



Annual financial statements as at December 31, 2019

TRANSLATION – AUDITOR’S REPORT

HENSOLDT GmbH
Taufkirchen, Landkreis München

until November 11, 2019: Blitz 19-320 GmbH

short financial year from October 16 to December 31, 2019

KPMG AG Wirtschaftsprüfungsgesellschaft

HENSOLDT GmbH

(until November 11, 2019 Blitz 19-320 GmbH)

Taufkirchen, District of Munich, Germany

(until November 11, 2019 Munich)

Annual financial statements

for the short financial year

from

October 16 to December 31, 2019

Balance sheet

ASSETS

KEUR	Dec. 31, 2019	Oct. 16, 2019
A. Fixed assets		
Financial assets	1,650,000	0
	1,650,000	0
B. Current assets		
Cash and cash equivalents	25	25
	25	25
Total assets	1,650,025	25

EQUITY AND LIABILITIES

KEUR	Dec. 31, 2019	Oct. 16, 2019
A. Equity		
I. Share capital	10,000	25
II. Capital reserve	1,640,025	0
III. Net loss for the financial year	- 290	0
	1,649,735	25
B. Provisions	289	0
C. Liabilities	1	0
Total equity and liabilities	1,650,025	25

Income statement

	Oct. 16, - Dec. 31, 2019
KEUR	
1. Other operating expenses	- 290
2. Income taxes	0
3. Loss after taxes	-290
4. Net loss	- 290

Notes to the financial statements

I. Basis of preparation of the financial statements

HENSOLDT GmbH, Taufkirchen, Munich District Court (until November 11, 2019: Blitz 19-320 GmbH, Munich) was founded by agreement as of September 17, 2019 and entered in the commercial register under HRB 252143 on October 16, 2019.

The first annual financial statements of HENSOLDT GmbH for the short financial year from October 16 to December 31, 2019 were prepared pursuant to Sections 242 et seqq. and 264 et seqq. of the German Commercial Code (HGB) and the relevant regulations of the German Limited Liability Companies Act (GmbHG). The Company falls under the regulations for small limited liability companies. In the balance sheet the previous year's column show the opening balance sheet values as of October 16, 2019.

The applicable valuation provisions in accordance with German commercial law have been observed taking into account the going concern principle.

The annual financial statements are presented in euro.

The income statement was prepared using the cost of sales method.

Partial use has been made of the practical expedient and exemption rules of Sections 266 (1) sentence 3, 274a and 288 (1) HGB.

Accounting and Valuation

The financial statements were prepared using the accounting and valuation methods described below.

Shares in affiliated companies are measured at cost or, in the case of an expected permanent impairment, at their lower fair value.

The shares in HENSOLDT Holding GmbH contributed during the financial year as part of the non-cash capital increase were contributed at fair value; these are regarded as acquisition cost.

Cash and cash equivalents are recognized at nominal value.

Other provisions take account of all contingent liabilities and are recognized at the settlement amount deemed necessary according to prudent commercial judgment by taking account of anticipated future price and cost increases.

Liabilities are presented at their settlement amount.

II. Explanatory notes on the balance sheet

Financial assets

Financial assets amount to KEUR 1.650.000 and include the investment in the subsidiary HENSOLDT Holding GmbH.

Cash and Cash equivalents

Cash and Cash equivalents include bank deposits.

Equity

The company was founded on September 17, 2019 with a share capital of KEUR 25.

With the contribution agreement dated November 29, 2019, all shares in HENSOLDT Holding GmbH were contributed to increase the share capital of HENSOLDT GmbH from KEUR 25 to KEUR 10,000. The contribution was made at fair value. As of December 5, 2019, the increase in share capital was entered in the commercial register.

The amount exceeding the share capital in the amount of KEUR 1,640,025 was transferred to the capital reserve.

The net loss for the short fiscal year from October 16 to December 31, 2019 is KEUR 290.

Other accruals

Other accruals relate to audit fees.

Other liabilities

Other liabilities fall due within one year.

III. Explanatory notes on the income statement

Personnel expenses/number of employees

HENSOLDT GmbH did not employ any staff during the financial year.

Other operating expenses

Other operating expenses include expenses for the audit of the single and consolidated financial statement.

IV. Other disclosures

Management

Members of management during the financial year included:

- Müller, Thomas (Munich), Chief Executive Officer of HENSOLDT Group, as of November 11, 2019
- Salzmann, Axel Albert Hans (Großhansdorf), Chief Financial Officer of HENSOLDT Group, as of November 11, 2019
- Fieser, Peter (Warthausen), Chief Human Resources Officer of HENSOLDT Group, as of November 11, 2019
- Gogolla, Katja (Munich), Managing director, until of November 11, 2019
- Selnes, Randi Mette (Munich), Managing director, until of November 11, 2019

The company is represented by two members of the management or by a member of the management together with an authorized representative.

Parent company

HENSOLDT GmbH, Taufkirchen, as the ultimate German parent company in accordance with Section 290 HGB, prepares consolidated financial statements in accordance with Section 315e (3) HGB in accordance with IFRS, as approved in the European Union. HENSOLDT GmbH including its major subsidiaries are included in the consolidated financial statements of HENSOLDT GmbH.

Until November 29, 2019, HENSOLDT Holding GmbH was the ultimate parent company of the HENSOLDT Group and had prepared in previous years consolidated financial statements fully in accordance with IFRS.

The consolidated financial statements are published together with the group management report in the German Federal Gazette (Bundesanzeiger) and filed with the Commercial Register in Munich in the German language under number HRB 252143.

Taufkirchen, March 2, 2020

HENSOLDT GmbH

Management

Thomas Müller

Axel Salzmann

Peter Fieser

Independent Auditor's Report

To HENSOLDT GmbH, Taufkirchen, District of Munich
(until November 11, 2019: Blitz 19-320 GmbH, Munich)

Opinion

We have audited the annual financial statements of HENSOLDT GmbH, Taufkirchen, District of Munich, which comprise the balance sheet as of December 31, 2019, and the income statement for the short period from October 16 to December 31, 2019, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2019 and of its financial performance for the short period from 16 October to December 31, 2019, in compliance with German Legally Required Accounting Principles.

Pursuant to Section 322 (3) sentence 1 HGB (Handelsgesetzbuch: German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Opinion

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements.

Responsibilities of Management for the Annual Financial Statements

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our opinions on the annual financial statements.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, March 2, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft
(Original German version signed by:)

Leistner
Wirtschaftsprüfer
(German Public Auditor)

Peschel
Wirtschaftsprüfer
(German Public Auditor)