

# Annual report 2024



The fiscal year 2024 in brief

For sovereign security.

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For sovereign security.

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This annual report of the RUAG MRO Holding Group, including the financial report audited by Ernst & Young, has been translated from German into other languages. These translations contain the same information and convey the same meaning as the German annual and financial report. In case of any inconsistency between the German version of the annual and financial report and that in another language, the German version shall prevail. The unrestricted auditors' reports of Ernst & Young on the financial statements of the RUAG MRO Holding Group and the individual financial statements are attached to the German version only.

Dear ladies and gentlemen,

As expected, the 2024 business year was extremely intense for RUAG. The challenges identified in previous years, notably the remediation of numerous legacy issues and the cultural development of the company, played a major role in this. Despite these difficult framework conditions, RUAG was largely able to fulfill its overarching strategic mandate and ensure the availability of the systems of the Swiss Armed Forces. Moreover, RUAG has developed positively as a company and is now much more transparent, structured and efficient than it was in 2020, at the time of the unbundling. This demanding simultaneity, i.e. dealing with past events while at the same time establishing new structures and actively shaping the future, has only been possible thanks to highly competent employees who are willing to go the extra mile and act with integrity. We would like to take this opportunity to explicitly thank them all for their unstinting commitment.

### **New insights into past events**

Over the course of the 2024 business year, both federal authorities such as the Swiss Federal Audit Office (SFAO) and, commissioned by the RUAG Board of Directors, a renowned law firm thoroughly investigated various past business activities. RUAG proactively and transparently supported all investigations and ensured independence in consultation with the SFAO.

The findings available at the time of completion of the 2024 annual report have, on the one hand, confirmed the inconsistencies in business transactions of the former RUAG Defence division that had already been anticipated. On the other hand, they provided new facts regarding further past business activities that were not consistently carried out in accordance with binding requirements. Furthermore, the reports made it clear that processes as well as responsibilities within the company and the coordination between RUAG and the superordinate political bodies must be improved.

RUAG takes the findings of all reports very seriously. Consequently, the company will use them to thoroughly and factually address the legacy issues and to shape

the future organization of the company accordingly. The primary focus will be on deriving effective consequences and further improving internal rules, processes and structures.

RUAG has long worked intensively towards establishing a company culture that prioritizes openness, transparency as well as an appropriate approach to dealing with mistakes.

### **Personnel changes on Board of Directors and stabilization of operative management**

The chairman of the Board of Directors of RUAG MRO Holding Ltd, Nicolas Perrin, decided in the year under review to step down after five intensive years in this role. During his time as chairman, he made a significant contribution to reorganizing RUAG and setting it up for the future.

At the Extraordinary General Assembly on 10 December 2024, the RUAG MRO Holding Ltd Board of Directors elected Jürg Rötheli as Chairman of the Board of Directors and successor to Nicolas Perrin. The assembly also settled the succession of Heinz Liechti, who had resigned from the Board of Directors in May of the year under review, and elected Roland Leuenberger as a new member of the Board of Directors.

On 1 March 2024, Ralf Müller was appointed as the new CEO of RUAG MRO Holding Ltd and thus took over overall operational responsibility for the company. The interim co-CEOs responsible up to this point, Thomas Kipfer and Christian Priller, returned to their original positions. During his first months in the company, Ralf Müller already implemented many important stabilization measures and was able to achieve strategically important milestones in key projects. Moreover, he has been actively promoting the further development towards the envisioned company culture.

### **Focus on the further development of the company**

RUAG MRO Holding Ltd started its operations in 2020 with an insufficient structural foundation and the corresponding framework conditions have proven to be inadequate. In addition, challenges with the IT infrastructure required additional effort and the individual business areas were not managed and organized according to uniform principles.



Ralf Müller, CEO, and Nicolas Perrin, Chairman of the Board of Directors

This made company management more difficult, limited the transparency of business transactions and led to a pronounced silo mentality. Although RUAG had to devote a lot of time and effort to overcoming these and other challenges from previous years in the 2024 reporting year, the company always kept its sights firmly set on the future.

With the introduction of the new SAP system S/4HANA, RUAG reached a milestone in the establishment of its new structures. The initial disruptions to the operational service provision, which are common with such extensive system changes, were gradually minimized by the summer. RUAG was therefore able to ensure the availability of the systems of the Swiss Armed Forces in accordance with its mandate. This stabilization is due, among other things, to the good cooperation between RUAG and the Swiss Armed Forces.

In addition to the extensive process and system changes, the further development of the organization as a whole was also a strategic priority in the 2024 reporting year. In this regard, the foundations have been laid for adapting the organizational structures in 2025 in accordance with the strategic mandate and in line with the desired cultural changes.

**Operating performance improved, liquidity situation remains challenging**

RUAG has improved its operating performance in the reporting year. This is reflected in the fact that the relevant key figures were achieved. In addition, the negative impact of various loss-making projects was mitigated and the cost-cutting measures implemented by the Executive Board also had a positive effect on the company's result. RUAG has therefore reached the stabilization phase. The company will continue to pursue this chosen path consistently and do everything in its power in order to further improve its results in a sustainable manner in the coming years.

Nevertheless, there have once again been special items that weighed on the result in the reporting year. These primarily include the remediation of legacy issues, the introduction of the SAP S/4HANA system and the costs of the commissioned investigation. Financial advance investments for future projects of the Swiss Armed Forces as well as development projects such as the Ersä IMFS project (for replacing the integrated military telecommunications system) also had a negative impact on RUAG's result. These positions could only be capitalized in part.

RUAG's liquidity should still be considered insufficient in the long-term. The reason for this is that RUAG MRO Holding Ltd was founded with significantly less capital than recommended. At the time, the expenses for cleaning up the legacy issues, which amounted to CHF 200 million, were not included in the calculation. With the stipulation that no external debt could be incurred, the liquidity situation remained tense and the company's room for maneuver was significantly restricted. This situation made it difficult to make the necessary investments in the future, develop expertise and maintain the substance of the real estate.

**Business successes and plans for the future**

In the 2024 reporting year, RUAG was once again able to achieve significant successes in its operational business. The projects "Armored personnel carrier 2000 value preservation", "Mortar 16" and "BODLUV" of the Business Area Ground progressed according to plan. By obtaining the pre-approval for the partial final assembly of four F-35 fighter jets ("RIGI" project), the Business Area Air was able to take a significant step into the future.

The C2I+ division continues to develop successfully as an integration partner in the sensor-intelligence-command-action network and was able to strengthen its cooperation with the Swiss Armed Forces Cyber Command. C2I+ will thus become an important mainstay of RUAG in the future. RUAG Real Estate achieved a positive result in its core business and consistently pursued the synergetic site development.

In the 2024 reporting year, RUAG also refocused its innovation activities and dissolved the central "RUAG Innovation Organisation", or RIO for short. This structural measure enables the company to focus more consistently on the most promising projects and business activities identified by RIO. With this new focus, RUAG will target business activities in the areas of secure mobile communication and cyber security in the future. In doing so, RUAG demonstrates that the know-how from its core business is also of great importance for other security-relevant institutions.

RUAG's strategic direction and the values of its company culture were communicated to its line managers in dedicated workshops. In this way, the company has firmly embraced its

shared path to the future and the strategic transformation that is closely aligned with the future plans of the Swiss Armed Forces.

**Political framework conditions are decisive for the future**

As a technology partner of the Swiss Armed Forces and a comprehensive security company, RUAG is already tackling tomorrow's challenges and threat scenarios today. For this reason, the company worked consistently on the further development of the organization as a whole in the 2024 reporting year. To be able to provide its services for the Armed Forces in all situations and to maintain and expand its know-how, RUAG requires, among other things, favorable political framework conditions. This is important, for example, with regard to the stake held by RUAG MRO Holding Ltd in the chemistry technology company "Nitrochemie": Decisions are needed to support the investments required to maintain RUAG's share and expand the strategic and security-relevant production capacities.

*Nicolas Perrin*  
 Nicolas Perrin  
 Chairman of the Board of Directors  
 RUAG MRO Holding Ltd

*Ralf Müller*  
 Ralf Müller  
 CEO  
 RUAG MRO Holding Ltd

# Further expansion of our business with the Swiss Armed Forces

➤ RUAG's mission, to make a significant contribution to the sovereign security of Switzerland, remains at the core of our services. As technology partner of the Swiss Armed Forces, RUAG is pursuing a strategy that aims to strengthen this role and systematically addresses future requirements. In light of the increasingly tense global security situation, in particular due to the conflicts in Israel, Gaza and Ukraine, our mission has become ever more important. The expectations are clear: Even in times of crisis, RUAG must continue to provide robust as well as reliable services and proactively respond to future challenges and threat scenarios.

Against this backdrop, RUAG consistently advanced the development of the overall organization in the year under review in order to ensure that the Armed Forces can be provided with services in every situation and existing know-how is maintained and expanded in a targeted manner. However, the company requires favorable political framework conditions, for example with regard to strategic investments such as the one in Nitrochemie, a chemistry technology company. Political support is required in order to make the investments necessary to maintain the existing share and expand security-relevant production capacities.

## "Route de RUAG"

RUAG's mission is to ensure that the Swiss Armed Forces and other emergency and security

organizations can comprehensibly carry out their tasks at all times. To guarantee this in the long term, RUAG created the so-called "Route de RUAG" based on the strategic guideline and made it available to all line managers. The visual strategy map helps them to understand the strategy, to identify with it and to implement it effectively. The guideline aims to ensure that RUAG fulfills its role as a technology partner, strengthens its third-party business, promotes a sustainable and innovative organization and guarantees operational excellence. RUAG has successfully communicated the refined strategic direction and the underlying company values to its line managers in a series of workshops. Additional strategic training workshops for the other employees will be held by the second quarter of 2025. This way,



"Route de RUAG" launches the implementation of the new company strategy.

RUAG creates a shared understanding of the strategic change and a path to the future – in line with its future projects.

## Focus on innovation activities

The complexity of military systems and the importance of networked information flows are increasing. Against this background, RUAG not only consolidates its position as the main link between the Swiss Armed Forces and the independent industry, but also places special emphasis on encryption technology. With the acquisition of CyOne Security Ltd, RUAG has strengthened its expertise in this area and is now ideally positioned to address and promote future needs even more effectively. In addition, RUAG realigned its innovation activities to focus on promising areas. The dissolution of the RUAG Innovation Organisation (RIO) makes it possible to push ahead with future-oriented projects in the areas of mobile secure communication and cybersecurity more consistently and to also provide comprehensive know-how to other security-relevant institutions.

## Adaptation of the organizational structure

"Structure follows strategy" – For RUAG, it is absolutely essential that the organizational structure optimally supports the implementation of the company strategy. Only in this way can the long-term goals be achieved. Accordingly, RUAG worked intensively on its future organizational structure and made substantial progress during the year under review. RUAG will, therefore, be able to implement its new structure in the second quarter of 2025, enabling the company to act in an even more customer-oriented, efficient and transparent manner. On the one hand, the new structure allows RUAG to effectively implement its strategy at the operational level. On the other hand, it helps the employees to work together in a trusting and respectful manner and to promote versatility in the company. In connection with its strategy, RUAG is striving for a strong company culture based on open and transparent communication, a culture of constructive criticism and a strong sense of loyalty.



# Orders of the Swiss Armed Forces are our top priority

**THE SWISS ARMED FORCES ARE UNDERGOING A TRANSFORMATION PROCESS TO FULFILL THEIR MISSION. THIS HAS IMPLICATIONS FOR RUAG. CERTAIN BUSINESS FIELDS MUST BE ADAPTED AND OTHERS SIGNIFICANTLY EXPANDED IN ACCORDANCE WITH THE RUAG PARTNER STRATEGY. THIS STRATEGY IS BASED ON THE OVERALL CONCEPTS OF THE SWISS ARMED FORCES AND IS CURRENTLY BEING DEVELOPED. IN ADDITION, RUAG ENSURES THE CAPABILITY PRESERVATION FOR THE BENEFIT OF THE SWISS ARMED FORCES BY MEANS OF SYNERGETIC THIRD-PARTY BUSINESS.**

## **F/A-18 value preservation**

The service life extension of the F/A-18 fighter jets is key to the availability of the Air Force. The corresponding work has been carried out together with the regular maintenance work. Due to the aging of the fleet, maintenance is becoming increasingly elaborate, which led to delays. However, with great effort and the support of the Air Force and other DDPS agencies, RUAG has found solutions to ensure that sufficient aircraft were operational at all times.

## **"RIGI" project**

By obtaining the pre-approval for the partial final assembly of four F-35 fighter jets, the Business Area Air was able to take a significant step into the future.

## **ADS-15**

As part of the launch of the new ADS-15 unmanned aircraft, RUAG was tasked with the development of a detect and avoid system. This system detects obstacles in the air and then automatically avoids them. As a result, the risk of collisions with other flying objects is greatly reduced.

**Service life extension of the 2000 armored personnel carrier**

Since the last reporting period, RUAG has completed work on a further 116 vehicles and handed them over to the general contractor.

**Replacement of the Integrated Military Telecommunication System ("Ersa IMFS")**

IMFS is the tactical communications network for the digital and secure voice and data communication of the Swiss Armed Forces. RUAG completed the corresponding procurement preparations in 2024.

**Mortar 16**

The first mortar systems have been successfully validated and handed over to the Swiss Armed Forces. The delivery of the first tranche and the final assembly of the second tranche will be driven forward in 2025.

**BODLUV project – ground-based air defense system**

RUAG has received an order to produce the Patriot Maintenance Trainers for the training of the troops and the maintenance personnel. Moreover, RUAG was chosen as the material competence center [MKZ] for the medium range [MR] BODLUV project.

**C2I+ – the holistic test and integration partner**

A completely digitized overall system for the Swiss Armed Forces is becoming increasingly important in order to make effectors faster and more precise. Achieving this goal requires a test and integration partner who thinks and acts holistically. The C2I+ division is gradually taking on this role and developing the "C5I strategy" for further development in close collaboration with the Swiss Armed Forces.

**Third market**

RUAG succeeded in holding its own against the global competition in the third market with maintenance, repair and overhaul services [MRO] and products for systems that have a high level of synergy with systems of the Swiss Armed Forces. The third-party business helps maintain the abilities and capabilities for the benefit of the Swiss Armed Forces.





# RUAG places special emphasis on attractive employment conditions

**THE BASIS OF RUAG'S SUCCESS IS ITS EMPLOYEES. AT 28 SITES IN SWITZERLAND AND ABROAD, THEY ENSURE THE SECURITY OF SWITZERLAND EVERY DAY.**

## Overview of employees

The number of employees increased to 2,954 (excluding apprentices, 2,734 in full time equivalents/FTE) in comparison to the previous year. Full-time positions have increased by around 60.

While RUAG was able to reduce net fluctuation to 8.3% in 2023 compared to the previous year, the trend reversed again in 2024 with 9.2%. On average, employees stay with RUAG for nine years, which helps to ensure that the company retains valuable knowledge and experience.

The employee satisfaction survey yielded very positive feedback. Particular mention should be made of the high level of trust in line managers and the sense of personal responsibility that is practiced and highly valued.

RUAG places special emphasis on attractive employment conditions in line with the market. In the reporting year, 2.4% of the salary total was invested to improve employment conditions. This includes, among other things, a general salary increase of 0.7% and performance-related individual salary increases of 0.6% of the salary total.

Moreover, all RUAG employees can take an additional day off in their birth month, starting in the reporting year.

## Overview of vocational training

RUAG trains 221 apprentices in 15 different professions. 63 apprentices successfully completed their apprenticeship in the summer of 2024. The transfer rate to a continuing employment relationship was 67% (previous year: 68%). RUAG thus ensures that young talents can be seamlessly integrated into the company. In the year under review, RUAG has introduced a new apprenticeship as a body repair technician with a federal VET diploma.

## Developing line managers

Line managers are important ambassadors of RUAG's company culture. In 2024, the Leadership@RUAG program was launched: a training program tailored to individual development goals. More than 400 participants took part in over 70 different events. Leadership@RUAG is constantly being expanded by including current topics and trying new formats, while also striving for better controlling.

# Innovation as the basis for a successful future

**IN THE PAST FEW YEARS, THE RUAG INNOVATION ORGANISATION HAS SUPPORTED THE COMPANY IN ADDRESSING FUTURE THREAT SCENARIOS FROM A TECHNOLOGICAL POINT OF VIEW, OPENING UP ALTERNATIVE BUSINESS AREAS AND ESTABLISHING A NEW INNOVATION CULTURE. THE SOLUTIONS AND PROJECTS IN THE FIELD OF MOBILE AND SECURE COMMUNICATION DEVELOPED IN THE COURSE OF THIS WORK HAVE CONSIDERABLE POTENTIAL FOR THE FUTURE AND ARE EXPLICITLY RELATED TO THE FUTURE PLANS OF VARIOUS SECURITY ORGANIZATIONS.**

The RUAG Innovation Organisation has thus significantly contributed to the development and implementation of the strategy for winning new business. Having fulfilled its original mission, the organization was dissolved at the end of 2024.

Nevertheless, professional innovation management remains a relevant core activity of RUAG. Both innovation topics and employees active in the field of innovation continue to be of great importance to the company. The so-called "open innovation", in particular the KICKBOX entrepreneurship program as well as university programs, the startup accelerator and the innovation academy, will be continued in a focused manner together with established innovation instruments in a newly created program organization.

One of the most promising projects is the Large Language RUAG Assistant LLARA. LLARA is a ChatGPT alternative for the defense industry and the first RUAG product that uses artificial intelligence. Other important projects are those in the field of mobile secure communication, as for example the GUARDIAN secure smartphone. From RUAG's point of view, the project, which will be continued in a newly created program organization, has potential with regard to future communication projects in Switzerland.



# Physical security, further development and new projects

**IN THE 2024 BUSINESS YEAR, RUAG REAL ESTATE WAS ONCE AGAIN ABLE TO UTILIZE ITS FULL RANGE OF EXPERTISE. ON THE ONE HAND, IT HAD TO STEADILY REDUCE THE EXISTING MAINTENANCE BACKLOG. ON THE OTHER HAND, RUAG'S REAL ESTATE SPECIALISTS WERE ABLE TO START NEW CONSTRUCTION PROJECTS AND PUT NEW BUILDINGS INTO OPERATION. LAST BUT NOT LEAST, RUAG REAL ESTATE PUSHED AHEAD WITH THE FURTHER DEVELOPMENT OF THE EMMEN SITE, WHICH IS CRUCIAL FOR THE FUTURE.**

## **Physical security in the Altdorf explosives competence center**

RUAG disposes of explosives on behalf of the Swiss Armed Forces and third parties. The expertise in this area, built up over decades, is particularly important in the context of the clearing of the ammunition depot in Mitholz. In 2024, RUAG Real Estate invested a total of CHF 7 million in site security and the modernization of the access systems at the Altdorf site, which was built in the 1970s and 1980s. The replacement of the incinerator has already been planned and the corresponding investment request is expected to be submitted in 2025. Moreover, the foundations have been laid to further modernize the operating infrastructure.

## **Rent in Emmen successfully passed on**

With the sale of RUAG Aerostructures (Group company of RUAG International Holding Ltd), the rent for the usable space at the Emmen site has been passed on to the buyer, PILATUS Aircraft Ltd, Stans.

## **Cartridge factory in the Tryber district in Thun**

The severely neglected property on Uttigenstrasse in Thun had been empty for years and was actually supposed to be demolished. However, following intervention by the Heritage Society, the former cartridge factory was redeveloped in

collaboration with the heritage conservation authorities and transformed into a reference project. High, bright rooms with industrial charm have been created and will serve as modern business premises. RUAG Real Estate was able to conclude a long-term lease and construction started in fall 2024.

## **New hangar in Lodrino**

In September 2024, the new hangar on the RUAG premises at Lodrino airport was officially opened after a construction period of 14 months. It replaces an 80-year-old hangar, which is now being demolished. The project included the construction of a modern hangar for propeller aircraft and new office space that meets the operational requirements of the coming years.

## **Renovation of building 771/C5I**

In Thun, RUAG Real Estate renovated an existing property for the C5I organization, expanded it with IT workplaces and a test center and integrated it into the campus. To be equipped for the planned further growth of the C5I organization in the Uttigenstrasse perimeter, RUAG Real Estate will completely renovate another existing property and create IT workplaces and project rooms. The corresponding investment credit has been approved and construction work is scheduled to begin in the spring of 2025, after receipt of the building permit.

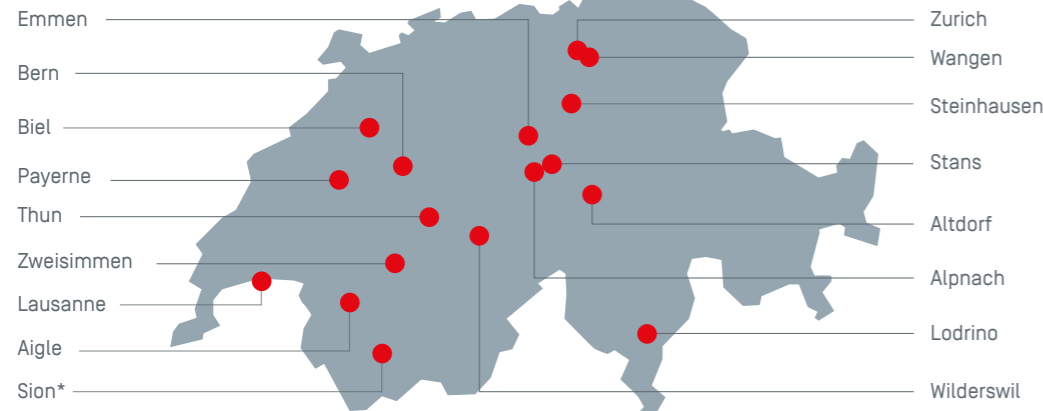
# Result over budget, operational recovery on track

**THE EFFORTS UNDERTAKEN TO REORGANIZE RUAG ARE REFLECTED IN THE POSITIVE DEVELOPMENT OF THE ANNUAL RESULT IN 2024. THE ISSUE OF LIQUIDITY REMAINS CHALLENGING.**

## RUAG at a glance

### SITES

#### SWITZERLAND



#### INTERNATIONAL

##### Germany

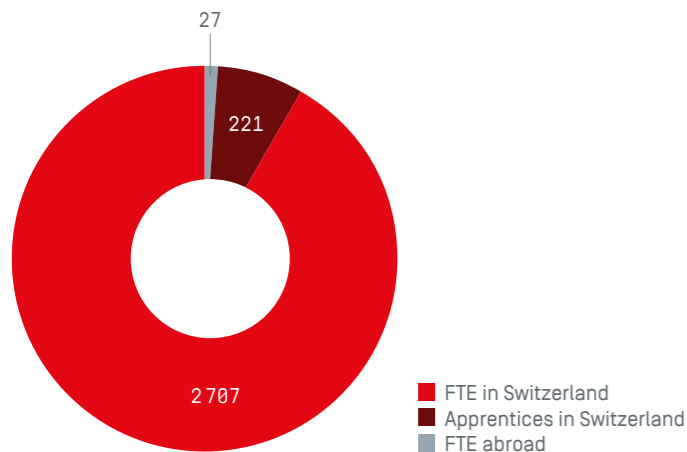
Berlin  
Kassel

##### United States

Herndon, Virginia

\*The Sion site was sold to Centaurium Aviation MRO Ltd [CHE-403.239.723], Flugplatzstrasse 73, 3123 Belp, with effect from 1 July 2024 (closing date). The purchase agreement was signed on 14 March 2024.

### EMPLOYEES (FTE\*) AS OF END OF DECEMBER



\*FTE = full time equivalents on the basis of the individual contractual working hours. All permanent employees with RUAG employment contracts (bonus contract, management contract, monthly salary, hourly wage, trainee contract) are included. Apprentices are also reported in FTE – measured in terms of contractual working hours. Employees with an internship or working student contract and external employees are not included in the FTE figures. The figures are rounded to full numbers.

### KEY FIGURES OF RUAG MRO HOLDING LTD AT A GLANCE

in CHF m

	2024	2023	Change
Order intake	750	820	-70
Net sales	775	741	+34
Other operating income	0	11	-11
Research and development expenses	-10	-19	+9
EBITDA	65	51	+14
EBIT	29	22	+7
EBIT margin	3.8%	2.9%	+0.9% p
Net profit	35	20	+15
Free cash flow	16	-20	+36
Liquidity	144	138	+6
Bank debt*	13	20	-7

\* Acquisition of CyOne Security Ltd with the agreement of the owner

The extraordinarily high level of incoming orders in the previous year, partially due to offsets, could not be fully matched in 2024. Nevertheless, the incoming orders level achieved in 2024 provides a solid basis for future and diversified growth.

Net sales exceeded the previous year's figure by CHF +34 million (+4.6%), thanks to positive developments in the areas of tracked vehicles, sensors, communication solutions and C2I+.

Despite additional costs incurred in some areas, the EBIT could be increased to CHF 29 million [EBIT margin 3.8%] – CHF 3 million more than budgeted. Adjusted for the special items, there is a visible improvement compared to the previous year. The recovery of the Business Areas, which was already initiated two years ago, is evident in the operative business. This is gratifying and encourages RUAG to consistently continue with the chosen path. Although the extraordinary charges are gradually declining, individual provisions still had to be created in 2024 to deal with the remaining legacy issues. The result also includes the additional costs for the ongoing investigation and trailing costs from the SAP S/4HANA implementation at the start of the year. However, disciplined cost management and the aforementioned recovery in the operative business compensated for these negative effects.

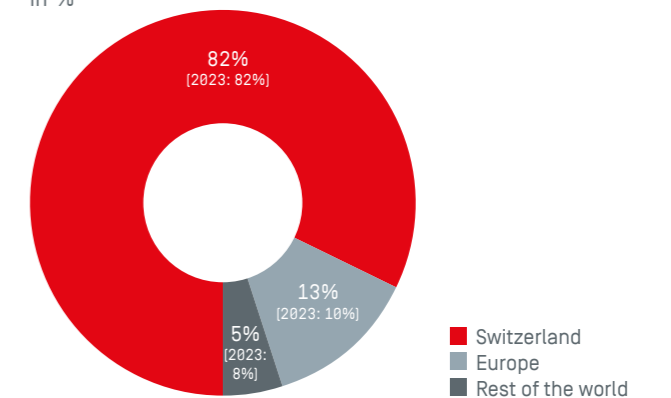
In June 2024, RUAG's liquidity reached a critically low level. The implementation of SAP S/4HANA destabilized the processes and prompted early ordering to ensure that services could be provided. In addition, advance payments that had originally been expected did not arrive, forcing RUAG to provide the necessary funds. As an immediate measure to strengthen liquidity, cost-cutting measures

were implemented and the credit line was fully utilized. By the third quarter, the liquidity situation had stabilized, and at year end, liquidity was CHF 144 million. This amount includes advance payments on DDPS invoices not yet due totaling CHF 35 million. Given the poor state of RUAG's real estate and the open discussion about expanding Nitrochemie's capacity, the adjusted liquidity is not sufficient to secure business operations in the medium term. A medium-term financing concept is currently being reviewed with the owner.

For 2025, RUAG plans to achieve an EBIT margin of at least 5% – for the first time since the unbundling. To achieve this goal, RUAG will continue to focus on stabilizing the provision of services and thus securing the positive sales trend. The newly introduced processes and new organization as of April 2025 will require consistent work on clear responsibilities, strong business transparency and sustainable efficiency improvements.

### INVOICED SALES BY SALES MARKET

in %



# Compliance areas are being strengthened and expanded

➤ After the unbundling in 2020, RUAG had to rebuild all of its management and control instruments from scratch. Furthermore, there have been numerous changes at both CEO and CFO level since then. This lack of continuity at the highest management level made it extremely difficult to establish these instruments and processes. It is now the task of Ralf Müller, the new CEO since March, to restore continuity.

The essential guidelines in the area of compliance are in place and appropriate, however, they are not consistently implemented everywhere. In addition, the compliance team had to be rebuilt due to fluctuations. With Oliver Müller taking up the position of Head of Corporate Services on 1 October 2024, a proven expert has assumed responsibility for the areas of governance and compliance, among others. He will be particularly concerned with ensuring that these areas are strengthened and expanded, while also ensuring continuity.



#### **Governance: business audits**

In February 2024, the Swiss Federal Audit Office (SFAO) published its audit report on the Leopard 1 tank transactions. It reveals certain deficiencies in the processes of a former RUAG division. In order to eliminate existing weaknesses in the current compliance system and processes, the Board of Directors has taken initial measures.

#### **Further development of compliance management and clear trade compliance processes**

In 2024, RUAG refined and improved its basic company guideline for the Compliance Management System (CMS). It is based on the ISO 37301 standard and is in line with the strategic objectives that the Federal Council has for RUAG MRO Holding Ltd with regard to the CMS. Moreover, the compliance awareness of the entire staff was strengthened in 2024 by means of a company-wide compliance awareness training.

Since the introduction of the new ERP system SAP S4/HANA, RUAG has been working with an automated export control. All business processes in the Procurement, Sales and Logistics departments are checked against sanction lists,

embargoes, any Swiss and/or US export licenses and in the Compliance Global Sales Board. Business documents that are missing valid licenses or audit-relevant information are automatically identified and can only be released for further processing after prior verification.

#### **Further development of risk management**

The company-wide risks are regularly discussed with the owner. The situation at the top risk level remained the same in 2024. The risk descriptions are continuously reviewed and, where appropriate, refined or adapted to the new circumstances.

#### **Implementation of data protection project**

In May 2024, the "DATA PROTECTION@RUAG" project was launched. The aim is to further develop data protection management maturity at RUAG and to ensure the implementation of the new Federal Act on Data Protection for RUAG MRO Holding Ltd and its group companies.

The sustainability report will be published separately in May 2025.

# For sovereign security.

## OUR BOARD OF DIRECTORS



**Nicolas Perrin**  
Chairman



**Monica Duca Widmer**  
Vice Chairwoman



**Nicolas Gremaud**  
Chairman of the Strategy Committee



**Prof. Dr. Sibylle Minder Hochreutener**  
Chairwoman of the Nomination & Compensation Committee



**Elisabeth Bourqui**  
Chairwoman of the Audit & Risk Management Committee

## OUR EXECUTIVE BOARD



**Ralf Müller**  
CEO RUAG MRO Holding Ltd



**Andreas Baumann**  
Senior Vice President Business Area Air a.i.



**Hartmut Jäschke**  
Senior Vice President Business Area Ground



**Melanie Gödecke**  
Senior Vice President Business Area Technology & Services



**Helene Müller**  
CHRO



**Christian Priller**  
CFO

Status as of 31 December 2024

## HANDLING OF CONFLICTS OF INTEREST

RUAG has continuously refined its company culture in the past years. Openness, transparency and honesty form the basis of productive collaboration and are at the same time a central component of all business activities. As a reliable security company, RUAG makes sure to consistently observe all regulations and requirements. In this context, the RUAG Code of Conduct plays a key role. It defines the values and principles followed by RUAG – within the company as well as with respect to customers, business partners, suppliers, political institutions, authorities and the owner, the Swiss Confederation.

The RUAG MRO Holding Ltd organizational regulations require that the members of the Board of Directors and of the Executive Board recuse themselves when business matters are discussed that affect their own personal interests or the interests of natural or legal persons close to them. Moreover, they must refrain from any activity that may harm the Group or that may be either in direct or indirect competition with it. For the sake of transparency, the respective members must immediately and actively disclose their personal interests; this duty also applies vis-à-vis our owner. Important conflicts of interest and additional occupations of the members of the Board of Directors and the Executive Board are surveyed and reviewed twice a year. The members of the Board of Directors and the Executive Board are made aware of how to deal with conflicts of interest at least once a year. Furthermore, the additional occupations of all employees were recorded in order to address potential conflicts of interest.

The Nomination Committee (NCC) is tasked with monitoring and checking all additional occupations and interests to ensure that they comply with the company regulations. This check is carried out twice a year.



➤ Board of Directors



➤ Executive Board

Important conflicts of interest of the members of the Board of Directors and the Executive Board are disclosed at [ruag.ch](http://ruag.ch).

## COMPENSATION STRUCTURE

The compensations paid to the members of the Board of Directors (including the Chairman) amounted to CHF 0.47 million (2023: CHF 0.45 million) and CHF 2.15 million (2023: CHF 2.0 million) for the members of the Executive Board (including the CEO).

These compensations paid out in 2024 include the remuneration of the Board of Directors and the gross salaries (incl. variable components for 2023) of the Executive Board, excluding employer contributions to social insurance and occupational pensions as well as fringe benefits.

The upper limit set by the General Assembly for the remuneration of the Board of Directors and the Executive Board was complied with.



# RUAG MRO Holding Ltd

## 2024 Financial Report

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This annual report of the RUAG MRO Holding Group, including the financial report audited by Ernst & Young, has been translated from German into other languages. These translations contain the same information and convey the same meaning as the German annual and financial report. In the event of any inconsistency between the German version of the annual and financial report and that in another language, the German version shall prevail. The unrestricted auditors' reports of Ernst & Young on the financial statements of the RUAG MRO Holding Group and the individual financial statements are attached to the German version only.

**Consolidated balance sheet as at 31 December**  
 in CHF m

	Notes	2024	2023
Cash and cash equivalents	8	144.3	137.9
Current financial assets	9	0.8	0.0
Trade receivables	10	58.7	83.3
Prepayments to suppliers	10	8.8	6.5
Other current receivables	10	0.8	9.1
Prepaid expenses and accrued income		6.6	5.8
Inventories and work in progress	11	232.4	188.4
<b>Current assets</b>		<b>452.5</b>	<b>431.1</b>
Property, plant and equipment	13	224.8	226.9
Investment properties	14	90.3	90.4
Intangible assets	15	29.8	37.5
Associates	16	56.8	55.5
Deferred tax assets	7	0.0	0.3
<b>Non-current assets</b>		<b>401.8</b>	<b>410.6</b>
<b>Total assets</b>		<b>854.3</b>	<b>841.7</b>
Current financial liabilities		13.4	18.5
Trade payables		24.8	27.8
Prepayments from customers		48.0	65.1
Other current liabilities	17	6.8	19.9
Tax liabilities		2.2	5.7
Deferred income and accrued expenses	18	161.0	136.6
Current provisions	19	46.6	49.5
<b>Current liabilities</b>		<b>302.8</b>	<b>323.0</b>
Non-current financial liabilities		-	3.1
Non-current provisions	19	81.5	81.3
Deferred tax liabilities	7	14.1	12.0
<b>Non-current liabilities</b>		<b>95.6</b>	<b>96.4</b>
Share capital		0.1	0.1
Capital reserves		352.8	352.8
Retained earnings		122.0	90.0
Offsetting of goodwill		(14.9)	(14.0)
Other reserves		(0.1)	(2.1)
Cumulative foreign currency translation adjustments		(4.0)	(4.5)
<b>Total equity capital</b>		<b>455.9</b>	<b>422.4</b>
<b>Total liabilities and equity</b>		<b>854.3</b>	<b>841.7</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Consolidated income statement, 1 January to 31 December**  
 in CHF m

	Notes	2024	2023
Net sales from goods and services	4	775.4	741.0
Changes in inventories of semi-finished and finished goods as well as unbilled goods and services		24.4	12.5
Other operating income		0.7	10.5
<b>Operating performance</b>		<b>800.5</b>	<b>764.0</b>
Cost of materials and purchased services		(268.0)	(271.5)
Personnel expenses	5	(393.2)	(363.0)
Other operating expenses	6	(74.1)	(78.0)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>65.2</b>	<b>51.5</b>
Depreciation and impairment of property, plant and equipment / investment properties	13, 14	(28.2)	(28.9)
Depreciation and impairment of intangible assets	15	(7.8)	(0.5)
<b>Earnings before interest and taxes (EBIT)</b>		<b>29.3</b>	<b>22.1</b>
Financial revenue		2.4	0.9
Financial expenses		(1.4)	(2.4)
Share of profit of associates	16	9.6	6.8
<b>Profit before taxes</b>		<b>39.9</b>	<b>27.3</b>
Income taxes	7	(4.4)	(7.2)
<b>Profit</b>		<b>35.5</b>	<b>20.1</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Consolidated statement of cash flows, 1 January to 31 December**  
 in CHF m

	Notes	2024	2023
Profit		35.5	20.1
Depreciation and impairment	13, 14, 15	35.9	29.4
Change in non-current provisions (incl. deferred taxes)		2.5	[0.2]
Share of profit of associates	16	[9.6]	[6.8]
Other non-cash changes		[1.0]	[0.4]
[Gain]/loss on disposal of non-current assets incl. investments		0.0	[9.7]
Change in trade receivables		24.7	[29.3]
Change in inventories and work in progress		[43.9]	[36.5]
Change in prepayments to suppliers		[2.3]	[0.9]
Change in other receivables and prepaid expenses and accrued income		3.8	[5.7]
Change in trade payables		[3.0]	[15.5]
Change in prepayments to customers		[17.1]	13.0
Change in other liabilities and deferred income and accrued expenses		11.5	57.5
Cash flow from operating activities		37.0	15.3
Investments in tangible fixed assets	13	[14.4]	[21.7]
Investments in property, plant and equipment and investment properties	13, 14	[15.7]	[3.4]
Investments in intangible assets	15	[2.6]	[14.6]
Disposal of property, plant and equipment		6.5	0.7
Disposal of investment properties		-	16.5
Acquisition of majority interests less cash and cash equivalents acquired		[3.6]	[16.6]
Dividends received from associates		8.8	3.5
Cash flow from investing activities		[21.0]	[35.6]
Free cash flow		16.0	[20.3]
Change in financial assets		[0.0]	[0.6]
Receipt of current financial liabilities		[4.0]	17.0
Receipt of non-current financial liabilities		[3.0]	3.0
Financial income received		1.9	0.9
Financial expenses paid		[0.9]	[0.5]
Dividends paid to shareholders		[3.5]	[1.6]
Cash flow from financing activities		[9.6]	18.2
Change in cash and cash equivalents before foreign currency translation adjustments		6.4	[2.2]
Cash and cash equivalents at beginning of the year		137.9	140.6
Foreign currency translation adjustments in respect of cash and cash equivalents		0.0	[0.4]
Cash and cash equivalents at end of the year		144.3	137.9

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Consolidated statement of changes in equity**  
 in CHF m

	Share capital	Capital reserves	Retained earnings	Offsetting of goodwill	Other reserves	Cumulative foreign currency translation adjustments	Total equity
Balance as at 1 January 2023	0.1	352.8	71.5	[1.1]	[1.1]	[2.7]	419.4
Profit	-	-	20.1	-	-	-	20.1
Change in hedge accounting in equity	-	-	-	-	[0.9]	-	[0.9]
Currency conversion	-	-	-	-	-	[1.7]	[1.7]
Goodwill	-	-	-	[12.9]	-	-	[12.9]
Profit distribution	-	-	[1.6]	-	-	-	[1.6]
Balance as at 31 December 2023	0.1	352.8	90.0	[14.0]	[2.1]	[4.5]	422.4
Balance as at 1 January 2024	0.1	352.8	90.0	[14.0]	[2.1]	[4.5]	422.4
Profit	-	-	35.5	-	-	-	35.5
Change in hedge accounting in equity	-	-	-	-	2.0	-	2.0
Currency conversion	-	-	-	-	-	0.4	0.4
Goodwill	-	-	-	[0.9]	-	-	[0.9]
Profit distribution	-	-	[3.5]	-	-	-	[3.5]
Balance as at 31 January 2024	0.1	352.8	122.0	[14.9]	[0.1]	[4.0]	455.9

The share capital comprises a total of 1,000 fully paid-up shares with a par value of CHF 100 each. There is no conditional share capital.

Due to rounding differences in the individual items, the totals may differ from the actual value.

## 1 General information: Business activities and relationship with the Swiss Confederation

RUAG MRO Holding Ltd is a public limited company with its registered office in Bern and is wholly owned by the Swiss Confederation. RUAG MRO Holding Ltd and its subsidiaries focus on their core business in security and defense technology with offerings in the military and civil sectors. RUAG MRO Holding Ltd is bound by the owner's strategy of the Swiss Federal Council and its fundamental mission is to equip and maintain the technical systems of the Swiss Armed Forces.

### Relationship with the Swiss Confederation

The Swiss Confederation is the sole shareholder of RUAG MRO Holding Ltd. Under the terms of the Federal Act on Federal Armaments Companies (BGRB), any disposal of the capital or voting majority of the Swiss Confederation to third parties requires the approval of the Swiss parliament. As sole shareholder, the Confederation exercises control over all decisions taken at the General Meeting, including the election and remuneration of members of the Board of Directors and dividend resolutions. Note 25 shows the transactions with the federal government.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

RUAG MRO Holding Ltd's consolidated financial statements have been prepared in accordance with the guidelines of the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER). Furthermore, the provisions of Swiss company law were complied with. The reporting period covers twelve months. The company's reporting currency is the Swiss franc (CHF). The balance sheet is structured according to maturities.

Current assets include assets that

- are realized within 12 months after the balance sheet date, or are sold or consumed as part of operational activities or
- that are held for trading purposes, as well as
- cash and cash equivalents.

All other assets are non-current assets.

Current liabilities include liabilities

- that must be settled within 12 months after the balance sheet date or
- where a cash outflow is probable within the scope of operational activities or
- if they are held for trading purposes.

All other liabilities are non-current liabilities.

The consolidated income statement is prepared using the total cost method.

Items are measured at historical cost, unless a recommendation requires a different valuation basis for a line item.

Preparation of the consolidated financial statements in accordance with the Swiss GAAP FER recommendations to some extent requires the use of estimates and assumptions. These have an impact on the recognized assets and liabilities, the application of accounting policies, the disclosure of contingent assets and liabilities at the end of the reporting period and the reporting of income and expenses during the reporting period. Even though these estimates and assumptions are based on the most recent knowledge of the management regarding current developments and events, the actual results may differ. Areas with particular complexity or those in which more extensive estimates and assumptions are necessary or where the assumptions and estimates made have a significant impact on the consolidated financial statements are presented in the respective notes.

### 2.2 Definition of non-Swiss GAAP FER compliant key performance indicators

The operating income sub-total shown separately in the consolidated financial statements contains all operating income, own work capitalized including changes in inventories and work in progress.

EBITDA corresponds to the earnings before interest and taxes (EBIT) before depreciation and impairment of property, plant and equipment, investment properties and intangible assets and is reported separately in the consolidated income statement.

The free cash flow comprises the cash flow from operating activities and the cash flow from investing activities and is shown separately in the consolidated statement of cash flows.

### 2.3 Principles and scope of consolidation

RUAG MRO Holding Ltd's annual consolidated financial statements include subsidiaries where RUAG MRO Holding Ltd is effectively able to control the financial and operating policies. For control to exist, the investor must have power, exposure or rights to variable returns and the ability to combine those requirements, that is the ability to use its power to affect the variable returns. This is usually the case if RUAG MRO Holding Ltd directly or indirectly holds the majority of the voting power or the potential voting rights of the entity. The assets, liabilities, equity, income and expenses of fully consolidated subsidiary companies are included in their entirety in the consolidated financial statements. Non-controlling interests in equity and net profit are stated separately. Subsidiaries and affiliates are consolidated with effect from the date of their acquisition or on their formation, and eliminated from the consolidated financial statements in the event of a loss of control. Changes to investments in subsidiary companies are recognized as equity transactions insofar as these subsidiary companies were previously

controlled and continue to be controlled. Intra-Group receivables, liabilities, expenses and income, as well as unrealized intercompany profits, are fully eliminated on consolidation.

The consolidated financial statements are based on the individual financial statements of the Group companies prepared in accordance with uniform principles. All subsidiaries included in the consolidated financial statements have 31 December as their reporting date.

Associates where RUAG MRO Holding Ltd exerts a significant influence (normally 20–50% of the voting rights are held directly or indirectly), but which the Group does not control, are recognized using the equity method. Initial recognition on acquisition is at purchase price, in the case of negative goodwill at fair value. When measured subsequently, the carrying amount of the investment is adjusted to take account of the share of profit or loss less the share of the profit distribution. These investments are reported under "Associates".

Investments where RUAG MRO Holding Ltd does not exercise significant influence (less than 20% of the voting rights are held directly or indirectly) are stated at historical cost less any valuation allowances. In the reporting year (as in the previous year), RUAG MRO Holding Ltd held no such investments.

### 2.4 Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the date of the transaction. Foreign currency receivables and payables (monetary items) are translated at the year-end exchange rate on the balance sheet date. The resulting exchange differences are recognized in profit or loss.

Assets and liabilities of foreign subsidiaries with a functional currency other than Swiss francs and associated companies are translated on consolidation at the year-end exchange rate. Equity is translated at historical rates. The consolidated income statement and the consolidated cash flow statements are translated at the average exchange rate for the reporting period. Exchange differences arising from the conversion of the annual statements of subsidiaries or associates are recognized directly in consolidated equity and reported separately as cumulative foreign currency translation adjustments. In the event of the disposal (to the extent that this leads to the loss of control or significant consolidated influence) of a foreign subsidiary or associate, the cumulative foreign currency translation adjustments previously recognized in consolidated equity are transferred to the consolidated income statement as a component of the gain or loss on disposals.

The differences of the reporting period arising from the translation of consolidated equity and non-current intercompany financing campaigns in connection with net investments in

foreign subsidiaries, retained earnings and other equity items are included in cumulative foreign currency translation adjustments in equity.

In these consolidated financial statements, the significant currencies were translated at the following rates in the reporting year:

### Currency exchange rates

Currency	Unit	Annual average 2024	Year-end closing rate 2024	Annual average 2023	Year-end closing rate 2023
Euro	EUR	1	0.93	0.94	0.97
US dollar	USD	1	0.89	0.91	0.90

### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash and the balances in postal checking and demand deposit accounts with financial institutions. They also include term deposits held with financial institutions and short-term money market investments that have a remaining term of no more than three months as of the balance sheet date. This definition is also used for the statement of cash flows. Cash and cash equivalents are recognized at amortized cost.

### 2.6 Financial assets

Current financial assets comprise term deposits held with financial institutions and short-term money market investments that are held for trading or due within one year. See Note 2.21 for the presentation of derivative financial instruments.

### 2.7 Receivables and prepayments

Receivables and prepayments are recognized at nominal value less allowances for doubtful accounts. The valuation allowances are estimated on the basis of an analysis of the actual exposure to losses from receivables outstanding at the end of the reporting period. The valuation allowances consist of specific valuation allowances for specifically identified items and general valuation allowances. Receivables and prepayments judged to be nonrecoverable are charged to profit or loss.

### 2.8 Inventories and work in progress

Inventories are valued at acquisition or production cost or – if lower – at net market value. Discounts are treated as reductions in acquisition cost. The acquisition and production costs include all costs for acquisition and production, including proportional production overheads. All foreseeable exposures to loss from work in progress are accounted for by recognizing economically reasonable valuation allowances. Inventories are valued using the weighted average method or standard cost accounting. The standard costs that are determined are regularly monitored and,

if any major discrepancies are observed, adjusted to the latest conditions. For inventories that are difficult to sell or inventories with lower turnover, value adjustments are made. Inventories that cannot be sold are fully impaired.

Work in progress is recognized in the consolidated financial statements using the percentage of completion method (POCM), provided that the relevant requirements are met. Services rendered, costs incurred and profits, if any, are recognized by reference to the stage of completion. The percentage of completion is generally calculated by comparing the costs incurred and the expected costs of the entire contract (cost-to-cost method). If the conditions for the application of the POCM are not met, sales are recognized to the extent of the recoverable expenses incurred (without recognition of profit). Recognizable losses and unrecoverable expenses are immediately charged to profit or loss for the period.

### 2.9 Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment. Repair and maintenance costs are stated as an expense. Major renovations and other value enhancing costs are capitalized and depreciated over their estimated useful life. The carrying amount of the replaced parts is written off. Items are depreciated on a straight-line basis, with the exception of land, which is not depreciated and is recognized at cost. Anticipated additional costs associated with the disposal of contaminants in connection with the dismantling of buildings are capitalized as non-current assets and depreciated over the expected period of dismantling of buildings.

The estimated useful lives for the main classes of property, plant and equipment are:

Category	Operating life in years
Machinery and technical equipment	8 to 12
Fixtures and fittings	10
IT	3
Vehicles	5 to 10
Assets under lease	3 to 12
Property, plant and equipment (excluding land)	10 to 60

The useful lives are reviewed at least once a year at the end of the reporting period and adjusted where necessary.

### 2.10 Leases

All lease transactions are classified as operating leases.

### 2.11 Investment properties

Investment properties are measured at cost minus accumulated depreciation and impairment. Repair and maintenance costs are stated as an expense. Major renovations and other value enhancing costs are capitalized and depreciated over their estimated useful life. Investment properties are depreciated on a straight-line basis

over a useful life of 40 to 60 years with the exception of land, which is not depreciated and is recognized at cost.

Majority leased sites to third parties are classified as investment properties.

### 2.12 Intangible assets and goodwill

Intangible assets have a finite useful life and are recognized at cost less accumulated depreciation and impairment. Intangible assets acquired separately in business combinations are recognized at their acquisition-date fair value less any necessary value adjustments.

Capitalization of development costs is reviewed on a case-by-case basis. Development costs are only recognized as intangible assets if an intangible asset is identifiable, the entity believes it can demonstrate the technical feasibility and ability to complete and use the asset, the asset is expected to generate future economic benefits and the cost of the asset can be reliably determined. Capitalized development costs are measured at cost less accumulated depreciation and accumulated impairment losses. Research expenses are not capitalized and are expensed as incurred.

Items are amortized on a straight-line basis over the following estimated useful lives:

Category	Operating life in years
Patents and developments	5 to 15
Trademarks, patterns, models, plans	3 to 8
ERP systems	5
Licenses, concessions, rights of use and rights to the company's name	1 to 10

The useful lives are reviewed at least once a year at the end of the reporting period and adjusted where necessary.

Business combinations are accounted for using the acquisition method. The cost is recognized at the fair value of the consideration at the transaction date. Identifiable assets acquired and liabilities and contingent liabilities assumed are recognized in the balance sheet at their acquisition-date fair value, irrespective of the extent of any non-controlling interest. Transaction costs are recognized as expenses in the consolidated income statement. The acquisition costs exceeding the net assets recognized at fair value (goodwill) are offset against consolidated equity at the time of acquisition. If the purchase price contains elements that depend on future events, these are estimated and recognized as accurately as possible at the time of acquisition. Changes in contingent purchase price components lead to an adjustment of the goodwill offset against equity. The impact of the goodwill being theoretically capitalized (acquisition cost, residual value, useful life, amortization) and any potential impairment are shown in the notes to the consolidated financial statements. Negative goodwill is also offset against consolidated equity. When a company is sold, the goodwill previously

recorded under equity will be booked out and then recognized in the consolidated income statement as a component of the gain or loss on disposals.

Purchase price components (earn-out) that are dependent on future earnings and whose cash outflow is probable are part of the acquisition costs at the time of acquisition. The earn-out is subsequently measured on the respective balance sheet date. A change leads to an adjustment of the goodwill offset against consolidated equity.

### 2.13 Impairment

If there are indications of impairment of property, plant and equipment, investment properties or intangible assets, the recoverability is tested as of the balance sheet date. If the carrying amount exceeds the higher of net fair value and value in use, an impairment loss for the difference is recognized as an expense.

### 2.14 Liabilities

Liabilities are recognized at nominal value.

### 2.15 Accruals and deferrals

Prepaid expenses and accrued income as well as accrued expenses and deferred income are used to recognize expenses and income on an accrual basis.

### 2.16 Provisions

Provisions are recognized where, due to a past event, RUAG MRO Holding Ltd

- has a present legal or constructive obligation;
- it is likely that an outflow of resources embodying economic benefits will be required to settle the liability
- and a reliable estimate can be made of the amount of the liability.

Provisions are discounted if the effect of discounting is material.

**Provisions for contract losses** Losses arising from long-term construction and service contracts are recorded immediately and in full in the financial year in which the losses are identified.

**Provisions for warranties** Provisions for warranties are recognized based on the sales revenue to which warranty obligations relate and the goods and services provided in the past.

**Provisions for staff** Employees' entitlements to leave and overtime credits are calculated at the end of the reporting period and accounted for on an accrual basis. Other long-term employee benefits include long-service awards. These are calculated using the projected unit credit method.

**Provisions for asset retirement obligations** Expected additional costs for the disposal of contaminants in the real estate area.

**Other provisions** Other provisions contain the risks not covered in the above provisions (environmental risks, litigation risks, etc.).

### 2.17 Employee benefit obligations

In accordance with Swiss statutory regulations, RUAG MRO Holding Ltd has pension plans for its employees managed in a collective foundation that is financially independent of the Group. They are financed via employee and employer contributions.

The economic impacts of the pension plans are assessed on an annual basis. Any excesses/shortfalls are determined on the basis of the annual financial statements of the corresponding pension funds; such calculations are based on Swiss GAAP FER 26 (Swissplans).

An economic benefit is only capitalized if this is permitted and where the intention is,

- to use the net obligation to reduce employer contributions,
- to refund it to the employer in line with local legislation; or
- to use it in another way that would economically benefit the employer outside of the benefits in line with the regulations.

An economic liability is recognized if the conditions for creating a provision are met under Swiss GAAP FER 23. This is recognized under employee benefit obligations.

Changes to an economic benefit or liability are recognized in the income statement in the same way as for the contributions made for the period. Any impact on income of foreign pension plans is recorded in the operating result under personnel expenses.

### 2.18 Current and deferred income taxes

Income taxes include all current and deferred taxes that are based on income. They are recognized in profit or loss except to the extent that they relate to a business combination or to an item recognized directly in equity. Taxes that are not based on income, such as taxes on real estate and capital, are recognized under "Other operating expenses".

Current income taxes comprise the taxes expected to be payable in respect of taxable income, calculated at the tax rates that are applicable or are announced as of the balance sheet date, and any adjustments to the tax liability in respect of prior periods.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for consolidation purposes and the amounts used for tax purposes. Deferred taxes are not recognized for:

- temporary differences when recognizing assets and liabilities for the first time in relation to transactions that do not impact net profit or taxable income; and
- temporary differences in relation to stakes in subsidiaries and associates, provided the Group is able to control the period of time over which these differences will be reversed and it is likely that they will not be reversed in the foreseeable future.

Deferred taxes are measured taking into account when and how the assets and liabilities concerned are expected to be realized or settled. In this regard, tax rates apply that are applicable or are announced as of the balance sheet date. Deferred taxes are included in non-current assets (deferred tax assets) or non-current liabilities (deferred tax liabilities). Deferred tax assets for unused tax losses and deductible temporary differences are recognized to the extent that there are likely to be future profits against which they can be used. The tax rates are based on the actual tax rates and the tax rates expected to apply at the legal entities in question.

### 2.19 Net sales from goods and services

Net sales from goods and services include the value of the consideration received from the sale of goods and the rendering of services by RUAG MRO Holding Ltd in its ordinary business operations. The amount is shown after any deductions for value added tax, price reductions, rebates and discounts. RUAG MRO Holding Ltd records its sales when the amounts can be measured reliably and future cash flows are likely.

Net sales from goods and services consist of "invoiced sales" plus "change in contracts under the percentage of completion (POC) method". The "invoiced sales" include invoiced amounts for goods and services already provided in the period, while the "change in contracts under the percentage of completion (POC) method" includes the services already provided under current production and service contracts and measured using the percentage of completion method (see Note 2.8 on total inventories and work in progress).

### 2.20 Related party transactions

The Swiss Confederation is considered a related party. Significant transactions with the Swiss Confederation and entities controlled by it include business relationships with the Swiss Federal Department of Defense, Civil Protection and Sport (DDPS) and the sister group RUAG International Holding Ltd.

RUAG MRO Holding Ltd provides maintenance services and produces defense equipment for the DDPS and procures services from the same. The DDPS is RUAG MRO Holding Ltd's largest customer. The procurement contracts awarded by the DDPS for defense products and services are subject to civil law. The process of awarding such contracts is subject to the Swiss Confederation's provisions regarding public procurement. These provisions apply to all suppliers of goods and services, and are based on the principle of free competition.

### 2.21 Derivative financial instruments

All open derivatives are recognized at fair value at the balance sheet date and are included gross in current or non-current financial assets or liabilities. Changes in the fair value of derivatives used to hedge recognized underlying transactions are accounted for in the same way as the underlying transaction. Changes in the fair value of derivatives used to hedge future cash flows are recognized directly in consolidated equity until the underlying transaction is settled. At the time of the realization of the underlying transaction, the gain or loss on the derivative recognized in consolidated equity is transferred to the consolidated income statement.

## 3 Consolidated companies and associates

Company	Registered office	Country		Share capital (100%)	Capital and voting share 31.12.2024	Capital and voting share 31.12.2023	Consolidation method
RUAG MRO Holding Ltd	Bern	Switzerland	CHF	100,000			full
<b>Consolidated companies</b>							
RUAG Ltd	Emmen	Switzerland	CHF	100,000	100.0%	100.0%	full
RUAG Real Estate Ltd	Bern	Switzerland	CHF	8,000,000	100.0%	100.0%	full
Swiss Innovation Forces Ltd	Thun	Switzerland	CHF	100,000	100.0%	100.0%	full
RUAG GmbH	Kassel	Germany	EUR	100,000	100.0%	100.0%	full
RUAG Inc.	Berlin, CT	USA	USD	1,500	100.0%	100.0%	full
CyOne Security Ltd	Steinhausen	Switzerland	CHF	100,000	100.0%	100.0%	full
<b>Associates</b>							
Nitrochemie Wimmis Ltd	Wimmis	Switzerland	CHF	25,000,000	45.0%	45.0%	equity
Nitrochemie Aschau GmbH	Aschau	Germany	EUR	7,700,000	45.0%	45.0%	equity

### Changes in the scope of consolidation

**Acquisition of CyOne Security Ltd** CyOne Security Ltd was acquired on 1 July 2023 (see Note 25).

**4 Net sales from goods and services**

in CHF m

	2024	2023
Invoiced net sales from goods and services	786.4	729.8
Change in contracts under the percentage of completion (POC) method *	[11.0]	11.1
<b>Total net sales from goods and services</b>	<b>775.4</b>	<b>741.0</b>

\*See Note 12

**Analysis of invoiced net sales from goods and services**

	2024	2023
DDPS	556.9	512.4
Other	229.5	217.5
<b>Invoiced net sales from goods and services by customer group</b>	<b>786.4</b>	<b>729.8</b>
of which real estate	48.3	54.3

Aside from the DDPS, RUAG MRO Holding Ltd has no other customer relationships accounting for more than 10% of net sales from goods and services. RUAG Real Estate Ltd accounted for 6.2% of net sales from goods and services in the reporting year (previous year: 5.2%).

	2024	2023
Switzerland	642.4	597.3
Europe	101.7	74.3
North America	21.3	30.3
Middle East	14.0	11.0
Other	7.0	16.9
<b>Invoiced sales by region</b>	<b>786.4</b>	<b>729.8</b>

Net sales from goods and services in the Europe region mainly relate to Germany.

**5 Personnel expenses**

in CHF m

	2024	2023
Wages and salaries	[305.4]	[283.9]
Benefit plan expenses	[30.6]	[29.0]
Other social security expenses	[28.5]	[26.9]
External personnel	[21.6]	[9.7]
Other personnel expenses	[7.2]	[13.7]
<b>Total personnel expenses</b>	<b>[393.2]</b>	<b>[363.0]</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

**6 Other operating expenses**

in CHF m

	2024	2023
Premises costs	[1.0]	[0.5]
Maintenance and repairs of property, plant and equipment	[12.6]	[20.7]
Cost of energy and waste disposal	[0.0]	[1.9]
Property insurance and levies	[3.1]	[2.8]
Administration and IT costs	[37.6]	[29.3]
Advertising expenses	[5.3]	[6.0]
Other operating expenses	[14.4]	[16.8]
<b>Total other operating expenses</b>	<b>[74.1]</b>	<b>[78.0]</b>

**7 Income taxes**

in CHF m

	2024	2023
Current income taxes	[2.4]	[4.6]
Deferred income taxes	[2.0]	[2.6]
<b>Total income taxes</b>	<b>[4.4]</b>	<b>[7.2]</b>

**Deferred tax assets and liabilities**

in CHF m

	2024	2023
Total deferred taxes at 1 January	[11.7]	[9.1]
Changes recognized in profit or loss	[2.0]	[2.6]
Changes in equity with no impact on profit or loss	[0.3]	0.0
Foreign currency translation adjustments	0.0	[0.0]
<b>Total deferred taxes at 31 December</b>	<b>[14.0]</b>	<b>[11.7]</b>
of which deferred tax assets	0.0	0.3
of which deferred tax liabilities	[14.0]	[12.0]
Expected weighted tax rate	20.0%	17.6%
Effective income tax rate	11.0%	27.6%

Deferred taxes are calculated on the basis of the expected country-specific tax rates applicable at the individual companies for the relevant expected country-specific tax assets and liabilities.

The deferred income tax asset for unused tax loss carryforwards amounts to CHF 0.3 million (previous year: CHF 3.2 million).

As a multinational group, the RUAG MRO Group has exceeded revenue of EUR 750 million for the first time in the past two years (2023 and 2024) and will therefore be subject to the BEPS Pillar Two minimum taxation rules from 2025, in accordance with the OECD's BEPS Pillar Two model rules. Under the new rules, the RUAG MRO Group is required to pay a minimum taxation of 15 per cent on profits earned in each jurisdiction in which it operates. The model rules were

adopted by a large number of jurisdictions in 2023 and came into force on 1 January 2024. Switzerland adopted Pillar Two through a constitutional amendment and an associated ordinance, which has been in force since 1 January 2024.

The RUAG MRO Group does not currently expect any potential additional tax charge under Pillar Two. However, a final assessment of the impact of the BEPS Pillar Two model rules on the Group tax rate and tax charge in 2025 will not be available until the first half of the 2025 financial year.

Furthermore, the RUAG MRO Group has decided not to recognize any additional deferred taxes in connection with the implementation of the BEPS Pillar Two model rules.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**8 Cash and cash equivalents**

in CHF m

	2024	2023
Cash on hand	0.0	0.0
Demand deposits with financial institutions	101.3	96.9
Money market investments	43.0	41.0
<b>Total cash and cash equivalents</b>	<b>144.3</b>	<b>137.9</b>

**9 Financial assets****Current financial assets**

in CHF m

	2024	2023
Derivative financial instruments	0.8	0.0
<b>Total current financial assets</b>	<b>0.8</b>	<b>0.0</b>

**10 Trade receivables, prepayments to suppliers and other current receivables**

in CHF m

	2024	2023
Trade receivables	65.6	91.8
Valuation allowances	[6.8]	[8.5]
<b>Total trade receivables</b>	<b>58.7</b>	<b>83.3</b>
Current receivables from government agencies	0.5	8.3
Other current receivables	0.3	0.8
<b>Total other current receivables</b>	<b>0.8</b>	<b>9.1</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

**11 Inventories and work in progress**

in CHF m

	2024	2023
Raw materials and supplies	154.5	98.6
Work in progress at cost of conversion	63.6	32.7
Work in progress [percentage of completion] <sup>1</sup>	59.7	53.1
Semi-finished goods	0.1	46.5
Finished goods	0.0	3.0
Valuation allowances	[45.3]	[45.4]
<b>Total inventories and work in progress</b>	<b>232.4</b>	<b>188.4</b>

<sup>1</sup> The key figures for work in progress, which is measured using the percentage of completion method, are explained in further detail in Note 12.

The RUAG MRO Holding Ltd Group has a stockpile for several years of operating materials and consumables for various aviation systems of the Swiss Armed Forces. This stockpile is held expressly in accordance with the requirements of the DDPS.

If individual systems are decommissioned and this results in the need for a valuation adjustment, the residual values can be claimed from the DDPS.

**12 Long-term contracts under the percentage of completion method (POCM)**

in CHF m

	2024	2023
Net sales from goods and services from long-term contracts under POCM	511.1	490.6
Advances received from customers relating to POC contracts	1.2	6.6

Due to rounding differences in the individual items, the totals may differ from the actual value.

**13 Property, plant and equipment**

in CHF m

	Machinery and technical equipment	Other property, plant and equipment <sup>1</sup>	Land <sup>2</sup>	Buildings	Assets under construction	Total property, plant and equipment
<b>At cost</b>						
Balance as at 1 January 2023	106.5	95.6	42.1	442.8	23.2	710.1
Additions to the scope of consolidation <sup>3</sup>	-	0.4	-	-	-	0.4
Accruals	8.8	2.9	-	0.5	9.6	21.7
Disposals	[1.3]	[2.9]	[6.6]	[8.2]	0.0	[19.0]
Reclassifications	0.6	[0.1]	-	12.9	[13.8]	[0.3]
Foreign currency translation adjustments	[0.0]	[0.0]	-	[0.0]	-	[0.0]
Balance as at 31 December 2023	114.6	96.0	35.5	447.9	19.0	713.0

**Accumulated amortization**

Balance as at 1 January 2023	81.6	60.0	-	334.6	[0.0]	476.2
Additions to the scope of consolidation <sup>3</sup>	-	-	-	-	-	-
Scheduled depreciation	4.8	6.5	-	10.4	-	21.7
Disposals	[1.3]	[2.4]	-	[8.0]	0.0	[11.6]
Reclassifications	-	0.1	-	[0.1]	-	[0.1]
Foreign currency translation adjustments	[0.0]	[0.0]	-	[0.0]	-	[0.0]
Balance as at 31 December 2023	85.1	64.1	-	336.9	-	486.1

**At cost**

Balance as at 1 January 2024	114.6	96.0	35.5	447.9	19.0	713.0
Accruals	0.1	14.4	-	0.4	8.7	23.5
Disposals	[1.9]	[5.0]	-	[2.0]	-	[8.9]
Reclassifications	8.3	[5.9]	-	8.6	[10.3]	0.7
Foreign currency translation adjustments	0.0	0.0	-	0.0	-	0.0
Balance as at 31 December 2024	121.1	99.5	35.5	454.9	17.4	728.4

**Accumulated amortization**

Balance as at 1 January 2024	85.1	64.1	-	336.9	-	486.1
Scheduled depreciation	5.1	6.3	-	10.0	-	21.4
Impairment	-	-	-	-	-	-
Disposals	[1.8]	[1.6]	-	[2.0]	-	[5.3]
Reclassifications	3.3	[1.8]	-	-	-	1.4
Foreign currency translation adjustments	0.0	0.0	-	0.0	-	0.0
Balance as at 31 December 2024	91.6	67.1	-	344.9	-	503.6

**Balance sheet values**

as at 1 January 2023	24.9	35.5	42.1	108.2	23.2	233.9
as at 31 December 2023	29.5	31.8	35.5	111.1	19.0	226.9
as at 31 December 2024	29.5	32.4	35.5	110.0	17.4	224.8

<sup>1</sup> Fixtures and fittings, IT, contract-financed property, plant and equipment and vehicles<sup>2</sup> As at 31 December 2024, the carrying amounts of undeveloped land amounted to CHF 2.0 million (previous year: CHF 2.0 million).<sup>3</sup> With the purchase of CyOne Security Ltd in 2023, other property, plant and equipment totaling CHF 0.4 million was acquired.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**14 Investment properties**

in CHF m

	2024	2023
<b>At cost</b>		
Balance as at 1 January	374.1	375.6
Accruals <sup>1</sup>	6.6	3.4
Disposals <sup>2</sup>	[0.7]	[5.3]
Reclassifications	0.1	0.4
Balance as at 31 December	380.1	374.1

**Accumulated amortization**

Balance as at 1 January	283.7	281.5
Scheduled depreciation	6.8	7.3
Disposals	[0.7]	[5.2]
Reclassifications	-	0.1
Balance as at 31 December	289.8	283.7

**Balance sheet values**

as at 1 January	90.4	94.1
as at 31 December	90.3	90.4

<sup>1</sup> The accruals in the reporting year relate to value-enhancing major renovations as well as extensions and conversions.<sup>2</sup> The disposal relates to the sale of part of the property in Stans. In 2024, the disposals relate to refurbishment measures and extensions and conversions.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**15 Intangible assets**

in CHF m

	Patents and developments	Licenses and rights	Order backlog and customer relationships	Intangible work in progress <sup>2</sup>	Total intangible assets
<b>At cost</b>					
Balance as at 1 January 2023	1.0	3.6	22.4	22.9	49.9
Accruals <sup>1</sup>	3.1	-	-	11.5	14.6
Disposals	[0.9]	[0.3]	-	-	[1.2]
Reclassifications	-	1.3	-	[1.4]	[0.1]
Foreign currency translation adjustments	[0.0]	[0.0]	[0.2]	-	[0.2]
Balance as at 31 December 2023	3.1	4.7	22.3	33.0	63.1

**Accumulated amortization**

Balance as at 1 January 2023	1.0	3.0	22.4	-	26.4
Scheduled depreciation	-	0.5	-	-	0.5
Disposals	[0.9]	[0.3]	-	-	[1.2]
Foreign currency translation adjustments	[0.0]	[0.0]	[0.2]	-	[0.2]
Balance as at 31 December 2023	0.0	3.3	22.3	-	25.6

**At cost**

Balance as at 1 January 2024	3.1	4.7	22.3	33.0	63.1
Accruals <sup>1</sup>	-	-	-	2.6	2.6
Disposals	[3.0]	-	-	-	[3.0]
Reclassifications	-	36.2	-	[35.6]	0.5
Foreign currency translation adjustments	0.0	0.0	0.0	-	0.0
Balance as at 31 December 2024	0.1	40.9	22.3	-	63.2

**Accumulated amortization**

Balance as at 1 January 2024	0.0	3.3	22.3	-	25.6
Scheduled depreciation	-	7.8	-	-	7.8
Reclassifications	[0.0]	0.0	-	-	-
Foreign currency translation adjustments	0.0	0.0	0.0	-	0.0
Balance as at 31 December 2024	0.1	11.0	22.3	-	33.4

**Balance sheet values**

as at 31 December 2023	3.1	1.4	-	33.0	37.5
as at 31 December 2024	0.0	29.8	-	-	29.8

<sup>1</sup> The accruals are mainly attributable to the project for the development and introduction of the new SAP S/4HANA ERP system. With the go-live in 2024, the intangible works in progress were reclassified to licenses and rights.

<sup>2</sup> The share of internally generated intangible assets amounts to CHF 13 million (previous year: CHF 12.2 million).

The scheduled depreciation and impairment of intangible assets are reported in the consolidated income statement under "Depreciation and impairment of intangible assets".

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Goodwill** The goodwill from acquisitions is offset directly against the consolidated equity at the time of acquisition. The theoretical capitalization, based on a useful life of five years, would have the following impact on the consolidated financial statements:

**Theoretical movement schedule for goodwill**

in CHF m

	2024	2023
<b>At cost</b>		
Balance as at 1 January	14.0	1.1
Accruals <sup>1</sup>	0.9	12.9
Balance as at 31 December	14.9	14.0

**Accumulated amortization**

Balance as at 1 January	2.3	1.1
Theoretical scheduled depreciation	2.8	1.3
Balance as at 31 December	5.1	2.3

**Theoretical net book value**

Balance as at 1 January	11.6	-
Balance as at 31 December	9.7	11.6

<sup>1</sup> The acquisition of CyOne Security Ltd resulted in goodwill of CHF 13.8 million, which was offset against consolidated equity. A theoretical useful life of 5 years means a theoretical scheduled depreciation of CHF 3.0 million (2023: CHF 1.3 million).

**16 Associates**

in CHF m

	2024	2023
Book value of interests in associates as at 1 January	55.5	54.2
Share in profit of associates	9.6	6.8
Dividends	[8.8]	[3.8]
Foreign currency translation adjustments	0.4	[1.6]
Book value of interests in associates as at 31 December	56.8	55.5

**17 Other current liabilities**

in CHF m

	2024	2023
vis-à-vis third parties	0.2	3.0
vis-à-vis government bodies	6.6	16.8
vis-à-vis pension schemes	0.1	0.1
Total other current liabilities	6.8	19.9

Due to rounding differences in the individual items, the totals may differ from the actual value.

**18 Deferred income and accrued expenses**

in CHF m

	2024	2023
Deferred income and accrued expenses for POC contracts	116.7	92.9
Income relating to future periods	0.6	0.4
Outstanding trade accounts payable	14.5	30.6
Personnel-related accrued expenses	12.0	11.5
Other deferred income and accrued expenses	17.2	1.1
<b>Total deferred income and accrued expenses</b>	<b>161.0</b>	<b>136.6</b>

**19 Provisions**

in CHF m

	Contract losses	Warranties	Personnel	Asset retirement obligations	Other	Total provisions
Balance at 1 January 2023	10.9	4.5	13.6	75.5	8.2	112.7
Additions to the scope of consolidation	-	-	0.8	-	-	0.8
Additions	3.8	3.3	9.9	0.6	18.4	35.9
Reversals	(0.3)	(0.9)	(0.2)	(1.9)	(1.9)	(5.3)
Use of provisions	(0.6)	(1.2)	(7.0)	(0.3)	(4.2)	(13.2)
Balance at 31 December 2023	13.8	5.7	17.0	73.9	20.5	130.8
Current provisions	13.7	5.7	11.0	-	19.0	49.5
Non-current provisions	0.0	-	5.9	73.9	1.5	81.3

Balance at 1 January 2024	13.8	5.7	17.0	73.9	20.5	130.8
Additions	9.2	0.1	13.1	0.5	7.2	30.2
Reversals	(0.0)	(2.0)	-	-	(3.6)	(5.6)
Use of provisions	(10.9)	(0.9)	(13.2)	(0.5)	(2.0)	(27.4)
Balance at 31 December 2024	12.1	2.9	16.9	74.0	22.1	128.0
Current provisions	12.1	2.9	10.5	-	21.0	46.6
Non-current provisions	-	-	6.4	74.0	1.1	81.5

In the reporting year, the following significant events led to changes in the respective provision categories:

**Provisions for asset retirement obligations** The additions correspond to the discounting of the provision at 0.75%.

**Other provisions** This item includes, among other things, provisions for environmental and litigation risks in the amount of CHF 17.2 million and provisions in connection with the transformation to the new organizational structure of CHF 1.8 million.

At the time of reporting, the investigation commissioned by the Board of Directors and conducted by the Swiss Federal Audit Office (SFAO) in collaboration with the law firm Niederer, Kraft, Frey is ongoing. A total of three SFAO reports were published on 25 February 2025. Based on current knowledge, management has not set up any provisions in this regard. Whether further charges could arise from the investigations is currently deemed unlikely, but cannot be ruled out based on current knowledge.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**20 Financial liabilities**

in CHF m

Current financial liabilities	2024	2023
Bank liabilities	13.0	17.0
Liabilities from hedge accounting	0.4	1.5
<b>Total current financial liabilities</b>	<b>13.4</b>	<b>18.5</b>

**Non-current financial liabilities**

	2024	2023
Bank liabilities	-	3.1
Liabilities from hedge accounting	0.0	-
<b>Total non-current financial liabilities</b>	<b>0.0</b>	<b>3.1</b>

**21 Employee benefit obligations**

All employees of the RUAG MRO Holding Ltd Group in Switzerland are insured against the risks of old age, death and disability with the Livica Collective Foundation. The Livica Collective Foundation is a partly autonomous pension fund set up in line with the Swiss defined contribution system. It has the legal status of a foundation. In addition to the compulsory benefits, the pension fund also provides benefits over and above the compulsory minimum under the Swiss Occupational Pensions Act (BVG) (comprehensive fund). There is congruent reinsurance for the risks of death and disability. A company is affiliated in accordance with the pension fund regulations on the basis of a written affiliation agreement, of which the supervisory authority must be advised. In principle, the affiliated company forms its own pension fund within the foundation. The Livica Collective Foundation is registered with and regulated by the Bernische BVG- und Stiftungsaufsicht ("Bern supervisory authority

for occupational pension funds and foundations"). The Livica Collective Foundation is subject to the legal provisions of the BVG. Under those provisions, the management body of the pension fund is also responsible for ensuring that, in the event of a net obligation, restructuring measures are decided on and implemented so as to restore the funding level of future employee benefits to 100% within a reasonable period. These measures include making additional contributions to restructure the fund. Key decisions concerning the benefits of the individual pension funds are made by the pension fund commissions, which are composed of equal numbers of employee and employer representatives.

The following table shows the economic benefit and economic liability at the end of the reporting year and the corresponding development of benefit plan expenses:

	2024 Surplus/deficit	2024 Economic benefit/liability	2023 Economic benefit/liability	2024 Contributions accrued for the period	2024 Expense of benefit plans in personnel expenses	2023 Expense of benefit plans in personnel expenses
Benefit plans without surplus/deficit	-	-	-	-	30.6	29.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30.6</b>	<b>29.0</b>

At the end of the reporting year and the previous year, there were no employer contribution reserves.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**22 Off-balance sheet business**

in CHF m

	2024	2023
Contingent liabilities	20.5	5.3
Additional liabilities not stated on the balance sheet	3.3	4.8

Contingent liabilities mainly include performance guarantees to customers in connection with operating activities.

Additional liabilities not stated on the balance sheet include delivery and acceptance obligations, investment obligations and agreed contractual penalties.

**23 Operating leases**

in CHF m

	2024	2023
Less than 1 year	4.5	2.9
1 to 5 years	13.7	8.5
More than 5 years	9.4	7.9
Total	27.6	19.3

**24 Derivative financial instruments**

in CHF m

	2024	2023
Foreign exchange hedging contracts (purchase of currencies)	(31.8)	(52.5)
Positive replacement values	0.4	0.0
Negative replacement values	(0.0)	(1.5)

The contracts were concluded to hedge currency risks arising from operating activities in various currencies.

**25 Related party transactions**

in CHF m

	2024	2023
Net sales from goods and services	562.6	524.3
Cost of materials and purchased services	3.5	3.2
Trade receivables	10.5	39.8
Trade payables	0.5	5.0
Prepayments from customers	7.8	4.5

**RUAG International Holding Ltd**

Net sales from goods and services	5.8	11.9
Cost of materials and purchased services	1.1	0.9
Trade receivables	0.5	0.5
Trade accounts payable	-	-

Net sales from goods and services with the Swiss Federal Department of Defense, Civil Protection and Sport (DDPS) amount to CHF 556.9 million (2023: CHF 512.4 million) and relate to the equipping and maintenance of the Swiss Armed Forces' technical systems.

Net sales with RUAG International Holding Ltd in the amount of CHF 5.8 million (2023: CHF 11.9 million) mainly concern rental income.

There are no other significant transactions with related parties.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**26 Business combinations**

in CHF m

100% of the share capital of CyOne Security Ltd was acquired, with effect from 1 July 2023.

The following assets and liabilities were acquired:

	Notes	2024	2023
Current assets		-	12.2
Non-current assets		-	0.5
Current liabilities		-	(4.5)
Net assets acquired		-	8.2
Purchase price		22.0	21.1
Goodwill	13	13.8	12.9

In accordance with Swiss GAAP FER 2.12, goodwill was offset against consolidated equity (see consolidated statement of changes in equity).

CyOne Security Ltd had generated net sales from goods and services of CHF 12.9 million at the time of the sale (30 June 2023) and CHF 6.5 million for the period from 1 July to 31 December 2023.

At the time of acquisition, the future obligation from the purchase price adjustment of CHF 2.7 million was recognized at its current value. A subsequent valuation was necessary as of the 31 December 2024 balance sheet date. The final purchase price adjustment amounted to CHF 3.6 million. The change in the expected payment to be made compared to the actual final purchase price adjustment led to an adjustment in goodwill of CHF 0.8 million and was recognized against Group equity.

**27 Events after the reporting period**

On 3 March 2025, the Board of Directors of RUAG MRO Holding Ltd approved the consolidated financial statements for announcement to the General Meeting. Up to this date, no significant events took place after the balance sheet date. In particular, no events have come to light that would require an adjustment to the carrying amounts of the Group's assets and liabilities or that would need to be disclosed here.

The right to approve the consolidated financial statements rests with the General Meeting.

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Income statement, 1 January to 31 December**  
 in CHF 1,000

	Notes	2024	2023
Income from investments	2.3	14,313	5,443
Income from services	2.3	14,718	14,560
<b>Total operating profit</b>		<b>29,031</b>	<b>20,003</b>
Personnel expenses	2.4	[87]	[83]
Other operating expenses	2.5	[21,970]	[16,701]
<b>Total operating expenses</b>		<b>[22,057]</b>	<b>[16,784]</b>
<b>Operating result</b>		<b>6,974</b>	<b>3,219</b>
Financial revenue		2,125	1,742
Financial expenses		[2,895]	[780]
<b>Annual pre-tax profit</b>		<b>6,204</b>	<b>4,181</b>
Direct taxes		[72]	-
<b>Annual profit</b>		<b>6,132</b>	<b>4,181</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

**Balance as at 31 December**  
 in CHF 1,000

	Notes	2024	2023
Cash and cash equivalents		63,014	67,076
Current financial assets due to investments		-	696
Trade receivables from investments		37	62
Other current receivables		818	2,271
Prepaid expenses and accrued income		59	123
<b>Total current assets</b>		<b>63,928</b>	<b>70,228</b>
Non-current financial assets due to investments		31,383	33,083
Investments	2.1	203,935	203,039
<b>Total non-current assets</b>		<b>235,319</b>	<b>236,122</b>
<b>Total assets</b>		<b>299,249</b>	<b>306,350</b>
Current financial liabilities		13,000	17,000
Trade payables		6	2,750
Current provisions		303	303
Deferred income and accrued expenses		347	258
<b>Total current liabilities</b>		<b>13,635</b>	<b>20,311</b>
Non-current financial liabilities		-	3,000
Non-current provisions		300	365
<b>Total non-current liabilities</b>		<b>300</b>	<b>3,365</b>
<b>Total liabilities</b>		<b>13,956</b>	<b>23,676</b>
Share capital	2.2	100	100
Legal retained earnings		50	50
Voluntary retained earnings		266,429	266,428
Profit carried forward		12,579	11,915
Annual profit/loss		6,132	4,181
<b>Total equity capital</b>		<b>285,290</b>	<b>282,674</b>
<b>Total liabilities and equity</b>		<b>299,249</b>	<b>306,350</b>

Due to rounding differences in the individual items, the totals may differ from the actual value.

## 1 Principles

### 1.1 General

The main valuation principles applied, which are not prescribed by law, are described below. For this, it is taken into consideration that to safeguard the company's continued prosperity, the option of creating and reversing hidden reserves is exercised.

### 1.2 Financial assets

The financial assets include long-term loans. Loans provided in foreign currencies are valued using the closing rates on the balance sheet date; in this regard, unrealized losses are recognized, while unrealized profits are not (impairity principle).

### 1.3 Investments

Investments are measured at cost minus the necessary value adjustments. The carrying amounts are reviewed on an annual basis with regard to their value and, if necessary, written down. The valuations are checked in accordance with the individual valuation principle.

### 1.4 Foreign currency valuation

Current assets and liabilities in foreign currencies are valued using the closing rates on the balance sheet date. Profits or losses are recognized on a "realized" basis. For non-current assets and liabilities, the lowest value principle applies; any unrealized foreign exchange losses are treated as an expense, while unrealized profits are not recognized in the income statement.

### 1.5 Non-preparation of statement of cash flows and additional details in the notes

RUAG MRO Holding Ltd publishes consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER). Accordingly, RUAG MRO Holding Ltd does not prepare extended notes, a management report or a cash flow statement.

## 2 Disclosures regarding balance sheet and income statement items

### 2.1 Investments

Company	Registered office	Country	Capital and voting share 31.12.2024	Capital and voting share 31.12.2023		Capital
RUAG Ltd	Emmen	Switzerland	100.0%	100.0%	CHF	100,000
RUAG Real Estate Ltd	Bern	Switzerland	100.0%	100.0%	CHF	8,000,000
Swiss Innovation Forces Ltd	Thun	Switzerland	100.0%	100.0%	CHF	100,000
RUAG GmbH	Kassel	Germany	100.0%	100.0%	EUR	100,000
RUAG Inc.	Berlin, CT	USA	100.0%	100.0%	USD	1,500
CyOne Security Ltd	Steinhausen	Switzerland	100.0%	100.0%	CHF	100,000
Nitrochemie Wimmis Ltd	Wimmis	Switzerland	45.0%	45.0%	CHF	25,000,000
Nitrochemie Aschau GmbH	Aschau	Germany	45.0%	45.0%	EUR	7,700,000

### 2.2 Share capital

The share capital of CHF 100,000 comprises 1,000 registered shares, each with a nominal value of CHF 100.

### 2.3 Income from investments and services

Income from investments mainly includes dividends from RUAG Real Estate Ltd, CyOne Security Ltd, Nitrochemie Wimmis Ltd and Nitrochemie Aschau GmbH.

Due to rounding differences in the individual items, the totals may differ from the actual value.

## 2.4 Personnel expenses

in CHF 1,000

	2024	2023
Social security benefits	38	38
Other personnel expenses	49	45
Total personnel expenses	87	83

Social security and lump-sum expenses of the Board of Directors are reported under personnel expenses.

## 2.5 Other operating expenses

in CHF 1,000

	2024	2023
Administration and IT costs	21,460	16,287
Advertising expenses	567	64
Other operating expenses	(57)	350
Total other operating expenses	21,970	16,701

## 2.6 Financial instruments

in CHF 1,000

	2024	2023
Foreign exchange hedging contracts with banks (purchase)	(30,895)	-
Foreign exchange hedging contracts with Group companies (sale)	30,895	-
Positive replacement values with banks	416	-
Negative replacement values with Group companies	416	-

## 2.7 Financial expenses

In 2024, the financial expenses include a valuation allowance of CHF 2.0 million on the loan to RUAG Inc.

## 3 Further information

### 3.1 Full-time positions

RUAG MRO Holding Ltd does not employ any staff.

### 3.2 For liabilities for third party collateral

in CHF 1,000

	2024	2023
Group guarantees	5,440	5,115
Total contingent liabilities	5,440	5,115

Due to rounding differences in the individual items, the totals may differ from the actual value.

### 3.3 Events after the reporting period

There are no significant events after the balance sheet date that have an impact on the carrying amounts of the recognized assets or liabilities or that need to be disclosed here.

### Proposal by the Board of Directors for the appropriation of retained earnings in CHF

The Board of Directors proposes the following appropriation of retained earnings to the General Meeting:

	2024	2023
Profit carried forward	12,579,019	11,914,823
Annual profit	6,131,745	4,181,398
Retained earnings at the disposal of the General Meeting	18,710,764	16,096,223
Dividends	[2,605,025]	[3,517,204]
Profit carried forward to new account	16,105,739	12,579,019

Due to rounding differences in the individual items, the totals may differ from the actual value.

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