Semi-annual financial report for the first half-year of **2025**

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HENSOLDT
Detect and Protect.

A Interim Group Management Report

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1 Business development and key events

Germany's security policy environment has become even more complex and volatile in recent years, reflecting the numerous crises and conflicts around the world. The growing tensions between the United States and Europe raise questions not only concerning bilateral relations, but also the entire international order. This presents Germany, Europe and the North Atlantic Alliance with major challenges. As a result, both national and European actors are determined to strengthen defence capabilities and respond to current challenges in security policy. The ongoing investment in the security and defence industry will not only provide assurance of operational readiness, but also open up significant business opportunities for HENSOLDT (hereinafter also referred to as “HENSOLDT” or “the Group”) in the European market.

In this dynamic environment, HENSOLDT's operating performance in the first half of 2025 continued to show positive development and again recorded strong order intake. The € 1,405 million overall contract volume surpassed the high € 1,359 million order intake for the previous year period. The main drivers were orders under extended contracts for Eurofighter Mk1 radars and further orders placed for TRML-4D radars to support Ukraine. Revenue, which once again included significantly lower revenue from pass-through business compared to the previous year period, was up by 11.2 % (€ 944 million; previous year: € 849 million) year-on-year. Besides the additional contribution from ESG Group's business activities, revenue growth was achieved in the Optronics segment. The most important key projects continued to develop positively as expected, while pass-through revenues declined. The adjusted EBITDA of € 107 million was slightly above the previous year period's figure (€ 103 million). Adjusted EBITDA in the Sensors segment dropped mainly due to lower productivity in the segment, which was a result of temporary delays in the commissioning of a new logistics centre, while adjusted EBITDA in the Optronics segment improved significantly, in particular due to increased production in the German company. The negative effect on the adjusted EBITDA margin due to the ramp up phase of the new logistics centre in the Sensors segment has already started to dilute since the second quarter of 2025.

In April 2025, HENSOLDT successfully completed the realignment of its financing structure, and through a comprehensive refinancing programme took a decisive step towards further financial independence and flexibility. Under this refinancing, HENSOLDT has replaced the previous financing arrangement with an unsecured, flexible corporate financing structure. The previous term loan and term facility totalling € 1,070 million and the € 370 million revolving credit facility were replaced by a new syndicated loan agreement. The new syndicated loan includes a € 850 million term loan, a € 150 million bridging loan and a new revolving credit facility of € 400 million. A guarantee line of € 400 million was also agreed with the banking syndicate. The new financing arrangement made improvements in all aspects of the financial conditions. The optimised capital structure leads to a more stable interest burden in the long term, while creating additional corporate leeway for more rapid strategic decision-making independent of external capital providers.

HENSOLDT entered into a strategic cooperation with Munich-based defence tech startup Quantum Systems GmbH in April 2025. This partnership is linked to HENSOLDT having acquired 1.6 % of the shares in Quantum Systems GmbH and sets the foundation for closer collaboration in the area of Software-Defined Defence (SDD). The partnership combines HENSOLDT's extensive expertise in sensor data fusion, sensor resource management and data management, and in distributed systems with Quantum Systems' cutting-edge unmanned aerial systems (UAS) and software skills. Together, the companies aim to accelerate the development and deployment of interoperable, multi-domain defence capabilities.

HENSOLDT AG held its annual general meeting on 27 May 2025. It was decided to pay a dividend of € 0.50 per share (total amount of € 58 million) to the shareholders of HENSOLDT AG for the fiscal year 2024.

2 Economic conditions

General economic conditions

While the global economy began the year in a robust position and appeared set for a soft landing after the numerous crises of previous years, the profound changes in the geopolitical and economic policy landscape in recent months have led to a significant deterioration in the situation and outlook. Overall, the global economic outlook is fraught with considerable risks and uncertainties - due in part to the trade policy decisions taken by the United States. More tariffs are jeopardising global economic growth and the financial market risks are high. Ultimately, further developments will largely depend on the extent to which escalations in trade policy can be avoided, uncertainty reduced and trust and confidence strengthened. To best reflect these developments, leading economic institutes such as the IMF (International Monetary Fund) produced various scenarios, for example in its spring forecast of 22 April 2025. In its baseline scenario, the IMF predicts global growth of just 2.8 % in 2025 and 3 % in 2026. In their June forecasts, both the OECD (Organisation for Economic Co-Operation and Development) and the World Bank also anticipate a significant slowdown in the volume of global trade, with growth rates of only around 2 % to just under 3 % in 2025 and 2026.

The EU Commission's spring forecast shows that the EU economy performed better than expected at the start of the year. The report, released in May and based on the trade tariffs in place on 9 April, forecasts slow growth for 2025, which is then expected to accelerate in 2026.

According to the 'Joint Economic Forecast' published in April 2025 by Germany's leading economic research institutes, the German economy remains beset by crisis and the outlook continues to deteriorate, with GDP growth forecast to be just 0.1 % in 2025 and 1.3 % in 2026. Reasons for this, according to the institutes, include structural weaknesses such as the skilled labour shortage and major bureaucratic obstacles, as well as growing geopolitical tensions, increased international competition and the enormous uncertainty created by US trade policy. This assessment is also shared by the German Council of Economic Experts and the OECD in their reports published in May and June respectively. Positive assessments were given on the easing of political uncertainty following the formation of the new German government and the reform of national budget rules, aimed at increasing investment in defence, infrastructure and climate protection in the years ahead and thereby boosting the German economy.

Conditions in the defence and security sector

The security environment for Germany, the EU and NATO remains marked by ongoing global tensions. Continuing to dominate the geopolitical agenda are Russia's sustained war of aggression against Ukraine, the strategic rivalry between the USA and China, and the escalating conflict in the Middle East. In addition, security architectures face increased challenges from hybrid threats, cyber attacks and targeted disinformation campaigns. These developments are leading to the growing importance of the ability to act in terms of security policy and are driving extensive investment in military capabilities, technological superiority and resilience worldwide.

The USA in particular has pressured its allies to do more to increase defence spending and assume greater responsibility for collective security. This has intensified the pressure to take action within the alliance and is driving additional investment in particular in Europe's defence industries. The NATO summit in The Hague in June 2025 provided important impetus with the decision to set a new 5 % defence spending target. By 2035, all NATO countries are to allocate 5 % of their GDP annually to defence-related expenditure, with 3.5 % of GDP to go directly to defence and military spending and 1.5 % to defence-related infrastructure. An interim target is planned for 2029.

Alongside NATO, the European Union has also taken important decisions to expand its security and defence capabilities in 2025. The new € 150 billion SAFE (Security Action for Europe) defence fund has sent a clear signal in favour of more joint procurement, clearly defined European supply chains ("Buy European") and the pooling of national requirements.

In addition to this, the European Union's 'ReArm Europe' strategy aims to mobilise up to € 800 billion for defence purposes by 2030. This will be made possible through EIB loans (European Investment Bank), new debt regulations at EU level and the reallocation of unused COVID relief payments.

With the introduction of its special fund for the German Bundeswehr, Germany has led the way in a fundamental shift in defence spending policy. It earmarked around € 86 billion for defence spending in the 2025 fiscal year. This includes € 62 billion in the regular defence budget (Section 14) and a further € 24 billion from the Bundeswehr special fund. This will see Germany once again exceed the NATO target of 2 % of gross domestic product. The defence budget is incorporated into a new medium-term financial plan, which has already allocated € 109 billion for 2026 and envisages an annual increase to € 153 billion by 2029, which translates to around 3.5 % of GDP. This development stems from the government's adoption in March 2025 of a reform to its 'debt brake' rule, allowing defence spending to exceed 1 % of GDP in addition to regular borrowing. In addition, around € 9 billion per year is earmarked for the initiative to build up Ukraine's security capacity, which will further increase overall government spending on security and defence.

The 2025 German federal budget was approved by the Cabinet on 24 June 2025 and marks the highest level of defence funding in the history of the Federal Republic of Germany.

In addition to upgrading military equipment, the German Ministry of Defence is focusing on a personnel offensive, starting in the 2025 fiscal year with up to 10,000 additional soldiers and over 1,000 new civilian roles. Overall, the Bundeswehr is due to expand to 260,000 active servicewomen and servicemen and 200,000 reservists by 2035. The aim is to meet the personnel requirements of the NATO capability goals.

Overall, both national and European players have committed themselves to strengthening defence capabilities and responding to current security policy challenges. Continuous investment in the security and defence industry not only ensures operational readiness, it also opens up significant business opportunities for HENSOLDT in the European market.

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	2025	2024	% Delta	2025	2024	% Delta	2025	2024	Delta	2025	2024	% Delta
Sensors	1,256	1,253	0.2 %	817	744	9.8 %	1.5x	1.7x	-0.2x	5,876	5,463	7.6 %
Optronics	164	139	18.0 %	134	108	24.1 %	1.2x	1.3x	-0.1x	1,241	1,225	1.3 %
Elimination/ Transversal/ Others	-14	-33		-7	-3					-47	-44	
HENSOLDT	**1,405**	**1,359**	**3.4 %**	**944**	**849**	**11.2 %**	**1.5x**	**1.6x**	**-0.1x**	**7,070**	**6,644**	**6.4 %**

Starting with fiscal year 2025, a new division reporting structure has been rolled out within the two unchanged Sensors and Optronics segments. The new division structure consists of four divisions. The two divisions “Radar Electromagnetic Warfare” (REW) and “Optronics” together make up the product area. The “Multi Domain Solutions” (MDS) division consists of systems or complete solutions with the former ESG division and the former “Spectrum Dominance & Airborne Solutions” division. The service area is covered by the “Services & Training” division.

The figures for the first half of 2024 include the activities of the acquired ESG Group starting from the second quarter of 2024 in the Sensors segment.

Order intake

- *Sensors*: Order intake in the Sensors segment for the first half-year of 2025 remained high, coming to € 1,256 million. In particular, the order intake was driven by contracts for Eurofighter Mk1 radars and further orders in the REW division for TRML-4D radars to support Ukraine. The previous year period mainly included orders for the short range and very short range air defence system (LVS NNbS) as well as orders for TRML-4D radars to support Ukraine.

- *Optronics*: At € 164 million, order intake in the Optronics segment in the first half of 2025 was significantly higher than for the same period in the previous year. In particular, this intake included orders in the Ground Based Systems (GBS) product line. The order intake in the previous year also featured the LVS NNbS project.

Revenue

- *Sensors*: At € 817 million in the first half of 2025, revenue was significantly higher than for the same period of the previous year (€ 744 million), representing an increase of 9.8 % or € 73 million. The key driver of this uplift was additional revenue from the ESG Group’s business activities in the MDS division, which contributed to growth in core business. This growth was partly offset by a planned decrease in revenue from pass-through business as part of the continued implementation of the PEGASUS key project (airborne electronic signals intelligence system) in the MDS division.

- *Optronics*: The 24.1 % increase in revenue to € 134 million was mainly generated in the GBS product line and in Customer Service of the German unit.

Book-to-bill ratio[1]

The book-to-bill ratio remained high at 1.5x, albeit slightly below the level of the previous year period (1.6x).

- *Sensors*: The Sensors segment achieved a book-to-bill ratio of 1.5x, down by a modest 0.2x compared to the previous year period.

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

- *Optronics*: At 1.2x the book-to-bill ratio came slightly below the 1.3x recorded in the previous year period.

Order backlog

- *Sensors:* Due to the high level of order intake, especially in the REW division, the order backlog increased by 7.6 % to € 5,876 million as per 30 June 2025 compared to year-end 2024.

- *Optronics:* The order backlog increased by 1.3 % to € 1,241 million compared to year-end 2024, primarily due to order intake in the GBS product line.

Income

	Profit			Profit margin[1]	
	First half-year			First half-year	
in € million	2025	2024	% Delta	2025	2024
Adjusted EBITDA Sensors	105	117	-9.9 %	12.9 %	15.7 %
Adjusted EBITDA Optronics	1	-14	110.3 %	1.0 %	-12.6 %
Adjusted EBITDA	**107**	**103**	**3.3 %**	**11.3 %**	**12.2 %**
Depreciation and amortisation[2]	-83	-71	-18.0 %		
Special items[3]	-17	-27	36.5 %		
Earnings before financial result and income taxes (EBIT)[2]	**6**	**5**	**13.9 %**	**0.6 %**	**0.5 %**
Financial result	-62	-13	>-200.0 %		
Income taxes[2]	12	-18	168.5 %		
Group profit / loss[2]	**-44**	**-26**	**-72.5 %**	**-4.7 %**	**-3.1 %**
Earnings per share (in €; basic/diluted)[2]	**-0.36**	**-0.21**	**-73.8 %**		

[1] The profit margins are calculated in relation to the corresponding revenue.
[2] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.
[3] Special items are "non-regularly recurring and extraordinary" effects.

Adjusted EBITDA

- *Sensors*: The decrease in adjusted EBITDA compared to the previous year period resulted primarily from reduced productivity caused by the temporary impact of commissioning a new logistics centre during the period under review. In addition, adjusted EBITDA declined due to an unfavourable product mix. The negative impact on the adjusted EBITDA margin due to the delays has already started to dilute since the second quarter of 2025. Positive effects on adjusted EBITDA came from the positive contribution from the ESG Group in the MDS division.

- *Optronics*: Adjusted EBITDA improved significantly compared to the previous year period, especially in the German unit. This increase is explained primarily by volume effects attributable to increased production as well as lower operating expenses.

Earnings before financial result and income taxes (EBIT)

In addition to the effects on adjusted EBITDA described above, EBIT includes the following effects of depreciation and amortisation as well as special items.

- *Depreciation and amortisation:* Depreciation and amortisation increased primarily in response to higher amortisation on intangible assets capitalised as part of purchase price allocations as well as on right-of-use assets resulting from the recognition of right-of-use assets for real-estate leasing contracts for the new site in the Optronics segment.

- *Special items*[2]: The decrease compared to the previous year period was attributable, inter alia, to reduced expenditures for consulting services and transaction costs incurred in connection with the acquisition and integration of the ESG Group as well as lower expenses for the new logistics centre put into operation in the 2024 fiscal year and the related introduction of an IT merchandise management system. The increased OneSAPnow-related expenditures relating to the business transformation for SAP S/4HANA had an offsetting effect here.

Group profit / loss

The Group profit / loss is calculated as shown above from the adjusted EBITDA, depreciation and amortisation, special items, the financial result and income taxes.

- *Financial result*: The financial result's move further into negative territory was primarily attributable to expenses linked to loan repayments as part of the refinancing agreement concluded in April 2025. In addition, higher interest expenses for leases were incurred and, compared to the previous year period, lower interest income was generated by financial investments. On top of this, expenses were incurred relating to foreign currency effects and from the valuation of currency forwards on the reporting date. In the previous year, gains from the valuation of interest rate swap transactions on the reporting date were recognised, for which expenses now had to be recognised.

- *Income taxes*: The gains from income taxes are explained by gains on deferred taxes that were partially offset by current tax expenditures.

Earnings per share

The decrease in the group result is reflected in the lower earnings per share at € -0.36 (previous year: € -0.21[3]).

[2] Defined as "transaction costs, effects on earnings from purchase price allocations, OneSAPnow-related special items as well as other special items".
[3] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.

4 Assets, liabilities and financial position

Net assets and financial position[4]

in € million	30 June 2025	31 Dec. 2024	% Delta
Non-current assets	**2,472**	**2,289**	**8.0 %**
thereof Right-of-use assets	*390*	*249*	*56.5 %*
Current assets	**2,177**	**2,407**	**-9.5 %**
thereof Inventories	*872*	*719*	*21.3 %*
thereof Contract assets	*455*	*385*	*18.1 %*
thereof Trade receivables	*333*	*426*	*-21.7 %*
thereof Cash and cash equivalents	*325*	*733*	*-55.6 %*
Total assets	**4,649**	**4,696**	**-1.0 %**
Equity	**847**	**886**	**-4.4 %**
thereof Capital reserve	*439*	*474*	*-7.4 %*
thereof Other reserves	*102*	*37*	*176.1 %*
thereof Retained earnings	*179*	*245*	*-27.0 %*
Non-current liabilities	**1,770**	**1,927**	**-8.1 %**
thereof Non-current provisions	*332*	*418*	*-20.6 %*
thereof Non-current financing liabilities	*853*	*1,072*	*-20.4 %*
thereof Non-current lease liabilities	*394*	*256*	*53.7 %*
Current liabilities	**2,032**	**1,883**	**7.9 %**
thereof Current financing liabilities	*163*	*22*	*> 200,0 %*
Total equity and liabilities	**4,649**	**4,696**	**-1.0 %**

Total assets

- *Non-current assets*: The increase in non-current assets by € 183 million to € 2,472 million is explained largely by the first-time recognition of right-of-use assets for real-estate lease contracts for a new site leased by HENSOLDT in the Optronics segment. It is envisaged that the new site in Oberkochen will pave the way for the entity's planned growth and afford maximum flexibility for current and future production models in the manufacturing process as well as efficient and effective work in all areas. Occupancy of the new Oberkochen site will be phased in over the course of fiscal year 2025.

- *Current assets*: The decrease in current assets by € 229 million resulted primarily from the reduction in cash and cash equivalents. This change is largely attributable to negative free cash flow of € 252 million which was impacted by cash outflows for investments in working capital as well as loan repayments amounting to € 70 million as part of the refinancing agreement successfully concluded in April 2025. On top of this came the dividend paid out to shareholders of HENSOLDT AG for fiscal year 2024 in the amount of € 58 million. In keeping with the customary seasonal trend, trade receivables decreased in contrast to increases in inventories, to secure and increase production in the second half of the year. Contract assets increased, partly as a result of the major PEGASUS project in the first half of 2025.

[4] Only significant changes to the Consolidated Statement of Financial Position are explained.

Total equity and liabilities

- *Equity*: The decrease by € 39 million to € 847 million resulted in particular from the decrease in retained earnings following the dividend payment of € 58 million as well as from the net loss attributable to shareholders of HENSOLDT AG amounting to € 42 million for the reporting period. The € 65 million increase in other reserves is mainly due to the actuarial adjustments of provisions for post-employment benefits, as well as the increase in plan assets. An amount of € 35 million was withdrawn from the capital reserve and transferred to retained earnings.

- *Non-current liabilities*: The decrease in non-current liabilities by € 157 million to € 1,770 million is mainly attributed to the new financing structure that was finalised in April 2025. This resulted in the previous term loan and term facility totalling € 1,070 million being replaced by a new term loan with a nominal value of € 850 million. Furthermore, non-current provisions decreased, particularly due to lower provisions for retirement benefits as a result of interest-rate increases and higher plan assets. The increase in lease liabilities following the conclusion of real-estate leasing contracts for the new site in Oberkochen had an offsetting effect here.

- *Current liabilities*: The increase in current liabilities by € 149 million to € 2,032 million is primarily attributable to the increase in current trade payables as part of the refinancing, which included a bridge loan with a nominal value of € 150 million.

Financial position

	First half-year		
in € million	2025	2024	Delta
Cash flows from operating activities	-145	-151	6
Cash flows from investing activities	-107	-620	514
Free cash flow	**-252**	**-772**	**520**
Transaction costs	0	11	-11
OneSAPnow-related special items	24	18	6
M&A activities	24	574	-549
Other special items[1]	23	24	-2
Adjusted free cash flow	**-181**	**-145**	**-36**
Cash flows from financing activities	**-160**	**366**	**-526**

[1] Other special items are “non-regularly recurring and exceptional” effects.

Free cash flow

- *Cash flows from operating activities*: The negative cash flows from operating activities exceeded the previous year's figure and reflected, inter alia, cash outflows for investments in working capital to manage the planned business volume in the following quarters. In addition to investments in inventories, also contributing to negative cash flow were changes in other assets and liabilities and in contract balances. The key projects were main drivers of this development and continued to progress as planned. Cash inflows from the settlement of trade receivables had an offsetting effect.

- *Cash flows from investing activities*: Cash outflows related in particular to investments in development services, in the business transformation for SAP S/4HANA, in property, plant and equipment and the shares acquired in Quantum Systems GmbH. The prior-year period included in particular the purchase price payment for acquiring 100 % of the shares in the ESG Group.

Adjusted free cash flow

- *OneSAPnow-related special items:* The higher cash outflows reflect increased investments explained by the progress of the business transformation for SAP S/4HANA.

- *Other special items*: Other special items primarily reflect cash outflows for the new logistics centre put into operation in fiscal year 2024 and the associated introduction of an IT merchandise management system, as well as cash outflows for consulting services incurred relating to the acquisition and integration of the ESG Group. The gradual process of occupying the new site in Oberkochen also led to cash outflows.

Cash flows from financing activities

Cash flows from financing activities in the first half-year of 2025 consisted primarily of cash outflows as part of the refinancing, the dividend paid out to shareholders of HENSOLDT AG and outflows relating to leasing agreements. The cash inflow in the previous year period relates to the drawdown of a loan to finance the purchase price for the acquisition of shares in the ESG Group.

5 Outlook

For fiscal year 2025, the management expects a moderate increase in order intake for the Group owing to the security policy environment. Contrary to the forecast made as at 31 December 2024 stating a significant decrease in order intake in the Optronics segment, a moderate increase is now expected, in line with the Group's outlook, due to improved expectations regarding the order situation. In the business planning for the Group, the Management Board anticipates strong revenue growth for fiscal year 2025, especially due to the continued high order backlog. Overall, the management expects a book-to-bill ratio of 1.2x. A strongly increasing adjusted EBITDA is expected for fiscal year 2025.

The outlook is heavily dependent on the circumstances described in the opportunities and risks report and is based on the Group's multi-year business plan as well as the aforementioned macroeconomic developments. The business plan was described in the combined management report of HENSOLDT AG for the fiscal year ended 31 December 2024.

Overall, the Management Board is confident that HENSOLDT can build on the successful fiscal year 2024 and expects further positive development for 2025.

Except for the change in the outlook of the order intake in the Optronics segment, the outlook remains unchanged compared to year-end 2024.

6 Opportunities and risks

The combined management report of HENSOLDT AG for the fiscal year ended 31 December 2024 describes the key elements of HENSOLDT's risk and control management. The detailed explanations include accounting-related internal controls, risk management, certain risks that could have a negative impact on HENSOLDT and key opportunities.

The acquisition of the shares in ESG GmbH is associated with various risks that may arise from both the integration as well as business operations. Possible risks such as the loss of expertise in the ESG Group or diminished benefits from synergy in combination with reduced operational business are countered through a structured integration process under the umbrella of an Integration Management Office with various functional and operational workstreams involving both sides.

HENSOLDT has to manage complex and long-running projects with high technical requirements and large volumes. The corresponding operational risks reported in the HENSOLDT AG combined management report for the fiscal year ended 31 December 2024 remain essentially unchanged. The status of the key projects is regularly reported to the Supervisory Board. If necessary, external audits with different focal points will also be commissioned.

Compared to the year-end 2024, HENSOLDT faces a moderately increasing risk for both segments in terms of the challenges on the labour market in attracting and retaining highly qualified technical personnel as well as qualified sales employees and competent managers.

With the frequency of attempted attacks on IT networks around the world expected to rise significantly due to the continued deterioration of the geopolitical situation, particularly between Russia, the USA, China and Europe, the likeliness of cyber-attacks succeeding is generally estimated to be higher than in the past. The heightened risk from cyber-attacks worldwide also poses an increased risk for HENSOLDT. To counter this, HENSOLDT Group is constantly expanding its cyber security measures. This includes the expansion of its cybersecurity team, increased budgeting, security monitoring, a Group-wide security team, penetration testing, regular internal IT audits and external assessments.

Working groups consisting of in-house and external experts are addressing the potential risks that may arise during implementation and commissioning of the new logistics centre, as well as the possible impacts caused during the relocation to the Oberkochen site. Targeted, specific measures are pursued to the maximum extent possible on a timely basis to counteract potential delays.

Specially established working and expert groups work continuously to closely analyse and monitor both the potential further effects of the continuing deterioration in the geopolitical situation but also the possible opportunities that this could create for HENSOLDT.

HENSOLDT continues to face the risk of supply constraints for materials and rising prices for specific components due to the changed situation and the availability of materials on the global market. The impacts from the supply chain situation have stabilised in both segments since the end of 2024. Nevertheless, close monitoring remains in place so that appropriate measures can be taken where necessary and to enable a response to any changes in the supply chain situation, such as China's export restrictions on rare earths.

Conflicts and developments at international, national, political and economic level, along with growing geopolitical tensions between the US, Europe, Russia and China, have the potential to bring about political changes with worldwide implications for import and export regulatory frameworks, trade agreements and tariffs. In view of the highly dynamic nature of present developments, particularly in the USA, the effects of all this on the overall economic situation and HENSOLDT Group companies are currently impossible to predict and are being continuously analysed by HENSOLDT. The increase in defence budgets in European countries, including Germany, will engender greater planning security and could also bolster corporate growth.

For HENSOLDT, increasing military investments worldwide and a growing and steadily improving European market environment offer opportunities in all dimensions of military production and in the numerous technologies of the future. The implications of geopolitical developments, increases in defence budgets and expanding military investments worldwide, NATO's priorities in its strategic concept and changes in the operational doctrines of armed forces, in tandem with advancements in defence technology, further strengthen the opportunities for HENSOLDT. Rapid creation of comprehensive situation reports, mission-oriented distribution of information in a network of connected sensors and effectors, and control of the electromagnetic spectrum are highly sought-after skills for which HENSOLDT and its portfolio is extremely well positioned. The opportunity for diversification of its product range, the expansion of its service business and HENSOLDT’s ability to act as an innovation leader within its industry are as promising as ever and will act as a multiplier.

The Management Board currently assesses the overall opportunity and risk situation of HENSOLDT as predominantly stable, and thus unchanged compared to year-end 2024.

B Condensed Consolidated Interim Financial Statements

1 Consolidated Income Statement

in € million	Note	First half-year 2025	2024[1]
Revenue	7	944	849
Cost of sales		-790	-688
Gross profit		**155**	**161**
Selling and distribution expenses		-67	-62
General administrative expenses		-68	-74
Research and development costs		-17	-17
Other operating income	8	16	8
Other operating expenses	8	-13	-10
Share of profit / loss from investments accounted for using the equity method		2	–
Other income / expense from investments	9	-3	-1
Earnings before financial result and income taxes (EBIT)		**6**	**5**
Interest income		11	28
Interest expense		-59	-45
Other finance income / costs		-15	4
Financial result	**10**	**-62**	**-13**
Earnings before income taxes (EBT)		**-56**	**-8**
Income taxes	11	12	-18
Group profit / loss	**12**	**-44**	**-26**
thereof attributable to the owners of HENSOLDT AG		*-42*	*-24*
thereof attributable to non-controlling interests		*-2*	*-1*
Earnings per share			
Basic and diluted earnings per share (in €)		-0.36	-0.21

[1] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.

2 Consolidated Statement of Comprehensive Income

		First half-year	
in € million	Note	2025	2024[1]
Group profit / loss	**12**	**-44**	**-26**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Measurement of post-employment benefit plans / plan assets	17	94	31
Tax on items that will not be reclassified to profit or loss		-27	-9
Subtotal		**68**	**22**
Items that can be reclassified to profit or loss			
Difference from currency translation of financial statements of foreign companies		-3	3
Subtotal		**-3**	**3**
Other comprehensive income net of tax		**65**	**25**
Total comprehensive income		**21**	**-1**
thereof attributable to the owners of HENSOLDT AG		*23*	*0*
thereof attributable to non-controlling interests		*-3*	*-1*

[1] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.

3 Consolidated Statement of Financial Position

ASSETS		30 June	31 Dec.
in € million	Note	2025	2024
Non-current assets		**2,472**	**2,289**
Goodwill		1,117	1,115
Intangible assets		676	667
Property, plant and equipment		212	202
Right-of-use assets	13	390	249
Investments accounted for using the equity method		6	4
Other investments and non-current other financial investments	14	45	24
Non-current other financial assets	18	7	7
Non-current other assets	19	19	20
Deferred tax assets		1	1
Current assets		**2,177**	**2,407**
Non-current other financial investments, current portion		0	0
Inventories	15	872	719
Contract assets	16	455	385
Trade receivables	16	333	426
Current other financial assets	18	9	8
Current other assets	19	161	115
Income tax receivables		20	20
Cash and cash equivalents		325	733
Total assets		**4,649**	**4,696**

EQUITY AND LIABILITIES		30 June	31 Dec.
in € million	Note	2025	2024
Share capital		116	116
Capital reserve		439	474
Other reserves		102	37
Retained earnings		179	245
Equity held by shareholders of HENSOLDT AG		**836**	**872**
Non-controlling interests		11	14
Equity, total		**847**	**886**
Non-current liabilities		**1,770**	**1,927**
Non-current provisions	17	332	418
Non-current financing liabilities	20	853	1,072
Non-current contract liabilities		–	4
Non-current lease liabilities		394	256
Non-current other financial liabilities	18	14	13
Non-current other liabilities	19	11	15
Deferred income		31	27
Deferred tax liabilities		135	123
Current liabilities		**2,032**	**1,883**
Current provisions	17	219	257
Current financing liabilities	20	163	22
Current contract liabilities		794	776
Current lease liabilities		30	25
Trade payables		569	546
Current other financial liabilities	18	72	74
Current other liabilities	19	149	151
Tax liabilities		36	33
Total equity and liabilities		**4,649**	**4,696**

4 Consolidated Statement of Cash Flows

	First half-year	
in € million	2025	2024[1]
Group profit / loss	**-44**	**-26**
Depreciation, amortisation and impairments of non-current assets	83	71
Impairments (+) / reversals of impairments (-) of inventories, trade receivables and contract assets	-1	-1
Share of profits in investments accounted for using the equity method	-2	–
Financial expenses (net)	41	11
Other non-cash expense / income	4	-2
Change in		
Provisions	-29	-31
Inventories	-159	-116
Contract balances	-55	-75
Trade receivables	93	111
Trade payables	23	7
Other assets and liabilities	-52	-92
Interest paid	-38	-27
Interest received	6	13
Income tax expense (+) / income (-)	-12	18
Income tax payments (-) / refunds (+)	-4	-11
Cash flows from operating activities	**-145**	**-151**
Acquisition / addition of intangible assets and property, plant and equipment	-82	-75
Proceeds from sale of intangible assets and property, plant and equipment	1	1
Payments for investments in non-consolidated affiliates, joint ventures, associates, other investments and other non-current financial assets	-24	-2
Proceeds from disposals of non-consolidated affiliates, joint ventures, associates, other investments and non-current financial assets	–	-1
Acquisition of subsidiaries net of cash acquired	–	-543
Other	-0	-0
Cash flows from investing activities	**-107**	**-620**
Repayment from financing liabilities to banks	-70	–
Proceeds from financing liabilities to banks	–	450
Transaction costs paid from refinancing	-5	-2
Change in other financing liabilities	-11	-19
Payment of lease liabilities	-17	-15
Dividend payments	-58	-46
Transaction costs paid on issue of equity	–	-1
Other	–	-0
Cash flows from financing activities	**-160**	**366**
Effects of changes in exchange rates on cash and cash equivalents	4	-2
Net changes in cash and cash equivalents	**-408**	**-408**
Cash and cash equivalents		
Cash and cash equivalents on 1 January	**733**	**802**
Cash and cash equivalents on 30 June	**325**	**395**

[1] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.

5 Consolidated Statement of Changes in Equity

in € million	Attributable to the owners of HENSOLDT AG			Other reserves				
	Share capital	Capital reserve	Retained earnings	Remeasurement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2025	**116**	**474**	**245**	**56**	**-19**	**872**	**14**	**886**
Group profit / loss	–	–	-42	–	–	**-42**	-2	**-44**
Other comprehensive income	–	–	–	68	-3	**65**	-1	**65**
Total comprehensive income	**–**	**–**	**-42**	**68**	**-3**	**23**	**-3**	**21**
Release capital reserve	–	-35	35	–	–	**–**	–	**–**
Dividend payments	–	–	-58	–	–	**-58**	–	**-58**
Other	–	–	-2	–	–	**-2**	–	**-2**
As of 30 June 2025	**116**	**439**	**179**	**124**	**-22**	**836**	**11**	**847**

in € million	Attributable to the owners of HENSOLDT AG			Other reserves				
	Share capital	Capital reserve	Retained earnings	Remeasurement of pensions	Currency translation	**Subtotal**	Non-controlling interests	**Total**
As of 1 January 2024	**116**	**613**	**62**	**52**	**-21**	**822**	**16**	**838**
Group profit / loss[1]	–	–	-24	–	–	**-24**	-1	**-26**
Other comprehensive income	–	–	–	22	2	**24**	1	**25**
Total comprehensive income[1]	**–**	**–**	**-24**	**22**	**2**	**0**	**-1**	**-1**
Release capital reserve	–	-140	140	–	–	**–**	–	**–**
Dividend payments	–	–	-46	–	–	**-46**	–	**-46**
Changes in the scope of consolidation	–	–	-15	–	–	**-15**	–	**-15**
Other	–	–	-3	–	–	**-3**	–	**-3**
As of 30 June 2024	**116**	**473**	**114**	**75**	**-19**	**758**	**15**	**773**

[1] Adjustment of previous year's figures; refer to chapter 3 in section C - Notes to the Condensed Consolidated Interim Financial Statements.

C Notes to the Condensed Consolidated Interim Financial Statements

1 The Company

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

The Condensed Consolidated Interim Financial Statements include the financial statements of HENSOLDT AG and all financial statements of material direct and indirect subsidiaries controlled by HENSOLDT AG for the period from 1 January to 30 June 2025. A total of 35 (previous year: 36) companies, including the parent company, were fully consolidated. In addition, one company (previous year: 0) was accounted for by the Group using the equity method.

2 Accounting policies

The Condensed Consolidated Interim Financial Statements for the first half-year of 2025 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 2025.

The Condensed Consolidated Interim Financial Statements were authorised for issue by HENSOLDT AG's Management Board on 25 July 2025.

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 2024.

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 2024. Exceptions are new or revised standards requiring application for the first time in fiscal year 2025. These had no material influence on the Condensed Consolidated Interim Financial Statements.

The semi-annual financial report is presented in euros ("€"), the Group's functional currency. Unless otherwise stated, all financial figures presented herein in € are rounded to the nearest million € in accordance with established commercial principles. Due to rounding, there may be slight deviations from the absolute numbers when forming totals and calculating percentages. Absolute amounts less than € 500,000 and greater than € zero are represented as 0 or -0 depending on the symbol. In contrast, items that have no value are indicated as missing by "-".

3 Adjustment of previous year's figures

In the Notes to the Consolidated Financial Statements as at 31 December 2024, an adjustment of previous year's figures was presented in Note 2.1. The items to which this applies in the Financial Statements were adjusted accordingly for the previous years in accordance with IAS 8.41 et seq.

In the Consolidated Income Statement for the first half-year of fiscal year 2024, cost of sales were reduced by € 0.9 million and income taxes increased by € 0.2 million. As a result, Group loss as well as comprehensive income and Group loss attributable to the shareholders of HENSOLDT AG increased by € 0.6 million.

The basic and diluted earnings per share for the previous year period were also adjusted. The adjustment resulted in an increase from € -0.36 to € -0.21 per share.

Cash flow from operating activities is not affected overall.

4 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 of 2025 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 2024. For the actuarial valuation of provisions for pensions, an adjustment was made to the interest rate applicable on the reporting date. For an explanation of the change in provisions for pensions as of 30 June 2025, please refer to the chapter "17 Provisions".

5 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	2025	2024
Revenue and other income	284	299
thereof with entities with significant influence	*186*	*234*
Purchases of goods and services and other expenses	50	34
thereof from entities with significant influence	*23*	*20*

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

	30 June	31 Dec.
in € million	2025	2024
Receivables	167	162
thereof from entities with significant influence	*112*	*81*
thereof from joint ventures	*24*	*29*
thereof from non-consolidated affiliated companies	*20*	*43*
Liabilities	63	48
thereof to entities with significant influence	*4*	*8*
thereof to associated companies	*25*	*14*
thereof to non-consolidated affiliated companies	*25*	*22*

Relationships with related parties are presented in the Consolidated Financial Statements as at 31 December 2024 and remain unchanged as of 30 June 2025. Changes in the group of non-consolidated affiliated subsidiaries as well as the Group's associates and joint ventures are presented in section "1 The Company".

Related party transactions

Relationships with related parties are presented in the remuneration report for fiscal year 2024. There were no changes to the Management Board and Supervisory Board in the first half-year of 2025.

6 Segment information

The Group comprises two operating segments, Sensors and Optronics.

				First half-year
				2025
in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
Order intake	1,256	164	-14	**1,405**
Order backlog	5,876	1,241	-47	**7,070**
Book-to-bill-ratio	1.5x	1.2x		**1.5x**
Segment revenue	817	134	-7	**944**
Revenue from external customers	*815*	*129*	–	***944***
Intersegment revenue	*2*	*5*	*-7*	***–***

				First half-year
				2025
in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-48	-12	–	**-60**
Reversals of other provisions	22	2	–	**24**
Share of profits or loss in investments accounted for using the equity method	–	2	–	**2**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First half-year 2025 Group
EBITDA	**99**	**0**	**-10**	**89**
Transaction costs	–	–	0	**0**
OneSAPnow-related special items[1]	0	–	7	**7**
Other special items[2]	6	1	3	**10**
Adjusted EBITDA	**105**	**1**	**–**	**107**
Adjusted EBITDA margin[3]	*12.9 %*	*1.0 %*		***11.3 %***
EBITDA	**99**	**0**	**-10**	**89**
Depreciation and amortisation	-66	-14	-4	**-83**
EBIT	**33**	**-14**	**-14**	**6**
Effects on earnings from purchase price allocations	18	3	–	**22**
Transaction costs	–	–	0	**0**
OneSAPnow-related special items[1]	0	–	7	**8**
Other special items[2]	6	1	7	**13**
Adjusted EBIT	**58**	**-9**	**–**	**49**
Adjusted EBIT margin[3]	*7.1 %*	*-6.8 %*		***5.1 %***

[1] OneSAPnow-related special items include expenses associated with the business transformation for SAP S/4HANA.

[2] Other special items include expenses in connection with setting up new infrastructure for HENSOLDT's R&D, production and logistics, such as for relocations and initial setups as well as expenses for consulting services incurred in connection with the acquisition and integration of the ESG Group.

[3] Based on segment revenues

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First half-year 2025 Group
EBIT	**33**	**-14**	**-14**	**6**
Financial result				**-62**
EBT				**-56**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	First half-year 2024 Group
Order intake	1,253	139	-33	**1,359**
Order backlog	5,714	884	-45	**6,553**
Book-to-bill-ratio	1.7x	1.3x		**1.6x**
Segment revenue	744	108	-3	**849**
Revenue from external customers	*744*	*106*	–	***849***
Intersegment revenue	*0*	*2*	*-3*	**–**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
				First half-year 2024
Material non-cash items other than depreciation and amortisation:				
Additions to other provisions	-41	-21	–	**-62**
Reversals of other provisions	5	5	–	**10**

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	Group
				First half-year 2024
EBITDA	**106**	**-14**	**-16**	**76**
Transaction costs	–	–	2	**2**
OneSAPnow-related special items[2]	1	0	5	**6**
Other special items[3]	11	1	8	**19**
Adjusted EBITDA	**117**	**-14**	**–**	**103**
Adjusted EBITDA margin[4]	*15.7 %*	*-12.6 %*		***12.2 %***
EBITDA	**106**	**-14**	**-16**	**76**
Depreciation and amortisation[1]	-62	-9	-0	**-71**
EBIT[1]	**44**	**-23**	**-16**	**5**
Effects on earnings from purchase price allocations[1]	17	2	–	**19**
Transaction costs	–	–	2	**2**
OneSAPnow-related special items[2]	1	0	5	**6**
Other special items[3]	11	1	8	**19**
Adjusted EBIT	**72**	**-20**	**0**	**52**
Adjusted EBIT margin[4]	*9.7 %*	*-18.7 %*		***6.1 %***

1 Adjustment of previous year's figures; refer to chapter 3.
2 OneSAPnow-related special items include expenses associated with the business transformation for SAP S/4HANA.
3 Other special items include expenses for consulting services incurred in connection with the acquisition and integration of the ESG Group as well as in connection with setting up new infrastructure for HENSOLDT's R&D, production and logistics, such as for relocations and initial setups.
4 Based on segment revenues.

in € million	Sensors	Optronics	Elimination/ Transversal/ Others	**Group**
				First half-year 2024
EBIT[1]	**44**	**-23**	**-16**	**5**
Financial result				**-13**
EBT[1]				**-8**

1 Adjustment of previous year's figures; refer to chapter 3.

7 Revenue

The Group's operations and major categories for revenue recognition are described in the Consolidated Financial Statements as at 31 December 2024.

During the first half-year of 2025, revenue increased overall by € 95 million to € 944 million, compared to € 849 million in the previous year's period.

Revenue (sales / aftersales)

			First half-year
in € million	Sensors	Optronics	2025
Revenue from contracts with customers			
Sales	668	106	774
Aftersales	148	25	173
Exchange rate differences	-0	-2	-2
Total	**815**	**129**	**944**

			First half-year
in € million	Sensors	Optronics	2024
Revenue from contracts with customers			
Sales	645	88	734
Aftersales	102	18	120
Exchange rate differences	-3	-1	-4
Total	**744**	**106**	**849**

Revenue (geographical information)

	First half-year	
in € million	2025	2024[1]
Europe	840	754
thereof Germany	*639*	*507*
Middle East	15	19
APAC	25	28
North America	35	19
Africa	20	24
LATAM	8	4
Other regions / consolidation	–	0
Total	**944**	**849**

[1] Adjusted allocation of previous year's figures

Revenue (timing of revenue recognition)

			First half-year
in € million	Sensors	Optronics	2025
Timing of revenue recognition from contracts with customers			
Revenue recognition at a point in time	204	111	**315**
Revenue recognition over time	612	20	**631**
Exchange rate differences	-0	-2	**-2**
Total	**815**	**129**	**944**

			First half-year
in € million	Sensors	Optronics	2024
Timing of revenue recognition from contracts with customers			
Revenue recognition at a point in time	214	92	**306**
Revenue recognition over time	533	15	**548**
Exchange rate differences	-3	-1	**-4**
Total	**744**	**106**	**849**

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.

8 Other operating income and expenses

The other operating income of € 16 million (previous year: € 8 million) mainly results from the transfer of costs recognised in other operating expenses to non-consolidated Group companies and relates in particular to recharged investment costs and building maintenance as well as facility management services and administration services. The first half of 2025 also includes income from government grants.

The other operating expenses of € 13 million (previous year: € 10 million) mainly relate to recharged investment costs and building maintenance as well as facility management services and administration services.

9 Other result from investments

The other result from investments includes an impairment of the carrying amount of an investment in a non-consolidated joint venture.

10 Finance result

The finance result decreased from € -13 million in the first half of 2024 to € -62 million in the first half of 2025. This was mainly due to expenses relating to loan repayments under the refinancing that was concluded in April 2025. In addition, higher expenses were incurred for leases while lower interest income was earned on financial investments compared to the same period of the previous year. Expenses are also the result of foreign currency effects and of the valuation of currency forwards on the reporting date. In the previous year, income was recognised from the valuation of interest rate swaps on the reporting date, for which expenses have now been recognised.

11 Income taxes

The recognised income tax expense was calculated by multiplying the earnings before taxes 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 reporting period. As such, the effective tax rate in the interim reporting period may differ from the estimate of the effective tax rate for the entire fiscal year.

The gains from income tax in the first half of 2025 of € 12 million (previous year: income tax expense: € 18 million) resulted from deferred tax income of € 18 million (previous year: deferred tax expense: € -11 million) offset by tax expenses of € 5 million (previous year: € 7 million).

12 Group profit / loss

The negative Group result amounts to € -44 million in the first half of 2025, representing a further loss of € -19 million compared to the previous year's period.

13 Right-of-use assets

The increase in right-of-use assets resulted primarily from the first-time recognition of right-of-use assets for real-estate leases for the new location leased by HENSOLDT in the Optronics segment.

14 Other investments and other non-current financial assets

in € million	30 June 2025	31 Dec. 2024
Other investments	44	24
Non-current other financial assets	1	0
Other investments and non-current other financial assets	**45**	**24**
Non-current other financial assets, current portion	**0**	**0**
Total	**45**	**25**

Other investments increased by € 20 million to € 44 million in the first half of 2025, due in particular to the acquisition of shares in Quantum Systems GmbH and the increased investment in 21strategies GmbH. An impairment of the carrying amount of the investment in a non-consolidated joint venture had an offsetting effect.

Furthermore, investments in Deutsche Elektronik Gesellschaft für Algerien mbH and KBN Konstruktionsbüro GmbH as well as further subsidiaries not consolidated for reasons of minor importance are included.

15 Inventories

Inventories increased by € 153 million to € 872 million compared to € 719 million on 31 December 2024, which on the one hand was due to the usual seasonal build-up of unfinished services and products and on the other to increased investments for securing and increasing production in the second half of the year.

16 Contract assets and trade receivables

Contract assets increased by € 70 million to € 455 million in the first half of 2025, attributable mainly to the key project PEGASUS, while trade receivables decreased by € 92 million to € 333 million in line with the usual seasonal trend.

17 Provisions

in € million	30 June 2025	31 Dec. 2024
Provisions for post-employment benefits	272	357
Other provisions	279	318
Total	**551**	**675**
thereof non-current	*332*	*418*
thereof current	*219*	*257*

Provisions for post-employment benefits fell by € 85 million to € 272 million due to the increase in the interest rate to 4.06 % and higher pension plan assets.

The other provisions, which essentially include provisions for other risks and costs, warranties as well as personnel-related provisions, decreased by € 39 million to € 279 million as at 30 June 2025. The decrease in personnel-related provisions mainly resulted from the bonus payments made in the second quarter of 2025 to the management and employees.

18 Other financial assets and other financial liabilities

Other financial assets

in € million	30 June 2025	31 Dec. 2024
Positive fair values of derivative financial instruments	1	0
Net investment in the lease	4	4
Miscellaneous non-current other financial assets	3	2
Total non-current other financial assets	**7**	**7**
Positive fair values of derivative financial instruments	3	5
Receivables from employees	3	1
Loans to non-consolidated subsidiaries	1	–
Net investment in the lease	1	1
Miscellaneous current other financial assets	1	1
Total current other financial assets	**9**	**8**
Total	**16**	**15**

Other financial liabilities

in € million	30 June 2025	31 Dec. 2024
Liabilities for derivative financial instruments	14	12
Miscellaneous non-current other financial liabilities	0	1
Total non-current other financial liabilities	**14**	**13**
Liabilities from payment service agreements	66	70
Liabilities for derivative financial instruments	6	4
Liabilities from factoring contracts[1]	–	1
Miscellaneous current other financial liabilities	0	–
Total current other financial liabilities	**72**	**74**
Total	**87**	**87**

[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.

19 Other assets and other liabilities

Other assets

in € million	30 June 2025	31 Dec. 2024
Receivables from government grants	13	14
Miscellaneous non-current other assets	6	6
Total non-current other assets	**19**	**20**
Advance payments	113	83
Tax receivables (without income tax)	27	27
Receivables from government grants	7	1
Miscellaneous current other assets	14	4
Total current other assets	**161**	**115**
Total	**180**	**135**

Other liabilities

in € million	30 June 2025	31 Dec. 2024
Liabilities to employees	11	15
Miscellaneous other non-current liabilities	0	0
Total non-current other liabilities	**11**	**15**
Tax liabilities (without income tax)	35	64
Liabilities to employees	75	60
Liabilities relating to social security	8	6
Miscellaneous other current liabilities	31	21
Total current other liabilities	**149**	**151**
Total	**160**	**166**

20 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 2025			
in € million	Category	Carrying amount	Fair value	Level
Assets				
Other investments and other non-current financial assets[1]	FVtOCI	45	45	–
Other non-current financial assets, due on short-notice	AC	0	0	–
Trade receivables	AC	268	268	–
Trade receivables (available for factoring)[1]	FVtOCI	66	66	–
Other financial assets				
Other derivative instruments	FVtPL	4	4	2
Non-derivative instruments	AC	12	12	–
Cash and cash equivalents	AC	325	325	1
Total financial assets		**720**	**720**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	1,016	990	2
Trade payables	FLAC	569	569	–
Other financial liabilities				
Other derivative instruments	FVtPL	20	20	2
Other miscellaneous financial liabilities	FLAC	67	67	–
Total financial liabilities		**1,672**	**1,646**	

[1] Fair value assumed as corresponding to amortised cost due to materiality considerations.

In April 2025, HENSOLDT restructured its liabilities to banks. The previous term loan and term facility totalling € 1,070 million and the revolving credit facility of € 370 million were replaced by a new syndicated loan agreement. The new syndicated loan agreement includes a term loan of € 850 million, a bridge loan of € 150 million and a new revolving credit facility of € 400 million. All conditions have been improved as a result of the new financing. A guarantee line of € 400 million was also agreed with the bank consortium.

in € million	Category	31 Dec. 2024 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	335	335	–
Trade receivables (available for factoring)[1]	FVtOCI	91	91	–
Other financial assets				
Other derivative instruments	FVtPL	6	6	2
Non-derivative instruments	AC	9	9	–
Cash and cash equivalents	AC	733	733	1
Total financial assets		**1,198**	**1,198**	
Liabilities				
Financing liabilities				
Liabilities to banks	FLAC	1,093	1,117	2
Trade payables	FLAC	546	546	–
Other financial liabilities				
Other derivative instruments	FVtPL	16	16	2
Other miscellaneous financial liabilities	FLAC	71	71	–
Total financial liabilities		**1,727**	**1,751**	

[1] Fair value assumed as corresponding 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 for fiscal year 2024.

21 Legal disputes and claims

In the ordinary course of its business, the HENSOLDT Group is, from time to time, involved in various legal and arbitration proceedings. The HENSOLDT Group is not aware of any essential official, judicial or arbitration proceedings (including pending and threatened proceedings) that could have a significant impact on the Group’s assets, liabilities, financial position and financial performance or that have had such an impact in the reporting period. As of the reporting date, provisions for legal disputes and damage claims of a negligible amount were recognised under other provisions for other risks and costs.

22 Number of employees

	First half-year	
	2025[2]	2024
Production, research and development, service	6,762	5,407
Sales and distribution	236	220
Administration and general services	1,208	1,505
Apprentices, trainees, etc.	874	747
Total[1]	**9,080**	**7,879**

[1] Average figures on a per capita basis

[2] Adjustment compared to previous year's figures

23 Events after the reporting date

On 26 June 2025, the German Bundestag passed the law for an immediate tax investment program to strengthen Germany as a business location. Among other things, the law provides for a reduction in the corporate tax rate from its current 15 % to 10 %. The reduction will be phased in starting in 2028, with the corporate tax rate decreasing by 1 percentage point annually. Since the Bundesrat only approved the law on 11 July 2025, there will be no impact on the valuation of deferred taxes as at 30 June 2025. The impact of the law on financial statements from the third quarter of 2025 onwards is currently being examined but cannot yet be quantified.

In July 2025, a promissory note loan in the amount of € 300 million was issued as part of the comprehensive refinancing measure initiated in April 2025. The loan consists of € 65 million with a three-year term at fixed and variable interest rates, a further € 150 million with a five-year term at fixed and variable interest rates and € 85 million with a seven-year term at fixed interest rates. The promissory note loan replaces the bridge loan of € 150 million referred to in section '20 Financial instruments'.

There were no other significant events after the reporting date.

D Responsibility statement by the company’s legal representatives

The Management Board of HENSOLDT AG hereby declares that, to the best of its 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 assets, liabilities, financial position and results of operations of the Group and that the Interim Group Management Report presents a true and fair view of the course of business, including the business results and the position of the Group, and a description of the principle opportunities and risks of the Group’s probable development in the remainder of the fiscal year.

Taufkirchen, 25 July 2025

HENSOLDT AG

Management Board

Oliver Dörre Christian Ladurner Dr. Lars Immisch

E 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 Statement of Financial Position, Consolidated Statement of Cash Flows, 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 2025 that are part of the semi annual report in accordance with § 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) [Institute of Public Auditors in Germany]. 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, 29 July 2025

KPMG AG Wirtschaftsprüfungsgesellschaft

Hanshen	Schieler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

F Legal information and contact

HENSOLDT AG

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Management Board: Oliver Dörre (Chairman), Christian Ladurner and Dr. Lars Immisch

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 presented in euros ("€"), which is the Group's functional currency. Unless otherwise stated, all financial figures presented herein are rounded to the nearest million € in accordance with established commercial principles. Due to rounding, there may be slight deviations from the absolute numbers when forming totals and calculating percentages. Absolute amounts less than € 500,000 and greater than zero € are represented as 0 or -0 depending on the sign. In contrast, items that have no value are indicated as missing with "-".

This report is a semi-annual financial report according to Section 52 of the Exchange Rules for the Frankfurter Wertpapierbörse, the Frankfurt Stock Exchange.

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