

Annual Financial Statements of

HENSOLDT AG

for the year ended on

December 31, 2021

This English report is for convenience only. In case of discrepancies between the English and the German report, the German report shall prevail. Furthermore the English report is not provided in the European Single Electronic Format (ESEF). The legally required rendering in ESEF-format is filed in German language with the operator of the German Federal Gazette and published in the German Federal Gazette.

STATEMENT OF FINANCIAL POSITION

ASSETS	Dec. 31,	Dec. 31,
in € thousand	2021	2020
A. Fixed assets	2,670,171	2,670,063
I. Intangible assets	18	-
II. Property, plant and equipment	153	63
III. Financial assets	2,670,000	2,670,000
B. Current assets	80,045	313,947
I. Advance payments made	35	-
II. Accounts receivable and other assets	36,293	125,920
III. Cash and cash equivalents	43,717	188,027
C. Prepaid expenses and deferred charges	7,631	9,080
Total assets	2,757,847	2,993,090

EQUITY AND LIABILITIES	Dec. 31,	Dec. 31,
in € thousand	2021	2020
A. Equity	1,857,295	1,906,799
I. Share capital	105,000	105,000
II. Capital reserve	1,720,025	1,785,025
III. Balance sheet profit	32,270	16,774
B. Provisions	19,318	7,349
1. Provisions for pensions and similar obligations	12,945	4,255
2. Other provisions	6,373	3,094
C. Liabilities	881,234	1,078,942
1. Liabilities to banks	770,800	950,968
2. Trade payables	4,659	7,583
3. Liabilities to affiliated companies	76,387	100,422
4. Other liabilities	29,388	19,969
Total equity and liabilities	2,757,847	2,993,090

INCOME STATEMENT

in € thousand	Fiscal year	
	2021	2020
1. Revenue	36,683	8,251
2. Cost of sales	-36,685	-8,490
3. Gross profit	-2	-239
4. Selling expenses	-377	-
5. General administrative expenses	-13,927	-33,640
6. Other operating income	5,345	5,388
7. Other operating expenses	-5,265	-6,002
8. Operating result	-14,226	-34,492
9. Finance result	-21,597	-8,444
10. Result after taxes	-35,823	-42,936
11. Other taxes	-32	-
12. Net loss for the fiscal year	-35,855	-42,936
13. Profit / loss carry-forward	3,124	-290
14. Withdrawal from the capital reserve	65,000	60,000
15. Balance sheet profit	32,270	16,774

NOTES

I Bases and Methods of the Annual Financial Statements

As of December 31, 2021, HENSOLDT AG (the “Company”) was the parent company of the HENSOLDT Group. With the entry in the commercial register on August 17, 2020, HENSOLDT GmbH, Taufkirchen, (Local Court of Munich, HRB 252143) was converted into HENSOLDT AG, Taufkirchen, (Local Court of Munich, HRB 258711).

On September 24, 2020, the shares of the Company were admitted to trading on the Frankfurter Stock Exchange with admission to the sub-segment of the regulated market with the ticker symbol HAG000. Trading commenced on the following day. On December 21, 2020, the shares of HENSOLDT AG were included in the SDAX. As part of the regular review of the SDAX index composition, the Frankfurt Stock Exchange announced at the end of December 2021, that the share of HENSOLDT AG is no longer part of the SDAX share index. The main reason was that the market capitalization based on free float was too low compared to other companies. Main shareholder of HENSOLDT AG as of December 31, 2021 is Square Lux Holding II S.à r.l. with a shareholding of 42.94 %.

The annual financial statements of HENSOLDT AG were prepared in accordance with sections 242 et seq. and 264 et seq. of the German Commercial Code (HGB) and in accordance with the relevant provisions of the German Stock Corporation Act (AktG) and the Articles of Association. The provisions applicable to large corporations apply.

The applicable measurement provisions set forth in the German commercial code were observed by taking into account the going concern principle. The valuation methods applied to the previous annual financial statements were retained.

Items in the statement of financial position and the income statement were combined to provide a clearer presentation and are broken down accordingly in the notes.

The annual financial statements are denominated in Euro.

The income statement is prepared according to the cost-of-sales method.

Accounting and valuation

The accounting and valuation methods set forth below were essential for the preparation of the annual financial statements.

Intangible assets are valued at cost of acquisition and are reduced by scheduled amortization. For the most part, we assume a period of 3 years for the scheduled amortization of intangible assets. The straight-line method of amortization is applied.

Property, plant and equipment are valued at cost of acquisition and are reduced by scheduled depreciation. Scheduled depreciation for other equipment as well as for factory and office equipment is predominantly based on a period of 3 to 10 years. The straight-line method of depreciation is applied.

Additions to low-value assets with cost of acquisition or production of up to € 800 are immediately disclosed as operating expenses in the year of acquisition or production.

Financial assets are recognized at cost or, in the case of expected permanent impairment, at the lower fair values. That applies if objective indications, in particular events or changes in circumstances, indicate a significant or prolonged impairment. In the case of a previous write-down, a lower valuation may not be retained if the reasons for it no longer exist.

Advance payments made are recognized at their nominal amount.

Accounts receivable and other assets are recognized at their nominal value.

Cash and cash equivalents are disclosed at the nominal value.

The difference between the higher settlement amount of a liability and the issue amount is included in a **prepaid expenses** item. Repayment is made through scheduled annual depreciation, which is distributed over the entire term of the liability.

Provisions for pensions and similar obligations are recognized at the settlement amount and determined actuarially using the projected unit credit method.

The following premises were used for the calculation:

- Actuarial interest rate: 1.87 %
- Pension trend: 1.00 %
- Salary trend: 2.00 % - 3.00 %

The calculated final age is essentially based on the age limits stipulated in the *Rentenversicherungs-Altersgrenzen-Anpassungsgesetz* [German Pension Insurance Age Limit Adjustment Act] of 2007 as well as the current biometric *Richttafeln* [Mortality Tables] 2018 G by Heubeck. The final funding age was set at 63 years. In addition, assumptions were made regarding the payout options granted to pension beneficiaries.

The pension provisions as at December 31, 2021 are discounted at a flat rate in accordance with section 253 (2) HGB using the average market interest rate of the past ten fiscal years, which results from an assumed residual term of 15 years.

The plan assets for pensions and similar obligations measured at fair value are netted with the provisions in accordance with section 246 (2) sentence 2 HGB.

In the income statement, interest expenses from the calculation of retirement benefit obligations and comparable long-term obligations and income or expenses from the fair value measurement of plan assets are netted and reported in the financial result.

Other provisions take into account all contingent liabilities and are recognized as liabilities at the settlement amount required in accordance with the principles of reasonable business judgement, taking into account future price and cost increases, if applicable. Non-current provisions are discounted to the date of their expected utilization using the average term-adequate interest rates for the past seven fiscal years published by Deutsche Bundesbank.

Liabilities are recognized at their settlement amounts.

Deferred taxes are calculated for temporary differences between the commercial and tax valuations of assets, liabilities and accruals. Any resulting tax burden will, in total, be recognized in the statement of financial position as deferred tax liabilities. In the case of tax relief, no use is made of the corresponding capitalization option pursuant to section 274 (1) sentence 2 HGB and capitalization is waived.

II Explanations on the statement of financial position

1 Intangible assets

Intangible assets amount as of December 31, 2021 to € 18 thousand (previous year: € 0 thousand). A breakdown of the items summarized in the statement of financial position and their changes are shown in the "Changes of fixed assets" section.

2 Property, plant and equipment

Property, plant and equipment amount to € 153 thousand as of December 31, 2021 (previous year: € 63 thousand). A breakdown of the items summarized in the statement of financial position and their changes are shown in the "Changes of fixed assets" section.

3 Financial assets

Financial assets consist of the investment in the subsidiary HENSOLDT Holding GmbH in the amount of € 2,670 million (previous year: € 2,670 million).

4 Advance payments made

Advance payments were made in the amount of € 35 thousand (previous year: € 0 thousand) to third parties.

5 Accounts receivable and other assets

	Dec. 31,	Dec. 31,
in € thousand	2021	2020
Trade receivables	3	-
Accounts receivable from affiliated companies	36,130	125,916
Other assets	160	4
Accounts receivable and other assets	36,293	125,920

Accounts receivable from affiliated companies mainly relate to receivables from advance VAT returns of controlled companies in the amount of € 34,347 thousand (previous year: € 20,424 thousand), accounts receivable from internal chargings, including accrued interest in the amount of € 1,705 thousand (previous year: € 1,767 thousand), and accounts receivable from cash pooling of € 31 thousand (previous year: € 103,725 thousand).

Other assets mainly include credit balances with suppliers amounting to € 96 thousand (previous year: € 0 thousand) and accounts receivable from employees of € 37 thousand (previous year: € 0 thousand).

Any and all receivables and other assets have a residual term of less than one year.

6 Cash and cash equivalents

The cash and cash equivalents relate exclusively to cash at banks.

7 Prepaid expenses and deferred charges

This balance sheet item mainly includes directly attributable transaction costs in connection with the first-time raising of a long-term syndicated loan (“Term Loan”) in the amount of € 2,531 thousand (previous year: € 3,751 thousand) and a revolving credit facility (“RCF”) of € 4,481 thousand (previous year: € 5,131 thousand). These are reversed on a straight-line basis over the term of five years. Directly attributable transaction costs for the increase of the term loan in the fiscal year 2021 in the amount of € 293 thousand and RCF of € 98 thousand are also accrued over a term of five years. In addition, this balance sheet item includes insurance premiums of € 227 thousand (previous year: € 198 thousand).

8 Equity

As of December 31, 2021, the subscribed capital of HENSOLDT AG amounts to € 105,000 thousand and is divided into 105,000,000 ordinary bearer shares (no-par value shares).

With the entry in the commercial register on August 17, 2020, HENSOLDT GmbH was converted into HENSOLDT AG. Prior to the conversion, the share capital of the Company was increased from € 10,000 thousand by € 70,000 thousand to € 80,000 thousand from the Company’s reserves (capital increase from company funds) based on a shareholders’ resolution dated August 4, 2020, and entry in the Commercial Register on August 6, 2020.

At the time of the conversion of HENSOLDT GmbH into HENSOLDT AG, the share capital of HENSOLDT GmbH amounted to € 80,000 thousand.

In the course of the initial public offering, the share capital of the Company was increased by additional € 25,000 thousand to € 105,000 thousand by a resolution of September 3, 2020, and entry in the Commercial Register on September 24, 2020 (cash capital increase).

The exceeding amount of € 275,000 thousand from the issuance of the 25.0 million new shares was allocated to the capital reserve.

In accordance with the articles of association, the share capital of the Company may be increased by the Management Board until August 11, 2025, with the approval of the Supervisory Board, by issuing new ordinary bearer shares against contributions in cash and/or in kind on one or more occasions by up to a total of € 36,000 thousand (Authorized Capital 2020/I). The Company has not used the Authorized Capital 2020/I until December 31, 2021. Accordingly, the Authorized Capital 2020/I amounts to € 36,000 thousand on December 31, 2021.

The Company’s share capital was also increased by up to € 16,000 thousand by issuing up to 16,000,000 new no-par value bearer shares on or before August 11, 2025, against contributions in cash or in kind (Conditional Capital 2020/I). The conditional capital increase shall only be implemented to the extent that the holders or creditors of option or conversion rights or those obliged to exercise the conversion / option exercise their option or conversion rights or, to the extent that they are obligated to exercise the conversion / option, fulfill their obligation to exercise the conversion / option or to the extent that the Company exercises an option to grant shares in the Company, in whole or in part, instead of payment of the cash amount due. The Company has not used the Conditional Capital 2020/I until December 31, 2021. Accordingly, the Conditional Capital 2020/I amounts to € 16,000 thousand on December 31, 2021.

The equity contains amounts banned from distribution in accordance with section 253 (6) sentence 2 HGB of € 1,561 thousand (previous year: € 342 thousand).

In the context of the preparation of the annual financial statements, an amount of € 65,000 thousand (previous year: € 60,000 thousand) was withdrawn from the capital reserve and allocated to the balance sheet profit.

Net loss for the fiscal year 2021 amounted to € 35,855 thousand (previous year: € 42,936 thousand). Taking into account the profit carry-forward of € 3,124 thousand, which is reduced by the distribution of € 13,650 thousand, and the withdrawal from the capital reserve, this results in a balance sheet profit of € 32,270 thousand (previous year: € 16,774 thousand).

9 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations amount to € 12,945 thousand (previous year: € 4,255 thousand) and are disclosed at their settlement amount and determined actuarially according to the projected unit credit method.

The assets transferred in trust to Allianz Treuhand GmbH, Frankfurt am Main, within the framework of a Contractual Trust Arrangement ("CTA"), and thus representing dedicated assets for the fulfilment of pension obligations, are plan assets within the meaning of section 246 (2) sentence 2 HGB and are therefore offset against the corresponding pension obligations at their fair value.

Another transfer of group functions occurred in the fiscal year with a corresponding transfer of employees from companies of the HENSOLDT Group to HENSOLDT AG. Corresponding provisions for pensions and similar obligations were transferred to HENSOLDT AG at their fair value. The proportionate trust funds in trust structures were transferred in favor of HENSOLDT AG in November 2021 in order to create an equivalent coverage of pension obligations through plan assets at the level of the Company. Therefore, trust funds were transferred from the trustee of the transferring companies (HENSOLDT Pension Trust e. V.) to the trustee of the receiving HENSOLDT AG (Allianz Treuhand GmbH), taking into account previous transfers of employees. Therefore, a comparison with the previous year is only possible to a limited extent.

Information on netting in accordance with section 246 (2) sentence 2 HGB:

in € thousand	Fiscal year	
	2021	2020
Expected settlement amount for pensions and similar obligations	15,740	4,307
Acquisition cost of plan assets	2,794	55
Fair value of plan assets	2,795	52
Offset of expenses	1,244	1,430
Offset of income	19	-

The interest expenses of the obligations, the current income from the plan assets and the income or expenses from changes in the fair value of the plan assets are presented offset in the interest result.

The difference in accordance with section 253 (6) sentence 3 of the HGB amounts to € 1,556 thousand (previous year: € 342 thousand) and is banned from distribution.

10 Other provisions

Other provisions concern obligations relating to staff in the amount of € 4,858 thousand (previous year: € 2,295 thousand) and miscellaneous other provisions of € 1,515 thousand (previous year: € 799 thousand).

Obligations relation to staff include variable remuneration components of € 3,417 thousand (previous year: € 1,880 thousand) and long-term variable remuneration components (Long-Term Incentive bonus) of € 776 thousand (previous year: € 0 thousand).

Another transfer of group functions occurred in the fiscal year with a corresponding transfer of employees from companies of the HENSOLDT Group to HENSOLDT AG. Corresponding provisions for anniversary bonus were transferred to HENSOLDT AG at their fair value. This provision amounts to € 331 thousand on the balance sheet date (previous year: € 40 thousand). An interest rate of 0.86 % was used for their actuarial valuation as at the reporting date of December 31, 2021. Furthermore due to the change of employees, there are obligations to employees from the Company's lifetime work account model in the amount of the remuneration components contributed by employees; these amount to € 453 thousand (previous year: € 0 thousand). Therefore, trust funds were transferred from the trustee of the transferring companies (HENSOLDT Pension Trust e. V.) to the trustee of the receiving HENSOLDT AG (Allianz Treuhand GmbH). The corresponding amount of the obligation was derived from these underlying securities-based cover assets. As at the balance sheet date, these securities are reported as trust assets at fair value (€ 453 thousand; previous year: € 0 thousand) at cost of acquisition of € 471 thousand. Trust assets and obligations are presented on a net basis.

Miscellaneous other provisions include provisions for Supervisory Board remuneration and the general meeting amounting to € 937 thousand (previous year: € 371 thousand) and provisions for auditing and consulting fees of € 578 thousand (previous year: € 428 thousand).

11 Liabilities

	Dec. 31,	Dec. 31,
in € thousand	2021	2020
Liabilities to banks	770,800	950,968
Trade liabilities	4,659	7,583
Liabilities to affiliated companies	76,387	100,422
Other liabilities	29,388	19,969
Liabilities	881,234	1,078,942

Liabilities to banks include liabilities from a syndicated loan agreement (Senior Facility Agreement; "SFA") consisting of a long-term loan ("Term Loan") in the nominal amount of € 620.0 million (previous year: € 600.0 million) with a maturity date of September 29, 2025, and thus a remaining term of more than one year and a revolving credit facility ("RCF") of € 150.0 million (previous year: € 350.0 million). The RCF of up to € 370.0 million was not fully drawn contrary to previous year and has to be repaid within short, including accrued interest.

The financing is secured amongst others by pledging the shares in direct and indirect subsidiaries HENSOLDT Holding GmbH, HENSOLDT Holding Germany GmbH, HENSOLDT Sensors GmbH, HENSOLDT Optronics GmbH, HENSOLDT Holding France S.A.S. and HENSOLDT Nexeya France S.A.S. (formerly: Nexeya France S.A.S.).

Trade payables amount to € 4,659 thousand (previous year: € 7,583 thousand) and have a residual term of less than one year.

Liabilities to affiliated companies of € 76,387 thousand (previous year: € 100,422 thousand) are liabilities from the cash pooling of € 76,193 thousand (previous year: € 98,781 thousand) and trade payables of € 194 thousand (previous year: € 1,641 thousand); all of them have a residual term of less than one year.

Other liabilities mainly include liabilities from taxes (wage tax and VAT) in the amount of € 28,899 thousand (previous year: € 19,969 thousand).

Any and all other liabilities have a residual term of less than one year.

12 Contingent liabilities

The obligations entered into from contingent liabilities amount to € 100,257 thousand (previous year: € 11,525 thousand), were concluded for affiliated companies and relate mainly to advance payment and contract performance guarantees toward third parties. These were not to be recognized as liabilities, as the underlying obligations can probably be fulfilled due to the creditworthiness of the debtors and therefore a utilization is not to be expected.

13 Other financial obligations

No other essential financial obligations exist.

III Explanations on the income statement

14 Revenue

The Company provides administrative, advisory and other services to subsidiaries and affiliated companies in Germany. For this purpose, € 36,163 thousand (previous year: € 8,251 thousand) of the costs were charged on.

15 General administrative expenses

The general administrative expenses include the expenses for the strategic further development of the HENSOLDT Group as well as central administrative expenses of HENSOLDT AG, which are not passed on to the operating companies of the HENSOLDT Group. In addition, the expense for the employee share program in the fiscal year, which was not passed on to the participating companies of HENSOLDT Group, is included here in the amount of € 154 thousand.

In the previous year, this item mainly included IPO and refinancing costs of € 24,812 thousand.

16 Other operating income

Other operating income mainly includes the costs of the employee share program passed on in the fiscal year in the amount of € 5,239 thousand to the participating companies of the HENSOLDT Group as well as costs of € 53 thousand (previous year: € 5,388 thousand) charged on to the former sole shareholder Square Lux Holding II S.à r.l., Luxembourg, for pro-rated cost of the IPO.

17 Other operating expenses

Other operating expenses in the amount of € 5,265 thousand (previous year: € 6,002 thousand) include the expenses for the employee share program of € 5,239 thousand which was charged on to the participating companies of HENSOLDT Group. This includes, in addition, realized exchange rate losses of € 12 thousand (previous year: € 0 thousand).

In the previous year, this position included mainly cost of equity procurement of € 6,000 thousand associated with the IPO.

18 Finance result

in € thousand	Fiscal year	
	2021	2020
Other interest and similar income	778	101
Interest and similar expenses	-22,376	-8,545
Other financial result	1	-
Finance result	-21,597	-8,444

Other interest and similar income includes interest income from affiliated companies from cash pooling amounting to € 760 thousand (previous year: € 101 thousand) and the income from the valuation of plan assets at fair value of € 19 thousand (previous year: € 0 thousand).

Interest and similar expenses mainly contain interest for the credit line raised of € 20,831 thousand (previous year: € 5,706 thousand), expenses for pension obligations of € 1,226 thousand (previous year: € 1,430 thousand) and bank charges of € 301 thousand (previous year: € 1,401 thousand).

The other financial result of € 1 thousand (previous year: € 0 thousand) comprises income from foreign currency valuation.

19 Other taxes

Other taxes amount to € 32 thousand (previous year: € 0 thousand) and relate mainly to value added tax not deductible (€ 27 thousand).

20 Cost of materials

in € thousand	Fiscal year	
	2021	2020
Cost of raw materials, consumables and supplies	131	4
Cost of materials	131	4

21 Personnel expenses / staff

in € thousand	Fiscal year	
	2021	2020
Wages and salaries	18,217	2,638
Social security contributions and expenses for pensions and similar obligations <i>thereof pensions: + €62 thousand (PY: + €15 thousand)</i>	1,529	643
Personnel expenses	19,746	3,281

Another transfer of group functions occurred in the fiscal year with a corresponding transfer of employees from companies of the HENSOLDT Group to HENSOLDT AG. Corresponding provisions for pensions and similar obligations were transferred to HENSOLDT AG at fair value. In the context of actuarial calculations the difference between the fair value and the value determined according to the German Commercial Code (HGB) resulted in an income from pension provisions as of December 31, 2021, like in the previous year.

A comparison of personnel expenses and the average number of employees with the previous year is therefore only of limited value.

The following overview shows the average number of employees during the business year, broken down by groups:

Average	Fiscal year	
	2021	2020
Workers / Employees	103	3
Apprentices / Trainees	13	-
Total	115	3

Employee share program (Echo)

In the fiscal year 2021, an employee share program "Echo" was introduced to enable employees of HENSOLDT Group to participate as shareholders in HENSOLDT AG's economic development and to benefit from a favorable price compared to buying shares of HENSOLDT AG at the stock exchange. This should establish a shareholder culture in the HENSOLDT Group and promote entrepreneurial thinking.

The shares issued under Echo are bearer shares without par value (no par value shares).

Each participating person must provide an investment from their net remuneration for acquiring the ordered Echo shares. The maximum amount of such investment will be determined upon ordering when selecting the Echo package. The company employing the participant grants a surcharge of 50 % of the total value of the relevant Echo package. The participant thus receives Echo shares worth double the amount of their investment.

In order to determine the number of Echo shares a participant receives, the relevant total value of the selected Echo package will be divided by the reference price. The reference price corresponds to the average price at which shares in HENSOLDT AG were acquired by an engaged services provider (who holds the shares as trustee for the employees) during the relevant purchasing period of the employee share program.

Echo shares are subject to a holding period of one year after their acquisition, unless otherwise provided for in the terms and conditions of the program. Echo shares may neither be sold nor transferred during such holding period.

In the fiscal year 2021, a total of 395,649 shares were acquired by employees at a weighted average price of € 13.60 as part of the employee share program.

The expense for the employee share program amounts in total to € 5,393 thousand. € 5,239 thousand were charged on to the participating companies of HENSOLDT Group.

IV Other disclosures

22 Composition and mandates of the Management Board and Supervisory Board

Members of the Management Board and mandates of the members:

- Müller, Thomas (Munich), Chairman of the Management Board, Chief Executive Officer of HENSOLDT Group
- Salzmann, Axel Albert Hans (Großhansdorf), Chief Financial Officer of HENSOLDT Group
- Fieser, Peter (Warthausen), Chief Human Resources Officer of HENSOLDT Group
- Pelaz, Celia (Friedrichshafen), Chief Strategy Officer of HENSOLDT Group from July 1, 2021

The following members of the Management Board of the Company are also member of the Supervisory Board of the following companies:

Name	Position
Salzmann, Axel Albert Hans	<ul style="list-style-type: none">• TeamViewer AG• HUGO BOSS AG (until December 31, 2020)

Members of the Supervisory Board and mandates of the members:

The following persons are members of the Supervisory Board:

Name	Born	Member since	Appointed until	Position	Profession
Johannes P. Huth	1960	2017	2025	Chairman of the Supervisory Board	Partner at KKR and Head of KKR in EMEA
Armin Maier-Junker	1962	2017	2026	Vice Chairman of the Supervisory Board	Chairman of the Works Council of HENSOLDT Sensors GmbH, Ulm; Chairman of the General Works Council of HENSOLDT Sensors GmbH and Chairman of the Group Works Council
Dr. Jürgen Bestle (since May 2021)	1966	2021	2026	Supervisory Board member	Head of Engineering Governance of HENSOLDT AG and Head of Design Organization of HENSOLDT Sensors GmbH
Jürgen Bühl	1969	2017	2026	Supervisory Board member	Head of Sector Policy Coordination in the Executive Board of IG Metall
Dr. Frank Döngi (retired as of May 18, 2021)	1966	2020	2021	Supervisory Board member	Head of the Airborne, Space & ISR Radars business unit and the Eurofighter Radar business unit at HENSOLDT Sensors GmbH
Winfried Fetzer (retired as of December 31, 2020)	1959	2017	2020	Supervisory Board member	Chairman of the Works Council of HENSOLDT Optronics GmbH, Oberkochen; Member of the Group Works Council
Achim Gruber (since May 2021)	1963	2021	2026	Supervisory Board member	Chairman of the Works Council of HENSOLDT Optronics GmbH, Oberkochen
Prof. Wolfgang Ischinger	1946	2017	2025	Supervisory Board member	Chairman of the Munich Security Conference Foundation; Senior Professor of Security Policy and Diplomatic Practice at the Hertie School of Governance in Berlin; Honorary Professor at the University of Tübingen
Ingrid Jägering	1966	2017	2025	Supervisory Board member	Member of the management board, CFO and labor director at Leoni AG
Marion Koch	1978	2020	2026	Supervisory Board member	Member of the Works Council of HENSOLDT Sensors GmbH, Immenstaad, and member of the Group Works Council; Project Manager in the Airborne, Space & ISR Radars business unit of HENSOLDT Sensors GmbH
Christian Ollig	1977	2017	2025	Supervisory Board member	Partner at KKR and Head of KKR in Germany; Managing Director of Traviata B.V.
Prof. Dr. Burkhard Schwenker	1958	2017	2025	Supervisory Board member	Senior Fellow at Roland Berger; Academic Co-Director of the HHL Center for Scenario-Planning
Julia Wahl	1987	2019	2026	Supervisory Board member	Personal Assistant to the District Director of IG Metall Baden-Württemberg
Claire Wellby	1988	2020	2025	Supervisory Board member	Member of KKR's private equity team; Vice President of KKR Show Aggregator GP Limited
Ingo Zeeh (appointed as of January 12, 2021; retired as of May 18, 2021)	1983	2021	2021	Supervisory Board member	Member of the Works Council of HENSOLDT Optronics GmbH, Oberkochen; certified technician specializing in mechanical engineering and team leader of Integration and Service Land Systems of HENSOLDT Optronics GmbH

The following members of the Supervisory Board of the Company are also members of an executive body of the Supervisory Board of the following companies:

Name	Position
Johannes P. Huth	<ul style="list-style-type: none"> • Member of the Supervisory Board of Axel Springer SE • Member of the Board of Coty Inc.
Armin Maier-Junker	<ul style="list-style-type: none"> • Member of the Supervisory Board of HENSOLDT Sensors GmbH*
Dr. Jürgen Bestle	<ul style="list-style-type: none"> • Member of the Supervisory Board of HENSOLDT Sensors GmbH* since September 1, 2021
Jürgen Bühl	<ul style="list-style-type: none"> • Member of the Supervisory Board of HENSOLDT Sensors GmbH* • Member of the Supervisory Board of Airbus Defence & Space GmbH
Dr. Frank Döngi	<ul style="list-style-type: none"> • Member of the Supervisory Board of HENSOLDT Sensors GmbH* until August 31, 2021
Ingrid Jägering	<ul style="list-style-type: none"> • Independent member of the Board of Directors of SAF Holland SE • Advisory Board of Wegmann Group
Christian Ollig	<ul style="list-style-type: none"> • Member of the Supervisory Board of ETL AG Steuerberatungsgesellschaft • Member of the Supervisory Board of Rainbow UK BidCo Limited • Member of the Supervisory Board of Upfield Holdings B.V.
Prof. Dr. Burkhard Schwenker	<ul style="list-style-type: none"> • Member of the Supervisory Board of Hamburger Hafen und Logistik AG • Member of the Supervisory Board of Hamburger Sparkasse AG • Member of the Supervisory Board of Flughafen Hamburg GmbH • Member of the Supervisory Board of M.M. Warburg & Co. KGaA • Member of the Administrative Board of HASPA Finanzholding
Julia Wahl	<ul style="list-style-type: none"> • Member of the Supervisory Board of HENSOLDT Sensors GmbH*
Claire Wellby	<ul style="list-style-type: none"> • Member of the Supervisory Board of LEONINE Licensing AG

Mandates within the HENSOLDT Group are marked with an asterisk (*). Members not mentioned have no mandates in other companies:

23 Remuneration of the Management Board and the Supervisory Board

Remuneration of the members of the Management Board

Remuneration of the members of the Management Board in the fiscal year amounted to € 6,489 thousand (previous year: € 3,202 thousand¹). This includes the fair value at grant date for share-based remunerations of € 1,969 thousand for 142,754 virtual share awards. For the performance targets linked to these awards, we refer to the remuneration report included in the combined management report under section VI. No share-based payments were granted in the previous year.

Remuneration of Supervisory Board members

The remuneration of the members of the Supervisory Board comprised a basic remuneration and an additional remuneration for committee activities amounting in total to € 650 thousand in the fiscal year (previous year: € 271 thousand), € 37.5 thousand of which relate to the Supervisory Board members who retired from the board in the fiscal year 2021.

Information on the compensation of individual Management Board and Supervisory Board members is presented in the remuneration report, which is part of the combined management report.

¹ The information on the 2020 remuneration thus relates exclusively to the remuneration paid to the persons in their capacity as members of the Management Board of HENSOLDT AG and therefore only covers the period from August 17, 2020 (after the change of legal form).

24 Declaration of conformity with the German Corporate Governance code

Management Board and Supervisory Board of HENSOLDT AG issued the declaration prescribed in accordance with section 161 AktG on March 8/11, 2022. It is available for inspection on the HENSOLDT website at <https://investors.hensoldt.net> in the “Corporate Governance” section.

25 Information on shareholdings

Company	Registered office	Share of capital	Equity in € thousand	Profit/loss in € thousand
Direct shareholdings				
HENSOLDT Holding GmbH ^{1,9}	Taufkirchen / Germany	<100,0%*	1,359,198	-27,165
Indirect shareholdings				
HENSOLDT Holding Germany GmbH ^{1,9}	Taufkirchen / Germany	<100,0%*	1,066,014	0
HENSOLDT Sensors GmbH ^{1,9}	Taufkirchen / Germany	<100,0%*	125,460	11,457
HENSOLDT Optronics GmbH ^{1,7,9}	Oberkochen / Germany	<100,0%*	19,659	0
HENSOLDT Avionics Holding GmbH ^{1,7}	Pforzheim / Germany	100.0%	38,852	0
HENSOLDT Avionics GmbH ^{1,8}	Pforzheim / Germany	100.0%	38,029	0
EuroAvionics UK Ltd. ¹	Slinfold / UK	100.0%	1,117	195
EuroAvionics Schweiz AG ¹	Sissach / Switzerland	100.0%	978	65
HENSOLDT Avionics US HoldCo. Inc. (former: EuroAvionics US HoldCo. Inc.) ¹	Sarasota / USA	100.0%	-1,742	-371
HENSOLDT Avionics USA LLC (former: EuroAvionics USA LLC) ¹	Sarasota / USA	100.0%	4,362	778
HENSOLDT Cyber GmbH ¹	Taufkirchen / Germany	51.0%	-8,859	-6,945
GEW Integrated Systems (Pty) Ltd. ²	Brummeria / South Africa	75.0%	n/a	n/a
GEW Technologies (Pty) Ltd. ¹	Brummeria / South Africa	75.0%	32,018	1,357
HENSOLDT South Africa (Pty) Ltd. (former: HENSOLDT Optronics (Pty) Ltd.) ¹	Irene / South Africa	70.0%	34,417	2,138
HENSOLDT UK Limited ¹	Enfield / UK	100.0%	48,115	0
KH Finance No.2 ¹	Enfield / UK	100.0%	18,359	-687
KH Finance Ltd. ¹	Enfield / UK	100.0%	-55,710	-9
Kelvin Hughes Ltd. ¹	Enfield / UK	100.0%	93,346	1,632
Kelvin Hughes BV ¹	Rotterdam / Netherlands	100.0%	3,691	-858
A/S Kelvin Hughes ¹	Ballerup / Denmark	100.0%	-169	-245
Kelvin Hughes LLC ¹	Alexandria / USA	100.0%	-89	0
HENSOLDT Singapore Pte. Ltd. ¹	Singapore / Singapore	100.0%	3,387	-183
HENSOLDT Holding France S.A.S. ¹	Paris / France	100.0%	40,182	-1,964
HENSOLDT France S.A.S. ¹	Paris / France	100.0%	13,564	1,507
HENSOLDT Nexeya France S.A.S. (former: Nexeya France S.A.S.) ¹	Toulouse / France	100.0%	35,315	2,355
HENSOLDT Space Consulting S.A.S. ¹	Toulouse / France	100.0%	358	232
Midi Ingénierie S.A.S. ¹	Toulouse / France	85.0%	3,023	970
Nexeya Canada Inc. ⁵	Markham / Canada	100.0%	4,560	304
Antycip Technologies S.A.S. ¹	Massy / France	100.0%	2,401	497
Penser Maitriser Technicité Logistique - P.M.T.L S.A.S. ¹	Cologne / France	100.0%	1,285	42
Nexeya USA Inc. ⁵	Beaufort / USA	100.0%	1	0
Antycip Iberica SL ¹	Barcelona / Spain	100.0%	25	4
PMTL-PEINTURE COMPOSITE S.A.S. ¹⁰	L'Isle-Jourdain / France	49.8%	79	-58
Kite Holding France S.A.S. ¹	Paris / France	100.0%	-40	-4

HENSOLDT Australia Pty Ltd ¹⁰	Fyshwick / Australia	100.0%	2,730	428
HENSOLDT Inc. ¹	Wilmington / USA	100.0%	-5,981	-1,726
Atlas Optronics LLC ⁶	Abu Dhabi / UAE	49.0%	n/a	n/a
Deutsche Elektronik Gesellschaft für Algerien (DEGFA) GmbH ¹	Ulm / Germany	66.7%	11,038	666
EURO-ART Advanced Radar Technology GmbH ³	Munich / Germany	25.0%	211	-3
EURO-ART International EWIV ¹	Munich / Germany	50.0%	1,116	0
EUROMIDS S.A.S. ¹	Paris / France	25.0%	3,357	142
LnZ Optronics Co., Ltd. ¹	Seoul / South Korea	50.0%	1,510	187
HENSOLDT do Brasil Segurança e Defesa Eletrônica e Óptica Ltda ¹	São Paulo / Brazil	99.9%	-145	-49
Société Commune Algérienne de Fabrication de Systèmes Electroniques (SCAFSE) SPA ¹	Sidi Bel Abbès / Algeria	49.0%	22,896	298
HENSOLDT Private Ltd. ⁴	Bangalore / India	100.0%	230	106
HENSOLDT Analytics GmbH ¹	Vienna / Austria	100.0%	-2,384	-2,597
MaHyTec S.A.S. ¹	Dole / France	100.0%	543	-91
J.A.M.E.S GmbH ¹¹	Taufkirchen / Germany	50.0%	n/a	n/a

*Interest of Federal Republic of Germany with a nominal value of 1 Euro each

1) Equity as of Dec. 31, 2020 and net income 2020

2) No separate financial statements are published for the company, as it is fully consolidated into GEW Technologies (Pty) Ltd, Pretoria / South Africa

3) Equity as of Sep. 30, 2020 and net income for the year 2019/2020

4) Equity as of Mar. 31, 2021 and net income for the year 2020/2021

5) Equity as of Jun. 30, 2021 and net income for the year 2020/2021

6) No capital has yet been paid into Atlas Optronics LLC, Abu Dhabi/UAE, which was founded on Oct. 30, 2016 and in which the company will hold 49% of the shares through HENSOLDT Optronics GmbH

7) Profit and loss transfer agreement with HENSOLDT Holding Germany GmbH

8) Profit and loss transfer agreement with HENSOLDT Avionics Holding GmbH

9) One share held by the Federal Republic of Germany

10) Equity as of Jun. 30, 2020 and net income for the year 2019/2020

11) New entity in financial year 2021, financial statements not set up yet

26 Auditor's fees

KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements and consolidated financial statements together with the combined management report of HENSOLDT AG and performed as well a review of the interim financial statements as various audits of the annual financial statements of its subsidiaries, including statutory extensions of the engagement. Other assurance services mainly relate to the audit of the non-financial report for the Group.

The information on the auditor's fees is included in the consolidated financial statements of HENSOLDT AG. Disclosure at this point is waived due to the exempting group clause set forth in section 285 no. 17 HGB.

27 Disclosures in accordance with section 160 (1) no. 8 AktG

In a voting rights notification dated March 26, 2021, the Federal Republic of Germany announced that, in the context of an allocation transaction pursuant to section 2 (4) KfW Act, the Kreditanstalt für Wiederaufbau ("KfW") acting in exercise of its acquisition right notified in a voting rights notification dated September 29, 2020, entered into a share purchase agreement on March 24, 2021, with Square Lux Holding II S.à r.l. ("Square Lux") regarding a 25.1 % shareholding in HENSOLDT AG and that, with this agreement, the acquisition rights of the Federal Republic have been transferred, in full, from the Federal Republic to KfW. In relation to the share capital of HENSOLDT AG, which is divided into 105,000,000 shares, this represents a share of 25.1 % of the voting rights.

In the voting rights notification dated May 27, 2021 (date of threshold contact: May 26, 2021), the Federal Republic of Germany then announced that the share purchase and transfer agreement concluded as part of the allocation transaction of the Federal Republic of Germany had been executed on May 26, 2021, after the conditions for execution had been met. In its notification pursuant to Section 43 (1) of the German Securities Trading Act (WpHG) dated June 14, 2021, the Federal Republic of Germany reported on that process, inter alia, that the market acquisition of the voting rights in HENSOLDT AG serves the implementation and safeguarding of strategic objectives of the Federal Government, inter alia, to protect the national security and defence industry, key technologies defined in the Federal Government's strategy paper on strengthening the security and defence industry dated February 12, 2020, and that the notification duties intend to influence the filling of administrative, management and mainly supervisory board positions in HENSOLDT AG.

In the voting rights notifications dated May 28, 2021 (date of threshold contact: May 26, 2021), KKR Management LLP, Wilmington, Delaware, USA, and KKR SP Limited, George Town, Grand Cayman, Cayman Islands, as persons subject to the notification requirement pursuant to Section 40 WpHG, each reported that 45,084,988 voting rights were indirectly attributed to them. In relation to the share capital of HENSOLDT AG, which is divided into 105,000,000 shares, this represents a share of approximately 42.94 % of the voting rights. The voting rights are, in each case, held directly by Square Lux as shareholder of HENSOLDT AG.

In the voting rights notification dated April 30, 2021 (date of threshold contact: April 24, 2021), Leonardo S.p.A. with registered office in Rome, Italy, additionally reported the conclusion of a share purchase agreement with Square Lux in relation to a total of 26,355,000 shares and the relating voting rights, where the share purchase agreement is subject to conditions precedent. In relation to the share capital of HENSOLDT AG, which is divided into 105,000,000 shares, this corresponds to a share of 25.1 % of the voting rights. The share purchase agreement was executed on January 3, 2022. The notification of Leonardo S.p.A. on the execution of this agreement was made on January 4, 2022.

With voting rights notifications dated January 4, 2022 (date of threshold contact: January 3, 2022), KKR Management LLP, Wilmington, Delaware, USA, and KKR SP Limited, George Town, Grand Cayman, Cayman Islands, as persons subject to the notification requirement pursuant to Section 40 WpHG, each reported that 18,729,988 voting rights were indirectly attributed to them. In relation to the share capital of HENSOLDT AG, which is divided into 105,000,000 shares, this represents a share of approximately 17.84 % of the voting rights. The voting rights are, in each case, held directly by Square Lux as a shareholder of HENSOLDT AG.

With voting rights notifications dated March 4, 2022 (date of threshold contact: March 2, 2022), KKR Management LLP, Wilmington, Delaware, USA, and KKR SP Limited, George Town, Grand Cayman, Cayman Islands, as persons subject to the notification requirement pursuant to Section 40 WpHG, each reported that 8,754,988 voting rights were indirectly attributed to them. In relation to the share capital of HENSOLDT AG, which is divided into 105,000,000 shares, this represents a share of approximately 8.34 % of the voting rights. The voting rights are, in each case, held directly by Square Lux as a shareholder of HENSOLDT AG.

28 Parent company

HENSOLDT AG, Taufkirchen, is the ultimate German parent company and prepares, pursuant to section 290 HGB, Consolidated Financial Statements pursuant to section 315e (1) HGB according to the IFRS as approved in the European Union. HENSOLDT AG as well as its essential subsidiaries are included in the Consolidated Financial Statements of HENSOLDT AG.

The annual financial statements and the Consolidated Financial Statements of HENSOLDT AG, including the combined management report of the Group, are published in the German Federal Gazette and are filed with the Commercial Register of Munich under HRB 258711 in German language.

The Consolidated Financial Statements of HENSOLDT AG are included in the annual financial statements of Square Lux TopCo S.à r.l., Luxembourg. Square Lux TopCo S.à r.l. prepares the Consolidated Financial Statements for the largest group of companies. The registered office of Square Lux TopCo S.à r.l. is located at 2, Rue Edward Steichen, 2450 Luxembourg, and it is registered with the Registre de Commerce et des Sociétés under number B204231.

29 Events after the reporting date

The share purchase agreement dated April 24, 2021, between Leonardo S.p.A., Italy, and Square Lux Holding II S.à r.l., Luxembourg, regarding a shareholding in HENSOLDT AG of 25.1 % was executed on January 3, 2022, after the conditions precedent had been fulfilled and the corresponding voting rights notification was published on January 4, 2022.

In addition to global effects on energy prices and foreign trade, Russia's invasion of Ukraine will have a significant impact on the geopolitical situation and thus on the future development of the defence and security industry. How strong the effects will be, especially with regard to the design of possible procurement programs, and how they will be reflected in detail cannot yet be reliably estimated.

30 Profit appropriation proposal

The Management Board and the Supervisory Board propose the distribution of a dividend of € 0.25 (previous year: € 0.13) per share to shareholders entitled to dividends. This corresponds to an expected total payment of around € 26.3 million (previous year: € 13.7 million). The payment of the proposed dividend is subject to the approval of the annual general meeting.

Taufkirchen, March 14, 2022

HENSOLDT AG

Management Board

Thomas Müller

Axel Salzmann

Peter Fieser

Celia Pelaz Perez

V Annex

Changes in fixed assets

in € thousand	Acquisition and production cost			Accumulated amortisation and depreciation			Carrying amounts	
	Jan. 1, 2021	Additions	Dec. 31, 2021	Jan. 1, 2021	Additions	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020
Concessions, industrial property and similiar rights and assets acquired for consideration as well as licenses to such rights and assets	-	29	29	-	11	11	18	-
Intangible assets	-	29	29	-	11	11	18	-
Other equipment, operating and office equipment	76	133	209	13	43	56	153	63
Property, plant and equipment	76	133	209	13	43	56	153	63
Investments in associated companies	2,670,000	-	2,670,000	-	-	-	2,670,000	2,670,000
Financial assets	2,670,000	-	2,670,000	-	-	-	2,670,000	2,670,000
Fixed assets	2,670,076	162	2,670,238	13	54	67	2,670,171	2,670,063