Semi-annual financial report for the First Half Year 2023

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

HENSOLDT
Detect and Protect.

A Interim Group Management Report

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1 Business development and key events

Russia's war on Ukraine continues to determine the security policy environment in Germany, the EU and NATO. This upheaval in the global order has already left a lasting mark – on the worlds of politics, business and on the people. The so called "Zeitenwende" (turning point) in security policy proclaimed by the Federal Republic of Germany ("Federal Republic"), the main customer of the HENSOLDT Group (hereinafter also referred to as "HENSOLDT" or "the Group") holds extensive opportunities for HENSOLDT. Thus, in the first half year 2023, several orders of TRML-4D radars, amongst other things for the IRIS-T SLM air defence system, were recorded.

Overall, HENSOLDT`s operating business continued its positive development in the first half year of 2023 and strong order intake could be recorded again. The contract volume of € 1,071 million exceeded the high order intake in the previous year's period of € 948 million. The main drivers were in particular orders for TRML-4D radars and orders for equipping the PUMA and Leopard 2 platforms. Revenue, which contained significantly lower revenue from pass-through business compared to the previous year period, increased by 6.4 % (€ 726 million; previous year: € 682 million) compared to the previous year period. The most important key projects developed as expected. The strong increase in adjusted EBITDA by 34.7 % (€ 82 million; previous year: € 61 million) mainly resulted from an increased revenue volume, driven primarily by the core business, and a slower increase in costs in relation to the increase of revenues.

In the context of an early and long-term succession plan, the Supervisory Board of HENSOLDT AG appointed Oliver Dörre as successor of Thomas Müller as the Chairman of the Management Board of HENSOLDT AG in its meeting on 21 March 2023. Oliver Dörre is currently CEO and Chairman of the Executive Board at Thales Deutschland and will initially join the Management Board of HENSOLDT as an additional member no later than 1 January 2024. Upon resignation of Thomas Müller, expected on 1 April 2024, a few months before the regular end of his appointment, Oliver Dörre will take over as Chairman of the Management Board. Until then, Thomas Müller and Oliver Dörre will collaborate closely to ensure a smooth transition.

In the course of the regular review of the composition of the DAX index family, Deutsche Börse AG announced in March 2023 the inclusion of the share of HENSOLDT AG in the MDAX. With effect from 20 March 2023, the share of HENSOLDT AG is listed in the MDAX.

HENSOLDT AG held its annual general meeting in presence on 12 May 2023. Based on the decision of the annual general meeting, a total amount of € 31.5 million (€ 0.30 per share) was distributed as dividend to the shareholders of HENSOLDT AG. Likewise, based on a resolution of the annual general meeting, Marco R. Fuchs (CEO of OHB SE) was elected to the Supervisory Board. The Supervisory Board elected Reiner Winkler as its new chairman. He succeeds the previous chairman Johannes P. Huth, who resigned from his mandate at the end of the general meeting on 12 May 2023.

2 Economic conditions

General economic conditions

As in the World Bank's view the USA, China and other major economies turned out to be more resilient than forecast, the World Bank in its most recent global economic outlook from June 2023 expects the global economy to grow by 2.1 % in 2023. This is above the 1.7 % forecast by the organisation in January, but significantly below the 2.8 % growth rate forecast in April 2023 by the International Monetary Fund ("IMF"). For 2024, the World Bank anticipates a 2.4 % increase in world economic growth, which is also significantly below the IMF's forecast of 3.0 %. As a reason for decelerated growth, the World Bank particularly states risks related to high inflation, tightened monetary policy of the central banks and more restrictive credit conditions.

For the European economy, which according to the EU Commission's assessment continues to be resilient in a challenging global environment, there was a slight upward revision from 0.8 % to 1.0 % in the spring forecast for 2023. The Commission particularly views lower energy prices, fewer supply shortages and a robust labour market as reasons leading to the slight revision. However, risks and uncertainties such as more persistent inflation and instability in the banking sector, which might jeopardise an economic recovery, were also stated in the growth forecast.

According to the most recent forecast by the German ifo Institute for economic research, the German gross domestic product will decline in 2023 by 0.4 % and increase by 1.5 % in the subsequent year, while the inflation rate might decrease from 6.9 % in 2022 to 5.8 % in 2023 and by 2.1 % in 2024 according to the study.

Conditions in the defence and security sector

Russia's war of aggression against Ukraine continues to determine the security policy environment in Germany, the EU and NATO. The German National Security Strategy published on 21 June 2023 placed a clear focus on the Bundeswehr's mission to defend the country and the Alliance. Accordingly, the German security and defence industry's competitiveness and ability to cooperate within the EU and Europe is decisive for the goals of the National Security Strategy and must be expanded. Furthermore, the German government intends to achieve improved framework conditions for the security and defence industry and will enable government-to-government transactions as well as framework agreements. NATO's 2 % goal is to be achieved on multi-year average to establish the financial basis for this. The cabinet's draft for the 2024 German federal budget stipulated on 5 July 2023 provides for an increase in section 14 by approx. € 1.7 billion to € 51.8 billion. The parliamentary procedure in the German Bundestag for adopting the 2024 German federal budget starts in September 2023.

Two decrees signed by the inspector general and the competent secretary in the German Federal Ministry of Defence are intended to provide the military branches with more responsibility in procurement planning on the one hand and to place a very strong focus on products available on the market in order to be able to close existing capability gaps quickly on the other hand. Apart from placing a focus on speed and market availability in the procurement, the security strategy and the decree also put the emphasis on the importance of national and European key technology companies.

In Europe and globally, governments draw similar conclusions for their defence and armaments planning from Russia's ongoing war against Ukraine. In this context, one focus is, inter alia, in air defence, whereby the European Sky Shield Initiative initiated by Germany has attracted further participants and first orders for the IRIS-T SLM system have been placed. This shows the potential of framework agreements and government-to-government transactions.

A substantial increase in armaments procurement can be observed worldwide, amongst others, in the area of armoured vehicles as well. Several nations are planning to purchase new battle tanks (e.g. Leopard 2) in the short and medium term. Germany has concluded a framework agreement for procuring up to 123 vehicles in this context.

The massive deployment of unmanned aircraft and micro drones further plays a primary role for armed forces planning in several states. In this area, increasing procurement is to be expected while potentials arise in the crosslinking of sensor technology.

The security policy situation opens up a wide range of business opportunities in all military dimensions for the product and competence portfolio of HENSOLDT. The Ministry of Defence is planning numerous contracts and assignments for procurements in the years 2023 and 2024.

3 Results of operations

Order intake, revenue, book-to-bill ratio and order backlog

	Order intake			Revenue			Book-to-bill			Order backlog		
	First half year			First half year			First half year			30 June	31 Dec.	
in € million	2023	2022	% Delta	2023	2022	% Delta	2023	2022	Delta	2023	2022	% Delta
Sensors	817	810	0.9 %	603	575	4.8 %	1.4x	1.4x	-0.1x	4,884	4,688	4.2 %
Optronics	257	144	77.9 %	125	109	15.1 %	2.0x	1.3x	0.7x	802	692	15.9 %
Elimination/ Transversal/ Others	-3	-5		-3	-2					-14	-13	
HENSOLDT	**1,071**	**948**	**12.9 %**	**726**	**682**	**6.4 %**	**1.5x**	**1.4x**	**0.1x**	**5,671**	**5,366**	**5.7 %**

Order intake

- *Sensors*: Order intake during the first half year 2023 was again at a very high level and could even exceed the high order intake in the previous year's period. Order intake in the first half year 2023 was driven by orders for the TRML-4D radars in the Radar & Naval Solutions division to support Ukraine and the German Bundeswehr. The Spectrum Dominance & Airborne Solutions division was also able to significantly increase its order intake. Here, an order for the MUSS self-protection system for the PUMA infantry fighting vehicle of the German Bundeswehr was the main driver. The previous year period includes large orders in connection with the service contract C3 for the Eurofighter in the Services & Aerospace Solutions division as well as orders in the context of orders for the equipment of the Frigate 126 in the Radar & Naval Solutions division.

- *Optronics*: In the first half of 2023, order intake was significantly increased compared to the previous year period. The first half of 2023 was characterised by order intakes for the PUMA and Leopard 2 platforms in the Ground Based Systems product line as well as an order intake for the submarines of the Norwegian Ula class in the Naval product line.

Revenue

- *Sensors*: The growth in revenue compared to the previous year period was achieved mainly by the Radar & Naval Solutions division. Apart from the two key projects PEGASUS in the Spectrum Dominance & Airborne Solutions division and Eurofighter radars in the Radar & Naval Solutions division, essential drivers of revenue in the first half year 2023 were also TRML-4D radars in the Radar & Naval Solutions division.

- *Optronics*: The increase in revenue could mainly be achieved in the South African unit which is now benefiting from the investments in capacity expansions made in previous years. Furthermore, the Ground Based Systems and Industrial Commercial Solutions product lines were main drivers of revenue.

Book-to-bill ratio[1]

The book-to-bill ratio remained at a high level and was slightly above the previous year period.

- *Sensors*: In the Sensors segment, a book-to-bill ratio of 1.4 was achieved once again. A decrease in the Services & Aerospace Solutions division was compensated by increases in the Radar & Naval Solutions and Spectrum Dominance & Airborne Solutions divisions. The decrease in the Services & Aerospace Solutions division was mainly the result of the high order intake for the C3 service contract for the Eurofighter in the previous year period.

- *Optronics*: The book-to-bill ratio of 2.0 was substantially above the previous year period. The increase mainly resulted from the Ground Based Systems and Naval product lines in which high order intake was recorded in the first half of 2023.

Order backlog

- *Sensors:* The increase compared to year-end 2022 was mainly driven by the order intakes in the Radar & Naval Solutions division.

[1] Defined as ratio of order intake to revenue in the relevant reporting period.

- *Optronics:* The increase compared to year-end 2022 primarily resulted from the order intake in the Ground Based Systems and Navel product lines.

Income[2]

	Profit			Profit margin	
	First half year			First half year	
in € million	2023	2022	% Delta	2023	2022
Sensors	86	52	64.8 %	14.2 %	9.1 %
Optronics	-4	9	-146.2 %	-3.2 %	8.0 %
Elimination/Transversal/Others	–	–			
Adjusted EBITDA	**82**	**61**	**34.7 %**	**11.3 %**	**8.9 %**
Depreciation and amortisation	-52	-52	-0.7 %		
Non-recurring effects	-16	-7	-108.1 %		
Earnings before finance result and income taxes (EBIT)	**14**	**2**	**>200 %**	**2.0 %**	**0.2 %**
Finance result	-27	-15	-85.3 %		
Income taxes	-3	-3	-15.7 %		
Group result	**-16**	**-16**	**-1.5 %**	**-2.2 %**	**-2.3 %**
Earnings per share (in €; basic/diluted)	**-0.16**	**-0.15**	**-6.7 %**		

Adjusted EBITDA

- *Sensors*: The significant increase compared to the previous year period was mainly due to increased revenue volume which included substantially less revenue from pass-through business compared to the previous year period. A further positive effect resulted from a slower increase in costs in relation to the increase of revenues.

- *Optronics*: There was a decrease compared to the previous year period. The increased revenue volume was overcompensated by project mix effects and higher functional costs in connection with investments in new business segments and in future growth.

Earnings before finance result and income taxes (EBIT)

- *Depreciation and amortisation:* Depreciation and amortisation were nearly unchanged compared to the previous year period.

- *Non-recurring effects*[3]: The increase compared to the previous year period mainly related to impairments of acquired intangible assets from the purchase price allocation of HENSOLDT Cyber GmbH and from OneSAPnow-related expenses in connection with the business transformation for SAP S/4HANA.

Group result

- *Finance result*: The increase in the negative finance result mainly resulted from foreign exchange effects including the results from foreign currency derivatives as well as from higher interest expenses for the existing loan (term loan).

- *Income taxes*: The income taxes comprising a net current tax expense and an income from deferred taxes remained almost unchanged in total compared to the previous year period.

Earnings per share

- Compared to the previous year period, earnings per share of €-0.16 are almost unchanged (previous year: €-0.15).

[2] The profit margins are calculated in relation to the corresponding revenue.
[3] Defined as “transaction costs, effects on earnings from purchase price allocations, OneSAPnow-related non-recurring effects as well as other non-recurring effects”.

4 Assets, liabilities and financial position

Assets and capital structure

in € million	30 June 2023	31 Dec. 2022	% Delta
Non-current assets	1,374	1,335	2.9 %
therein: Right-of-use assets	*176*	*140*	*25.3 %*
Current assets	1,578	1,644	-4.0 %
therein: Inventories	*629*	*516*	*22.0 %*
therein: Contract assets	*279*	*182*	*53.0 %*
therein: Trade receivables	*264*	*323*	*-18.5 %*
therein: Cash and cash equivalents	*247*	*460*	-46.2 %
Total assets	**2,952**	**2,979**	**-0.9 %**
Equity	548	616	-11.0 %
therein: Other reserves	*64*	*82*	*22.6 %*
therein: Retained earnings	*-106*	*-55*	*-93.1 %*
Non-current liabilities	1,251	1,160	7.8 %
therein: Non-current provisions	*320*	*282*	*13.3 %*
therein: Non-current lease liabilities	*178*	*140*	*27.2 %*
Current liabilities	1,153	1,203	-4.1 %
therein: Current provisions	*168*	*181*	*-6.9 %*
therein: Current contract liabilities	*448*	*488*	*-8.3 %*
therein: Trade payables	*396*	*379*	*4.5 %*
Total equity and liabilities	**2,952**	**2,979**	**-0.9 %**

Total assets

- *Non-current assets*: The increase was due to the recognition of right-of-use assets. These resulted from the letter of intent issued in the second quarter of 2023 to exercise an extension option on significant parts of the real estate lease contracts at HENSOLDT locations in Germany in order to secure the planned growth of the Group.

- *Current assets*: The decrease resulted primarily from the reduction in cash and cash equivalents. This was mainly due to the negative free cash flow and payment of dividends. Moreover, following the usual seasonal pattern, trade receivables decreased, while contract assets increased mainly on account of key projects in the first half year 2023. In the build-up of inventories, investments for securing and increasing the production of, for example, TRML-4D radars as well as further advances in connection with the expected procurements in the context of the “Zeitenwende” played a role.

Total equity and liabilities

- *Equity*: The decrease mainly resulted from the decline of retained earnings due to the dividend payment as well as from the net loss for the period. In addition, negative other reserves increased mainly due to adjustments of provisions for pension obligations according to the actuarial calculations on the reporting date.

- *Non-current liabilities*: The increase was primarily due to the increase in lease liabilities as a consequence of the letter of intent issued regarding the right-of-use assets as well as to the increase of non-current provisions. Main driver of the increase in non-current provisions were higher provisions for pension obligations caused by slightly lower interest rates.

- *Current liabilities*: The decrease mainly resulted from the reduction of current contract liabilities primarily relating to revenue recognition in the key projects, and a decrease in current provisions. The latter mainly decreased due to the bonus payments made to employees in the second quarter of 2023. These decreases were partly offset by an increase in trade payables.

Financial position

	First half year		
in € million	2023	2022	Delta
Cash flows from operating activities	-120	-134	14
Cash flows from investing activities	-51	-46	-5
Free cash flow	**-172**	**-180**	**9**
Non-recurring effects	12	5	7
Interest, income taxes and M&A activities	24	19	6
Adjusted pre-tax unlevered free cash flow	**-136**	**-157**	**21**
Cash flows from financing activities	**-41**	**-49**	**7**

Free cash flow

- *Cash flows from operating activities*: The negative cash flows from operating activities improved in comparison to the previous year. On the one hand, this reflects the development of the major projects as planned, and on the other hand investments in working capital in order to cope with the expected business volume in the following quarters.

- *Cash flows from investing activities*: The increase of the cash outflows was primarily the result of higher investments in property, plant and equipment for test, simulation and demonstration equipment.

Adjusted pre-tax unlevered free cash flow

- *Non-recurring effects*[4]: The increase in non-recurring effects compared to the previous year period was mainly due to OneSAPnow-related expenses associated with the business transformation for SAP S/4HANA and payments in the context of the “HENSOLDT GO!” efficiency programme.

- *Interest*[5]*, income taxes*[6] *and M&A activities*[7]: In the first half year 2023, an increase in cash outflows for interest payments as well as payments for income taxes and M&A activities occurred in comparison to the previous year period.

Cash flows from financing activities

The cash flows from financing activities improved compared to the previous year period, which was mainly due to cash outflows in the previous year period for transaction costs in the course of adjustment to the financing conditions. The dividend payment to the shareholders of HENSOLDT AG in the first half year 2023 in the amount of € 31.5 million exceeded the dividend payment of the previous year period with € 26.3 million.

4 Defined as“Transaction costs, OneSAPnow-related non-recurring effects as well as other non-recurring effects”.
5 Defined as “Interest paid” (including interest on lease liabilities) as reported in the Consolidated Statement of Cash Flows
6 Defined as “Income tax payments / refunds” as reported in the Consolidated Statement of Cash Flows
7 Defined as sum of “Proceeds from sale of intangible assets and property, plant and equipment”, "Proceeds from disposals of associates, other investments and non-current financial assets“, “Acquisition of associates, other investments and other non-current financial assets”, “Acquisition of subsidiaries net of cash acquired” and “Other cash flows from investing activities” as reported in the Consolidated Statement of Cash Flows

5 Outlook

For the fiscal year 2023, the management expects moderate growth in order intake in comparison to the previous year due to budget increases and initial orders from the special fund.

In the business planning for the Group, the management expects a moderate organic growth in revenue for the fiscal year 2023 to about € 1.850 million mainly due to the order backlog which still remains on a high level.

Overall, the management expects a book-to-bill ratio on the previous year’s level of between 1.1 and 1.2.

Adjusted EBITDA is expected by the management to increase moderately in the fiscal year 2023.

These expectations assume unchanged underlying conditions compared to year-end 2022.

The outlook depends heavily on the circumstances mentioned in the opportunities and risks report and is based on the Group's multi-year business plan in addition to the macroeconomic developments described. This was described in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2022.

Overall, the Management Board is confident that HENSOLDT can build on the successful fiscal year 2022 and expects another positive development for 2023.

Apart from the specification of the expected revenue growth, the outlook remains unchanged compared to the end of 2022.

6 Opportunities and risks

The combined management report of HENSOLDT AG for the fiscal year ended 31 December 2022 contains an explanation of the essential properties of HENSOLDT’s risk and control management. The detailed explanations included accounting-related internal controls, risk management, certain risks that could have a negative impact on HENSOLDT and the main opportunities.

HENSOLDT has to manage complex and long-running projects with high technical requirements and large volumes. Each project has a variety of inherent operational risks. All risk categories, such as technical risks, risks regarding human resources or economic risks, are recorded, assessed, hedged and continuously monitored in accordance with HENSOLDT's existing risk management system. The corresponding operational risks reported in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2022 remained essentially unchanged. This approach also applies to HENSOLDT's key projects. The status of the key projects is regularly reported to the Supervisory Board. If necessary, external audits with different focal points are also commissioned.

Based on the expected global increase of attack attempts on IT networks due to the war in Ukraine, the associated sanctions against Russia and the additionally deteriorating geopolitical situation, particularly between Russia, the USA, China and Europe, the likeliness of successful cyber-attacks is generally estimated to be higher than in the past. Such increased risk from cyber-attacks worldwide also represents an increased risk for HENSOLDT. To counter this, a task force was set up in 2022 to define and implement appropriate measures. Furthermore, the HENSOLDT Group expanded its cybersecurity measures. This includes the expansion of its cybersecurity team, the expansion of the budget, security monitorings, a Group-wide security team, penetration testing, and regular internal IT audits as well as external assessments.

HENSOLDT continuously monitors the further effects of the war in Ukraine. The still existing consequences thereof particularly include delivery bottlenecks of materials, increasing prices of energy products, but also of other goods and services and, not least, inflation. These consequences constitute increasing influential factors for HENSOLDT’s risk situation in the functional and operating area, leave their marks on the supply chains and result in rising cost of production. Since the start of the changed situation, HENSOLDT’s established task forces consistently analyse the impact on costs of production, supply chains and contracts with customers at HENSOLDT and reduce or avoid effects as early as possible by concrete and detailed measures. These task forces are continuously analysing and monitoring, in detail, potential further effects from the risks mentioned above. This includes also the still tense geopolitical situation and possible other consequences for HENSOLDT.

The impact of the subsequent effects of the COVID-19 pandemic and the COVID-19-related closure of China plays only a subordinate role for the procurement risk for HENSOLDT at the moment and is steadily decreasing.

The risks from the supply chain situation and the consequences of inflation have been stable since the end of 2022 for the companies in the Sensors and Optronics segment.

Opportunities arising from the special fund for the German Bundeswehr, increases in defence budgets and increasing military investments worldwide oppose these risks.

The effects on HENSOLDT of the resolution passed by the German Bundestag to establish a special fund for the German Bundeswehr in the amount of € 100 billion and of the increase in German defence spending to 2 % of the gross domestic product are being continuously examined. For 2023 and 2024, the Ministry of Defence is planning numerous contracts and assignments. Through Germany's National Security Strategy of 21 June 2023, the design and implementation of procurement programmes as well as the focal points in procurement are becoming increasingly more concrete.

Drawings from the war in Ukraine, the focus of NATO in its new strategic concept and changed operational doctrines of armed forces worldwide additionally strengthen the development of HENSOLDT's opportunities in connection with the defence technology. The rapid creation of a comprehensive situational picture, the distribution of information in a network of connected sensors and effectors in a mission-oriented manner and the control over the electromagnetic spectrum are highly demanded capabilities for which HENSOLDT is extremely well positioned with its portfolio. Increases in defence budgets and increasing military investments worldwide are creating significant opportunities for HENSOLDT and the chance to make a contribution to security and sustainability. What remains is the opportunity of the diversification of the product range and the expansion of the service business as well as HENSOLDT's ability to act as a leading innovator within its industry.

The Management Board currently assesses the overall opportunity and risk situation of HENSOLDT mainly as stable, and thus unchanged compared to year-end 2022.

B Condensed Consolidated Interim Financial Statements

1 Consolidated Income Statement

	First half year	
in € million	2023	2022
Revenue	726	682
Cost of sales	-602	-568
Gross profit	**124**	**114**
Selling and distribution expenses	-55	-53
General administrative expenses	-48	-43
Research and development costs	-13	-17
Other operating income	10	10
Other operating expenses	-9	-9
Other result from investments	5	–
Earnings before finance result and income taxes (EBIT)	**14**	**2**
Interest income	11	3
Interest expense	-31	-22
Other finance income / costs	-7	5
Finance result	**-27**	**-15**
Earnings before income taxes (EBT)	**-13**	**-13**
Income taxes	-3	-3
Group result	**-16**	**-16**
thereof attributable to the owners of HENSOLDT AG	*-17*	*-16*
thereof attributable to non-controlling interests	*1*	*-0*
Earnings per share		
Basic and diluted earnings per share (in €)	-0.16	-0.15

2 Consolidated Statement of Comprehensive Income

	First half year	
in € million	2023	2022
Group result	**-16**	**-16**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Measurement of defined benefit plans / plan assets	-15	201
Tax on items that will not be reclassified to profit or loss	4	-57
Subtotal	**-11**	**144**
Items that will be reclassified to profit or loss		
Difference from currency translation of financial statements	-9	5
Subtotal	**-9**	**5**
Other comprehensive income net of tax	**-20**	**149**
Total comprehensive income	**-37**	**133**
thereof attributable to the owners of HENSOLDT AG	*-35*	*132*
thereof attributable to non-controlling interests	*-1*	*1*

3 Consolidated Statement of Financial Position

ASSETS	30 June	31 Dec.
in € million	2023	2022
Non-current assets	**1,374**	**1,335**
Goodwill	658	658
Intangible assets	377	384
Property, plant and equipment	128	121
Right-of-use assets	176	140
Other investments and other non-current financial assets	24	22
Non-current other financial assets	2	1
Other non-current assets	2	2
Deferred tax assets	9	6
Current assets	**1,578**	**1,644**
Other non-current financial assets, due on short-notice	0	0
Inventories	629	516
Contract assets	279	182
Trade receivables	264	323
Other current financial assets	22	20
Other current assets	126	133
Income tax receivables	9	10
Cash and cash equivalents	247	460
Total assets	**2,952**	**2,979**

EQUITY AND LIABILITIES	30 June	31 Dec.
in € million	2023	2022
Share capital	105	105
Capital reserve	472	472
Other reserves	64	82
Retained earnings	-106	-55
Equity held by shareholders of HENSOLDT AG	**534**	**604**
Non-controlling interests	14	13
Equity, total	**548**	**616**
Non-current liabilities	**1,239**	**1,160**
Non-current provisions	320	282
Non-current financing liabilities	620	619
Non-current contract liabilities	22	11
Non-current lease liabilities	178	140
Other non-current financial liabilities	0	3
Other non-current liabilities	9	11
Deferred tax liabilities	91	94
Current liabilities	**1,164**	**1,203**
Current provisions	168	181
Current financing liabilities	14	12
Current contract liabilities	448	488
Current lease liabilities	17	18
Trade payables	396	379
Other current financial liabilities	6	4
Other current liabilities	98	101
Tax liabilities	17	19
Total equity and liabilities	**2,952**	**2,979**

4 Consolidated Statement of Cash Flows

	First half year	
in € million	2023	2022
Group result	**-16**	**-16**
Depreciation, amortisation and impairments of non-current assets	58	52
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	3	1
Financial expenses (net)	15	16
Other non-cash expense / income	2	-5
Change in		
Provisions	26	-9
Inventories	-121	-83
Contract balances	-127	-148
Trade receivables	55	45
Trade payables	18	37
Other assets and liabilities	-16	-10
Interest paid	-16	-13
Income tax expense (+) / income (-)	3	3
Income tax payments (-) / refunds (+)	-5	-4
Cash flows from operating activities	**-120**	**-134**
Acquisition / addition of intangible assets and property, plant and equipment	-48	-44
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Proceeds from disposals of associates, other investments and non-current financial assets	1	–
Acquisition of associates, other investments and other non-current financial assets	-4	-2
Acquisition of subsidiaries net of cash acquired	-1	-0
Other	–	-0
Cash flows from investing activities	**-51**	**-46**
Change in other financing liabilities	0	-13
Payment of lease liabilities	-10	-9
Dividend payments	-32	-26
Other	–	0
Cash flows from financing activities	**-41**	**-49**
Effects of changes in exchange rates on cash and cash equivalents	0	2
Net changes in cash and cash equivalents	**-212**	**-227**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**460**	**529**
Cash and cash equivalents on 30 June	**247**	**302**

5 Consolidated Statement of Changes in Equity

	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
in € million	Share capital	Capital reserve	Retained earnings	Remea-surement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2023	**105**	**472**	**-55**	**96**	**-14**	**604**	**13**	**616**
Group Result	–	–	-17	–	–	**-17**	1	**-16**
Other comprehensive income	–	–	–	-11	-8	**-19**	-2	**-20**
Total comprehensive income	**–**	**–**	**-17**	**-11**	**-8**	**-35**	**-1**	**-37**
Dividend payments	–	–	-32	–	–	**-32**	–	**-32**
Other	–	–	-3	–	–	**-3**	3	**–**
As of 30 June 2023	**105**	**472**	**-106**	**85**	**-21**	**534**	**14**	**548**

	Attributable to the owners of the HENSOLDT AG							
				Other reserves				
in € million	Share capital	Capital reserve	Retained earnings	Remea-surement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2022	**105**	**537**	**-171**	**-51**	**-14**	**406**	**11**	**417**
Group Result	–	–	-16	–	–	**-16**	-0	**-16**
Other comprehensive income	–	–	–	144	4	**148**	1	**149**
Total comprehensive income	**–**	**–**	**-16**	**144**	**4**	**132**	**1**	**133**
Transactions with non-controlling interests and acquisitions through business combinations	–	–	–	–	–	**–**	0	**0**
Dividend payments	–	–	-26	–	–	**-26**	–	**-26**
As of 30 June 2022	**105**	**537**	**-213**	**93**	**-10**	**512**	**12**	**523**

C Notes to the Condensed Consolidated Interim Financial Statements

1 The Company

HENSOLDT is a platform-independent provider of defence and security sensor solutions based in Taufkirchen, Germany.

The Condensed Consolidated Interim Financial Statements of HENSOLDT AG and its subsidiaries include the period from 1 January to 30 June 2023.

2 Accounting policies

The Condensed Consolidated Interim Financial Statements for the first half year 2023 were prepared in accordance with IAS 34 and related interpretations issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union (“EU”) for interim financial reporting as at 30 June 2023.

The Condensed Consolidated Interim Financial Statements were authorised for issue by HENSOLDT AG’s Management Board on 24 July 2023.

These Condensed Consolidated Interim Financial Statements include all information and disclosures required by the International Financial Reporting Standards (“IFRS”) to be presented in Condensed Consolidated Interim Financial Statements and should be read in conjunction with the IFRS Consolidated Financial Statements for the fiscal year ended 31 December 2022.

The accounting policies applied to the Condensed Consolidated Interim Financial Statements are fundamentally based upon the same accounting policies and same methods of computation used in the Consolidated Financial Statements as at 31 December 2022. Exceptions are new or revised standards required to be applied for the first time in the fiscal year 2023. They had no material influence on the Condensed Consolidated Interim Financial Statements.

3 Judgements and estimates

The preparation of the Condensed Consolidated Interim Financial Statements in accordance with IAS 34 requires the management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of its assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained in the first half year 2023 are not necessarily an indication of how the Group will develop in the future.

The judgements, estimates and assumptions are basically unchanged compared to the circumstances described in the consolidated financial statements as at 31 December 2022. An exception is the adjustment of the interest rate assumption used in the measurement of the provisions for pensions. For an explanation of the change in provisions for pensions as of 30 June 2023, please refer to the chapter "16. Provisions". In addition, the valuation assumptions for intangible assets from the purchase price allocation of HENSOLDT Cyber GmbH were adjusted.

4 Transactions with related parties

Related party transactions with entities

The Company has entered into various transactions with related entities carried out in the normal course of business.

Revenue and other income, purchases of goods and services as well as other expenses with related parties for the period ended on 30 June:

	First half year	
in € million	2023	2022
Revenue and other income	295	322
thereof with entities with significant influence	*256*	*288*
Purchases of goods and services and other expenses	39	45
thereof from entities with significant influence	*26*	*34*

Receivables from and liabilities to related entities as per the reporting date:

	30 June	31 Dec.
in € million	2023	2022
Receivables	140	164
thereof from entities with significant influence	*63*	*87*
thereof from joint ventures	*54*	*54*
Liabilities	25	25
thereof to entities with significant influence	*1*	*6*
thereof to joint ventures	*5*	*4*

The share purchase agreement concluded in the fiscal year 2021 to purchase 25.1 % of the shares in HENSOLDT AG by the Italian aerospace and defence group Leonardo S.p.a., Italy, ("Leonardo") was executed on 3 January 2022 after the fulfilment of the conditions precedent. That means that Leonardo and the companies controlled by Leonardo are related parties of HENSOLDT AG with significant influence. HENSOLDT and Leonardo as well as the companies controlled by Leonardo have various business relationships and collaborate in a series of programmes. Leonardo and the companies controlled by Leonardo are, on the one hand, customers of HENSOLDT that purchase or use products and services of HENSOLDT. HENSOLDT is, on the other hand, in a customer relationship with Leonardo and the companies controlled by Leonardo.

On 26 May 2021, the Federal Republic indirectly acquired a total of 26,355,000 shares in HENSOLDT AG via the Kreditanstalt für Wiederaufbau ("KfW"), a public law institution controlled by the Federal Republic. This corresponds to a shareholding of 25.1 %. Therefore, the Federal Republic is thus a related party of HENSOLDT AG with significant influence. HENSOLDT maintains diverse relationships with the Federal Republic and with other companies controlled by the latter. The Federal Republic, related government agencies and offices as well as other companies controlled by the Federal Republic are customers of HENSOLDT and as such purchase and use many of HENSOLDT's products and services.

Additional related parties are HENSOLDT Pension Trust e.V. (including its subsidiaries) as pension fund of HENSOLDT Sensors GmbH and HENSOLDT Optronics GmbH as well as the non-consolidated subsidiaries, associated and joint venture companies of the Group.

Related party transactions with persons

The relationships with related parties are presented in the Remuneration Report for the fiscal year 2022. The changes in the Management Board and Supervisory Board are described in the Interim Group Management Report in section "1 Business development and key events".

5 Segment information

The Group operates in two operating segments, Sensors and Optronics.

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
				First half year 2023
Order intake	817	257	-3	**1,071**
Order backlog	4,884	802	-14	**5,671**
Book-to-bill-ratio	1.4x	2.0x		**1.5x**
Revenue from external customers	602	124	–	**726**
Intersegment revenue	1	1	-3	**–**
Segment revenue	**603**	**125**	**-3**	**726**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
				First half year 2023
Material non-cash items other than depreciation and amortisation:				
Impairments	-6	–	–	**-6**
Additions to other provisions	-44	-25	–	**-69**
Reversals of other provisions	3	1	–	**5**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	Group
				First half year 2023
EBITDA	**79**	**-4**	**-9**	**66**
Effects on earnings from purchase price allocations	6	–	–	**6**
OneSAPnow-related non-recurring effects[1]	–	–	3	**3**
Other non-recurring effects	1	–	6	**6**
Adjusted EBITDA	**86**	**-4**	**–**	**82**
Adjusted EBITDA margin[2]	*14.2 %*	*-3.2 %*		***11.3 %***
Depreciation and amortisation	-43	-9	-0	**-52**
EBIT	**36**	**-13**	**-9**	**14**
Effects on earnings from purchase price allocations	20	1	–	**22**
OneSAPnow-related non-recurring effects[1]	–	–	3	**3**
Other non-recurring effects	1	–	6	**6**
Adjusted EBIT	**57**	**-12**	**–**	**45**
Adjusted EBIT margin[2]	*9.5 %*	*-9.5 %*		***6.2 %***

1 OneSAPnow-related non-recurring effects comprise expenses in connection with the business-transformation for SAP S/4HANA

2 Based on segment revenues

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2023 Group
EBIT	**36**	**-13**	**-9**	**14**
Finance result				**-27**
EBT				**-13**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2022 Group
Order intake	810	144	-5	**948**
Order backlog	4,658	714	-8	**5,364**
Book-to-bill-ratio	1.4x	1.3x		**1.4x**
Revenue from external customers	574	108	–	**682**
Intersegment revenue	1	1	-2	**–**
Segment revenue	**575**	**109**	**-2**	**682**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2022 Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-36	-16	–	**-53**
Reversals of other provisions	3	11	0	**13**

in € million	Sensors	Optronics	Elimination/ Transveral/ Others	First half year 2022 Group
EBITDA	**52**	**9**	**-7**	**53**
Transaction cost	0	–	–	**0**
Other non-recurring effects	–	–	7	**7**
Adjusted EBITDA	**52**	**9**	**–**	**61**
Adjusted EBITDA margin[1]	*9.1 %*	*8.0 %*		***8.9 %***
Depreciation and amortisation	-41	-11	0	**-52**
EBIT	**11**	**-2**	**-7**	**2**
Effects on earnings from purchase price allocations	16	2	–	**18**
Transaction cost	0	–	–	**0**
Other non-recurring effects	–	–	7	**7**
Adjusted EBIT	**27**	**0**	**–**	**27**
Adjusted EBIT margin[1]	*4.7 %*	*0.0 %*		***4.0 %***

[1] Based on segment revenues

				First half year
				2022
in € million	Sensors	Optronics	Elimination/ Transveral/ Others	**Group**
EBIT	**11**	**-2**	**-7**	**2**
Finance result				**-15**
EBT				**-13**

6 Revenue

The Group's operations and major categories for revenue recognition are described in the Consolidated Financial Statements as of 31 December 2022.

During the first half year 2023, revenue increased overall by € 44 million to € 726 million compared to € 682 million in the first half year 2022.

Revenue (sales / aftersales)

			First half year
in € million	Sensors	Optronics	2023
Revenue from contracts with customers			
Sales	463	108	**571**
Aftersales	137	16	**153**
Exchange rate differences	1	0	**2**
Total	**602**	**124**	**726**

			First half year
in € million	Sensors	Optronics	2022
Revenue from contracts with customers			
Sales	446	95	**540**
Aftersales	133	14	**147**
Exchange rate differences	-5	-0	**-5**
Total	**574**	**108**	**682**

Revenue (geographical information)

	First half year	
in € million	2023	2022
Europe	627	577
thereof Germany	*417*	*419*
Middle East	62	50
APAC	27	15
North America	16	19
Africa	7	25
LATAM	0	2
Other regions / consolidation	-14	-5
Total	**726**	**682**

Revenue (timing of revenue recognition)

			First half year
in € million	Sensors	Optronics	2023
Timing of revenue recognition			
Revenue recognition at a point in time	165	112	**277**
Revenue recognition over time	435	12	**447**
Exchange rate differences	1	0	**2**
Total	**602**	**124**	**726**

			First half year
in € million	Sensors	Optronics	2022
Timing of revenue recognition			
Revenue recognition at a point in time	201	106	**307**
Revenue recognition over time	378	3	**380**
Exchange rate differences	-5	-0	**-5**
Total	**574**	**108**	**682**

Seasonality and cyclicality of operations

A significant volume of the regular annual revenue for both reporting segments, Sensors and Optronics, is typically recorded in the last months of the year - apart from ongoing key projects - due to the timing of many budgetary decisions by the governmental customers. The first half of our fiscal year is usually characterised by a build-up of inventories and corresponding cash outflows. This is offset by a reduction in trade receivables and corresponding cash inflows due to customer payments.

7 Other operating income and expenses

The other operating income of € 10 million and the other operating expenses of € 9 million are mainly unchanged in comparison to the previous year period and essentially contain recharged services and costs.

8 Other result from investments

In the reporting period, the Group received a share of profits amounting to € 4 million from an associated company, which was recognised in other result from investments.

9 Finance result

The increase in the negative finance result from € -15 million in the first half of 2022 to € -27 million in the first half of 2023 particularly resulted from foreign exchange effects including results from foreign currency derivatives. The main driver for the higher interest expenses compared to the previous year were interest expenses in connection with the loan renewed in the previous year (term loan). Interest income resulted from short-term time deposits and from the valuation of interest rate hedges.

10 Income taxes

The recognised income tax expense was calculated by multiplying the result for the interim reporting period by the management's best estimate of the weighted average annual income tax expected for the full fiscal year. It was adjusted for the tax effect of certain items recognised, in full, in the interim financial period. As such, the effective tax rate in the reporting period may differ from the estimate of the effective tax rate for the entire fiscal year.

The income tax expense in the first half of 2023 of € 3 million (previous year: € 3 million) resulted from current tax expense of € 5 million (previous year: € 3 million), in particular of the largest operating company. Opposite effects result from deferred tax income of € 2 million (previous year: € 0 million).

HENSOLDT is currently analysing the potential effects of international minimum taxation (Pillar 2). According to the current status, this is not expected to have a significant impact on the Consolidated Financial Statements.

11 Group result

At € -16 million, the Group result in the first half of 2023 is substantially unchanged compared to the previous year period.

12 Goodwill, intangible assets, property, plant and equipment and right-of-use assets

As at 30 June 2023, intangible assets from the purchase price allocation of HENSOLDT Cyber GmbH in the amount of € 6 million were impaired as cash flows are no longer expected from these assets.

In order to secure the planned growth, HENSOLDT submitted, among other things, a letter of intent to exercise an extension option on significant parts of the real estate lease contracts of HENSOLDT´s sites in Germany in the second quarter of 2023. This resulted in additional right-of-use assets as well as leasing liabilities to be recognised in the mid double-digit million range.

13 Other investments and other non-current financial assets

	30 June	31 Dec.
in € million	2023	2022
Other investments	24	22
Other non-current financial assets	0	0
Other investments and other non-current financial assets	**24**	**22**
Other non-current financial assets, due at short-notice	**0**	**0**
Total	**25**	**22**

14 Inventories

Inventories increased by € 114 million to € 629 million compared to € 516 million as of 31 December 2022, which on the one hand was the result of the usual build-up of unfinished services and products due to seasonal patterns and on the other hand of increased investments for securing and increasing the production of, for example, TRML-4D radars as well as further advance payments in connection with the expected procurements in the context of the “Zeitenwende”.

15 Contract assets and trade receivables

Following the usual seasonal pattern, the contract assets increased in the first half of 2023 particularly through key projects by € 97 million to € 279 million, while trade receivables decreased by € 60 million to € 264 million.

16 Provisions

	30 June	31 Dec.
in € million	2023	2022
Provisions for post-employment benefits	267	241
Other provisions	221	222
Total	**488**	**463**
thereof non-current	*320*	*282*
thereof current	*168*	*181*

Provisions for post-employment benefits increased by € 27 million to € 267 million mainly due to a slight decrease in interest rates to 4.03 %.

The other provisions which essentially include provisions for warranties, personnel-related provisions as well as provisions for other risks and costs were almost at the level as at 31 December 2022 with a decrease by € 1 million to € 221 million.

17 Other financial assets and other financial liabilities

Other financial assets

	30 June	31 Dec.
in € million	2023	2022
Positive fair values of derivative financial instruments	0	0
Miscellaneous other non-current financial assets	1	1
Total other non-current financial assets	**2**	**1**
Positive fair values of derivative financial instruments	8	8
Receivables from employees	2	1
Loans to non-consolidated companies	11	8
Miscellaneous other current financial assets	1	2
Total other current financial assets	**22**	**20**
Total	**24**	**21**

Other financial liabilities

	30 June	31 Dec.
in € million	2023	2022
Liabilities for derivative financial instruments	0	3
Miscellaneous other non-current financial liabilities	0	0
Total other non-current financial liabilities	**0**	**3**
Liabilities for derivative financial instruments	6	3
Liabilities from factoring contracts[1]	–	0
Total other current financial liabilities	**6**	**4**
Total	**6**	**6**

[1] The liabilities from factoring contracts resulted from the fact that the collection of payments by the factoring party was not yet due as of the balance sheet date.

18 Other assets and other liabilities

Other assets

	30 June	31 Dec.
in Mio. €	2023	2022
Miscellaneous other non-current assets	2	2
Total other non-current assets	**2**	**2**
Advance payments	84	109
Tax receivables (without income tax)	39	20
Miscellaneous other current assets	3	5
Total other current assets	**126**	**133**
Total	**128**	**135**

Other liabilities

	30 June	31 Dec.
in € million	2023	2022
Liabilities to employees	9	11
Miscellaneous other non-current liabilities	0	0
Total other non-current liabilities	**9**	**11**
Tax liabilities (without income tax)	34	48
Liabilities to employees	45	33
Liabilities to social security agencies	7	9
Miscellaneous other current liabilities	12	11
Total other current liabilities	**98**	**101**
Total	**107**	**112**

19 Financial instruments

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. For some current financial assets and liabilities, the carrying amount is a reasonable approximation of the fair value.

	30 June 2023			
in € million	Category	Carrying amount	Fair value	Level
Assets				
Other investments and other non-current financial assets[1]	FVtOCI	24	24	–
Other non-current financial assets, due on short-notice	AC	0	0	–
Trade receivables	AC	234	234	–
Trade receivables (available for factoring)[1]	FVtOCI	30	30	–
Other financial assets				
Other derivative instruments	FVtPL	9	9	2
Non-derivative instruments[1]	AC	15	15	–
Cash and cash equivalents	AC	247	247	1
Total financial assets		**559**	**559**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	634	610	2
Trade payables	FLAC	396	396	–
Other financial liabilities				
Derivative instruments for cash flow-hedges	FVtOCI	–	–	2
Other derivative instruments	FVtPL	6	6	2
Other miscellanous financial liabilities	FLAC	0	0	–
Total financial liabilities		**1,036**	**1,013**	

[1] Fair value corresponds to amortised cost of acquisition due to materiality considerations.

in € million	Category	31 Dec. 2022 Carrying amount	Fair value	Level
Assets				
Other investments and other non-current financial assets[1]	FVtOCI	22	22	–
Other non-current financial assets, due on short-notice	AC	0	0	–
Trade receivables	AC	265	265	–
Trade receivables (available for factoring)[1]	FVtOCI	59	59	–
Other financial assets				
Other derivative instruments	FVtPL	9	9	2
Non-derivative instruments[1]	AC	12	12	–
Cash and cash equivalents	AC	460	460	1
Total financial assets		**826**	**826**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	630	549	2
Trade payables	FLAC	379	379	–
Other financial liabilities				
Derivative instruments for cash flow-hedges	FVtOCI	–	–	2
Other derivative instruments	FVtPL	6	6	2
Other miscellaneous financial liabilities	FLAC	2	2	–
Total financial liabilities		**1,017**	**936**	

[1] Fair value corresponds to amortised cost due to materiality considerations

Fair value measurement

The input factors used and the measurement methods applied are described in the Consolidated Financial Statements as at 31 December 2022.

20 Legal disputes and claims

The companies of the Group are, from time to time, involved in various legal and arbitration proceedings in the ordinary course of their business, the most significant of which are described below. Beyond that, the Group is not aware of any essential official, judicial or arbitration proceedings (including pending and threatened proceedings) that might have or have had in the reporting period a significant impact on the Group’s financial position or profitability and financial performance.

The arbitration proceedings mentioned in previous publications were terminated in June 2022 by a confidential arbitration award without further material effects. The parties agreed on a settlement on final outstanding issues in April 2023. Thus, the proceedings have finally been concluded.

21 Number of employees

	First half year	
	2023	2022
Production, research and development, service	4,543	4,428
Sales and distribution	229	222
Administration and general services	1,190	1,129
Apprentices, trainees, etc.	602	586
Total[1,2]	**6,564**	**6,364**

[1] Average figures on a per capita basis

[2] Adjusted allocation of previous year's figures

22 Events after the reporting date

There were no significant events after the reporting date.

D Review report

To HENSOLDT AG, Taufkirchen, District of Munich,

We have reviewed the condensed interim consolidated financial statements of HENSOLDT AG, Taufkirchen, District of Munich – comprising the Consolidated Income Statement, Consolidated Statement Of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement Of Cash Flow, Consolidated Statement of Changes in Equity and the Notes to the Condensed Consolidated Interim Financial Statements – together with the interim group management report of HENSOLDT AG, Taufkirchen, District of Munich for the period from 1 January to 30 June 2023 that are part of the semi annual report according to § 115 WpHG [“Wertpapierhandelsgesetz“: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 25 July 2023

KPMG AG Wirtschaftsprüfungsgesellschaft

Koeplin	Schieler
Wirtschaftsprüfer	Wirtschaftsprüfer

E Responsibility statement

The Management Board of HENSOLDT AG hereby declares that, to the best of their knowledge:

the Condensed Interim Financial Statements provide, according to the accounting principles to be applied to semi-annual financial reports, a true and fair view of the net assets, financial position and result of operations of the Group and that the course of operations, including the business results and the position of the Group, are presented in the Interim Group Management Report such that it presents a true and fair view of the position and that it describes the essential risks and opportunities of the Group’s probable development in the remaining fiscal year.

Taufkirchen, 24 July 2023

HENSOLDT AG

Management Board

Thomas Müller Christian Ladurner Dr. Lars Immisch Celia Pelaz Perez

F Legal information and contact

HENSOLDT AG

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Management Board: Thomas Müller (Chairman), Christian Ladurner, Dr. Lars Immisch and Celia Pelaz Perez

Registry court: District court of Munich, HRB 258711

Disclaimer

This report contains forecasts based on assumptions and estimates by the management of HENSOLDT. These statements based on assumptions and estimates are in the form of forward-looking statements using terms such as “believe”, “assume”, “expect” and the like. Even though the management believes that these assumptions and estimates are correct, it is possible that actual results in the future may deviate materially from such assumptions and estimates due to a variety of factors. The latter may include changes in the macroeconomic environment, in the statutory and regulatory framework in Germany and the EU, and changes within the industry. HENSOLDT does not provide any guarantee or accept any liability or responsibility for any divergence between future developments and actual results, on the one hand, and the assumptions and estimates expressed in this semi-annual financial report.

HENSOLDT has no intention and undertakes no obligation to update forward-looking statements in order to adjust them to actual events or developments occurring after the date of this report.

The semi-annual financial report is denominated in Euro (€). All amounts in this report are rounded to million or billion Euros. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This report is a semi-annual financial report according to Sec. 52 of the Exchange Rules for the Frankfurter Wertpapierbörse.

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