (TSR) of the company compared to the MDAX,
- 25-30 % based on the order intake of the HENSOLDT Group,
- generally 15 % each based on two ESG targets (such as “diversity” and “climate impact”).

The “diversity” goal is aimed at achieving certain percentage of women at various company levels. The “climate impact” goal aims to increase the share of renewable energies in the energy consumed by the HENSOLDT Group and to reduce CO₂ emissions. In addition, the Supervisory Board may include up to 15 % as an LTI bonus component for individual LTI tranches based on multi-year (measurable) special projects. The exact targets for the various LTI bonus components and their exact weighting are to be determined by the Supervisory Board at the appropriate discretion for each LTI tranche.

At the end of each measurement period, an overall target achievement level is determined for the performance targets set by the Supervisory Board before the start of the performance period. The target achievement for each of the LTI bonus components and the total target achievement resulting from the individual target achievement values can amount to a maximum of 150 %. The LTI bonus is payable when the Supervisory Board determines that the target values have been achieved.

³ The relative TSR refers to the share price performance plus notionally reinvested gross dividends during the four-year performance period and is determined on the basis of data from a recognised data provider (e.g. Bloomberg, Thomson Reuters).

Furthermore, the performance share plan to be applied as part of the LTI bonus ensures that the amount of the LTI bonus is even more dependent on the share price of HENSOLDT AG. At the beginning of the respective measurement period, the Management Board member receives a number of virtual shares ("stock rights") calculated by dividing the target amount of the LTI target bonus by the average price of the shares of HENSOLDT AG. After the end of the respective assessment period, the number of stock rights calculated at the beginning of the measurement period is multiplied by the total target achievement of the LTI bonus components determined from the target achievement of the individual LTI bonus components.

The LTI bonus to be paid out as a cash entitlement is determined by multiplying the number of stocks calculated on the basis of the target achievement with the average closing price of the shares of HENSOLDT AG.

Tranche 2023-2026

The weighting of the LTI bonus components for the tranche 2023-2026 was established as follows: 35 % for the TSR, 30 % for the intake of new orders and 10 % each for the two ESG targets. The successful implementation of the business transformation for SAP S/4HANA was defined as a special project with a 15 % LTI bonus component.

The overall degree of target achievement for the tranche 2023-2026 is determined according to the following logic:

Disbursement % of target bonus						
Bonus component	weighting	<80 % of target value	>80 % and <100 % of target value ¹	target value	>100 % and <120 % of target value ¹	>120 % of target value
Relative total shareholder return compared with MDAX	35 %	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 %
Order Intake of HENSOLDT Group acc. to management report	30 %	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 %
ESG-target: Diversity	10 %			100 %		150 % ²
ESG-target: Climate Impact	10 %	0 %	linear reduction in the ratio 1:5	100 %	linear increase in the ratio 1:2.5	150 % ²
Special target: SAP S/4HANA	15 %			100 %		150 % ²

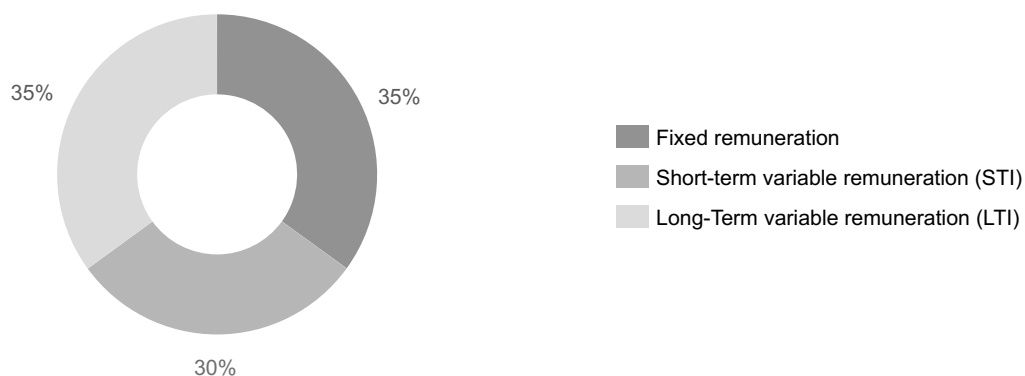
¹ If the respective target value for an LTI bonus component is not reached, the respective bonus component is reduced on a straight-line basis in the ratio 1:5. If one target value for an LTI bonus component is exceeded, the respective bonus component increases on a linear basis in the ratio 1:2.5.

² The determination of whether and to what extent the Management Board member has achieved this LTI bonus component shall be made at the end of the four-year measurement period by the Supervisory Board, which, in doing so, shall compare the actual value achieved with the targeted objectives at its reasonable discretion and may, at its reasonable discretion, take into account any under- or overachievement, but with a maximum of 150 % of the intended weighting (as well as the individual components, if applicable).

Further details on the setting of targets and the determination of target achievement can be found in the remuneration system of the Management Board on the website of HENSOLDT at <https://investors.hensoldt.net>.

Relationship of the remuneration components to each other

The current target direct remuneration for the average of all Management Board members will thus comprise basic remuneration and variable remuneration as follows (assuming that each of the targets have been achieved to 100 %):



Clawback

STI annual bonus and LTI bonus have been subject to a clawback regulation. Further details on the clawback provision can be found in the remuneration system of the Management Board on the website of HENSOLDT at <https://investors.hensoldt.net>.

Maximum remuneration

The annual maximum remuneration in terms of section 87a (1) sentence 2 no. 1 AktG for the members of the Management Board in office as of 31 December 2023 was determined by the Supervisory Board as follows:

- for the CEO: € 3.5 million
- for any other ordinary member of the Management Board⁴: € 2.5 million

If the actual remuneration granted exceeds the maximum remuneration cap, the entitlement to the LTI bonus will be reduced accordingly.

Share retention program

The members of the Management Board are obliged to hold shares of HENSOLDT AG for the duration of their appointment as a member of the Management Board, whereby this obligation must be fulfilled for the first time latest four years after the initial appointment as a member of the Management Board ("build-up phase"). The share retention programme is designed to incentivise the members of the Management Board to increase the value of the Company in the interest of the shareholders. Further details on the share retention programme provision can be found in the remuneration system of the Management Board on the website of HENSOLDT at <https://investors.hensoldt.net>.

Benefits in the event of premature termination of employment

In the event of premature termination of the appointment, the Management Board members are entitled to a severance payment. The severance payment is limited to two years' remuneration and is reduced on a pro rata temporis basis if the remaining term of the Management Board service contract is less than two years ("severance cap"). More details on the benefits in the event of premature termination of employment can be found in the remuneration system of the Management Board on the website of HENSOLDT at <https://investors.hensoldt.net>.

⁴ According to the remuneration system, the maximum remuneration for the CFO is € 3.3 million.

The Management Board members are subject to a post-contractual non-competition clause for a period of one year. During this period the Management Board member is entitled to a compensation of monthly 50 % (gross) of the proportional annual basic remuneration most recently received by the Management Board member on a monthly basis. The severance payment will be offset in the full amount against the entitlement.

The service contracts of the members of HENSOLDT AG's Management Board do not include any commitments for benefits in the event of premature termination of the Management Board service contract by the Management Board member due to a change of control.

1.2 Remuneration of the members of the Management Board in the fiscal year

Composition of the Management Board in the fiscal year 2023

In the fiscal year 2023, the Management Board of HENSOLDT AG comprised the following members:

- Thomas Müller, chairman of the Management Board since 11 August 2020
- Dr. Lars Immisch, member of the Management Board since 1 October 2022
- Christian Ladurner, member of the Management Board since 1 July 2022
- Celia Pelaz Perez, member of the Management Board since 1 July 2021

The Supervisory Board of HENSOLDT AG appointed, at its meeting of 21 March 2023, Oliver Dörre as successor of Thomas Müller as CEO of HENSOLDT AG. Oliver Dörre joined the Management Board of HENSOLDT on 1 January 2024 as another member. After the retirement of Thomas Müller on 1 April 2024, Oliver Dörre will take over as chairman.

Fixed remuneration components

Application in the fiscal year

The following table shows the fixed remuneration components granted in the fiscal year 2023 to the acting members of the Management Board in the fiscal year 2023.

Active members of the Management Board as per 31 December 2023 (amounts in €)	Thomas Müller (CEO)	Christian Ladurner (CFO)	Dr. Lars Immisch (CHRO)	Celia Pelaz Perez (CStO)
Annual basic remuneration	600,000	300,000	340,000	340,000
Additional benefits	48,408	17,602	34,619	33,933
Fixed remuneration 2023	648,408	317,602	374,619	373,933

Contribution of the remuneration system to the long-term development of the HENSOLDT Group

For the contribution of the remuneration system to the long-term development of the company, please refer to the general remarks under 1.1. The purpose of the fixed remuneration is to attract and retain suitable personalities for management duties in the Group by means of an attractive fixed salary in line with customs in the market.

STI annual bonus

Adjustment of the statement of “remuneration granted and owed”

In order to improve clarity and transparency, in contrast to the previous year, the remuneration granted is reported for which the underlying activity was fully performed in the reported current fiscal year. It is therefore shown when it is earned and is independent of whether the remuneration has already been paid out during the financial year. The disclosure is thus made at the time of vesting and is independent of whether the remuneration has already been paid during the fiscal year. Accordingly, the STI earned in the fiscal year 2023 is presented as the remuneration granted and due for the fiscal year 2023.

Application in the current fiscal year

Target achievement for the STI 2023 (amounts in T€)	weighting	target value	actual	target achievement	adjustment in case of under/overrun
Consolidated Revenue	33 %	1,910	1,847	97 %	83 %
EBITDA ¹	33 %	330	329	100 %	99 %
Free Cashflow ²	33 %	156	198	127 %	150 %
Total target achievement				108 %	111 %

¹ Key figure adjusted for special items as per reconciliation in Chapter II Economic Report 3.1 Result of operations in the Combined Management Report for the year ended 31 December 2023.

² Key figure adjusted for special items and M&A activities as per reconciliation in Chapter II Economic Report 3.3 Financial position in the Combined Management Report for the year ended 31 December 2023.

The table below shows, for each Management Board member the respective target amount (for a target achievement of 100%), the degree of target achievement determined by the Supervisory Board and the amount paid out in the fiscal year 2023 in accordance with the due date set out in the remuneration system.

STI-annual bonus earned in 2023 for 2023	target value in €	degree of achievement in %	disbursement amount in €
Active members of the Management Board as of 31 December 2023			
Thomas Müller (CEO)	550,000	111 %	610,500
Christian Ladurner (CFO)	225,000	111 %	249,750
Dr. Lars Immisch (CHRO)	255,000	111 %	283,050
Celia Pelaz Perez (CStO)	255,000	111 %	283,050

The STI for 2023 will be due within thirty working days after the approval of the consolidated financial statements of HENSOLDT AG for the fiscal year 2023 in 2024.

Annual STI bonus paid in 2023 for the fiscal year 2022

The previous interpretation of the term “granted” was based on the payment of the STI annual bonus. As the STI annual bonus for the year 2022 paid in the reporting year, it was accordingly not presented in the remuneration report of the previous year and will be explained below for the sake of completeness.

The STI for the fiscal year 2022 (“STI 2022”) was due within thirty working days after the approval of the consolidated financial statements of HENSOLDT AG for the fiscal year 2022. The Supervisory Board issued corresponding target values for the parameters defined in the remuneration system – Free Cashflow, EBITDA and consolidated revenue – where each criterion was included in the overall assessment to one third.

The tables show all amounts actually paid to the individual members of the Management Board during the reporting period (“remuneration granted according to previous interpretation”) or all legally due but not paid remuneration (“remuneration due”).

For the STI 2022, the Supervisory Board has made use of the option provided in the remuneration system to adjust the key figures for special items, so that the underlying parameters correspond to the adjusted key figures reported in the annual report for 2022. Furthermore, against the backdrop of achieving or exceeding further financial and non-financial targets in a difficult market environment (inflation, supply bottlenecks), the Supervisory Board additionally adjusted the overall target achievement level which had already been adjusted for under-/overachievement in accordance with the remuneration system for the fiscal year 2022.

In the opinion of the Supervisory Board, this resulted in a performance-based correction of the STI payout amounts.

Target achievement for the STI 2022 (amounts in T€)	weighting	target value	actual	target achievement	adjustment in case of under/overrun	adjustment	total target achievement
Consolidated Revenue	33 %	1,791	1,707	95 %	77 %		
EBITDA ¹	33 %	292	292	100 %	100 %		
Free Cashflow ²	33 %	154	183	119 %	148 %		
Total target achievement				105 %	108 %	12 %	120 %

¹ Key figure adjusted for special items as per reconciliation in Chapter II Economic Report 3.1 Result of operations in the Combined Management Report for the fiscal year ended on 31 December 2022.

² Key figure adjusted for special items and M&A activities as per reconciliation in Chapter II Economic Report 3.3 Financial position in the Combined Management Report for the fiscal year ended on 31 December 2022.

The table below shows, for each Management Board member the respective target amount (for a target achievement of 100 %), the degree of target achievement determined by the Supervisory Board and the amount paid out in the fiscal year 2023 in accordance with the due date stipulated in the remuneration system.

STI-annual bonus paid in 2023 for 2022	target value in €	degree of achievement in %	STI-annual bonus paid in 2023 for 2022
Active members of the Management Board as of 31 December 2023			
Thomas Müller (CEO)	550,000	120 %	660,000
Christian Ladurner (CFO) ¹	225,000	120 %	135,000
Dr. Lars Immisch (CHRO) ²	255,000	120 %	76,500
Celia Pelaz Perez (CStO)	255,000	120 %	306,000
Resigned members of the Management Board in the fiscal year 2022			
Axel Salzmann (CFO) ³	500,000	120 %	300,000
Peter Fieser (CHRO)	300,000	120 %	360,000

¹ prorated from 1 July 2022

² prorated from 1 October 2022

³ prorated until 30 June 2022

Contribution to the long-term development of the HENSOLDT Group

For the contribution of the remuneration system to the long-term development of the company, please refer to the general explanations under 1.1. The STI is intended to reward the achievement of specific financial targets that are classified as being important for the strategic development of the group.

LTI bonus

Application in the fiscal year

The overall degree of target achievement is determined from the degree of target achievement of the targets for the relevant LTI bonus components set by the Supervisory Board for the respective performance period. These are for the performance period 2021 to 2024 and for the performance period 2022 to 2025 the relative total shareholder return of HENSOLDT AG compared to the MDAX, the order intake of HENSOLDT Group and the ESG objectives diversity and climate impact. For the performance period 2023 to 2026, the special target "Successful implementation of the business transformation for SAP S/4HANA" was additionally included as LTI bonus component.

Details and definitions as well as general information on the remuneration system can be found under 1.1.

The number of virtual shares of LTIP underwent the following changes in the current fiscal year:

Virtual shares (Tranche 2021-2024)	Thomas Müller	Axel Salzmann	Peter Fieser	Celia Pelaz Perez ¹
Target value (in €)	650,000	600,000	400,000	170,000
Share price (in €)	13.94	13.94	13.94	13.94
Number of virtual shares granted in 2021	46,628	43,042	28,694	12,195

Virtual shares (Tranche 2022-2025)	Thomas Müller	Christian Ladurner ¹	Dr. Lars Immisch ¹	Celia Pelaz Perez	Axel Salzmann ¹	Peter Fieser
Target value (in €)	650,000	150,000	85,000	340,000	300,000	400,000
Share price (in €)	16.44	16.44	16.44	16.44	16.44	16.44
Number of virtual shares granted in 2022	39,538	9,124	5,170	20,681	18,248	24,331

Virtual shares (Tranche 2023-2026)	Thomas Müller	Christian Ladurner	Dr. Lars Immisch	Celia Pelaz Perez
Target value (in €)	650,000	300,000	340,000	340,000
Share price (in €)	28.42	28.42	28.42	28.42
Number of virtual shares granted in the reporting period	22,871	10,556	11,963	11,963

¹ Pro-rata assignment value (target amount)

Contribution to the long-term development of the HENSOLDT Group

For the contribution of the remuneration system to the long-term development of the company, please refer to the general remarks under 1.1. The LTI should be a reward for achieving the long-term objectives, measured over multi-year periods. That way, it should be avoided that the Management Board makes decisions for reasons of short-term optimisation of its remuneration that do not promise sustainable business success. For the purpose of the LTI, success parameters from the areas of environment, social and governance are added as so-called ESG targets to the financial performance targets and the strong alignment on the share price. In the current Management Board employment contracts, these ESG goals include the “diversity” target, which is aimed at achieving certain percentages of women at various company levels, as well as the “climate impact” target, through which an increase in the share of renewable energy in the energy consumed by the HENSOLDT Group, and a reduction of CO₂ emissions are targeted.

Share retention program

Currently, the four-year build-up phase for the share retention program has not expired for any of the members of the Management Board who were in office in the fiscal year 2023. Details of the share retention program are available in the remuneration system on the website of HENSOLDT at <https://investors.hensoldt.net>.

Overview table of the remuneration granted and owed in terms of section 162 (1) sentence 1 AktG

The following tables show the total remuneration granted and owed individually to the members of the Management Board in office in the fiscal year 2023, in accordance with section 162 (1) sentence 1 AktG.

Beginning with this fiscal year, the remuneration is considered to be “granted” for the year in which the activity underlying the remuneration was fully performed. The term “remuneration due” refers to any remuneration that is legally due but has not yet paid.

Thus, the STI 2023 is already reported for the reporting year 2023, although the disbursement takes place only after the end of the reporting year. This enables a transparent and comprehensible reporting and ensures the link between performance and remuneration during the reporting period.

Since no performance period has yet expired, the LTI will not result in any remuneration granted or owed in the fiscal year 2023. Reports on the respective performance periods will be made accordingly after their expiry.

Compensations are included insofar as they were already due in the fiscal year 2023.

Active members of the Management Board as of 31 December 2023 (values in €)	Thomas Müller (CEO)	in %	Christian Ladurner (CFO)	in %	Dr. Lars Immisch (CHRO)	in %	Celia Pelaz Perez (CStO)	in %
Annual basic remuneration	600,000	48 %	300,000	53 %	340,000	52 %	340,000	52 %
Additional and other benefits	48,408	4 %	17,602	3 %	34,619	5 %	33,933	5 %
Total	648,408	52 %	317,602	56 %	374,619	57 %	373,933	57 %
STI annual bonus 2023	610,500	48 %	249,750	44 %	283,050	43 %	283,050	43 %
LTI bonus	–	–	–	–	–	–	–	–
Total compensation awarded and due in the fiscal year 2023¹	1,258,908	100 %	567,352	100 %	657,669	100 %	656,983	100 %

¹ Definition adjusted compared to the previous year

Peter Fieser received a one-off payment of € 1,825,000 in January 2023, after having left the Management Board on 30 September 2022.

Review of the maximum amount of remuneration (cap)

The maximum amount of remuneration pursuant to section 87a (1), sentence 2, point 1 AktG shall include any and all remuneration components allocated for the fiscal year 2023. The maximum remuneration for the fiscal year 2023 must therefore also take into account the LTI tranche 2023, the amount of disbursement of which is not fixed until the end of the fiscal year 2026. This means that the amount of all remuneration components allocated for the fiscal year 2023 can only be determined after the end of the fiscal year 2026. In principle, the appropriateness of the potential payout amounts is ensured by limiting STI and LTI payouts to a maximum of 150 % (STI) and 200 % (LTI) of the individual target amount.

The relevant maximum cap for the total remuneration to be granted (sum of all amounts of remuneration spent for the relevant financial year, including the fixed annual salary, variable remuneration components, pension and ancillary services or any compensation payments on the occasion of taking up office for new orders) was not exceeded by cash payments in the reporting year for any member of the Management Board.

Granted or promised shares and share options

In accordance with the remuneration system, no shares or share options were granted or promised to the members of the Management Board who were in office during the reporting year.

Retention (Malus) and Clawback

No use was made of the option to withhold or reclaim variable remuneration components.

Deviations from the remuneration system applicable to the Management Board

There were no deviations from the remuneration system of the Management Board in the reporting year.

Benefits promised or granted by a third party

In the reporting year, no benefits were promised or granted to any member of the Management Board by a third party with regard to their activities as a member of the Management Board.

Commitments in connection with contract terminations

Commitments in the event of premature termination of activity, including changes to these commitments agreed during the last fiscal year

The appointment as well as the employment contract of Thomas Müller as a member of the Management Board of HENSOLDT AG were terminated prematurely by mutual agreement with effect from 31 March 2024. The contractual rights under the service contract remain unaffected for the period until 31 March 2024. To settle the claims for the period from the termination date of 31 March 2024 until the regular end of his appointment and employment contract on 30 September 2024, a compensation payment in the gross amount of € 660,000 was agreed with Thomas Müller, which will be due on 1 April 2024. The pro-rata STI bonus for the fiscal year 2024 will be determined and paid out in 2025 after the financial statements for 2024 have been adopted. The LTI bonus for the fiscal years 2022 and 2023 will be determined and paid out after the end of the four-year assessment period in the years 2026 and 2027. The full LTI bonus for the fiscal year 2024 will be determined and paid out after the end of the four-year assessment period in 2028.

Axel Salzmann (member of the Management Board until 30 June 2022) received a pro-rata STI bonus for the fiscal year 2022 in the fiscal year 2023, after the financial statements for 2022 have been adopted. The LTI bonus for the fiscal years 2021 and 2022 (pro-rata) will be determined and paid after the end of the four-year assessment period in 2025 and 2026.

Peter Fieser (member of the Management Board until 30 September 2022; thereafter employee of the company until 31 December 2022) received a STI bonus for the full fiscal year 2022 in the fiscal year 2023, after the financial statements for 2022 have been adopted. The LTI bonus for the fiscal years 2021 and 2022 will be determined and paid out after the end of the four-year assessment period in 2025 and 2026. In addition, Peter Fieser received a one-off payment of € 1,825,000 in January 2023.

Pension benefits

Even though the past service cost for occupational retirement provision is not classified as remuneration granted and owed, it is also shown in addition in the following tables for reasons of transparency.

The company pension commitments contractually agreed with the members of the Management Board are granted in the form of a direct commitment and comply with the requirements of the remuneration system, which is described on the website of HENSOLDT at <https://investors.hensoldt.net>. The pension benefits presented below also include commitments to the members of the Management Board prior to their appointment from previous activities at the HENSOLDT Group.

	Pension plans		Deferred compensation	
	commitments 31 Dec. 2023 (accumulated)	service cost in 2023	commitments 31 Dec. 2023 (accumulated)	service cost in 2023
Active members of the Management Board as of 31 December 2023 (values in €)				
Thomas Müller	1,675,316	–	–	–
Christian Ladurner	257,869	37,461	–	–
Dr. Lars Immisch	104,221	83,780	–	–
Celia Pelaz Perez	625,344	20,932	15,503	–
Resigned members of the Management Board during the fiscal year 2022 (values in €)				
Axel Salzmann	1,106,043	–	–	–
Peter Fieser	667,324	–	1,076,465	–

2 Remuneration of the members of the Supervisory Board

2.1 Remuneration system for the members of the Supervisory Board

The remuneration system for the members of the Supervisory Board was submitted to the annual general meeting on 18 May 2021, for voting and approved by a majority of 99.99 % of the valid votes cast. In the fiscal year 2023, the remuneration system applied to all active and resigned members of the Supervisory Board. The remuneration of the members of the Supervisory Board is regulated in section 12 of the articles of association of HENSOLDT AG

According to the articles of association, the fixed annual remuneration of each Supervisory Board member amounts to € 40,000. The chairman of the Supervisory Board receives twice the amount, thus € 80,000, the vice chairman receives one and a half times this amount, thus € 60,000. For their work on the Executive Committee, Nominating Committee, Audit Committee or Compliance Committee, the members receive additional fixed compensation amounting to € 10,000. The Chairpersons of these Committees receive € 15,000 each. No remuneration is paid for activities in other committees.

The maximum remuneration for Supervisory Board members is provided for in section 12 (3) in the articles of association and amounts to twice the amount of the annual remuneration of the Supervisory Board members according to section 12 (1) in the articles of association. Supervisory Board members, who are members of the Supervisory Board or a committee or are chairperson of a committee for only part of the fiscal year, receive a remuneration which is lower in proportion to the time served. The remuneration is due four weeks after the end of each fiscal year.

The company reimburses the members of the Supervisory Board for expenses incurred in the performance of their duties, including any value-added tax payable on the reimbursement of expenses.

The company has taken out a liability insurance policy in favour of the members of the Supervisory Board, which covers the legal liability arising from their Supervisory Board activities.

The system for the remuneration of the members of the Supervisory Board provides for a purely fixed remuneration without performance-based variable components and without share-based remuneration. The Management Board and the Supervisory Board are of the opinion that a purely fixed remuneration of the Supervisory Board members is best suited to strengthen the independence of the Supervisory Board, to take into account the advisory and supervisory function of the Supervisory Board to be fulfilled independently of the company's success and to avoid potential wrong incentives in the process. The granting of a fixed remuneration is also in line with the current predominant practice in other listed companies and the suggestion G.18 sentence 1 GCGC. The amount and structure of the Supervisory Board remuneration is in line with the market. It enables the company to attract and retain outstandingly qualified candidates with valuable, industry-specific knowledge for the Supervisory Board. This is a prerequisite for the best possible performance of the advisory and supervisory activities by the Supervisory Board and contributes significantly to the promotion of the business strategy and the long-term development of HENSOLDT Group.

More details of the remuneration system can be found on the website of HENSOLDT at <https://investors.hensoldt.net>.

2.2 Remuneration of the members of the Supervisory Board in the fiscal year 2023

The following table shows the remuneration granted and due to current and former members of the Supervisory Board in the fiscal year 2023 within the meaning of section 162 AktG. The remuneration earned in 2023 is reported as the remuneration granted in the reporting period within the meaning of section 162 AktG.

in €	fixed remuneration	in %	committee remuneration	in %	total 2023
Active members of the Supervisory Board as of 31 December 2023					
Reiner Winkler (Chairman, since 12 May 2023; before ordinary member)	65,000	71 %	26,250	29 %	91,250
Armin Maier-Junker ^{1,2} (Vice Chairman)	60,000	86 %	10,000	14 %	70,000
Dr. Jürgen Bestle ^{1,2}	40,000	71 %	16,250	29 %	56,250
Jürgen Bühl ¹	40,000	80 %	10,000	20 %	50,000
Letizia Colucci	40,000	80 %	10,000	20 %	50,000
Marco R. Fuchs (since 12 May 2023)	25,000	80 %	6,250	20 %	31,250
Achim Gruber ^{1,2}	40,000	80 %	10,000	20 %	50,000
Ingrid Jägering	40,000	62 %	25,000	38 %	65,000
Marion Koch ^{1,2}	40,000	80 %	10,000	20 %	50,000
Giuseppe Panizzardì (since 1 December 2023)	3,333	57 %	2,500	43 %	5,833
Julia Wahl ¹	40,000	80 %	10,000	20 %	50,000
Hiltrud D. Werner	40,000	65 %	21,250	35 %	61,250
Retired members of the Supervisory Board in the fiscal year 2023					
Johannes P. Huth (Chairman until 12 May 2023 and retired from the Supervisory Board)	30,000	73 %	11,250	27 %	41,250
Giovanni Soccodato (until 31 October 2023)	33,333	61 %	21,250	39 %	54,583

¹ Representative of the employees

² Employees of HENSOLDT AG or one of the group companies

No deviations from the remuneration system of the Supervisory Board occurred in the fiscal year.

3 Multiple-year overview: Information on the development of Management Board and Supervisory Board remuneration in relation to the remuneration of the rest of the workforce and the development of the result of operation of the HENSOLDT Group

Pursuant to section 162 (1) sentence 2 no. 2 AktG, the following overview presents the relative development of the remuneration granted and due to members of the Management Board and Supervisory Board in the respective fiscal year in accordance with the presentations in the tables under 1.2 and 2.2 in comparison to the average remuneration of the employees on a full-time equivalent basis as well as selected key earnings figures of the HENSOLDT Group.

For the presentation of the Group's earnings situation, those key figures are used for which HENSOLDT AG issued a forecast in the past fiscal year, as well as the key figures that form the basis for the short-term remuneration of the Management Board. In addition, the net profit for the year from the individual financial statements of HENSOLDT AG according to the German Commercial Code (HGB) is included in the comparison.

For the presentation of the average remuneration of the employees, the gross taxable amount for employees covered by collective agreements and non-tariff employees on the basis of full-time equivalence (without apprentices, trainees, etc.) is used, insofar as it exceeds € 4,000 per year. This is based on the workforce of HENSOLDT AG and the following German subsidiaries of HENSOLDT AG: HENSOLDT Optronics GmbH, HENSOLDT Holding Germany GmbH and HENSOLDT Sensors GmbH.

Remuneration granted and owed acc. to section 162 AktG in € ¹	Fiscal Year		
	2023	2022	% Delta
Management Board compensation			
Members in office			
Thomas Müller (Chairman)	1,258,908	1,380,073	-8.8 %
Christian Ladurner	567,352	159,296	>200 %
Dr. Lars Immisch	657,669	493,563	33.2 %
Celia Pelaz Perez	656,983	547,023	20.1 %
Retired Members			
Axel Salzmann (until 30 June 2022)	–	1,061,814	–
Peter Fieser (until 30 September 2022)	–	724,053	–

¹ Definition adjusted compared to the previous year (see section 1.2 Remuneration of the members of the Executive Board in the reporting year). The remuneration for the comparative period 2022 was recognised in line with the previous interpretation of the term "granted" according to the inflow principle.

Remuneration granted and owed acc. to section 162 AktG in €	Fiscal Year		
	2023	2022	% Delta
Supervisory Board compensation			
Members in office			
Reiner Winkler (Chairman, since 12 May 2023; before ordinary member)	91,250	37,500	143.3 %
Armin Maier-Junker (Vice Chairman)	70,000	70,000	– %
Dr. Jürgen Bestle	56,250	50,000	12.5 %
Jürgen Bühl	50,000	50,000	– %
Letizia Colucci	50,000	31,250	60.0 %
Marco R. Fuchs (since 12 May 2023)	31,250	–	–
Achim Gruber	50,000	50,000	– %
Ingrid Jägering	65,000	65,000	– %
Marion Koch	50,000	50,000	– %
Giuseppe Panizzardi (since 1 December 2023)	5,833	–	–
Julia Wahl	50,000	50,000	– %
Hiltrud D. Werner	61,250	14,942	>200 %
Retired members			
Johannes P. Huth (Chairman, until 12 May 2023)	41,250	110,000	-62.5 %
Prof. Wolfgang Ischinger	–	22,500	–
Christian Ollig ¹	–	–	–
Prof. Dr. Burkhard Schwenker	–	39,875	–
Giovanni Soccodato (until 31 October 2023)	54,583	37,500	45.6 %
Claire Wellby	–	15,000	–

¹ Member of the Supervisory Board waived his remuneration.

Key earnings figures in € million	Fiscal Year		
	2023	2022	% Delta
Net result (annual financial statement acc. to German commercial code)	-90	-52	-71.1 %
Net result (Group)	56	80	-30.6 %
Revenue (Group)	1,847	1,707	8.2 %
EBITDA (Group) ¹	329	292	12.8 %
Order Intake (Group)	2,087	1,993	4.7 %
Free Cashflow (Group) ²	259	219	18.5 %

¹ Key figure adjusted for special items as per reconciliation in Chapter II Economic Report 3.1 Results of Operations in the Combined Management Report for the fiscal year ended on 31 December 2023.

² Key figure adjusted for taxes, interest, special items and M&A activities as per reconciliation in Chapter II Economic Report 3.3 Financial Situation in the Combined Management Report for the fiscal year ended on 31 December 2023.

Workforce information	Fiscal Year			
	2023	2022	2021	2020
Employee compensation in €	94,036	91,946	91,218	90,956
Change compared to previous year in %	2.3 %	0.8 %	0.3 %	–

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To HENSOLDT AG, Taufkirchen, District of Munich

Report on the audit of the remuneration report

We have audited the attached remuneration report of HENSOLDT AG, Taufkirchen, District of Munich, for the financial year from January 1 to December 31, 2023, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board of HENSOLDT AG are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The Management Board and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from January 1 to December 31, 2023, including the related disclosures, complies in all material respects with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforementioned services to HENSOLDT AG, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 1 January 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 21, 2024

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Koeplin

Wirtschaftsprüfer

[German Public Auditor]

Schieler

Wirtschaftsprüfer

[German Public Auditor]