

# REPORT OF THE SUPERVISORY BOARD

on the consolidated financial statements  
and the financial statements of

HENSOLDT AG

for the fiscal year 2022

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Dear shareholders,

HENSOLDT AG continued its growth course in 2022 and further strengthened its strategic position in the European security and defence industry.

Looking back at 2022, it is clear that we have experienced an incisive, historic year. The peace order in Europe has been shaken. This has fundamentally changed the global geopolitical context - with far-reaching effects also on global economic development and the living conditions of many people. Above all, however, Russia's war of aggression has made many people aware of the task of defending freedom and democracy, and with it the relevance of a vital and innovative defense industry. This is what HENSOLDT stands for as a high-tech company in the field of defense electronics.

Economic stability based on healthy, robust business models - the value of economic resilience is also more evident than ever in crisis-ridden times like these. In 2022, HENSOLDT remained on track for success in a challenging environment characterized by inflation, macroeconomic volatility and dislocations in global supply chains, and once again significantly increased sales and EBITDA while maintaining high profitability.

In the 2022 financial year, the strategic further development of the HENSOLDT Group was the particular focus of the Management Board and Supervisory Board. In particular, we monitored HENSOLDT's steps towards the execution of major projects on the basis of reports from the Management Board and external consultants, and supported the Management Board with our expertise and knowledge in an advisory capacity.

Other focal points of our work were in the areas of technology and innovation as well as in sustainability issues along the dimensions of environment, society and corporate governance and the further development of the corresponding activities in the company. We received regular reports on these issues and obtained an overview of the progress made and the opportunities and risks for the company.

In addition to the large number of topics discussed during the Supervisory Board year, we also keep an eye on the further development of our work as a body and work continuously on increasing the effectiveness and efficiency of our activities and on our contribution to monitoring and advising the Management Board of HENSOLDT AG. Thus, the self-assessment of the committees of the Supervisory Board was on our agenda this year.

## **Cooperation with the Management Board**

In the fiscal year 2022, the Supervisory Board of HENSOLDT AG performed the duties incumbent upon it according to the law, the Articles of Association and the Rules of Procedure diligently and dutifully. We continuously advised the Management Board on the management of the company and continuously monitored its activities. The Supervisory Board was directly involved at an early stage in all decisions of fundamental importance for the company. The Management Board informed us regularly, both in writing and verbally, promptly and comprehensively about all essential processes: the corporate plans, the course of business, the strategic development and the current situation of the Group were the focus of attention. Cooperation between the Supervisory Board and the Management Board was constructive, open and trusting at all times.

The Management Board coordinated the strategic orientation of the company with us. We discussed, in detail, the business transactions that were significant for the company on the basis of the reports of the Management Board.

The Supervisory Board, in particular the chairman of the Supervisory Board, was in regular contact with the Management Board beyond the Supervisory Board meetings and kept itself informed about the current development of the business situation and significant business transactions. In this way, the Supervisory Board was always aware of the intended business policy, corporate planning including financial, investment and personnel planning, the course of business, profitability and the situation of the Group.

In addition, as Chairwoman of the Audit Committee, Ingrid Jägering regularly exchanged information on current developments with the Chief Financial Officer, the auditor and selected central Group functions.

## **Corporate Governance and functioning of the Supervisory Board**

Further explanations on corporate governance can be found in the Corporate Governance Statement, which is part of the combined management report for HENSOLDT AG and the HENSOLDT Group. It contains detailed information on the working methods of the Supervisory Board and its committees. In addition, you will find explanations on the current declaration of the Management Board and the Supervisory Board pursuant to section 161 AktG (German Stock Corporation Act) which the Supervisory Board approved on 8 December 2022. The current declaration of the Management Board and the Supervisory Board pursuant to section 161 AktG is also made permanently available to shareholders on the website of HENSOLDT at <https://investors.hensoldt.net> in the Corporate Governance section.

The members of the Supervisory Board are responsible for their own training and further education. The company supports the Supervisory Board in this effort to an appropriate extent. In the past fiscal year, the members of the Supervisory Board received further training according to their individual needs on the topics of news in supervisory board law as well as innovations in the German Corporate Governance Code and current developments in the area of risk management and the internal control system.

## **Deliberations and resolutions in the plenary session of the Supervisory Board**

The Supervisory Board of HENSOLDT AG held a total of seven meetings in the last fiscal year.

The meeting on 16 March 2022 focused on the preparation of the second annual general meeting of HENSOLDT AG and the adoption of resolutions on the annual financial statements of HENSOLDT AG and the consolidated financial statements as of 31 December 2021, the combined management report, the dependency report and the non-financial reporting of HENSOLDT Group. In addition, after receiving reports from the Presidial Committee, the Supervisory Board decided on the target values achieved for the fiscal year 2021 and the determination of the target values for 2022 for the variable remuneration of the Management Board. The Supervisory Board also resolved to appoint Mr Christian Ladurner as Chief Financial Officer with effect from 1 July 2022. Mr Ladurner succeeds Mr Axel Salzmann, who left the Management Board on 30 June 2022. The Supervisory Board also appointed Dr Lars Immisch as Chief Human Resources Officer with effect from 1 October 2022. Dr Immisch succeeds Mr Peter Fieser, who left the Management Board at the end of 30 September 2022. The Supervisory Board also discussed the adjustment of the financing of the HENSOLDT Group and the conclusion of contracts with two Japanese trading houses.

On 22 April 2022, the Supervisory Board dealt with the proposal of a replacement candidate for election to the Supervisory Board by the general meeting in May 2022.

At the Supervisory Board meeting held on 13 May 2022, the Supervisory Board dealt with the appointment of new members to the standing committees of the Supervisory Board following the resignations of Mr Christian Ollig and Prof. Wolfgang Ischinger.

At the Supervisory Board meeting on 28 June 2022, the Supervisory Board also dealt in particular with the planned risk assessment of the major projects in terms of project organisation and project status as part of the usual reporting from the committees. Other topics were the securing of the construction project in Oberkochen and the liquidation of a subsidiary of the HENSOLDT Group in Switzerland. In addition, the Supervisory Board again dealt with the conclusion of a contract with a trading house.

At its meeting on 27 September 2022, the Supervisory Board discussed the appointment of a new member to the Compliance Committee and the Committee for Related Party Transactions after Prof. Burkhard Schwenker's resignation from these committees. The Supervisory Board informed itself about a cyber-attack on a French subsidiary of the HENSOLDT Group, the amendments to the German Corporate Governance Code and discussed the reporting on HENSOLDT in the news magazine "DER SPIEGEL" with the Management Board. Mrs Pelaz also reported to the Supervisory Board on the strategy of the HENSOLDT Group.

At the meeting on 8 December 2022, the Supervisory Board dealt with the approval of the budget (including the annual investment, finance and personnel plan), the planned introduction of S4HANA, cyber security and the mandate to the Executive Committee to prepare the targets for the variable remuneration of the Management Board.

Where necessary, the Supervisory Board also adopted resolutions by written procedure. This mainly concerned the resolution on the remuneration report for the fiscal year 2021 and the declaration of compliance, the referral to the consultancy agreement with Agora Strategy Group AG and the approval of the securities for the construction project in Oberkochen already presented at the meeting on 28 June 2022.

The members of the Management Board regularly attended Supervisory Board and committee meetings. Consultations of the Audit Committee with the auditor and deliberations on internal matters of the Supervisory Board took place without the Management Board being present.

Measures that require the approval of the Supervisory Board according to the Articles of Association, the Rules of Procedure for the Supervisory Board or the Rules of Procedure for the Management Board were submitted to the Supervisory Board for decision with the appropriate lead time. The Supervisory Board approved each of the Management Board's proposed resolutions after thorough examination and consultation. Apart from the individual measures already explained, there were no other transactions requiring approval to report in the last fiscal year.

## Committees of the Supervisory Board

The Supervisory Board has established an Executive Committee and five other committees to efficiently perform its duties. These prepare the resolutions of the Supervisory Board as well as the topics to be dealt with in the plenary session. To the extent permitted by law, decision-making powers of the Supervisory Board have been transferred to the corresponding committees.

Five meetings of the **Presidial Committee** took place in the last fiscal year.

In its meeting on 16 March 2022, the Presidial Committee assessed the target values achieved for the fiscal year 2021 and prepared a proposal to the Supervisory Board on the Management Board's bonus and the Management Board's targets for 2022. The Presidial Committee discussed the personnel planning of the Management Board, the conditions for the early termination of the Management Board service agreements of Mr Axel Salzmänn and Mr Peter Fieser as well as the conditions of the Management Board service agreements of Mr Christian Ladurner and Dr Lars Immisch.

At the meetings on 28 June 2022, 27 September 2022 and 8 December 2022, the Presidial Committee again discussed the long-term succession planning of the Management Board. On 22 April 2022, the security concept for the Management Board was the focus of discussions.

The Presidial Committee also passed a resolution by written procedure on the amendment agreement to the termination agreement of Mr Axel Salzmänn.

The **Audit Committee** held eight meetings.

A significant part of its work was the discussion of the preliminary key financial figures for the fiscal year 2021, the dividend proposal and the financials during the year (quarterly announcement 3M2022, half-yearly financial report 6M2022 and quarterly announcement 9M2022). With regard to the key financial figures, the Audit Committee consulted with the CFO and, with regard to the half-yearly financial report, with the auditor to explain the results of the audit review.

The representatives of the auditors KPMG also took part in the discussion of the annual and consolidated financial statements. In addition, the Audit Committee made recommendations to the Supervisory Board on the appointment of the auditor. In urgent cases, the Audit Committee adopted resolutions by circular resolution.

At each meeting of the Audit Committee, the Chairwoman of the Audit Committee reported on her regular exchanges with the Management Board, the auditors and key functions in the Company. The Chief Financial Officer also reported on current issues in the finance department and other areas of responsibility.

The Committee received regular reports from those responsible for the main control functions on current developments and the effectiveness and further development of the control systems.

In the presence of the Head of Internal Auditing, the committee also discussed the audit results for 2022 and the audit planning for fiscal 2023.

This year, the Audit Committee dealt with the effects of the publication of the new version of the German Corporate Governance Code on its work. As in previous years, the Audit Committee again focused on monitoring the quality of the audit. In this fiscal year, a review was carried out of the implementation status of the recommendations for action from the previous year's survey and an exchange was also held with the auditors on further improvements to audit quality. The positive maturity of the audit was again confirmed.

The content of the meetings was presented to the Supervisory Board in the oral reports from the committee meetings and - where necessary - submitted for decision.

In addition, the Chairwoman of the Audit Committee is in regular contact with the auditors - also outside meetings. The auditors inform the Audit Committee without delay of all findings and events of importance to their duties which come to their attention during the performance of the audit. They shall inform the Audit Committee and make a note in the audit report if, during the performance of the audit, they ascertain facts which show a misstatement in the declaration on the German Corporate Governance Code issued by the Board of Management and Supervisory Board. The auditors have declared to the Audit Committee that there are no circumstances giving reason to suspect their partiality. The Audit

Committee has obtained the required independence agreement from the auditors, reviewed their qualifications and concluded a fee agreement with them. The Audit Committee approves any non-audit services provided by the auditors.

The Audit Committee includes two proven financial experts, Ingrid Jägering and Giovanni Soccodato. Expertise in sustainability issues is also ensured in the Audit Committee and is continuously developed further.

With a view to the second general meeting of HENSOLDT AG, the Audit Committee prepared the Supervisory Board's resolution on the financial statements, combined management report and other reporting, including non-financial reporting, in its meeting on 16 March 2022 and made a recommendation to the Supervisory Board on the appropriation of the balance sheet profit.

On 4 May 2022, in addition to dealing with the quarterly announcement, a discussion took place on the current market expectation; the Audit Committee was satisfied that the company saw no reason to adjust the forecast.

On 28 June 2022, the Audit Committee assured itself of the quality of the audit and addressed the major projects risk assessment project.

A detailed report was given by the company on the risk assessment of the major projects also at the meeting on 3 August 2022. The Audit Committee also engaged KPMG to audit the non-financial statement.

On 27 September 2022, the Supervisory Board dealt with the audit plan for the consolidated and annual financial statements for the fiscal year 2022 and defined a catalogue of pre-approved non-audit services.

On 9 November 2022, the Audit Committee discussed the financial information during the year and again addressed potential risks from the cyber-attack in France.

On 8 December 2022, the Audit Committee again discussed the risk assessment for major projects with the Management Board, assured itself of the status of the audit of the annual and consolidated financial statements for the year 2022 and prepared the Supervisory Board's resolution on the business plan, the introduction of S4HANA and the submission of the declaration of compliance with the German Corporate Governance Code. The members of the Audit Committee also discussed the results of the Audit Committee's self-assessment and agreed to deepen the discussion at the beginning of 2023.

In its regular meetings during the year, the Audit Committee also received regular reports from senior staff and the head of internal audit on audit activities and investigations as well as on current risk management issues. The Audit Committee verified that all identified potential risks were adequately addressed.

The Audit Committee also passed a resolution by written procedure on non-audit services provided by the auditor.

Regular consultations were conducted between the Audit Committee and the auditor without the presence of the Management Board and consultations between the Audit Committee and the Management Board without the presence of the auditor.

The **Compliance Committee** held six meetings in the last fiscal year.

On 23 February 2022, 15 March 2022 and 29 March 2022, the Supervisory Board dealt with the consultancy agreement concluded with Agora Strategy Group AG and proposed to the Supervisory Board to approve it as a matter of utmost precaution. In the meetings held on 28 June 2022, 27 September 2022 and 8 December 2022, the Compliance Committee received regular reports from the Head of Compliance and the General Counsel on the Compliance Dashboard, the status of e-learning, the compliance risk assessment and the Open Line cases. There was also a regular exchange with the Head of Internal Audit and with the data protection officer of the HENSOLDT Group. On 8 December 2022, the Compliance Committee also received a report on the status of the measures implemented internally to comply with export controls and discussed the results of the Compliance Committee's self-assessment.

The **Nomination Committee** held four meetings in the last fiscal year.

At the meeting on 10 March 2022, the Nomination Committee prepared the decision of the Supervisory Board on the proposals of replacement candidates for election to the Supervisory Board by the general meeting in May 2022.

On 22 April 2022, the members of the Nomination Committee passed a resolution to propose to the Supervisory Board that Mr Giovanni Soccodato be elected to the Supervisory Board as a replacement candidate for the initially nominated Mr Norman Bone.

In its meetings on 27 September 2022 and 8 December 2022, the Nomination Committee dealt with succession planning for the Supervisory Board.

The chairpersons of the Presidial Committee, the Nomination Committee and the Audit Committee as well as the Compliance Committee reported on the work of the committees in the plenary sessions.

The **mediation committee** and the related party transactions committee were not convened during the fiscal year.

## Presence of the members of the Supervisory Board at the meetings

Below is information on the participation of the Supervisory Board members in the meetings of the Supervisory Board and the committees that took place in the fiscal year under review. With the exception of the meetings of the Supervisory Board and its committees held in June 2022 as purely face-to-face meetings, the meetings were held in hybrid form as face-to-face meetings with the participation of individual or several Supervisory Board members via video conference.

	Supervisory Board plenary		Audit Committee		Compliance Committee		Presidial Committee		Nomination Committee	
	Number	in %	Number	in %	Number	in %	Number	in %	Number	in %
<b>(Number of meetings / Attendance in %)</b>										
<b>Johannes P. Huth Chairman</b>	5/6	83.3	-	-	-	-	5/5	100	3/4	75
<b>Armin Maier- Junker<sup>1</sup> Vice Chairman</b>	4/6	66.7	-	-	-	-	4/5	80	-	-
<b>Dr. Jürgen Bestle<sup>1</sup></b>	6/6	100	-	-	6/6	100	-	-	-	-
<b>Jürgen Bühl<sup>1</sup></b>	5/6	83.3	-	-	-	-	4/5	80	-	-
<b>Letizia Colucci</b>	4/4	100	-	-	3/3	100	-	-	-	-
<b>Achim Gruber<sup>1</sup></b>	5/6	83.3	-	-	6/6	100	-	-	-	-
<b>Prof. Wolfgang Ischinger</b>	1/2	50	-	-	-	-	1/2	50	1/2	50
<b>Ingrid Jägering</b>	5/6	83.3	8/8	100	-	-	-	-	4/4	100
<b>Marion Koch<sup>1</sup></b>	5/6	83.3	8/8	100	-	-	-	-	-	-
<b>Christian Ollig</b>	1/2	50	1/3	33.3	3/3	100	-	-	-	-
<b>Prof. Dr. Burkhard Schwenker</b>	4/4	100	-	-	4/4	100	-	-	-	-
<b>Giovanni Soccolato</b>	4/4	100	5/5	100	-	-	-	-	2/2	100
<b>Julia Wahl<sup>1</sup></b>	6/6	100	7/8	87.5	-	-	-	-	-	-
<b>Claire Wellby</b>	0/2	0	-	-	-	-	-	-	-	-
<b>Hiltrud Werner</b>	2/2	-	-	-	2/2	100	-	-	-	-
<b>Reiner Winkler</b>	4/4	100	-	-	-	-	3/3	100	2/2	100
		<b>73,95</b>		<b>84,16</b>		<b>100</b>		<b>82</b>		<b>80</b>

Attendance at the meetings of the Supervisory Board was therefore 73.95% in the past fiscal year .

<sup>1</sup>Representative of the employees

## Conflict of interest in the Supervisory Board

Conflicts of interest of Management Board or Supervisory Board members that should have been disclosed to the Supervisory Board were not reported in the past fiscal year.

## **Changes in the Management Board and Supervisory Board**

Two changes occurred in the Management Board during the fiscal year. Mr Axel Salzmann resigned from the Management Board with effect from the end of 30 June 2022. Mr Christian Ladurner was appointed as a member of the Management Board/CFO with effect from 1 July 2022. Mr Peter Fieser resigned from the Management Board with effect from the end of 30 September 2022. Dr Lars Immisch was appointed as a member of the Management Board with effect from 1 October 2022.

With effect from the end of 13 April 2022, Ms Ingrid Jägering resigned her mandate as a member of the Supervisory Board. Ms Ingrid Jägering was appointed by the Federal Republic of Germany to the Supervisory Board in accordance with sec. 8 (2) sentence 1 and 2 of the articles of association of HENSOLDT AG on 14 April 2022. With effect from the end of the General Meeting on 13 May 2022, Prof. Wolfgang Ischinger, Mr Christian Ollig and Ms Claire Wellby resigned as shareholder representatives on the Supervisory Board. By resolution of the general meeting of 13 May 2022, Ms Letizia Colucci, Mr Giovanni Soccodato and Mr Reiner Winkler were elected to the Supervisory Board as shareholder representatives. With effect from the end of 21 September 2022, Prof Dr Burkhard Schwenker resigned his mandate on the Supervisory Board. As of 22 September 2022, Ms Hiltrud Werner was appointed by the Federal Republic of Germany to the Supervisory Board in accordance with section 8 (2) sentence 5 and 6 of the articles of association of HENSOLDT AG.

## **Audit of the financial statements and the consolidated financial statements**

KPMG AG Wirtschaftsprüfungsgesellschaft was appointed auditor for the fiscal year 2022 by resolution of the general meeting on 13 May 2022. Previously, KPMG AG Wirtschaftsprüfungsgesellschaft had confirmed that there were no circumstances that could impair its independence as auditor or cast doubt on its independence. KPMG AG Wirtschaftsprüfungsgesellschaft also explained the extent to which services outside of the audit of the financial statements were provided to all companies of the HENSOLDT Group in the previous fiscal year.

The Management Board of HENSOLDT AG has prepared the financial statements, the combined management report of HENSOLDT AG and of the Group as well as the consolidated financial statements for the fiscal year 2022.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the financial statements and the combined management report of HENSOLDT Group and the consolidated financial statements for the fiscal year 2022 and issued an unqualified audit opinion in each case dated 17 March 2023. The consolidated financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary German statutory regulations pursuant to section 315e (1) HGB (German Commercial Code). The financial statements and the combined management report were prepared in accordance with the provisions set forth in the German commercial code.

The auditor conducted the audit of the annual and consolidated financial statements in accordance with section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

The aforementioned documents were distributed to us by the Management Board in good time or were available at the balance sheet meeting. They were dealt with intensively in the Audit Committee meeting on 20 March 2023. The members of the Audit Committee reported, in detail, on these deliberations to the plenary session at the balance sheet meeting on 20 March 2023. The plenary session discussed the financial statements and reports in detail – also in the presence of the Management Board. Both meetings were attended by the auditor, who reported on the main results of their audit. Part of the presentation were the scope, focus and costs of the audit.

We agreed with the results of the final audit. According to the final result of the audit by the Audit Committee and our own audit, no objections needed to be raised. The Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements prepared by the Management Board. The financial statements are thus adopted. The Management Board proposes to use € 38,521,928.48 of the balance sheet profit totalling € 31,500,000.00 to distribute a dividend of € 0.30 per no-par value share entitled to dividend. We agreed with this proposal.

As part of its review, the Supervisory Board also examined the non-financial group declaration as part of the sustainability report, which was to be prepared in accordance with section 315b HGB, and came to the conclusion that it meets the existing requirements and that no objections are to be raised. An external review by KPMG AG Wirtschaftsprüfungsgesellschaft had previously confirmed that no matters had come to the attention of the auditors that caused them to believe that the non-financial group statement had not been prepared, in all material respects, in accordance with section 315c HGB.

In addition, the Supervisory Board and the Management Board have prepared the remuneration report for the 2022 financial year. KPMG AG Wirtschaftsprüfungsgesellschaft also reviewed the content of the remuneration report beyond

the statutory audit as to whether the remuneration report contains all legally required disclosures and issued an unqualified review opinion.

### **Audit of the report of the Management Board on relations with affiliated companies**

The Management Board of HENSOLDT AG prepared a report on relations with affiliated companies (dependency report) for the fiscal year 2022 in accordance with section 312 AktG and submitted it to the Supervisory Board in due time. The dependency report was audited by the auditor in accordance with section 313 AktG. Since there were no objections to be raised after the final result of their audit, the auditor issued the following unqualified audit certificate in accordance with section 313 (3) AktG: "Having conducted a proper audit and assessment, we confirm that the factual statements made in the report are correct."

The dependency report and the auditor's report were submitted to the Audit Committee and the Supervisory Board in good time or were available for inspection at the Supervisory Board meeting on 21 March 2023 and were examined by them. The audit did not result in any objections. According to the final result of the preliminary examination by the Audit Committee and our own examination, the Supervisory Board has no objections to the Management Board's declaration on relationships with affiliated companies. The result of the audit of the dependency report by the auditor is approved.

### **Thanks to the Management Board and the employees**

The Supervisory Board thanks the members of the Management Board, the employees and the employee representatives of all Group companies for their work. You contributed to a very successful year for the HENSOLDT Group in economic terms.

For the Supervisory Board

Chairman of the Supervisory Board