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Press Release

On the road to success with Third Wave AI

21strategies raises millions with strategic Series Pre-A investor

Taking a minority stake in 21strategies as a strategic investor, sensor solution provider HENSOLDT fosters their successful cooperation with 21strategies, which had already started in 2021 with the GhostPlay project.

GhostPlay is a high-performance digital twin of a battlefield (=Ghost) which, in interaction with adversaries that have different performance profiles, allows to train Defense AI (=Play) against adversaries. 21strategies models adversarial scenarios as seen at the war against Ukraine, giving GhostPlay the connotation of a "Serious Game". GhostPlay was commissioned by the Center for Digitization and Technology Research of the German Armed Forces (dtec.bw) in 2021 and is based on 21strategies' proprietary AI technology, the core of genuine technical autonomy. It enables machines to make decisions in complex military engagements under uncertainty at machine speed and also to execute its decisions autonomously. "Our mission is to transform how organizations make strategic and tactical decisions under uncertainty. To aim at our mission, we provide Third Wave AI with the objective to become the gold standard of algorithmic tactical versatility. This innovative power and our performance culture is highly valued by HENSOLDT," commented Prof. Yvonne Hofstetter, CEO and co-founder of 21strategies, on the transaction.

With tactical AI, HENSOLDT complements and amends their existing AI capabilities. With GhostPlay, the first joint effort between the two firms, the German Armed Forces are able to train and to evaluate AI-based tactics and strategies for their next-generation defense systems. Use cases for Defense AI can be found in all domains, from ground to water and air to space and also include multi-static and distributed sensor technology. Here, the two firms have identified enormous innovation potential. However, Yvonne Hofstetter, Professor of Digitalization and Society, urges to only engineer value-based AI. Celia Pelaz, Chief Strategy Officer of HENSOLDT, agrees with her: "AI is a key technology for Europe's digital sovereignty, and we need to ensure that it is in line with our values and thus socially acceptable. This also requires implementation strength - otherwise concepts will remain just concepts in the end. We need a strong innovation ecosystem, especially in the defense sector."

HENSOLDT's minority stake also enables 21strategies to further develop their tactical AI for civilian use. **hedge21**[®] is 21strategies' solution, which was developed to manage currency exposure and price risks in commodity procurement. "HENSOLDT's investment also allows us to further progress our commercial business. After all, market development here is much

more expensive and long-term than for defense and the security industry, which is also owed to the fact that our technologies originate from the defense sector, our natural customer base," clarifies Hofstetter. Nevertheless, innovative civilian corporations would benefit directly from 21strategies' solutions if they secured their EBIT with the help of tactical AI.

About 21strategies

21strategies was founded by Prof. Yvonne Hofstetter, Dr. Christian Brandlhuber and Dr. Scott Muller in 2020 and is based in Hallbergmoos, Bavaria, Germany. The company transforms how organizations make strategic and tactical decisions under uncertainty. To aim at their mission, 21strategies provides Third Wave AI. Solutions for the civilian sector include hedge21® for hedging foreign exchange exposure and commodity price risk, and GhostPlay for the defense sector. Both solutions are based on 21strategies' proprietary AI technology tactics21.

About HENSOLDT

HENSOLDT is a leading European defense firm with global reach. Headquartered in Taufkirchen near Munich, Germany, the company develops complete sensor solutions for defense and security applications. As a technology leader, HENSOLDT is driving the development of defense electronics and optronics and continuously expanding its portfolio based on innovative approaches to data management, robotics and cybersecurity. With more than 6,400 employees, HENSOLDT achieved sales of 1.5 billion euros in 2021. HENSOLDT is listed on the Frankfurt Stock Exchange.

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