

Remuneration Report

HENSOLDT AG

for the year ended

31 December 2022

Remuneration report 2022

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 owed 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 2021 was adopted at the annual general meeting in 2022 with 79.1%.

This remuneration report will be submitted to the annual general meeting on 12 May 2023 for approval.

The remuneration report 2022 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 2022.

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 2022

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 has been in effect since the fiscal year 2021 and was submitted to the annual general meeting on 18 May 2021 for voting in accordance with section 120a (1) AktG and approved with a majority of 97.98%.

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 and 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.

An external independent expert is regularly consulted 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 expenses¹, 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. 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. 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 (apart from contributions to a term life insurance policy, which are part of the fringe benefits). 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 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 each equally weighted, i.e. one third of each is included in the calculation of the target achievement for the STI annual bonus. 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>.

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.

¹ This concerns the Management Board member Axel Salzmann (who resigned in the reporting year).

² This concerns the Management Board members Axel Salzmann (who resigned in the reporting year), Celia Pelaz and Dr. Lars Immisch.

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 and the corresponding target values of the relevant bonus tranche. The LTI bonus is measured according to the following LTI bonus components: (i) 40 % based on the relative Total Shareholder Return³ (TSR) of the company compared to the MDAX, (ii) 30 % based on the order intake of the HENSOLDT Group, and (iii) 15.0% each based on two ESG targets (“Diversity” and “Climate Impact”). In addition, the LTI bonus is linked to the development of the share price during the performance period (Performance Share Plan). At the end of the respective 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.

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.

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).

The overall degree of target achievement 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 | 40 % | 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 | 15 % | | | 100 % | | 150 % ² |
| ESG-target: Climate Impact | 15 % | 0 % | linear reduction in the ratio 1:5 | 100 % | linear increase in the ratio 1:2.5 | 150 % ² |

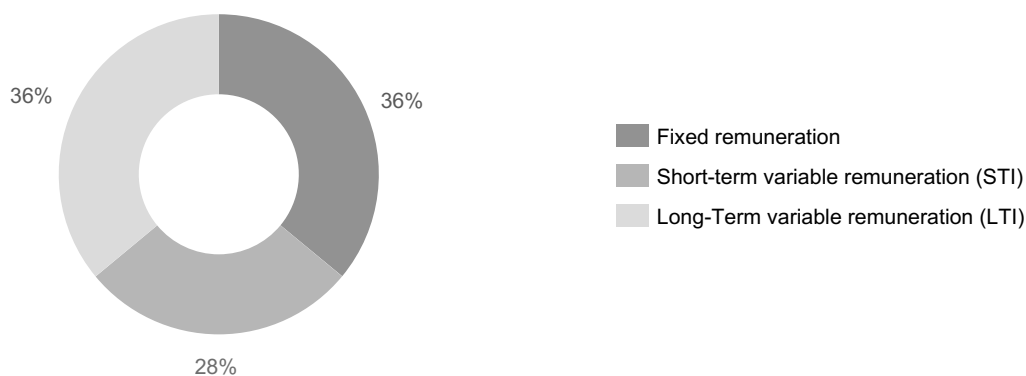
¹ If the respective target value for an LTI bonus component is not reached, the respective bonus component is reduced on a linear basis in the ratio 1:5. If one target value for an LTI bonus component is exceeded, the respective bonus component increases on a linear basis in the ratio 1:2.5.

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

The STI annual bonus and the LTI bonus have been subject to a clawback regulation since the conclusion of the Management Board contracts concluded in the context of the change of the company's legal form to a stock corporation. 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 remuneration⁴ in terms of section 87a (1) sentence 2 no. 1 AktG for the members of the Management Board⁴ in office as of 31 December 2022 was determined by the Supervisory Board as follows:

- for the CEO: € 3.5 million
- for any other ordinary member of the Management Board⁵: € 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>.

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.

⁴ The annual maximum remuneration for Axel Salzmann amounted to € 3.3 million, for Peter Fieser to € 2.5 million.

⁵ According to the remuneration system, the maximum remuneration for the CFO is € 3.3 million.

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

Composition of the Management Board in the fiscal year 2022

In the fiscal year 2022, the Management Board of HENSOLDT AG comprised the following members:

- Thomas Müller, chairman of the Management Board since 11 August 2020
- Peter Fieser, member of the Management Board since 11 August 2020, resigned on 30 September 2022
- 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, member of the Management Board since 1 July 2021
- Axel Salzmann, member of the Management Board since 11 August 2020, resigned on 30 June 2022

Fixed remuneration components

Application in the fiscal year

The following table shows the fixed remuneration components granted to the acting and resigned members of the Management Board in the fiscal year 2022.

| Active members of the Management Board as per 31 December 2022 (amounts in €) | Thomas Müller (CEO) | Christian Ladurner (CFO) ¹ | Dr. Lars Immisch (CHRO) ² | Celia Pelaz (CStO) |
|---|---------------------|---------------------------------------|--------------------------------------|--------------------|
| Annual basic remuneration | 600,000 | 150,000 | 85,000 | 340,000 |
| Additional benefits | 37,573 | 9,296 | 8,563 | 34,898 |
| Fixed remuneration 2022 | 637,573 | 159,296 | 93,563 | 374,898 |

| Resigned members of the Management Board during the fiscal year (amounts in €) | Axel Salzmann (CFO) ³ | Peter Fieser (CHRO) ⁴ |
|--|----------------------------------|----------------------------------|
| Annual basic remuneration | 300,000 | 300,000 |
| Additional benefits | 86,814 | 19,053 |
| Fixed remuneration 2022 | 386,814 | 319,053 |

¹ Pro rata since 1 July 2022; the fixed annual basic salary of Christian Ladurner amounts to € 300.000.

² Pro rata since 1 October 2022; the fixed annual basic salary of Dr. Lars Immisch amounts to € 340.000.

³ Pro rata until 30 June 2022; the fixed annual basic salary of Axel Salzmann amounts to € 600.000.

⁴ Pro rata until 30 September 2022; the fixed annual basic salary of Peter Fieser amounts to € 400.000.

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

Application in the fiscal year

In the reporting year 2022, the STI was granted to the Management Board members for the fiscal year 2021 (shortly: "STI 2021") and is thus attributed to the remuneration granted and owed to the Management Board members in the fiscal year 2021 within the meaning of section 162 (1) sentence 1 AktG and consequently reported in this remuneration report. The Supervisory Board issued corresponding target values for the parameters defined in the remuneration system – free cash flow, EBITDA and consolidated revenue – whereby each criterion was included in the overall assessment to 33 %.

For the STI 2021, the Supervisory Board has made use of the option provided in the remuneration system to adjust the key figures for special and one-off effects, so that the underlying parameters correspond to the adjusted key figures reported in the annual report for 2021. Furthermore, against the backdrop of the COVID-19 pandemic and the change in shareholders (exit of KKR; entry of the German government and Leonardo) as well as the achievement of further financial and non-financial targets, in particular the conclusion of another major contract, 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 2021. The Supervisory Board is convinced that this has resulted in a performance-based correction of the STI payout amounts.

| Target achievement for the STI 2021 (amounts in T€) | weighting | target value | actual | target achievement | adjustment in case of under/overrun | adjustment | total target achievement |
|---|-----------|--------------|--------|--------------------|-------------------------------------|-------------|--------------------------|
| Consolidated Sales | 33 % | 1,549 | 1,474 | 95 % | 76 % | | |
| EBITDA ¹ | 33 % | 252 | 261 | 104 % | 109 % | | |
| Free Cashflow ² | 33 % | 122 | 207 | 170 % | 150 % | | |
| Total target goal | | | | 123 % | 112 % | 23 % | 135 % |

¹ Adjusted key figure as per reconciliation in Chapter II Economic Report 3.1 Result of operations in the Combined Management Report for the year ended 31 December 2021.

² Adjusted key figure as per reconciliation in Chapter II Economic Report 3.3 Financial position in the Combined Management Report for the year ended 31 December 2021.

The table below shows, for each Management Board member, who was in office in the fiscal year 2022, 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 2022 in accordance with the due date stipulated in the remuneration system.

| STI-annual bonus paid in 2022 for 2021 | target value in € | degree of achievement in % | disbursement amount in € |
|---|-------------------|----------------------------|--------------------------|
| Active members of the Management Board as of December 2022 | | | |
| Thomas Müller (CEO) | 550,000 | 135 % | 742,500 |
| Christian Ladurner (CFO) ¹ | – | – | – |
| Dr. Lars Immisch (CHRO) ² | – | – | – |
| Celia Pelaz (CStO) ³ | 255,000 | 135 % | 172,125 |
| Resigned members of the Management Board | | | |
| Axel Salzmann (CFO) ⁴ | 500,000 | 135 % | 675,000 |
| Peter Fieser (CHRO) ⁵ | 300,000 | 135 % | 405,000 |

¹ Management Board member from 1 July 2022

² Management Board member from 1 October 2022

³ Management Board member from 1 July 2021 (STI pro-rated)

⁴ Management Board member until 30 June 2022

⁵ Management Board member until 30 September 2022

The STI for 2022 will be due within thirty working days after the approval of the consolidated financial statements of HENSOLDT AG for the fiscal year 2022 in 2023 and is therefore considered neither granted nor owed remuneration in the fiscal year 2022 within the meaning of section 162 (1) sentence 1 AktG. The STI for 2022 – including target achievement – will therefore be reported in the remuneration report for the fiscal year 2023.

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 company.

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 four 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. 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 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 granted virtual shares 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 | 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 the reporting period | 39,538 | 9,124 | 5,170 | 20,681 | 18,248 | 24,331 |

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 quotas of women at various company levels, as well as the "Climate Impact" target⁶, through which an increase in the share of renewable energy in the energy consumed by the HENSOLDT Group and a reduction in 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 2022. 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 and those resigned in the fiscal year 2022, in accordance with section 162 (1) sentence 1 AktG.

⁶ The sub-target "Reduction of the use of Volatile Organic Compounds (VOCs)" was deleted for the 2022-2025 tranche as it was found to be not meaningful and insufficient for controlling the behaviour.

All amounts that were actually received by the individual members of the Management Board in the fiscal year 2022 are reported as remuneration granted within the meaning section 162 (1) sentence 1 AktG. Amounts that were due in the fiscal year 2022 but were not received by the members of the Management Board are reported as remuneration owed within the meaning of section 162 (1) sentence 1 AktG. The STI earned in the fiscal year 2022, if any, is considered neither a granted nor owed remuneration for the fiscal year 2022 and will therefore only be reported in the remuneration report for the fiscal year 2023. Since no performance period has yet expired, the LTI will not result in any remuneration granted or owed in the fiscal year 2022. 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 2022.

| Active members of the Management Board as of 31 December 2022 (values in €) | Thomas Müller (CEO) | in % | Christian Ladurner (CFO) ¹ | in % | Dr. Lars Immisch (CHRO) ^{2,3} | in % | Celia Pelaz (CStO) | in % |
|---|---------------------|--------------|---------------------------------------|--------------|--|--------------|--------------------|--------------|
| Annual basic remuneration | 600,000 | 43 % | 150,000 | 94 % | 85,000 | 17 % | 340,000 | 62 % |
| Additional and other benefits | 37,573 | 3 % | 9,296 | 6 % | 408,563 | 83 % | 34,898 | 6 % |
| Total | 637,573 | 46 % | 159,296 | 100 % | 493,563 | 100 % | 374,898 | 69 % |
| STI annual bonus 2021 | 742,500 | 54 % | – | – | – | – | 172,125 | 31 % |
| LTI bonus | – | – | – | – | – | – | – | – |
| Total compensation awarded and due in the fiscal year 2022 | 1,380,073 | 100 % | 159,296 | 100 % | 493,563 | 100 % | 547,023 | 100 % |

¹ Management Board member from 1 July 2022

² Management Board member from 1 October 2022

³ The additional benefits and other benefits of Dr Lars Immisch include benefits upon taking up his position on the Management Board as compensation for the forfeiture of benefits from his previous employer with the obligation to invest the resulting net inflow directly in HENSOLDT shares within the framework of the Shareholder Ownership Guidelines in the amount of € 400 thousand.

| Resigned members of the Management Board during the fiscal year (values in €) | Axel Salzmänn (CFO) ¹ | in % | Peter Fieser (CHRO) ² | in % |
|---|----------------------------------|--------------|----------------------------------|--------------|
| Annual basic remuneration | 300,000 | 28 % | 300,000 | 41 % |
| Additional benefits | 86,814 | 8 % | 19,053 | 3 % |
| Total | 386,814 | 36 % | 319,053 | 44 % |
| STI annual bonus 2021 | 675,000 | 64 % | 405,000 | 56 % |
| LTI bonus | – | – | – | – |
| Total compensation awarded and due in the fiscal year 2022 | 1,061,814 | 100 % | 724,053 | 100 % |

¹ Management Board member until 30 June 2022

² Management Board member until 30 September 2022

In addition, Axel Salzmänn received a one-off payment of € 3,120,000 in June 2023 as compensation for his remuneration when he left the company.

In addition, Peter Fieser continued to receive all contractually agreed benefits from his employment relationship until the end of 31 December 2022 after leaving the Management Board on 30 September 2022. This includes € 100,000 from the continued payment of his base salary. In settlement of his remuneration, Peter Fieser received a one-off payment of € 1,825,000 in January 2023.

Review of the maximum amount of remuneration (cap)

The compensation granted to Axel Salzmänn in the reporting year, including the one-time payment, amounted to € 4,181,814 and was thus apparently higher than the maximum compensation envisaged for him; however, the compensation granted included not only the compensation components granted for the reporting year but also the settlement of future compensation entitlements granted to him contractually per se beyond the reporting year. This settlement amount is not to be taken into account for the purpose of calculating the maximum compensation in the reporting year.

As the amount for the LTI bonus is not available until the third year after the end of the reporting year due to the four-year performance period, compliance with the maximum remuneration for the fiscal year 2022 can only be reported conclusively as part of the remuneration report for the fiscal year 2025.

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

In the reporting year, benefits were agreed upon on the occasion of the premature termination of Management Board activities which exceed the limits provided for in the remuneration system (severance payment cap). The temporary deviation from the remuneration system of the Management Board is, in the opinion of the Supervisory Board, necessary in the interest of the long-term well-being of the company.

Apart from this, 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 Axel Salzmann as a member of the Management Board of HENSOLDT AG were terminated prematurely by mutual agreement with effect from 30 June 2022. To settle the claims for the period from the termination date on 30 June 2022 until the regular end of his appointment and employment contract on 30 September 2024, a compensation payment in the gross amount of € 3,120,000 was agreed with Axel Salzmann, which was due on the termination date on 30 June 2022. The pro-rata STI bonus for the fiscal year 2022 will be determined and paid out in 2023 after the financial statements for 2022 have been adopted. The pro-rata LTI bonus for the fiscal year 2022 will be determined and paid out in 2026 after the financial statements for 2025 have been adopted.

The appointment of Peter Fieser as a member of the Management Board of HENSOLDT AG was terminated prematurely by mutual agreement with effect from 30 September 2022. This did not affect his employment relationship which continued until the end of 31 December 2022. All contractually promised benefits continued to be granted until the termination date of 31 December 2022. In settlement of the claims for the period from the termination date of 31 December 2022 until the regular end of his appointment and employment contract on 30 September 2024, a compensation payment in the gross amount of € 1,825,000 was agreed with Peter Fieser, which was due on 2 January 2023. The STI bonus for the fiscal year 2022 will be determined and paid out in 2023 after the financial statements for 2022 have been adopted. The LTI bonus for the fiscal year 2022 will be determined and paid out in 2026 after the financial statements for 2025 have been adopted.

Pension benefits

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.

| Active members of the Management Board as of 31 December 2022 (values in €) | Pension plans | | Deferred compensation | |
|--|---------------|--------------|-----------------------|--------------|
| | commitments | service cost | commitments | service cost |
| Thomas Müller | 1,357,956 | – | – | – |
| Christian Ladurner | 154,327 | 21,388 | – | – |
| Dr. Lars Immisch | 20,043 | 20,043 | – | – |
| Celia Pelaz | 431,101 | 28,600 | 12,769 | – |

| Resigned members of the Management Board during the fiscal year (values in €) | Pension plans | | Deferred compensation | |
|--|---------------|--------------|-----------------------|--------------|
| | commitments | service cost | commitments | service cost |
| Axel Salzmann | 1,050,213 | – | – | – |
| Peter Fieser | 610,881 | 121,361 | 987,622 | – |

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 2022, 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, Compliance Committee, the members receive an additional fixed remuneration 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 2022

The following table shows the remuneration granted and owed to current and former members of the Supervisory Board in the fiscal year 2022 within the meaning of section 162 AktG. The remuneration earned in 2022 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 2022 |
|---|--------------------|-------|------------------------|------|------------|
| Active members of the Supervisory Board as of 31 December 2022 | | | | | |
| Johannes P. Huth (Chairman) | 80,000 | 73 % | 30,000 | 27 % | 110,000 |
| Armin Maier-Junker ^{1,2} (Vice Chairman) | 60,000 | 86 % | 10,000 | 14 % | 70,000 |
| Jürgen Bühl ¹ | 40,000 | 80 % | 10,000 | 20 % | 50,000 |
| Dr. Jürgen Bestle ^{1,2} | 40,000 | 80 % | 10,000 | 20 % | 50,000 |
| Letizia Colucci (since 13 May 2022) | 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 |
| Giovanni Soccodato (since 13 May 2022) | 25,000 | 67 % | 12,500 | 33 % | 37,500 |
| Julia Wahl ¹ | 40,000 | 80 % | 10,000 | 20 % | 50,000 |
| Hiltrud D. Werner (since 22 September 2022) | 10,867 | 73 % | 4,075 | 27 % | 14,942 |
| Reiner Winkler (since 13 May 2022) | 25,000 | 67 % | 12,500 | 33 % | 37,500 |
| Retired members of the Supervisory Board in the fiscal year 2022 | | | | | |
| Christian Ollig ³ (until 13 May 2022) | – | – | – | – | – |
| Claire Wellby (until 13 May 2022) | 15,000 | 100 % | – | – | 15,000 |
| Prof. Wolfgang Ischinger (until 13 May 2022) | 15,000 | 67 % | 7,500 | 33 % | 22,500 |
| Prof. Dr. Burkhard Schwenker (until 21 September 2022) | 29,000 | 73 % | 10,875 | 27 % | 39,875 |

¹ Representative of the employees

² Employees of HENSOLDT AG or one of the group companies

³ Member of the Supervisory Board waived his remuneration

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 owed 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 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 € | Fiscal Year | | |
|---|-------------|-----------|---------|
| | 2022 | 2021 | % Delta |
| Management Board compensation | | | |
| Members in office | | | |
| Thomas Müller (Chairman) | 1,380,073 | 1,534,345 | -10.1 % |
| Christian Ladurner (since 1 July 2022) | 159,296 | – | – |
| Dr. Lars Immisch (since 1 October 2022) | 493,563 | – | – |
| Celia Pelaz | 547,023 | 199,497 | 174.2 % |
| Retired Members | | | |
| Axel Salzmann (until 30 June 2022) | 1,061,814 | 1,577,504 | -32.7 % |
| Peter Fieser (until 30 September 2022) | 724,053 | 893,816 | -19.0 % |

| Remuneration granted and owed acc. to section 162 AktG in € | Fiscal Year | | |
|---|-------------|---------|---------|
| | 2022 | 2021 | % Delta |
| Supervisory Board compensation | | | |
| Members in office | | | |
| Johannes P. Huth (Chairman) | 110,000 | 110,000 | – |
| Armin Maier-Junker (Vice Chairman) | 70,000 | 70,000 | – |
| Jürgen Bühl | 50,000 | 50,000 | – |
| Dr. Jürgen Bestle | 50,000 | 31,250 | 60.0 % |
| Letizia Colucci (since 13 May 2022) | 31,250 | – | – |
| Achim Gruber | 50,000 | 31,250 | 60.0 % |
| Ingrid Jägering | 65,000 | 65,000 | – |
| Marion Koch | 50,000 | 50,000 | – |
| Giovanni Soccodato (since 13 May 2022) | 37,500 | – | – |
| Julia Wahl | 50,000 | 50,000 | – |
| Hiltrud D. Werner (since 22 September 2022) | 14,942 | – | – |
| Reiner Winkler (since 13 May 2022) | 37,500 | – | – |
| Retired members | | | |
| Dr. Frank Döngi | – | 18,750 | – |
| Ingo Zeeh | – | 18,750 | – |
| Christian Ollig ¹ (until 13 May 2022) | – | – | – |
| Claire Wellby (until 13 May 2022) | 15,000 | 40,000 | -62.5 % |
| Prof. Wolfgang Ischinger (until 13 May 2022) | 22,500 | 60,000 | -62.5 % |
| Prof. Dr. Burkhard Schwenker (until 21 September 2022) | 39,875 | 55,000 | -27.5 % |

¹ Member of the Supervisory Board waived his remuneration.

| Key earnings figures in € million | Fiscal Year | | |
|--|-------------|-------|---------|
| | 2022 | 2021 | % Delta |
| Net result (annual financial statement acc. to German commercial code) | -52 | -36 | 46.4 % |
| Net result (Group) | 80 | 63 | 27.6 % |
| Revenue (Group) | 1,707 | 1,474 | 15.8 % |
| EBITDA (Group) ¹ | 292 | 261 | 12.0 % |
| Order Intake (Group) | 1,993 | 3,171 | -37.2 % |
| Free Cashflow (Group) ² | 219 | 252 | -13.2 % |

¹ Adjusted key figure 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 2022.

² Adjusted key figure 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 2022.

| Workforce information | Fiscal Year | | |
|---------------------------------------|-------------|--------|--------|
| | 2022 | 2021 | 2020 |
| Employee compensation in € | 91,946 | 91,218 | 90,956 |
| Change compared to previous year in % | 0.8 % | 0.3 % | |

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, 2022, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management 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 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, 2022, 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 aforesaid 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, 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Koeplin
Wirtschaftsprüfer
[German Public Auditor]

Schieler
Wirtschaftsprüfer
[German Public Auditor]